

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD RECEIVED
APPLICATION FOR PERMIT

JUN 28 2013

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

HEALTH FACILITIES &
SERVICES REVIEW BOARD

This Section must be completed for all projects.**Facility/Project Identification**

Facility Name:	Northwestern Lake Forest Hospital		
Street Address:	660 North Westmoreland Road		
City and Zip Code:	Lake Forest, Illinois 60045		
County:	Lake	Health Service Area	8 Health Planning Area: A-09

Applicant /Co-Applicant Identification**[Provide for each co-applicant [refer to Part 1130.220].**

Exact Legal Name:	Northwestern Lake Forest Hospital
Address:	660 North Westmoreland Road, Lake Forest, Illinois 60045
Name of Registered Agent:	Carol M. Lind
Name of Chief Executive Officer:	Dean Harrison
CEO Address:	251 East Huron Street, Chicago, Illinois 60611
Telephone Number:	312-926-3007

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:	Bridget Orth
Title:	Manager, Regulatory Facility Planning
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street Room 11-1103, Chicago, Illinois 60611
Telephone Number:	312-926-8650
E-mail Address:	borth@nmh.org
Fax Number:	312-926-4545

Additional Contact

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

Name:	Robin Zacher
Title:	Manager, Business Planning and Development
Company Name:	Northwestern Lake Forest Hospital
Address:	660 North Westmoreland Road, Lake Forest, Illinois 60045
Telephone Number:	847-535-7989
E-mail Address:	rzacher@ifh.org
Fax Number:	847-535-7845

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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E-mail Address:	rzacher@lfh.org
Fax Number:	312-535-7845

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:	Bridget Orth
Title:	Manager, Regulatory Facility Planning
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street Room 11-1103
Telephone Number:	312-926-8650
E-mail Address:	borth@nmh.org
Fax Number:	312-926-4545

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Northwestern Lake Forest Hospital
Address of Site Owner:	660 North Westmoreland Road, Lake Forest, IL 60045
Street Address or Legal Description of Site:	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 ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

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

Exact Legal Name:	Northwestern Lake Forest Hospital		
Address:	Lake Forest, IL 60045		
<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
<ul style="list-style-type: none"> ○ 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.			

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 or 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)]

<p>Part 1110 Classification:</p> <p><input type="checkbox"/> Substantive</p> <p><input checked="" type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input type="checkbox"/> Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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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.

The proposed Master Design project seeks approval for Northwestern Lake Forest Hospital (NLFH) to expend funds in excess of the capital expenditure threshold for the purpose of planning a replacement facility, associated site improvements, and medical office space to be located on the Lake Forest campus. The address of the replacement facility will be the same as the current hospital address: 660 North Westmoreland Road, Lake Forest. This project is for the completion of preliminary design, schematic design, and design development for that replacement facility.

The proposed Master Design project covers the expenses of architect/engineers (A/E), construction managers (CM) and consultants. Construction managers play an essential role in these phases of planning. Their work includes testing the feasibility of architectural concepts, analysis of constructability, and cost estimating. Their early involvement has proven essential to the development of accurate cost estimates and the performance of projects on time and on budget. This project also capitalizes selected Northwestern Memorial HealthCare (NMHC) in-house staff dedicated to the project.

This CON application is for design services only. Following design, NLFH will request approval of a separate CON permit application for completion of the Construction Documents phase and for construction (that permit will request ongoing A/E and CM services during the remainder of the work).

The construction project (future permit application) contemplates the replacement of the current NLFH. As currently conceived, the project will replace the current number of acute care beds. The plan replaces 84 medical/surgical beds, adds 2 ICU beds for a total of 12 ICU beds, and replaces 18 obstetrics beds (decrease of 5 beds), for a total of 114 acute care beds (NLFH is currently authorized for 117 acute care beds).

The 84 long-term care beds will not be part of the proposed replacement facility. NLFH is in the process of optimizing post-acute care delivery on campus.

The project to replace the Lake Forest hospital facility is just one phase of NLFH's long-term campus plan. Additional parking, diagnostic and treatment capacity, physicians' office space, medical education, and research space are other future plan elements.

NLFH has engaged both architects/engineer and construction management firms to provide planning and advice. HGA, based in Minneapolis, MN, teamed with Pelli Clarke Pelli of New Haven, CT will make up the team providing architectural and engineering services for the replacement project. Construction management services are being provided by Turner Construction, headquartered in New York, NY. Additions or changes in consultants may occur over the duration of the project.

Schematic design will be completed in September, 2013; design development will be completed in June, 2014. Ongoing planning will continue to define the scope and cost of the development. It is anticipated that the replacement facility would open in 2017.

The project is classified as non-substantive because it is entirely limited to planning costs only.

Total project cost is \$21,195,539. The project close-out will be by June, 2015.

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.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			\$ 159,250
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			\$ 14,587,000
Consulting and Other Fees			\$ 3,748,740
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			\$ 2,700,549
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS			\$ 21,195,539
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			\$ 21,195,539
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			\$ 21,195,539
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	
The project involves the establishment of a new facility or a new category of service		
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.		
Estimated start-up costs and operating deficit cost is \$ _____ N/A _____.		

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): <u>June, 2015</u>	
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):	
<input checked="" type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.	
<input checked="" type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies	
<input type="checkbox"/> Project obligation will occur after permit issuance.	
APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

State Agency Submittals

Are the following submittals up to date as applicable:
<input checked="" type="checkbox"/> Cancer Registry
<input checked="" type="checkbox"/> APORS
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

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
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI		Not Applicable - space and costs have not yet been determined in this phase					
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							
APPEND DOCUMENTATION AS <u>ATTACHMENT-9</u> , 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**.

FACILITY NAME: Northwestern Lake Forest Hospital		CITY: Lake Forest			
REPORTING PERIOD DATES: CY12		From: 1/1/12	to: 12/31/12		
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	84*	5,655	21,008	0	84
Obstetrics	23	1,581	4,174	-5	18
Pediatrics	0*	424	923	0	0
Intensive Care	10	796	2,215	+2	12
Comprehensive Physical Rehabilitation	0	0	0	0	0
Acute/Chronic Mental Illness	0	0	0	0	0
Neonatal Intensive Care	0	0	0	0	0
General Long Term Care	84**	736	21,081	0	84
Specialized Long Term Care	0	0	0	0	0
Long Term Acute Care	0	0	0	0	0
Other ((identify))	0	0	0	0	0
TOTALS:	201	9,192	49,401	-3	198

Note: Patient days include observation days

*Discontinuation of 10 pediatric beds (CON Project #13-014) was approved on 6/26/13. Subsequently, NLFH added 10 medical/surgical beds under Illinois Health Facilities Planning Act (20 IL 3960/5) (from Ch. 111 1/2 par.1155) Sec. 5 c ("20-bed/10% rule").

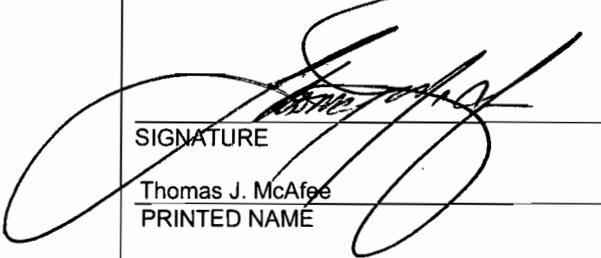
**The 84 long-term care beds will not be part of the proposed replacement facility. NLFH is in the process of optimizing post-acute care delivery on campus.

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 Northwestern Lake Forest 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.



 SIGNATURE

Thomas J. McAfee
 PRINTED NAME

President, NLFH
 PRINTED TITLE

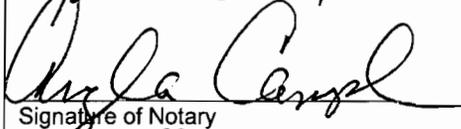


 SIGNATURE

Matthew J. Flynn
 PRINTED NAME

Sr. Vice President and Chief Financial Officer, NLFH
 PRINTED TITLE

Notarization:
 Subscribed and sworn to before me
 this 12 day of June, 2013



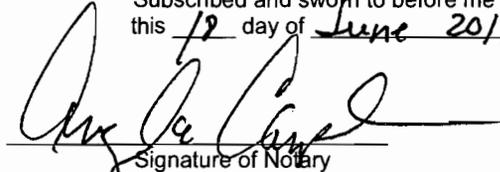
 Signature of Notary

Seal



*Insert EXACT legal name of the app

Notarization:
 Subscribed and sworn to before me
 this 12 day of June 2013



 Signature of Notary

Seal



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Dean M. Harrison

 SIGNATURE

Dean M. Harrison
 PRINTED NAME

President and Chief Executive Officer, NMHC
 PRINTED TITLE

Peter J. McCanna

 SIGNATURE

Peter J. McCanna
 PRINTED NAME

Exec. VP & Chief Financial Officer, NMHC
 PRINTED TITLE

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



Signature of Notary

Seal

Angela Camphor

*Insert EXACT legal name of the applicant

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

Angela Camphor

 Signature of Notary

Seal



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:

BACKGROUND OF APPLICANT

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

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.

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.

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.

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.

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.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data are available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION V. - MASTER DESIGN AND RELATED PROJECTS

This Section is applicable only to proposed master design and related projects.

Criterion 1110.235(a) - System Impact of Master Design

Read the criterion and provide documentation that addresses the following:

1. The availability of alternative health care facilities within the planning area and the impact that the proposed project and subsequent related projects will have on the utilization of such facilities;
2. How the services proposed in future projects will improve access to planning area residents;
3. What the potential impact upon planning area residents would be if the proposed services were not replaced or developed; and
4. The anticipated role of the facility in the delivery system including anticipated patterns of patient referral, any contractual or referral agreements between the applicant and other providers that will result in the transfer of patients to the applicant's facility.

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

Read the criterion and provide documentation regarding the need for all beds and services to be developed, and also, document the improvement in access for each service proposed. Provide the following:

1. The anticipated completion date(s) for the future construction or modernization projects; and
2. Evidence that the proposed number of beds and services is consistent with the need assessment provisions of Part 1100; or documentation that the need for the proposed number of beds and services is justified due to such factors, but not limited to:
 - a. limitation on government funded or charity patients that are expected to continue;
 - b. restrictive admission policies of existing planning area health care facilities that are expected to continue;
 - c. the planning area population is projected to exhibit indicators of medical care problems such as average family income below poverty levels or projected high infant mortality.
3. Evidence that the proposed beds and services will meet or exceed the utilization targets established in Part 1100 within two years after completion of the future construction of modernization project(s), based upon:
 - a. historical service/beds utilization levels;
 - b. projected trends in utilization (include the rationale and projection assumptions used in such
 - c. projections);
 - d. anticipated market factors such as referral patterns or changes in population characteristics (age, density, wellness) that would support utilization projections; and anticipated changes in delivery of the service due to changes in technology, care delivery techniques or physician availability that would support the projected utilization levels.

Criterion 1110.235(c) - Relationship to Previously Approved Master Design Projects

READ THE CRITERION which requires that projects submitted pursuant to a master design permit are consistent with the approved master design project. Provide the following documentation:

1. Schematic architectural plans for all construction or modification approved in the master design permit;
2. The estimated project cost for the proposed projects and also for the total construction/modification projects approved in the master design permit;
3. An item by item comparison of the construction elements (i.e. site, number of buildings, number of floors, etc.) in the proposed project to the approved master design project; and
4. A comparison of proposed beds and services to those approved under the master design permit.

APPEND DOCUMENTATION AS ATTACHMENT-18, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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	84	84
<input checked="" type="checkbox"/> Obstetric	23	18
<input type="checkbox"/> Pediatric	0	0
<input checked="" type="checkbox"/> Intensive Care	10	12

- 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

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

F. Criterion 1110.1330 - Cardiac Catheterization

This section is applicable to all projects proposing to establish or modernize a cardiac catheterization category of service or to replace existing cardiac catheterization equipment.

1. Criterion 1110.1330(a), Peer Review

Read the criterion and submit a detailed explanation of your peer review program.

2. Criterion 1110.1330(b), Establishment or Expansion of Cardiac Catheterization Service

Read the criterion and, if applicable, submit the following information:

- a. A map (8 1/2" x 11") showing the location of the other hospitals providing cardiac catheterization service within the planning area.
- b. The number of cardiac catheterizations performed for the last 12 months at each of the hospitals shown on the map.
- c. Provide the number of patients transferred directly from the applicant's hospital to another facility for cardiac catheterization services in each of the last three years.

3. Criterion 1110.1330(c), Unnecessary Duplication of Services

Read the criterion and, if applicable, submit the following information.

- a. Copies of the letter sent to all facilities within 90 minutes travel time which currently provide cardiac catheterization. This letter must contain a description of the proposed project and a request that the other facility quantify the impact of the proposal on its program.
- b. Copies of the responses received from the facilities to which the letter was sent.

4. Criterion 1110.1330(d), Modernization of Existing Cardiac Catheterization Laboratories

Read the criterion and, if applicable, submit the number of cardiac catheterization procedures performed for the latest 12 months.

5. Criterion 1110.1330(e), Support Services

Read the criterion and indicate on a service by service basis which of the listed services are available on a 24 hour basis and explain how any services not available on a 24 hour basis will be available when needed.

6. Criterion 1110.1330(f), Laboratory Location

Read the criterion and, if applicable, submit line drawings showing the location of the proposed laboratories. If the laboratories are not in close proximity explain why.

7. Criterion 1110.1330(g), Staffing

Read the criterion and submit a list of names and qualifications of those who will fill the positions detailed in this criterion. Also provide staffing schedules to show the coverage required by this criterion.

8. Criterion 1110.1330(h), Continuity of Care

Read the criterion and submit a copy of the fully executed written referral agreement(s).

9. Criterion 1110.1330(i), Multi-institutional Variance

Read the criterion and, if applicable, submit the following information:

- a. A copy of a fully executed affiliation agreement between the two facilities involved.
- b. Names and positions of the shared staff at the two facilities.
- c. The volume of open heart surgeries performed for the latest 12-month period at the existing operating program.
- d. A cost comparison between the proposed project and expansion at the existing operating program.
- e. The number of cardiac catheterization procedures performed in the last 12 months at the operating program.
- f. The number of catheterization laboratories at the operating program.
- g. The projected cardiac catheterization volume at the proposed facility annually for the next 2 years.
- h. The basis for the above projection.

APPEND DOCUMENTATION AS ATTACHMENT-25 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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 type="checkbox"/> See ATTACHMENT-37 for complete list of services		
<input type="checkbox"/>		
<input type="checkbox"/>		

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>APPEND DOCUMENTATION AS ATTACHMENT-37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p>		

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)

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:**

_____	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 pledges showing 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;
_____	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.
TOTAL FUNDS AVAILABLE		

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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.

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.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

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	F	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									
TOTALS									

* Include the percentage (%) of space for circulation

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.

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			
Total			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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.

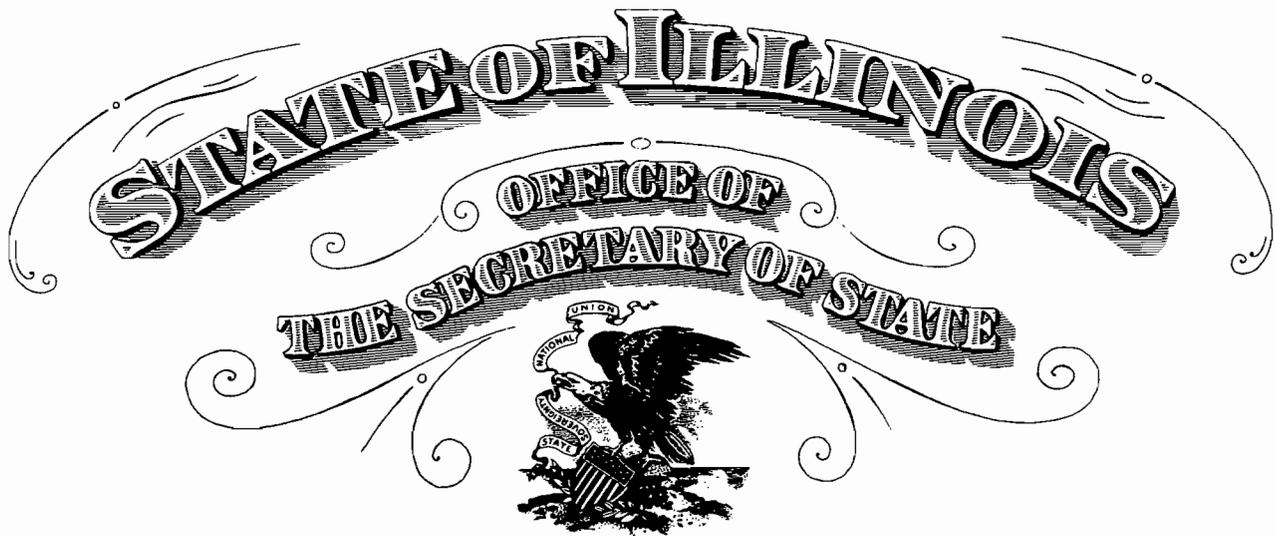
A table in the following format must be provided for all facilities as part of Attachment 44.

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.

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:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	29-30
2	Site Ownership	31-35
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	N/A
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	36
5	Flood Plain Requirements	37-38
6	Historic Preservation Act Requirements	39
7	Project and Sources of Funds Itemization	40-41
8	Obligation Document if required	42-43
9	Cost Space Requirements	N/A
10	Discontinuation	N/A
11	Background of the Applicant	44-45
12	Purpose of the Project	46-47
13	Alternatives to the Project	48-61
14	Size of the Project	62
15	Project Service Utilization	62
16	Unfinished or Shell Space	N/A
17	Assurances for Unfinished/Shell Space	N/A
18	Master Design Project	63-70
19	Mergers, Consolidations and Acquisitions	N/A
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	71-86
21	Comprehensive Physical Rehabilitation	N/A
22	Acute Mental Illness	N/A
23	Neonatal Intensive Care	N/A
24	Open Heart Surgery	N/A
25	Cardiac Catheterization	87-95
26	In-Center Hemodialysis	N/A
27	Non-Hospital Based Ambulatory Surgery	N/A
28	General Long Term Care	N/A
29	Specialized Long Term Care	N/A
30	Selected Organ Transplantation	N/A
31	Kidney Transplantation	N/A
32	Subacute Care Hospital Model	N/A
33	Post Surgical Recovery Care Center	N/A
34	Children's Community-Based Health Care Center	N/A
35	Community-Based Residential Rehabilitation Center	N/A
36	Long Term Acute Care Hospital	N/A
37	Clinical Service Areas Other than Categories of Service	96-115
38	Freestanding Emergency Center Medical Services	N/A
	Financial and Economic Feasibility:	
39	Availability of Funds	119-122
40	Financial Waiver	119-122
41	Financial Viability	119-122
42	Economic Feasibility	119-122
43	Safety Net Impact Statement	116
44	Charity Care Information	117-118



To all to whom these Presents Shall Come, Greeting:

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

NORTHWESTERN LAKE FOREST HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 10, 1918, 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 #: 1230501338

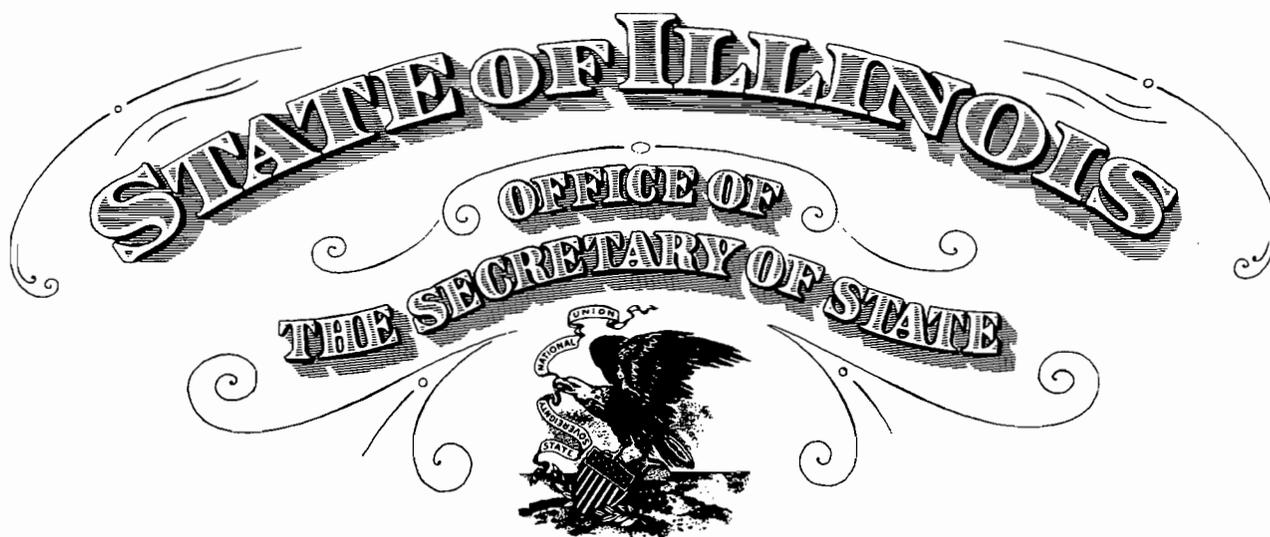
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set
*my hand and cause to be affixed the Great Seal of
the State of Illinois, this 31ST
day of OCTOBER A.D. 2012 .*

Jesse White

SECRETARY OF STATE

ATTACHMENT-1



To all to whom these Presents Shall Come, Greeting:

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

NORTHWESTERN MEMORIAL HEALTHCARE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 30, 1981, 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 #: 1230501314

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 31ST
day of OCTOBER A.D. 2012 .

Jesse White

SECRETARY OF STATE

ATTACHMENT-1

Approved By (Chicago Title and Trust Co. Chicago Real Estate Board)
S-3 102

(The Above Space For Recorder's Use Only)

410137
CARE

THE GRANTOR— William J. Halligan, Jr. and Marydith Halligan, his wife
of the City of Lake Forest County of Lake State of Illinois
for and in consideration of TEN and no/100----- (\$10.00) DOLLARS,
and other valuable consideration in hand paid,
CONVEY and WARRANT to Lake Forest Hospital, an Illinois corporation of Lake Forest, Illinois
a corporation created and existing under and by virtue of the Laws of the State of Illinois
having its principal office in the City of Lake Forest and State of Illinois
the following described Real Estate situated in the County of Lake in the State of Illinois, to wit:

Exhibit A attached hereto and made a part hereof.

Cancelled

07-1558
STATE OF ILLINOIS
REAL ESTATE TRANSFER TAX
JUL 31 '78 DEPT. OF REVENUE \$900.00

\$900.00

On record filed
671557

STATE OF ILLINOIS
REAL ESTATE TRANSFER TAX
JUL 31 '78 DEPT. OF REVENUE \$857.00

#85700

Grantee's Address: Lake Forest Hospital, 660 Westmorland, Lake Forest Illinois

hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of the State of Illinois.

DATED this 30th day of June 1978

PLEASE PRINT OR TYPE NAME(S) BELOW SIGNATURE(S)
William J. Halligan, Jr. (Seal)
Marydith Halligan (Seal)

State of Illinois, County of Cook ss., I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that William J. Halligan, Jr. and Marydith Halligan, his wife personally known to me to be the same persons whose names are subscribed to the foregoing instrument appeared before me this day in person, and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and official seal, this 14th day of July 1978
Commission expires 4/11 1979
THOMAS J. KELLY NOTARY PUBLIC



AFFIX "RIDER" OR REVENUE ST

THIS INSTRUMENT IS REACKNOWLEDGED AND RECORDED IN ORDER TO SHOW TITLE CONSINUATION PAID.

Prepared by: Thomas J. Kelly Pedersen & Houpt Suite 3400

ADDRESS OF PROPERTY:

NAME
ADDRESS 180 North LaSalle Street
CITY AND STATE Chicago, Illinois

THE ABOVE ADDRESS IS FOR STATISTICAL PURPOSES ONLY AND IS NOT A PART OF THIS DEED.

SEND SUBSEQUENT TAX BILLS TO:

CHICAGO TITLE INSURANCE CO.

OR RECORDER'S OFFICE BOX NO.

ATTACHMENT 2

3f

PARCEL 1:

That part of the West half of Section 29, Township 44 North, Range 12, East of the 3rd P.M., described as follows: The South 18.79 acres lying South of a line drawn parallel with the South line of the West half of the South West quarter of said Section 29, (except that part thereof lying Easterly of the Westerly line of Skokie Highway, according to the plat of Dedication, therefore recorded as Document 418857, on November 18, 1935), in Lake County, Illinois.

PARCEL 2:

The West half of the South West quarter of Section 29, Township 44 North, Range 12, East of the 3rd P.M., (except that part thereof lying Easterly of the Westerly line of Skokie Highway, according to the plat of Dedication, therefore recorded as Document 418857, on November 18, 1935 and also except the South 18.79 acres thereof, lying South of a line parallel with the South line of said West half of the South West quarter), in Lake County, Illinois.

PARCEL 3:

That part of the North West quarter of Section 29, and the North East quarter of Section 30, all in Township 44 North, Range 12, East of the 3rd P.M., described as follows: Beginning at the South East corner of said North East quarter of Section 30; thence West along the South line of said North East quarter of Section 30, 1452.00 feet; thence North 13 degrees West 149.82 feet; thence East parallel with said South line of the North East quarter of Section 30, 1485.59 feet, more or less, to the East line of the North East quarter aforesaid; thence East parallel with the South line of said North West quarter of Section 29, 941.75 feet, more or less, to the Westerly line of Skokie Highway, according to the plat of Dedication therefore, recorded as Document 418857, on November 18, 1935; thence Southerly along said Westerly line of Skokie Highway 147.30 feet, more or less, to said South line of the North West quarter of Section 29, and thence, West along said South line of the North West quarter of Section 29, 960.60 feet, more or less, to the corner of beginning, in Lake County, Illinois.

1942003

PARCEL 4:

That part of the North half of the South East quarter of Section 30, Township 44 North, and Range 12, East of the 3rd P.M., lying Easterly of the Easterly line of the public highway known as Waukegan Road, except that part thereof described as follows: Beginning at a point on the Easterly line of the public highway known as Waukegan Road 341.00 feet Northerly of the South line of said North half of the South East quarter of Section 30, (measured along said Easterly line of Waukegan Road) and; thence, Northerly along said Easterly line of Waukegan Road 350.00 feet; thence Easterly along a line perpendicular to said Easterly line of Waukegan Road, 376.61 feet; thence Southerly parallel with said Easterly line of Waukegan Road, 350.00 feet; and thence Westerly along the line perpendicular to said Easterly line of Waukegan Road 376.61 feet to the place of beginning, in Lake County, Illinois.

THIS INSTRUMENT WAS PREPARED BY:
111 West Washington Street
Chicago, Illinois 60602

Thomas Szymczyk
% Chicago Title and Trust Company
630-2168

2523020



ER O Mail
RELEASE DEED

F. 1699 R. 12/73

THE ABOVE SPACE FOR RECORDERS USE ONLY

Sand Bill

2523020
RECORDER
LAKE COUNTY, ILLINOIS
1987 JAN -7 AM 9:12

Frank J. Neutra

KNOW ALL MEN BY THESE PRESENTS, That CHICAGO TITLE AND TRUST COMPANY, a corporation of the State of Illinois, as Trustee

in consideration of one dollar, and other good and valuable considerations, the receipt whereof is hereby acknowledged, does hereby release, convey and quit-claim unto

Lake Forest Hospital, not for profit, the heirs, legal representatives and assigns of the grantee or grantees herein, (or if the grantee is a corporation, its successors and assigns) all the right, title, interest, claim or demand whatsoever it may have acquired in, through or by a certain Trust Deed, recorded in the Recorder's Office of Lake County, in the State of Illinois, as Document Number 1934995

in book _____, page _____, to the premises situated in the said County, State of Illinois, described as follows, to-wit:

PARCEL 1:

The West half of the South West quarter of Section 29, Township 44 North, Range 12, East of the 3rd P.M., (except that part thereof lying Easterly of the Westerly line of Skokie Highway, according to the plat of Dedication, therefore recorded as Document 418857, on November 18, 1935 and also except the South 18.79 acres thereof, lying South of a line parallel with the South line of said West half of the South West quarter), in Lake County, Illinois.

PARCEL 2:

That part of the North West quarter of Section 29, and the North East quarter of Section 30, all in Township 44 North, Range 12, East of the 3rd P.M., described as follows: Beginning at the South East corner of said North East quarter of Section 30; thence West along the South line of said North East quarter of Section 30, 1452.00 feet; thence North 13 degrees West 149.82 feet; thence East parallel with said South line of the North East quarter of Section 30, 1485.59 feet, more or less, to the East line of the North East quarter aforesaid; thence East parallel with the South line of said North West quarter of Section 29, 941.75 feet, more or less, to the Westerly line of Skokie Highway, according to the plat of Dedication therefore, recorded as Document 418857, on November 18, 1935; thence Southerly along said Westerly line of Skokie Highway 147.30 feet, more or less, to said South line of the North West quarter of Section 29, and thence, West along said South line of the North West quarter of Section 29, 960.60 feet, more or less, to the corner of beginning, in Lake County, Illinois.

PARCEL 3:

2523020

That part of the North half of the South East quarter of Section 30, Township 44 North, and Range 12, East of the 3rd P.M., lying Easterly of the Easterly line of the public highway known as Waukegan Road, except that part thereof described as follows: Beginning at a point on the Easterly line of the public highway known as Waukegan Road 341.00 feet Northerly of the South line of said North half of the South East quarter of Section 30, (measured along said Easterly line of Waukegan Road) and; thence, Northerly along said Easterly line of Waukegan Road 350.00 feet; thence Easterly along a line perpendicular to said Easterly line of Waukegan Road, 376.61 feet; thence Southerly parallel with said Easterly line of Waukegan Road, 350.00 feet; and thence Westerly along the line perpendicular to said Easterly line of Waukegan Road 376.61 feet to the place of beginning, in Lake County, Illinois.

FORBIDDEN

RELEASE

CHICAGO TITLE INSURANCE CO



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together with all the appurtenances and privileges thereunto belonging or appertaining.

IN WITNESS WHEREOF, Said CHICAGO TITLE AND TRUST COMPANY, as Trustee as aforesaid, has caused these presents to be signed by its Assistant Vice-President, and attested by its Assistant Secretary, and its corporate seal to be hereto affixed.

(Date) December 30, 1986

CHICAGO TITLE AND TRUST COMPANY
as Trustee as aforesaid,



By *Abantha Smith*
Assistant Vice-President

Attest *Joseph E. Masterson*
Assistant Secretary

FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL BE FILED WITH THE RECORDER OF DEEDS IN WHOSE OFFICE THE MORTGAGE OR DEED OF TRUST WAS FILED.

STATE OF ILLINOIS,) ss.
COUNTY OF COOK

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY, that the above named Assistant Vice President and Assistant Secretary of the CHICAGO TITLE AND TRUST COMPANY, Grantor, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Assistant Vice President and Assistant Secretary respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said Company for the uses and purposes therein set forth; and the said Assistant Secretary then and there acknowledged that said Assistant Secretary, as custodian of the corporate seal of said Company, caused the corporate seal of said Company to be affixed to said instrument as said Assistant Secretary's own free and voluntary act and as the free and voluntary act of said Company for the uses and purposes therein set forth.

Given under my hand and Notarial Seal Date 12/30/86
Diane Helms Notary Public

NAME Wilson & McIlvaine
STREET ATTN: B. Adler
135 S. La Salle Street
CITY Chicago, Il 60603
OR
INSTRUCTIONS
RECORDER'S OFFICE BOX NUMBER

FOR INFORMATION ONLY
INSERT STREET ADDRESS OF ABOVE
DESCRIBED PROPERTY HERE

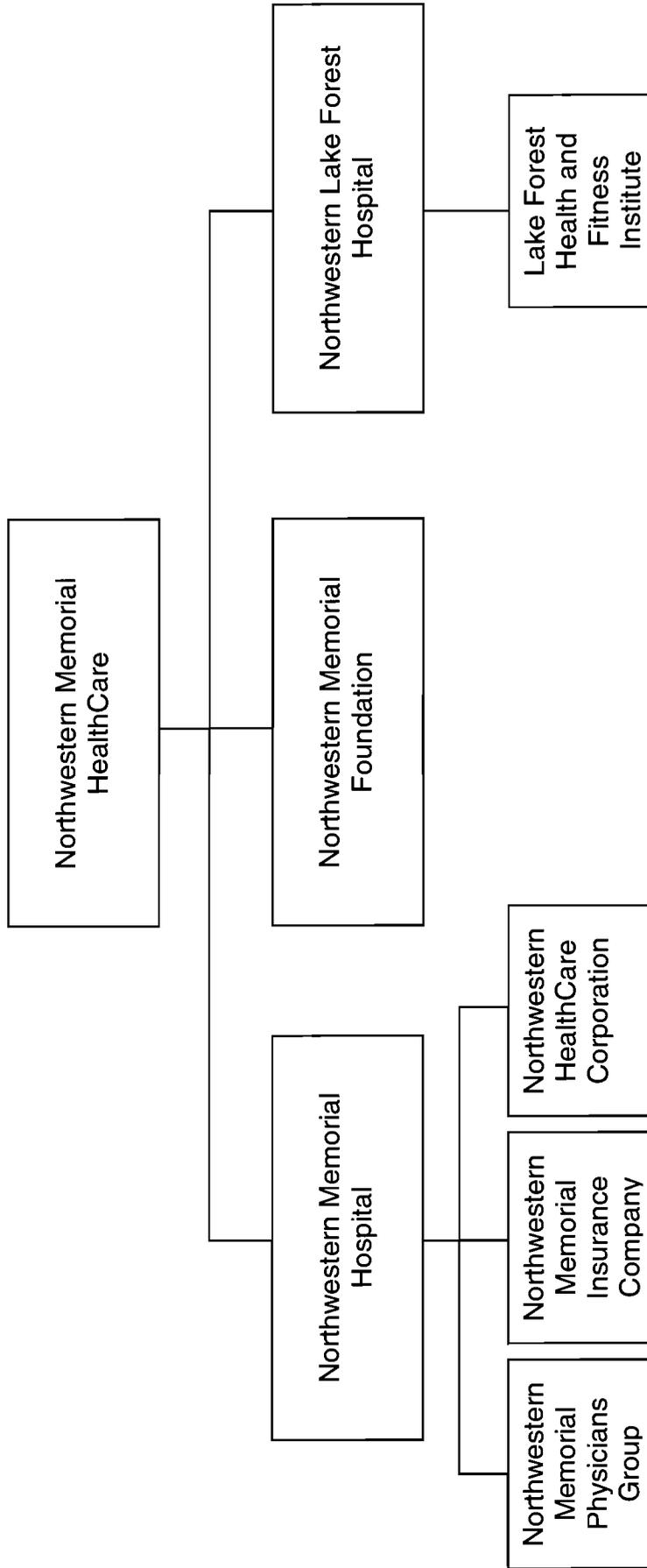


CHICAGO TITLE INSURANCE

35

ATTACHMENT-2

NMHC Organizational Chart



Flood Plain Requirements

The location for the proposed replacement facility is on the Northwestern Lake Forest campus. The address will be 660 North Westmoreland Road. As shown on the map on the following page, the project is located west of Skokie Highway and will not be located in a special flood hazard area and therefore complies with the requirements of Illinois Executive Order #2005-5.



Illinois Historic Preservation Agency

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Lake County

PLEASE REFER TO: IHPA LOG #022011813

Lake Forest

660 N. Westmoreland Road

CON - New Construction of Replacement Hospital, Northwestern Lake Forest Hospital

January 28, 2013

Bridget Orth

Northwestern Memorial HealthCare

251 E. Huron St.

Chicago, IL 60611-2908

Dear Ms. Orth:

The Illinois Historic Preservation Agency is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please note that this letter covers only the area where new construction will occur and does not constitute approval of the demolition of any existing buildings.

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

Sincerely,

Anne E. Haaker

Deputy State Historic

Preservation Officer

ATTACHMENT-6

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

Itemization of each line item:

Line 2 – Site Survey and Soil Investigation – (\$159,250) – this includes:

- Soil testing
- Survey work
- Environmental/archeological site assessments
- Hazardous soils materials testing

Line 8 – Architectural / Engineering Fees – (\$14,587,000) – this includes:

- Programming:
 - Interview work groups to facilitate Facilities Analysis Questionnaires, Data Acquisitions for operations and Programming Development.
 - Evaluate the existing space standards and apply them to the program analysis and make recommended adjustments where appropriate.
 - Develop space occupancy program with the collected data.
- Space Planning:
 - Develop Planning Concepts and Strategies with focus on location and adjacency of all elements and major ancillary and support areas adjacencies.
 - Develop space plans for all spaces and serve as a basis for the Schematic Design Phase.
- Schematic Design:
 - Develop diagrammatic plans and documentation to describe the size and character of the space in a way that meets all programmatic and functional objectives, as well as accounting for all required site modifications and infrastructure support for the replacement facility.
 - Evaluate the capacity of the existing utility infrastructure and investigate the viability of replacement and reuse of the existing site support structure.
- Design Development
 - Develop detailed drawings and documentation to describe the size and character of the space. Includes room layouts, structural, site plan, exterior envelope, mechanical, electrical, and plumbing.
 - The equipment and furniture consultants will prepare room-by-room FF&E requirements lists. The requirements lists identify room name, item description, product specification, and total quantity required. The product specifications include installation requirements that will be provided to the architect/engineer to ensure that spaces and building systems are planned to appropriately accommodate the equipment.
- Bidding and Negotiation Phase Services:
 - Revise Construction Documents as necessary in accordance with Reconciled Statement of Probable Construction Cost
- Construction Documents to 50%:
 - Provide proposed Reconciled Statement of Probable Construction Cost at 50%
 - Provide drawings and specifications at 50% completion for Owner Review

Line 9 – Consulting and Other Fees – (\$3,748,740) – this includes:

- Charges for the services of various types of consulting and professional experts including:
 - Construction Management Pre-Construction Services including:

- Estimating
- Schedule Development
- Site Logistics Planning
- Testing and Inspection
- Commissioning Consultant
- Audit Accounting Services
- Art Consultants
- Universal Code Searches
- Building Information Modeling (BIM) Services
- Permit Expeditors
- Third Party Cost Estimating
- Traffic Consultant
- Equipment Planning Consultant
- Telecommunications Consultant
- Code Consultant
- Activation/Transition Planning Consultant
- Functional Programming Consultant
- Vibration Consultant
- Materials Management Consultant
- Retail Consultant
- Exterior Wall Consultant

Line 14 – Other Costs To Be Capitalized – (\$2,700,549) – this includes:

- In-House Staff (Contracted Project Managers)
- Permits and Fees
- Printing Costs
- Insurance (professional liability, builder's risk, excess general liability and worker's compensation)
- Project Office Build-Out Costs
- Community Requirements
- Wetland Mitigation Credit Purchases
- Marketing
- Legal Fees

Project Status and Completion Schedules

Stage of the project's architectural drawings: Beginning Schematics

Anticipated project construction completion date (new facility): Spring/Summer, 2017

Anticipated project completion date (Master Design Permit): June, 2015

Project obligation is contingent upon permit issuance. NMH has signed a contract with HGA for architectural services. Section 10.4 of the attached Architect's Agreement contains the CON contingency language. This contract will obligate the project.

providing written notice of the reasons therefor, Architect shall continue its work pending resolution of the dispute pursuant to Article 16 of this Architect's Agreement.

10.4 Notwithstanding anything to the contrary contained in this Architect's Agreement, this Architect's Agreement is expressly contingent upon receipt by NLFH of all necessary approvals from applicable federal, state and municipal authorities, including, without limitation, Certificate of Need ("CON") approval, provided, however, that nothing contained herein shall be deemed to impose upon NLFH a requirement for obtaining permits or other approvals that are generally required to be obtained by Contractor or by Architect. In the event and as the result of final action, NLFH does not obtain CON approval for the Project or any phase or portions thereof, this Architect's Agreement or that part of this Architect's Agreement attributable to the phase or portion not approved, shall be terminated without further action by either party, and thereupon neither party shall have any further liability or obligation to the other. NLFH shall give Architect prompt notice of termination of the Project or any portion thereof in accordance with this Article of this Architect's Agreement.

ARTICLE 11 **MISCELLANEOUS PROVISIONS**

11.1 This Architect's Agreement shall be governed by the laws of the City of Chicago, City of Lake Forest, the State of Illinois and any applicable county and federal laws. All of the work performed by the Architect hereunder shall comply with all applicable laws, statutes, ordinances, codes, rules and regulations during its performance and at its completion.

11.1.1 In accordance with The Omnibus Reconciliation Act of 1980, as it applies to the Social Security Act on Projects exceeding ten thousand dollars (\$10,000.00) over a twelve (12) month period, the Architect and all its consultants shall maintain for a period of four (4) years following the completion of their services a file containing this Architect's Agreement, books, documents and records of the Project that are necessary to certify the nature and extent of the Project costs for inspection, upon request, by the Secretary of the Department of Health and Human Services, the Comptroller General of the United States or any of their duly authorized representatives.

11.2 Architect shall at all times keep just and true books, records, and accounts related to the Services showing the actual costs of the Services to be performed hereunder. NLFH, or its duly authorized representative, shall have, during normal business hours, the right to enter onto the premises of Architect to examine and audit such books, records and accounts available during normal business hours. If such audit discloses that charges to NLFH have been overstated, Architect shall reimburse NLFH for the amount of such overstatement. If such audit discloses that charges to NLFH have been overstated by three percent (3%) or more of the base contract plus change orders, Architect shall pay for the cost of such audit.

11.3 NLFH and the Architect respectively bind themselves, their partners, successors, assigns and legal representatives to the other party to this Architect's Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Architect's Agreement. Neither NLFH nor the Architect shall assign this Architect's Agreement without the express written consent of the other, provided, however, that the Architect shall consent to and execute all documents reasonably requested by NLFH in connection with the assignment of the Architect's Agreement and the Drawings and Specifications to an institutional lender for collateral purposes. Notwithstanding, the Architect is not required to make certifications to the lender.

11.4 This Architect's Agreement, Schedule 1, and all Exhibits attached hereto, represent the entire and integrated agreement between NLFH and the Architect and supersedes all prior

BACKGROUND OF APPLICANT

Northwestern Memorial HealthCare is the parent corporation of Northwestern Lake Forest Hospital and Northwestern Memorial Hospital.

Northwestern Lake Forest Hospital's licensing, certification and accreditation identification information:

IDPH License, Permit, Certification, Registration I.D. Numbers:

Hospital: 0005660

Freestanding Emergency Center: 22002

Lake Forest Health & Fitness: 189009561

Grayslake ASTC: 7003156

Grayslake Endoscopy ASTC: 7003149

Medicare Provider Number: 140130

Medicaid Provider Number: 36-2179779001

The Joint Commission Organization I.D. Number: 3918

Northwestern Memorial Hospital's licensing, certification and accreditation identification information:

IDPH License, Permit, Certification, Registration I.D. Number: 0003251

Medicare Provider Number: 140281

Medicaid Provider Number: 37 096 0170-001

The Joint Commission Organization I.D. Number: 7267

City of Chicago Hospital License Number: 1118921

June 18, 2013

Mr. Dale Galassie
Chairman
Illinois Health Facilities and Services Review Board
525 West Jefferson Street – Second Floor
Springfield, Illinois 62751

Dear Mr. Galassie:

As President and CEO of Northwestern Memorial HealthCare, I hereby certify that no adverse action has been taken against Northwestern Lake Forest Hospital, directly or indirectly, within three years prior to the filing of this application. For the purpose of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.

I hereby authorize HFPB and IDPH to access any documentation which it finds necessary to verify any information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.

If you have questions or need additional information, please contact Bridget Orth at (312) 926-8650.

Sincerely,



Dean M. Harrison
President and Chief Executive Officer

PURPOSE OF PROJECT

The purpose of this project is to replace the Northwestern Lake Forest Hospital (NLFH) facility that is at the end of its useful life. The physical plant is deteriorating; there are structural limitations that do not allow for changing practice standards; utility systems are antiquated, have failures, and are expensive to maintain; and patient privacy and satisfaction are not up to current standards/expectations. The main sections of the hospital were built in 1942 and 1957. While there have been many projects to upgrade the facility over the years, certain problems cannot be corrected, such as:

- Semi-private patient rooms
- Patient bathrooms that lack showers
- Deficient room sizes and adjacencies
- Single loaded multi-functional vs double loaded efficient corridors
- Dated and inefficient mechanical, electrical, and plumbing systems

NLFH's market area is all of Lake County, northern Cook County and southern Wisconsin, however, the primary service area within that market area consists of the following areas: Lake Forest, Waukegan, Grayslake, Gurnee, Lake Bluff, Lake Villa, Libertyville, North Chicago, Round Lake, Zion, Vernon Hills, Mundelein, Antioch, Highland Park, Wadsworth, Deerfield, Lincolnshire, Winthrop Harbor, Great Lakes, and Highwood. This primary service area is the source of 81.3% of NLFH admissions.

The vision for the project is that the new facility will provide Lake County residents with convenient access to Northwestern Medicine, building on the 2010 affiliation with Northwestern Memorial HealthCare. The new facility will be adaptable, sustainable, and cost effective to meet the changing needs of the healthcare market and will support the academic mission. It will also embrace the history and traditions of the Lake Forest community. The new, contemporary facility will meet community needs through adaptive planning to anticipate growing demand for outpatient services and inpatient care, especially addressing the expanding aging population.

In October, 2012, IDPH reviewed and approved a health assessment and improvement plan for Lake County called MAPP (Mobilizing for Action through Planning and Partnerships). MAPP is a comprehensive health assessment and improvement plan for the overall health of Lake County and was developed with input from a number of local health system partners, including a representative from NLFH. Additionally, a 2012 Community Health Needs Assessment was completed by Professional Research Consultants, on behalf of NLFH as required by the Affordable Care Act. The hospital replacement proposal is consistent with and will help accomplish goals outlined in these plans.

Analysis of NLFH and Lake County utilization trends and forecasts demonstrates that NLFH is a significant provider of inpatient care (over 9,000 annual inpatient admissions at the hospital) and outpatient services delivered at five geographically dispersed sites in Lake County and northern Cook County.

Lake County is expected to experience inpatient growth, in part due to the aging of the population. Lake County residents over age 65 are responsible for 38% of inpatient patient days ⁽¹⁾. The new hospital facility will especially enable NLFH to meet demands for orthopedics and chronic disease services including oncology, cardiac, and neurosciences. Cancer, heart disease, and stroke are the leading causes of death in Lake County, responsible for 52.3% of deaths ⁽²⁾.

The new facility will help NLFH play a role in meeting Health People 2020 goals for Lake County: cancer death rate of 144.5/100,000 residents (down from 154.9) and 125.2/100,000 coronary heart disease deaths (down from 134.2) ⁽¹⁾.

In addition to promoting improvement in public health measures, the new facility will replace the current hospital building, most of which is not compliant with contemporary health care delivery and utility system standards. The replacement facility will reduce annual resources that are spent to maintain the outdated NLFH building, parts of which are 60 – 70 years old. These costs are approaching \$500,000 per year, not including over \$1,000,000 in needed upgrades requested this year and on hold. Certain conditions have received regulatory citations, such as lack of alarms in medical gas panels and blocking of sprinkler heads in storage areas due to the storage of necessary equipment and supplies in those limited storage areas.

The older inpatient facility does not meet many current hospital codes. Three examples of code violations and citations are:

1. Bathroom doors in the older wings are not wide enough to allow wheelchair access or IV pumps.
2. Air exchange in the special procedures rooms is at best 15 per hour; less than the 25 per hour NFPA 99 requirement.
3. Lack of storage has resulted in clutter in corridors and obstruction of means of egress.

These conditions have been grandfathered as ongoing conditions.

References:

⁽¹⁾Community Health Status Assessment, January 2012. Developed by the Mobilizing for Action through Planning and Partnerships (MAPP) process, Lake County's strategic planning approach to community health improvement.

⁽²⁾Community Health Needs Assessment Report, 2012. Developed by Professional Research Consultants, Omaha, Nebraska, for Northwestern Lake Forest Hospital and the Metropolitan Chicago Healthcare Council.

ALTERNATIVES

This section introduces the proposed project – the construction of a replacement facility on the Northwestern Lake Forest campus to replace the current antiquated hospital. As context for this project, this section outlines a brief history of the incremental development of the campus over the past seven decades and provides detail about the significant deficiencies of the building and its aged utility systems. Four alternatives to the proposed project are also presented, along with an estimate of comparative construction costs.

Background

The original Lake Forest Hospital, located at 660 North Westmoreland Road opened in 1942, replacing the Alice Home founded in 1898. Since then, there have been ten additions or major renovation projects. The five most significant additions were 1) the south wing extension in 1959, 2) the west wing in 1967, 3) the north wing in 1984, 4) the emergency services and health education center addition in 2001, and 5) the Hunter Family Center for Women's Health in 2004. These facilities collectively make up the main hospital, totaling 370,000 square feet.

The main hospital anchors the Northwestern Lake Forest campus of 170 acres. Additional buildings on the campus include physician office buildings (built in 1951, 1981, 1987/1992), employee apartments (built in 1975), the Westmoreland Long-Term Care facility (built in 1975), the power plant (built in 1976), the grounds and maintenance building (built in 1983), the laundry (built in 1983), the Dearhaven Child Care and Learning Center (built in 1990) and the Health and Fitness Center (built in 1993). These facilities and the main hospital total approximately 740,000 square feet.

Main hospital Building Deficiencies

While the exterior appearance and interior spaces of the main hospital are very attractive, they mask significant obsolescence, maintenance challenges, and functional problems due to the age of the building. Utility systems are dated; some of the electrical distribution feeders are original. Air handlers serve the patient rooms and common areas in individual buildings with only code-required ventilation, not air conditioning. Most of the air handler units are undersized and at capacity. Individual wall units below windows provide air conditioning for the patient rooms. These are expensive to operate and maintain. Inadequate interstitial space above hallway and room ceilings prevents the introduction of ductwork for central air conditioning.

Inpatient rooms no longer meet patient expectations and contemporary health care delivery standards. Their small size restricts the ability to do procedures in the rooms; many are double occupancy and only a few have patient showers. Storage and work stations for staff are undersized. Outpatient areas are remote from patient entrances. Travel patterns through the sprawling facility are complex and confusing and often require patients, visitors, and staff to travel through patient care areas, negatively impacting noise levels within the clinical care areas. Over the decades, the incremental building additions and programmatic changes have resulted in complex intersections of programs and patient/staff traffic patterns. Many outpatient areas are proximate to inpatient functions, creating inefficiencies, privacy conflicts, way-finding confusion, and overall substandard patient experience.

Structural deficiencies

- Inadequate interstitial space. The building floor slab design is a “flat plate” concrete system. In the older buildings, the slabs are 12” to 14” thick, which makes it almost impossible to penetrate or modify floors in the building. The floor to floor dimensions are between 10’ and 11’. Current facilities are designed with floors 14’ to 16’ apart. This condition severely limits the space for state-of-the-art mechanical and electrical systems to be incorporated. Because of the thickness of the concrete floor slabs, some of the interstitial spaces above ceilings are only 6” to 8” in height. These spaces are filled with fiber-optic and computer cabling, telephone receptacles, nurse call cables, lighting receptacles, and so on. There is no ability to accommodate ductwork for heating and air conditioning. As a result, many of the hospital areas are cooled by window/exterior wall units and portable units.

Code deficiencies

- Due to the age of the facilities, there are numerous code issues that become increasingly costly to address. Examples:
 - In the west wing, there is no grounding for some of the electrical systems; disruptive channeling of plaster walls is needed to install piping.
 - There is negative pressure in Nuclear Medicine; the two rooms require two monitors but there is only one.
 - The 1942 and 1959 buildings do not meet ventilation codes because there is no ductwork in main hallways.
 - Medical gas panels are out of code, not compliant with NFPA – 70. Most of the existing gas panels do not have alarm stations so there is no alarm when a shut-off occurs.
- Lack of storage space is a problem throughout the main hospital. Medical gases should be in a dedicated room, but they are often put in storage spaces with cots for family members, chairs, boxes of supplies, etc. Stacked materials in storage areas block electrical panels, breaker and laser panels which compromises the required 36” clearance, and 18” clearance for sprinkler heads. There is no extra space for necessary storage.

Current conditions do not meet contemporary planning standards

- Patient rooms
 - 20 of the 84 medical/surgical beds are in semi-private rooms. The hospital industry standard recognizes that private rooms enhance operating efficiencies, promote infection control, avoid gender conflicts and issues with clinical conditions, and address patient preferences for privacy, comfort, and patient confidentiality. The current patient rooms are small, especially the semi-private rooms. Patient rooms average 176 nsf per bed in the west wing and 210 nsf per bed in the south wing. The hospital’s medical/surgical services average 369 dgsf per bed, well below the State standard of 500 – 600 dgsf per bed and the Health Care Advisory Board’s Facility Planning Forum’s Clinical Information Matrix standards of 290 – 340 nsf. This small room size limits the kinds of procedures (such as imaging and physical therapy) that can be done in the room and requires the patient to be taken to various support and treatment areas.
 - Additionally, moving a patient from the room often requires moving a nightstand to the hallway for clearance.

- The wall and window unit air conditioners further reduce functional room space for family/patient and healthcare provider.
 - The 10-bed and 13-bed medical/surgical units in the south wing are too small for efficient nursing staffing.
 - The 10-bed ICU averages 434 dgsf per room, significantly below the State standard of 600 – 685 dgsf per room.
 - The heating and ventilation systems lack adequate control for appropriate patient needs and comfort and in some cases do not meet current code requirements for air changes and proper air exhaust.
 - Most of the patient rooms do not have showers; use of showers in the hallways is a privacy concern for many patients.
 - All nursing units lack adequate amounts of family space and waiting accommodations.
- Toilet rooms
 - Many of the toilet and sink rooms average 25 – 30 square feet. They are inadequate for today's standards where the average toilet room size is 40 – 50 square feet to accommodate patient assistance and accessibility.
 - Expansion of some of the toilet rooms to accommodate a size change would preclude the ability of the patient rooms to function as semi-private rooms.
 - Modification of these toilet rooms while the units are occupied would be a long, costly, and disruptive process.
 - Some of the doors to the toilet room are too narrow for wheelchair and walker access. Additionally, for some bathrooms, a patient with an IV pole must rotate the pole because the leg base is too wide to clear through the doorway.
- Diagnostic and Treatment Areas
 - Several important clinical areas have significant spatial problems that prevent the services from meeting contemporary standards of care. Many of the treatment areas are at capacity and have no ability to expand. Closely related functions within the same department are often distant from one another. There is often no separation of staff work areas and the public spaces. There is limited space for staff work stations, support and storage space, and public waiting areas. Examples are as follows:
 - Surgery: 2nd floor surgery areas are spread over two wings. There are long travel distances between the 8 operating rooms and the prep/recovery area. The minor procedures area is located off a public hall forcing pre-op patients to go to the procedure rooms through a public waiting area. There is no separation of inpatient and outpatient functions, resulting in inefficiencies, including delays for outpatient cases. The 8 operating rooms range in size from 386 to 638 nsf, with most on the lower end of this range. The Health Care Advisory Board's standard is 600-650 nsf.
 - Emergency Department: the Emergency Department Triage area is remote from the Emergency Department treatment rooms. Access for ED patients who require surgery or intensive care is indirect, via public hallways and public elevators. There is an inadequate amount of space for storage, documentation and charting.
 - Diagnostic Radiology: expansion is constrained due to the fact that surrounding uses are fixed: the Emergency Department, Dietary and Pharmacy. There is no "soft space" for expansion. Imaging rooms are small. The area lacks storage. There is no separation of patient and staff traffic. One of the staff work stations is located between two ultrasound

rooms, without a door to the hallway. If the ultrasound tech needs to enter or leave the work area, he/she must wait until a procedure is completed which creates productivity inefficiencies.

- Oncology Services: Infusion Therapy is isolated from Radiation Oncology. There are 6 infusion chairs and one bed, most without windows. The area is cramped, public space with limited work stations and support areas for staff.

- Internal Circulation

- The incremental growth of the hospital buildings has resulted in complex and confusing traffic flows for the public and staff. There is minimal separation of patient and support services movement in hallways and elevators. Access to and from imaging, cardiac testing, and from the Emergency Department is via public use corridors, compromising patient privacy and noise levels.

- Elevators

- The building elevators are in good mechanical condition. However, they are located in the middle of clinical departments rather than in central lobbies, which results in inappropriate public traffic going through most of the first floor patient care areas. This is disruptive to patients and staff. Moreover, the elevators are not dedicated by function; patients, visitors, and staff use the same elevators which also compromises patient privacy. Modern standards promote separate elevators for patients, visitors, and staff and support functions such as food and supply delivery and soiled waste removal.

Dated infrastructure does not meet current and long term use requirements

- Mechanical, electrical, and plumbing systems

- Mechanical, electrical, and plumbing systems have been renovated in different projects over the years, but many of the system components are nearing the end of their useful lives. System failures and service disruptions are increasingly frequent. Examples:

- Earlier this year an oxygen line failed, affecting the entire Medical/Surgical Telemetry unit. Two patients were temporarily put on oxygen tanks.
- In April 2013, there were three separate incidents: 1) a natural gas leak, 2) a steam leak, and 3) an electric power failure that required one building to be on a generator for several days.
- In May 2013, one of the main cooling tower gearbox assemblies failed.

- Heating, ventilation, and air conditioning systems

- Three firetube boilers are 37 years old and approaching the end of useful life. They are the original boilers in the 1976 power plant. They are adequate to provide the campus with steam generation for only an additional 5 – 10 years due to their age.
- The power plant houses three chillers which are also aging; studies have recommended their replacement with three 1200 ton units. There is inadequate chilled water piping capacity due to the piping configuration; delivery line size is 5" and it should be 8". As a result many areas of the hospital cannot be cooled appropriately. For example, the occupational health area can't get sufficient air flow to reduce temperatures below 78- 80 degrees in summer; two rented portable A/C units are used to bring the temperatures down. Rental A/C units are also used in the emergency department.
- Sterile processing in the wing built in 1984 is served by an undersized air handler and has insufficient ventilation.

- The building systems cannot properly dehumidify the south wing of the main building. Its system was not designed with an air return; it takes in 100% outside air and exhausts 100% (a good system recirculates at least 50%), resulting in significant waste of energy.
- Summer temperatures in hallways in the main building's first, second, and third floors are often not below 78-80 degrees.
- Plumbing system
 - Old piping in the older buildings delivers low water pressures, due to build-up of residues and minerals inside the pipes. The maintenance staff has been maintaining the lines in the north and west wings, requiring frequent opening of the plaster walls and replacing sections of pipe.
 - When the 1984 wing was constructed, plumbing in some sections utilized less expensive/thinner pipe, instead of cast iron. After 30 years, there are increasing leaks and failures.
 - Repairs are frequent in the kitchen area. Part of the problem is caused by a reduction in the waste lines from 4" to 2 ½".
- Medical gases
 - There have been failures in some of the old style panels, especially in the 1942 and 1959 hospital buildings and the west wing. As previously stated, many of the gas panels do not have an alarm station to alert staff when there are problems. When there are gas leaks, it may be necessary to access the leaks by taking whole walls apart; this has been the case in the 1984 building especially. While repair work is going on, staff must use portable cylinders for patients.
- Electric Service
 - The electric service is inadequate because it was designed at a time when the electrical requirements of systems and equipment were much less than they are currently. Electricity is provided from three utility feeders from the ComEd substation in Lake Bluff. The cabling that is in use from 1940, including some sections that have cloth insulation, is brittle and can no longer be maintained.
 - Some campus ductbanks and feeders are original from the 1970's and are beyond the normal life expectancy of 25-30 years.
 - The existing emergency power system is in good condition, with two Caterpillar diesel generators totaling 4,000 kW. However, the phase and ground conductors from the generator to paralleling switchgear are undersized; there is insufficient cable sizing for generator feeders.
 - Electric feeders have leaks, getting into switchgears. Most of the transfer switches are in need of replacement due to age and availability of spare parts.
 - In the 1942 and 1959 buildings, there are occurrences of overloaded outlets and circuits, requiring breakers to be reset frequently (about twice a month). Some of the breakers are old and have not been turned off for testing, out of concern that they might not come back on. Breaker panels have only 100 Amps, and should have 200 Amps.
- Communications systems
 - The Zetron and Responder III paging systems are antiquated. The Zetron system was installed in the late 1980s and has not been upgraded. It can handle only one page at a time. This results in delays of 20 to 90 seconds for notifications that should be instantaneous.

- Replacement parts are no longer available for the Responder III system which serves Occupational Health, the Outpatient Laboratory, and the minor procedure room area.
 - The telephone system is also antiquated. The phones system at NLFH is primarily based on old technology referred to as PBX. The system has very limited features/functions as compared to contemporary systems such as Voice Over Internet Protocol (VOIP). The current system is at the end of its life cycle and needs to be upgraded or replaced. However, due to the older construction, limited capacity to handle more network cable, and limited network closet space, the current hospital building presents many challenges to moving to a full VOIP system.
 - There is limited wireless coverage on the campus due to construction and design limitations.
- Pneumatic system
 - The pneumatic tube system connecting Pharmacy, Emergency Department, and Laboratory is in good working order. However, the pneumatic system/central vacuuming system in the 1967 wing did not perform well for cleaning and has been abandoned. The limited system requires the manual delivery of specimens and pharmaceuticals, delaying delivery and an efficient patient care experience.

Inefficient adjacencies and spatial deficiencies

As is the case with many hospitals that have grown incrementally through multiple additions, clinical programs at NLFH have evolved in locations that are not proximate to their supporting functions. Outpatient departments have spread in locations often remote from the main entrances and as a result, are difficult to find because their locations are without views of outside references. Interrelated clinical services have been placed in different buildings, based on the availability of space rather than on the need for functional interaction between related services. These inefficient adjacencies result in several operational problems, including lack of ability to share staff, and the time required by staff to escort patients and visitors to difficult to find services.

- Oncology Services
 - The related functions of Radiation Oncology, Breast Center, Medical Oncology and Outpatient Infusion Therapy are separated from each other and located on different floors. The Infusion Therapy area is located on the first floor in undersized space adjacent to a Medical/Surgical unit. Patients and visitors for the infusion area must walk through the inpatient unit, often asking for directions at the unit's nursing station.
 - Radiation Oncology on the lower level is also difficult to find and is adjacent to Materials Management and MEP spaces. Patient access to this area is difficult, via an employee entrance next to the loading docks. The dispersal and configuration of these related modalities complicates the organization of a contemporary cancer center at NLFH.
- Cardiac Services
 - Cardiac Services are fragmented. Interventional cardiology is located on the first floor near Intensive Care. Echocardiograms are performed in two separate rooms on the ground floor (one level below 1st floor); one of the rooms is a file room with a staff work station which patients walk through to get to the testing area.

- Cardiac stress testing is located in a different department altogether – within the Radiology area on the ground floor – in three rooms, one separated from the other two by 100 feet.
- The Cardiology reading room is located between the room for treadmills and the stress testing machines; staff work flow is impeded when testing is underway.
- The Cardiac Rehabilitation service is in the basement of the 900 Building, two buildings and a long, unheated tunnel, remote from the hospital. Because of the dispersal of these programs, staff coordination and coverage is not efficient.
- Radiology
 - Radiology, located on the lower level, is disjointed due to incremental growth. The two CT scanners are not adjacent which makes tech coverage difficult.
 - Storage is 100 feet away which results in delays when staff have to obtain special supplies.
 - There is no bathroom located near the MRI.
 - Similarly, there is no conference room or area for meetings and/or education.
 - The lounge area for staff is undersized and storage is limited.
- Outpatient Surgery
 - Outpatients coming for surgery experience a complicated route to their destination: they access the building through the Visitor Entrance, a volunteer is required to escort the patient past the Catheterization Lab, through an acute care unit on the first floor of the west wing, to the elevator bay in the oncology waiting area, and up to the second floor outpatient surgery waiting area to avoid patients getting lost.
- General Way-finding
 - Many patients and visitors find the entrance into the hospital a challenge. Usually patients and visitors to a hospital go to a main entrance. NLFH has both a Main Entrance and a Visitor Entrance which are both located off the main parking lot. Many people coming to the hospital are confused as to which is the appropriate entrance.
 - Patients dropped off at the Main Entrance are surprised to find steps and a ramp going down to the front door which is not a welcoming or handicap-friendly design feature.
 - The Visitor Entrance handles the patient discharge function which often causes confusion for visitors.
 - Neither entrance has a significant lobby or sight lines to family picking them up at the entrances or other distinguishing feature.
 - Once in the hospital, it is often confusing how to navigate to the right destinations.
 - Accessing elevators is a challenge; elevators are not located near the entrances, but are within clinical department nursing units.
 - Many elevators have front and rear access doors; creating confusion for patients.
 - When a person is leaving, getting back to either the Main Entrance, the Visitor Entrance, or the Emergency Entrance is not easy. One reason for the difficulty is that the entrances are on different floor levels. Usually the person will exit whichever entrance he/she comes upon first. However, upon leaving the building, the visual orientation to parking is different if they entered through the other entrance. The multiple entrance experience makes the visit a less than confident experience for many.

- **Waiting Areas**
 - There is an overall lack of public waiting areas in the hospital. Areas that once provided waiting space have been converted to clinical and support use. For example, a waiting area in the south wing serving Orthopedics has been converted to Physical Therapy space for patients having hip, knee, or other joint procedures.
 - Chairs in hallways or in nooks provide limited waiting space.
 - Public restrooms are an inconvenient distance from the waiting areas.
- **Charting Space**
 - Most of the buildings on campus were built before the computer age. There is not enough non-public space for charting and documentation. There are no data closets in several of the wings; mobile carts with computers for downloading information add to the clutter and congestion of patient space.
- **Administrative Space**
 - Administrative offices are located on the third floor of the west building. There is no way to access the offices without going through inpatient units. This is not typical in most hospitals, and further compromises privacy on the units.

Current facility maintenance and renovations are cost prohibitive

- **Annual facility maintenance is costly.**
 - Service contracts for facility maintenance are budgeted at \$410,000 for next year, up from \$369,000 this year, and \$344,000 in 2012.
 - An additional \$1,120,000 in requests for upgrades is on hold, due to the planned facility replacement. Significant investments are required for the main hospital buildings to remain operational into the future.
 - Maintenance and upgrades support only the status quo, and do not advance the ability to accommodate changes in the delivery of patient service in the future.
 - Examples of maintenance expenditures are listed below. The cost figures are based on last year's actual expenditures, unless otherwise specified. Cost information is provided by the NLFH Facilities Maintenance Department.
 - \$15,000 roof repairs
 - \$25,000 water system repairs
 - \$20,000 drain repairs
 - \$55,000 to address natural gas leaks, past three years
 - \$19,000 on smoke/fire damper repairs
 - \$15,000 on window unit A/C (parts only)
 - \$40,000 in medical gas systems to the surgery suite; replacement of all outlets
 - \$35,000 upgrade to diamond three medical gas system in patient rooms
 - Anticipated expenditures in the next year include:
 - \$150,000 – \$190,000 for two air handler units to serve areas of sterile processing (P2-09), Emergency Department and Occupational Health (MB-01).
 - \$49,000 replacement of duct system in the kitchen
- **The hard costs of major renovation and partial reconstruction of the current NLFH to continue using the building beyond ten years are estimated to exceed \$220 million.**
 - Major projects would include:
 - reconstruction of all inpatient and outpatient areas and support spaces to replace water pipes, electric feeder line, and medical gas systems

- replacement of boilers and chillers
- modification of ceilings to accommodate installation of central air conditioning
- reconstruction of inpatient rooms from double occupancy to single occupancy with showers
- roof reconstruction in some of the buildings
- relocation of elevators to new central lobby; and other major investments
- None of these projects would correct the issues of inappropriate adjacencies of clinical functions; in order to relocate these functions, building additions would have to be constructed.
- Disruption of ongoing patient care and support operations would be intolerable and extend over 4 – 5 years.
- Costs do not include the lost patient care revenue that would be incurred with a renovation or partial construction approach.
- These expenditures approach the cost of a total facility replacement and are not justified or even feasible investments.

In summary, the main hospital buildings are nearing functional obsolescence. Infrastructure and utility systems are antiquated, frequently fail, and require constant repairs. Patient care areas do not meet contemporary planning standards. Patient, staff and visitor flows are complex, confusing, and prevent efficient and effective care delivery. Maintaining the current hospital buildings for long-term future use is not a justifiable investment.

Alternative Projects Considered

NLFH began assessing facility issues and long range campus planning options in 2006. Internal task forces were given the charge to evaluate programmatic needs and set the direction for future services. Future program and facility needs were central topics in discussions between Northwestern Memorial HealthCare (NMHC) and NLFH, which became affiliated in 2010. Several consulting studies were undertaken to assess the hospital's facilities and building systems. Analysis considered a number of different alternative solutions. The planning process evaluated alternative building solutions in the context of patient convenience, patient access, internal circulation, functional layouts, building design, community context, growth potentials, land availability, implementation and costs. Five options are reviewed below:

Alternative 1: Renovate/modernize the current facility

Alternative 2: Construct a replacement facility (the proposed project)

Alternative 3: Replace the older hospital buildings; maintain the Hunter wing for Women's care

Alternative 4: Replace the current hospital with a significantly larger new hospital

Alternative 5: Build replacement hospital on the Grayslake Outpatient campus

Alternative 1: Renovate/modernize the current facility

This option recognizes that the age, obsolescence, and layout of the current hospital buildings, as described above, require a reconstruction of all inpatient, outpatient, and support spaces. The reconstruction would replace double occupancy rooms with single occupancy rooms. Showers would be installed in all patient room bathrooms. All water lines, plumbing, electric feeders, and medical gas systems would be replaced. New boilers and chillers would be installed. A central lobby with new elevators would replace the Visitor and Main entrances now in place. In order to relocate certain patient care areas to enhance adjacencies, new building additions would be needed.

Advantages

- Certain attractive areas of the hospital that are popular with hospital patrons would remain.
- The relatively new Hunter wing for Women's Health would continue to utilize support functions in the current hospital.

Disadvantages

- Major reconstruction of most of the hospital while operating all services would be very disruptive to patient care and hospital operations.
- Certain services/areas would have to be closed for periods of time resulting in a loss of volume and revenue.
- The time required to complete the reconstruction is estimated at 4 – 5 years; there is no time saved compared to a replacement project, and it is likely the timeline would be longer than new construction.
- Floorplates that were designed for patient care in the 1940s and 1950s are not adaptable to evolving state of the art care delivery.
- Construction cost is significant, estimated at \$220 – 225 million. This expenditure is slightly higher than the cost of constructing a modern replacement hospital. Additional costs (planning and design, construction management, equipment, etc) is estimated to be an additional \$190 million.

This option was rejected because of the extensive costs and the difficulty of a total refurbishment of the facility's clinical, diagnostic and treatment, support space, and mechanical and utility systems.

Alternative 2: Replace the current hospital (the proposed project)

This alternative recognizes that it is no longer cost effective to invest in maintaining the current hospital buildings – the 1942, 1959, 1984 wings – due to their age and functional obsolescence. A new facility will have approximately the same bed complement as the current hospital: 84 M/S beds (no change from current bed complement), 12 bed ICU (increase of 2), and 18 Obstetrics beds (reduction of 5). The facility will have all modern diagnostic and treatment services in support of inpatient and outpatient care. All support services and building mechanical and utility systems will be new.

The hospital will also include an approximately 100,000 square foot medical office wing to accommodate practices of 60 physicians as well as outpatient clinical areas. This element of the project recognizes that one of the current physician office buildings, built in 1959, has significant building issues that include the need to replace the current roof structure. There is need to provide additional office space at the hospital in recognition of the 2010 affiliation with Northwestern Memorial HealthCare and the plan to expand specialty services by Northwestern physicians at NLFH as well as the requisite space to support the teaching and educational requirements of an academic affiliated hospital.

The new hospital will be constructed on the Northwestern Lake Forest Hospital campus, north and west of the current hospital buildings. A variety of potential re-use options for the current buildings are being evaluated but a final plan has not yet been determined at this time.

Advantages

- Provides facilities capable of delivering modern/state-of-the-art care, with all new mechanical, electrical, and plumbing systems.
- By building at a nearby but separate location to the current hospital buildings, the project avoids disruption of ongoing patient care in the existing main hospital.
- Replacement can be accomplished in a timeframe before boilers and chillers serving the current facility are at the end of their useful lives.
- New facilities can deliver standard of care that Northwestern has implemented on its Chicago campus; this cannot be achieved in the current facilities.

Disadvantages

- A few long-time patrons of the hospital are sentimentally attached to the original hospital building which was designed to simulate an estate home.

The construction cost of this preferred option is estimated to be \$200 - \$210 million; plus approximately \$190 million in associated planning and design, equipment and furnishing, construction management, and other costs.

This option is the preferred alternative.

Alternative 3: Replace the older hospital buildings but maintain the Hunter wing for Women's Health and administrative offices in the west wing of the current hospital

The Hunter wing, with 23 obstetrics beds and mammography, opened in 2004 and is the newest building in the main hospital complex. The wing has new building systems, central air conditioning, private patient rooms, and current technology. The Hunter wing has a separate entrance and parking on the south portion of the NLFH campus. It utilizes imaging, surgery rooms, laboratory, and pharmacy services of the main hospital.

This option is to construct a new facility to replace all of the patient care areas except for the Women's Health programs which would continue to be located in the Hunter wing. Additionally, administrative offices would remain in the west wing.

Advantages

- Continues use of a relatively new wing that is popular with hospital patients.

Disadvantages

- This alternative is not less expensive than the cost of a new replacement facility.
- It is not possible to build a new replacement hospital proximate to the Hunter wing. The Westmoreland Long-Term Care facility is located immediately to the south. Setback requirements on the west are restrictive. The current hospital buildings are adjacent to the Hunter building on its north and east side.
- This option requires continuation of certain functions in the current building: operating rooms, pharmacy, and imaging. This support will require upgrading and maintenance of all building systems that are outdated and in need of replacement, or reconstruction of these facilities in a building adjacent to the Hunter wing.
- The hospital would need to support Emergency Services at both acute care locations: the replacement hospital and the women's hospital (Hunter), increasing operational expense.
- There would be duplication of the clinical support functions between those put in place to support Women's Health at Hunter, and those located in the new hospital construction.

- Staffing for these functions would be split between this site and the new hospital, instead of having all centralized in the new hospital and capturing economies and efficiencies of operation.
- Support services, such as food service and laundry, will require transport of food and supplies from the central support services in the new hospital, increasing operating costs.
- If administration remains in the current buildings, it will be remote from activity in the new hospital. Additionally, there is not enough administrative space in the proposed project to make a significant cost savings.

The construction cost associated with this option is estimated to be \$210 - \$215 million; plus approximately \$190 million in associated planning and design, equipment and furnishing, construction management, and other costs.

This alternative was rejected because it is less efficient and does not save money. The cost of not including Women's Health and Administration in the new facility is likely exceeded by a) costs to maintain these services in the existing facility close to Hunter or in a new addition to Hunter, b) higher operating costs with duplicate Emergency Services, diagnostic and treatment services in a new building that could be constructed adjacent to the Hunter wing, and c) extra costs to extend support services from the new hospital.

Alternative 4: Replace the current hospital building with significantly larger new hospital

This alternative received significant attention and support during the initial planning phase for the new hospital. Options considered included a new hospital with an increase to 100 Medical/Surgical beds (16 bed increase) or more, 15 ICU beds (5 bed increase), and 25 obstetric beds (2 bed increase).

A 100-bed Medical/Surgical bed complement reflects the State's standard of 100 Medical/Surgical bed requirement for new hospitals located in a metropolitan statistical area. A 100-bed Medical/Surgical complement also anticipates that the affiliation between NMHC and NLFH will result in the development of new services at NLFH and the extension of clinical programs from Northwestern Memorial Hospital in Chicago. Growth in several specialties has increased since the affiliation with NMH, however, historic patient utilization volume does not support an increased bed complement at this time. If inpatient volumes increase beyond the conservative projections included in ATTACHMENT-20, NLFH will request additional beds with a subsequent CON application.

Advantages

- Construction of a larger hospital at this time in anticipation of growth will reduce the cost of adding capacity through a future project.
- A 100-bed Medical/Surgical complement would be consistent with the State minimum size standard.

Disadvantages

- Construction of a larger hospital now increases the cost of the replacement hospital project in the short term.
- Current and historic patient volumes do not justify an increase in bed size.
- Healthcare reform impact may change utilization of several inpatient functions and additional capacity may be needed.

The construction cost of this option is estimated to be \$230 - \$235 million; plus approximately \$190 million in associated planning and design, equipment and furnishing, construction management, and other costs.

This option was rejected due to current patient volumes. The new facility will be designed for flexibility that will accommodate changes in future patient volumes.

Alternative 5: Build replacement hospital in Grayslake instead of on the Northwestern Lake Forest Hospital campus.

NLFH's 44-acre campus in Grayslake includes a Freestanding Emergency Center, a medical office building, a cancer center, and 2 Ambulatory Surgery Treatment Centers. The site is large enough to accommodate a full service hospital. The planning process gave consideration to replacing the Lake Forest facility in Grayslake, since both locations are located in the same State planning area (Lake County). If this option were to be pursued, current hospital operations would be discontinued in Lake Forest after the opening of a new facility in Grayslake.

Advantages

- Establishes a facility to serve north and central Lake County, adjacent to other NLFH facilities on the site.
- The new hospital can be built without any interference or disruption of the current hospital in Lake Forest.

Disadvantages

- NLFH's long commitment to care in Lake Forest dates back to 1898 with the founding of Alice Home. The 1942 Lake Forest Hospital replaced the Alice Home, extending its heritage to 115 years of continuous service in Lake Forest. Lake Forest and the surrounding communities in southern Lake County have expressed strong interest in continuing health care service delivery at the current NLFH campus.
- Three professional office buildings on the hospital campus in Lake Forest house 43 physicians. They have a strong preference in having the hospital remain in Lake Forest, to facilitate visiting inpatients near their office practices, and to maintain their practices of patients living in the southeastern area of Lake County.
- Other buildings on the current Lake Forest campus have a synergy with the hospital on that campus. These include the Health and Fitness center, the Dearhaven Child Care and Learning Center, and the Balmoral Care Center at Lake Forest Place (a CCRC located on campus). The fitness center and the child care center serve employees of the hospital. Additionally, the fitness center supports the rehabilitation needs of NLFH patients. Relocation of the hospital to Grayslake would reduce the utilization of the child care and fitness center on the current campus.
- In the negotiations for the 2010 affiliation with NLFH, NMHC committed to build new and/or refurbish the current hospital facilities, and not to sell the property.
- The optimal location for inpatient beds at Grayslake would be on top of the ASTC area of the facility. Constructing in this location could disrupt Grayslake operations.

The construction cost of this option is estimated to be \$230 - \$235 million; plus approximately \$190 million in associated planning and design, equipment and furnishing, construction management, and other costs.

This option was rejected because of the strong preference of Lake Forest residents to have the hospital continue in their community, the commitment of the staff to the community, and the interdependencies with the physician offices, fitness center and child care services.

Summary

The following table provides a summary cost benefit analysis of the preferred project and the alternatives:

Location/Alternative	Meets functional program?	Construction Cost	Availability
Renovate/modernize current facility	Yes	\$220 - \$225M	2019
Construct replacement facility (proposed project)	Yes	\$200 - \$210M	2017
Replace older wings/Maintain Hunter Wing for women's care	Yes	\$210 - \$215M	2017
Construct larger replacement facility	Yes	\$230 - 235M	2017
Build replacement facility in Grayslake	Yes	\$230 - 235M	2018

Construction of a new, contemporary facility on the Lake Forest Campus is the preferred option because it meets the function program most efficiently and is the least costly alternative.

SECTION IV – PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 – Project Scope, Utilization, and Unfinished/Shell Space

SIZE OF PROJECT

Not Applicable – the proposed project is for the planning of a new facility and at this time, departmental square footages have not been developed. Square footage information will be part of the CON application for the construction of the new facility.

PROJECT SERVICES UTILIZATION

Historic and projected utilization by service is presented in detail in Attachment-20: Medical/Surgical, Obstetric, Pediatric and Intensive Care and Attachment-37: Clinical Service Areas Other than Categories of Service.

UNFINISHED OR SHELL SPACE

Not Applicable – it is too early in the design process to determine if there will be any shell space in the new facility. If it is determined that shell space is a necessary component of the project, information detailing its amount and anticipated future use will be included in the CON application for the construction of the new facility.

ASSURANCES

Not Applicable – see explanation above.

SECTION V – MASTER DESIGN AND RELATED PROJECTS

Criterion 1110.235(a) – System Impact of Master Design

1. Availability of alternative health care facilities within the planning area and impact that the proposed project will have on the utilization of such facilities

Northwestern Lake Forest Hospital (NLFH) is one of five full-service hospitals in the Planning Area A-09, Lake County. Additionally, there are two hospitals that offer limited inpatient services in the planning area:

- Advocate Condell Medical Center, Libertyville
- Advocate Good Shepherd Hospital, Barrington
- NorthShore Highland Park Hospital, Highland Park
- Vista Medical Center East, Waukegan
- Vista Medical Center West, Waukegan – inpatient psychiatry and rehabilitation beds only
- Midwestern Regional Medical Center, Zion – oncology services only

The three full-service, not-for-profit hospitals (Advocate Condell Medical Center, Advocate Good Shepherd Hospital, and NorthShore Highland Park Hospital) staff all of their authorized beds and have an average facility utilization of over 70%.

The proposed project will have no adverse impact on these and the other three hospitals within the planning area because it is only a replacement of existing facilities and services. In fact, the aggregate number of acute care beds in the proposed project is 3 beds less than in the current acute care facility. While the proposed project increases ICU beds by 2 beds, it decreases the number of obstetric beds by 5 in an attempt to respond to current birth trends and “right-size” the facility for the future. Additionally, the proposed increase in ICU beds and decrease in obstetric beds is consistent with the HFSRB’s calculated bed need for Lake County, where there is a need for 40 ICU beds and an excess of 15 obstetric beds.

2. How proposed services will improve access to planning area residents

The replacement of the current NLFH with a modern facility will enhance access to health care in several ways:

- Improves access to specialty care
- Expands NLFH’s commitment to community service, including the introduction of Erie HealthReach as a new partner in Lake County care delivery, based on NMH’s 50+ year relationship with the Erie Family Health Center
- Improves access to primary care, including the establishment of a Family Medicine Residency program in Lake County based at NLFH and its outpatient centers
- Addresses patient preferences that are not accommodated in the current, outdated facility, including private rooms as the standard of care, patient rooms that are able to accommodate support treatment services, ample family waiting, and floor and circulation layouts that do not compromise patient privacy.
- Improves access to translational research opportunities to Lake County residents.

Additionally, the new facility will provide academic enhancements for the training of future physicians through fellowship rotations and other educational training programs.

Northwestern Medicine is the recently announced collaboration between Northwestern Memorial HealthCare (including Northwestern Memorial Hospital and Northwestern Lake Forest Hospital), Northwestern University Feinberg School of Medicine, Northwestern Medical Faculty Foundation (NMFF), and Northwestern Memorial Physicians Group (NMPG) around a strategic vision to transform the future of healthcare. It encompasses the research, teaching, and patient care activities of the academic medical center including primary care and sub-specialty access. The entities involved share a commitment to superior quality, academic excellence, and patient safety. The proposed new facility will enable NLFH to participate fully in this collaboration through the construction of a replacement facility with the capacity to accommodate integrated physician faculty members and medical residents.

The principles of healthcare reform call for increasing access to care in a low-cost, high quality, and integrated manner. The Northwestern Medicine (NM) Plan strives to increase access to exceptional care to residents of Illinois by delivering the right care in locations more convenient to patients while improving quality and patient outcomes. The expansion of an academic medical center presence into Lake County provides additional benefits for patients, including new locations for innovative and advanced treatment options closer to home as well as access to clinical trials and translational research.

The proposed new facility will meet community needs through adaptive space that is planned to anticipate growing demand for outpatient services while also addressing the aging population in Lake County who will require more acute inpatient care. Additionally, the proposed facility will improve access for planning area residents in the following ways:

- The project improves access to specialty care
NLFH continues to focus on improving access to specialty care by bringing Northwestern Medicine specialists to Lake County and providing seamless integration with Northwestern Memorial Hospital services. Lake County residents are provided convenient access to specialty care, closer to home. NLFH has enhanced clinical capabilities through alignment with NMFF, the physician practice comprised of the world-class faculty of the Feinberg School of Medicine, and through service line expansion, including the following key specialties:
 - Breast Surgery
 - Cardiology / Cardiac Surgery
 - General Surgery
 - Gastroenterology / Interventional Gastroenterology
 - Gynecology Oncology
 - Medical Oncology
 - Radiology / Interventional Radiology
 - Neurology
 - Orthopaedic Surgery
 - Otolaryngology
 - Pulmonology / Critical Care
 - Radiation Oncology
 - Vascular Surgery
 - Thoracic Surgery

Additionally, NMFF provides critical care/pulmonary services within the ICU unit at NLFH and provides 24 hour coverage by internal medicine hospitalists 7 days/week.

Most of these services are now available at NLFH however the affiliation with Northwestern Memorial expands the breadth and depth of these services, bringing more specialty capabilities to Lake County residents.

For patients who require more tertiary or quaternary level acute care, NLFH's integration within Northwestern Memorial HealthCare provides seamless access to Northwestern Memorial Hospital, the leading academic medical center in Illinois (source: U.S. News & World Report and consumer preference studies conducted annually by the National Research Council).

- The project continues NLFH's commitment to community service

Access to medical care is a vital component to the health of all communities, especially communities that have been historically underserved. To address this need, NLFH has been working with community-based organizations to support efforts to reach the most medically underserved residents in Lake County.

For more than seven years, NLFH has provided vital patient care services to medically underserved residents of Lake County in partnership with the Lake County Health Department and Community Health Center. Through this relationship, NLFH provided needed colonoscopy, radiology, imaging services, and neurologic consultations.

NLFH supports health care for the medically underserved in Lake County through its partnership with HealthReach, an independent not-for-profit organization that partners with public and private organizations to provide access to free primary and specialty medical care, dental, vision, and pharmaceutical services for uninsured Lake County residents. In FY12, NLFH provided grant funding to HealthReach, helping the organization to provide more than 20,000 patient visits and pay for more than 28,000 prescriptions for those who could not afford their medications.

Also in FY12, NLFH provided more than \$97,000 in laboratory support, diagnostic imaging and testing, and hospitalization for HealthReach patients. Surgeons and physicians on the medical staff of NLFH also provided pro bono services for patients in need of care for life-threatening diseases and illnesses.

For over 50 years, Northwestern Memorial Hospital has had a close relationship with Erie Family Health Center (ERHC), a Federally Qualified Health Center based in the Humboldt Park area in Chicago. In December 2010, NMH introduced EFHC to HealthReach to support the development of a sustainable model of providing access to medical, dental, vision and pharmacy services to the medically uninsured or underserved, low income residents of Lake County, Illinois. In May 2012, EFHC received notice of HRSA funding for their proposed model of care. EFHC plans to open the Lake County clinic in 2014. The Erie clinic will also be a critical education site for the residents in the Northwestern McGaw Lake County Family Medicine Residency program. NLFH will provide specialty and inpatient care for the patients seen at the Erie clinic.

- The project improves access to primary care

Family medicine and primary care physicians have an integral role in the healthcare system of our country. In addition to diagnosing and treating illness, they also provide preventive care, immunizations and screening, and personalized counseling on maintaining a healthy lifestyle. Nearly one in four office visits in the United States

are to a family physician, accounting for approximately 208 million office visits each year; nearly 83 million more than the next largest medical specialty. Primary Care/Family physicians provide more care for America's underserved and rural populations than any other medical specialty.

Over the past year, Northwestern Medicine has expanded primary care services to several locations in northern Cook County and Lake County, including Lake Forest, Grayslake, Highland Park, Deerfield, Libertyville, Evanston, and Glenview. These primary care clinics are staffed by Northwestern Memorial Physicians Group (NMPG). NMPG is wholly owned by Northwestern Memorial Hospital and as such operates under the same charity care policy as both NMH and NLFH. This generous charity care policy enables better access to preventative medicine for the uninsured and underinsured.

Additionally, NLFH and NMPG have collaborated to establish a Family Medicine Residency program called the Northwestern McGaw Lake County (NMLC) Family Medicine Residency program. NMLC Family Medicine Residency will be a patient-centered medical home in Lake County. NMLC Family Medicine Residency is ideally positioned to train family physicians who will continue their careers in Lake County, serving those residents with the greatest needs.

Pending accreditation, the NMLC Family Medicine Residency will accept 8 medical residents per year, for a total of 24 residents over the 36-month training period. The program is expected to begin recruiting in July 2014. Based on national requirements, these residents will care for more than 40,000 patients as outpatients. Many of these patients will require hospital care for either an illness, an emergency, or obstetrical care. The family medicine residents will deliver at least 1,080 babies during their training and care for thousands of hospitalized patients; all under the supervision of the excellent physician faculty at NLFH.

Residency training requires a minimum of 36 months of training following medical school under the direct supervision of physician faculty. This training occurs across practice settings, with a substantial portion in the care of hospitalized adults and children, care of the laboring patient, and emergency and surgical care. These experiences are ideally placed at NLFH. But there is no space in the current facility.

Through the partnership with the Erie clinic, the NMLC Family Medicine residents will devote a significant part of their training to caring for the more than 110,000 medically underserved patients of Lake County. In this FQHC service area, 38% of the residents live below the 200% Federal Poverty Level, compared to 19% in surrounding Lake County. Many of these patients currently receive no preventive care and when acute or chronic health needs escalate, they receive emergent care that perpetuates an expensive, fragmented system.

The NMLC Family Medicine residents, in conjunction with NLFH, will reduce the burden and cost of episodic care, providing the right care in the right setting to improve the health of Lake County. Ultimately, many of these Family Medicine residents will remain in Lake County and at NLFH to continue their practices after residency, supporting the communities in which they received their training and forging a tradition of excellence.

- The project improves patient care by addressing industry standards and patients' preference for private rooms
Currently, almost 25% of the medical/surgical beds at NLFH are in semi-private rooms. As demonstrated by the experience at Northwestern Memorial Hospital since the opening of the Feinberg/Galter Pavilions in 1999 and the opening of the new Prentice Women's Hospital in 2007, hospital with all private rooms have several benefits including decreased infection rates, and increased staff productivity, patient confidentiality, and bed utilization.

- The project will improve access to clinical trials to Lake County residents
In order to advance Northwestern Medicine's academic mission in Lake County, the hospital will need appropriate space for research to conduct clinical trials in areas such as:
 - Neurology – potential studies of stroke, multiple sclerosis, and neuromuscular diseases
 - Cardiovascular – potential studies of vascular and heart diseases, such as arrhythmias
 - Dermatology – potential studies of inflammatory skin diseases such as rheumatoid arthritis and psoriasis
 Additionally, NLFH has plans to develop the Lurie Oncology program in Lake County and will also be bringing a comprehensive array of phase 2 and 3 oncology and hematology clinical trials to the region.

3. Potential impact on planning area residents if proposed services were not replaced

Currently, NLFH is ranked among Illinois' "Best Hospitals" by *U.S. News & World Report* and has been named the Consumer Choice hospital in Lake and Kenosha counties for eight years in a row by National Research Corporation. NLFH operates a Stroke Center, a Chest Pain Center, and the only Radiation Oncology program in Lake County accredited by the American College of Radiology. Additionally, NLFH is a Magnet hospital, having earned the country's highest recognition for patient care and nursing. The proposed facility will enhance our ability to provide the highest quality patient care to the residents of Lake County. Without the new facility, more financial and staff resources will be increasingly required to compensate for the facility deficits, limiting the ability to evolve programs to meet changing health care delivery requirements.

If NLFH cannot replace its current facility, access to care will suffer. As stated in the Alternatives section, the main hospital is aging. The 70-year old building is at the end of its useful life, with many systems in significant need of replacement. Also included in the Alternatives section, renovating the current facility and replacement of current utility systems is more expensive and less effective than constructing a new facility.

In addition to reducing access to critical inpatient care if the facility is not replaced, outpatient services would also be negatively impacted. The NLFH campus supports over 200,000 outpatient visits per year.

As earlier described, the new facility will provide a hub for two new programs that will extend community health care services to Lake County residents: Erie HealthReach, extending to Lake County the 50+ year relationship between NMH and EFHC in Chicago, and the Northwestern McGaw Lake County Family Medicine Residency program. The proposed

new facility provides necessary space for the operation and physician support of these two programs; space that is not available in the current building.

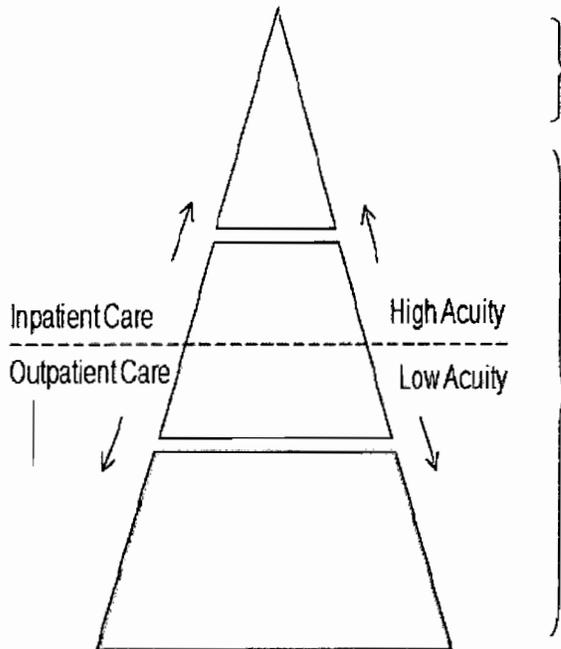
4. Anticipated role of the facility in the delivery system including anticipated patterns of patient referral

For more than 110 years, Lake County residents have turned to NLFH for high quality, compassionate care in a unique environment. In 2010, Lake Forest Hospital affiliated with Northwestern Memorial HealthCare. Today, NLFH is building on its deep-rooted traditions with unparalleled expertise and capabilities of NMHC and Northwestern University Feinberg School of Medicine to expand access to Northwestern care in Lake County. The partnership brings forth specialty care, nationally recognized physicians, pioneering research, and top tier performance in quality and patient safety closer to home for Lake County residents. The new facility will enable NLFH to advance the Northwestern Medicine vision of delivering exceptional healthcare while advancing medical science and knowledge.

NMHC committed to revitalize NLFH, as part of the 2010 affiliation agreement approved by the HFSRB. This replacement facility project accomplishes that commitment.

The NLFH campus provides a centralized hub of clinical care, consistent with services typically provided at a community-based hospital. NLFH anchors Northwestern Medicine's clinical care within Lake County as the inpatient care provider. However, consistent with the existing care model, the Lake Forest campus will also continue to provide a significant outpatient platform, primary care and specialty care physician offices, and community educational services.

Because of NLFH's affiliation with Northwestern Memorial Hospital, NLFH does not need to duplicate the highest level of acute care services already available within Northwestern Memorial HealthCare. This relationship insures that high acuity, low volume specialty care is handled in an environment that promotes the best patient care. For example, NLFH does not propose to perform transplant surgeries; transplant patients will receive their operative care at NMH. However, NLFH offers pre- and post-operative care for transplant patients at the Lake Forest campus.



**Only at
Northwestern Memorial Hospital**

**Northwestern Lake Forest Hospital
Campus, including:**

- *Inpatient Care*
- *Emergency Services*
- *Outpatient Platform – Diagnostic, Interventional, Surgical, Therapeutic and other outpatient services*
- *Specialty Physician Clinics / Offices*
- *Primary Care Clinics / Offices*
- *Community Education*

Criterion 1110.235(b) – Master Plan or Related Future Projects

1. Anticipated completion date for the replacement hospital

At this time, it is anticipated that construction of the replacement facility would be completed in 2017.

2. The proposed number of beds is consistent with the Part 1100 need assessment provisions

According to the 5/16/13 Update to Inventory of Hospital Services, there is a calculated need for 40 ICU beds and 22 medical/surgical/pediatrics beds in Planning Area A-09. There is a calculated excess of obstetric beds. The proposed beds at NLFH respond to the calculated need for ICU beds and excess of obstetric beds.

The proposed project decreases the number of obstetric beds by 5, reducing the excess obstetric beds in the planning area to 10. The project also increases the number of ICU beds by 2, reducing the calculated need in the planning area to 38. The number of medical/surgical beds in the proposed project remains the same as in the current facility.

According to the 5/16/13 Update to Inventory of Hospital Services, the Part 1100 need assessment for Planning Area A-09 Lake County is:

BED CATEGORY	A-09 CALCULATED NEED / (EXCESS)	NLFH Proposed Change
Medical-Surgical/Pediatric	22	No change
Obstetric	(15)	-5
Intensive Care	40	+2

3. The proposed beds and services will meet Part 1100 utilization targets within two years after project completion

Historic utilization data and projections for Year 2019 (two years after estimated project completion) for bed and services are included in Attachment-20: Medical/Surgical, Obstetric, Pediatric and Intensive Care and Attachment-37: Clinical Service Areas Other than Categories of Service. Projected utilization levels for Year 2019 are consistent with State standards.

Criterion 1110.235(c) – Relationship to Previously Approved Master Design Projects

Not Applicable – this application is for the Master Design Project.

SECTION VII – SERVICE SPECIFIC REVIEW CRITERIA

A. Criterion 1110.530 – Medical/Surgical, Obstetric, and Intensive Care

Category of Service	# Existing Beds	# Proposed Beds
ICU	10	12
Medical/Surgical	84	84
Obstetric	23	18

INTENSIVE CARE

According to the 5/16/13 Update to Inventory of Hospital Services, there is a calculated need for 40 ICU beds in Planning Area A-09. NLFH's proposed addition of 2 ICU beds will reduce the need from 40 to 38 beds. Additionally, all of the existing providers of ICU service in the Planning area are operating at above the State's occupancy target.

FACILITY	CY11 Occupancy
Midwestern Regional Medical Center	85.1%
Advocate Good Shepherd Hospital	86.0%
Advocate Condell Medical Center	80.7%
Northshore Highland Park Hospital	75.1%
Vista Medical Center East	71.3%

1110.530(b)(2) – Planning Area Need – Service to Planning Area Residents

As stated in ATTACHMENT-12 and ATTACHMENT-18, the proposed replacement facility will provide access to Northwestern Medicine to Lake County residents. The replacement facility will provide increased specialty services in both medical/surgical and ICU areas.

Typical ICU admissions at NLFH are for large abdominal surgeries such as bowel resections after perforation, large tumor debulking, thoracotomy, VATS, post-interventional radiology procedures such as embolectomy. Trans flaps for SPO2 monitoring, bi-lateral hip and knee replacements, craniotomy, and post-acute cardiac stent placements. The majority of the ICU patients are medical; respiratory failure, CVA, CHF, renal failure, overdose, ETOH withdrawal, liver failure, sepsis, and cancer.

NLFH's market area is all of Lake County, and more specifically, the primary service area within that market area consists of the following areas: Lake Forest, Waukegan, Grayslake, Gurnee, Lake Bluff, Lake Villa, Libertyville, North Chicago, Round Lake, Zion, Vernon Hills, Mundelein, Antioch, Highland Park, Wadsworth, Deerfield, Lincolnshire, Winthrop Harbor, Great Lakes, and Highwood. As detailed below, in CY12, 814 ICU admissions were residents of the primary service area. This is 87.6% of the total 929 ICU admissions (see patient origin data by zip code on the next pages).

City	Zip Code	CY12 ICU Admissions
Lake Forest	60045	155
Waukegan	60085	83
Grayslake	60030	64
Gurnee	60031	58
Lake Bluff	60044	56
Lake Villa	60046	56
Libertyville	60048	46
North Chicago	60064	42
Round Lake	60073	40
Waukegan	60087	39
Zion	60099	29
Vernon Hills	60061	27
Mundelein	60060	24
Antioch	60002	23
Highland Park	60035	19
Wadsworth	60083	17
Deerfield	60015	11
Lincolnshire	60069	10
Winthrop Harbor	60096	7
Great Lakes	60088	6
Highwood	60040	2
		814

CY12 ICU Patient Origin Data by Zip Code

Zip Code	CY12 ICU Admissions
60045	155
60085	83
60030	64
60031	58
60044	56
60046	56
60048	46
60064	42
60073	40
60087	39
60099	29
60061	27

72

60060	24
60002	23
60035	19
60083	17
60015	11
60069	10
60041	9
60089	8
60096	7
60088	6
60062	6
60090	6
60020	4
60047	4
60051	4
60022	3
60093	3
60084	3
60040	2
60025	2
60010	2
60081	2
92056	1
92064	1
32960	1
33426	1
30014	1
83455	1
60611	1
60614	1
60618	1
60630	1
60632	1
60639	1
60640	1
60643	1
60645	1
60646	1
60647	1
60016	1
60202	1
60712	1
60074	1

60463	1
60008	1
60076	1
60487	1
60139	1
60527	1
60102	1
60014	1
60021	1
60097	1
60098	1
61604	1
61832	1
47331	1
46321	1
46383	1
70118	1
2332	1
64105	1
49431	1
49091	1
49079	1
39540	1
27013	1
7436	1
11205	1
29322	1
78155	1
53142	1
53143	1
53158	1
53168	1
53179	1
53181	1
53105	1
53402	1
53406	1
53115	1
	929

7A

1110.530(b)(4) – Planning Area Need – Service Demand – Expansion of an Existing Category of Service

The request for expansion of NLFH’s ICU services is based on three supporting justifications:

1. Continued occupancy above the State Occupancy Standard
2. Population growth in Lake County
3. Growth in specialized clinical services at NLFH

1. Historic Occupancy above the State Occupancy Standard

Category of Service	Board Occupancy Standard	CY11	CY12
ICU	60%	65%	61%

Occupancy of NLFH’s 10 ICU beds has been over 60% (State Occupancy Standard) every year for the past decade. Average annual occupancy has ranged from 61% - 79%.

Historic Utilization

ICU	CY02	CY03	CY04	CY05	CY06	CY07	CY08	CY09	CY10	CY11	CY12
Admissions	943	970	557	639	965	1,097	1,192	1,098	1,053	1,037	929
Patient Days	2,883	2,705	2,219	2,333	2,275	2,247	2,636	2,476	2,243	2,337	2,215
ADC	7.9	7.4	6.1	6.4	6.2	6.2	7.2	6.8	6.1	6.4	6.1
Beds	10	10	10	10	10	10	10	10	10	10	10
Occupancy	79.0%	74.1%	60.8%	63.9%	62.3%	61.6%	72.2%	67.8%	61.5%	64.0%	60.7%

While the ADC for CY12 was 6.1, there were many days that the ICU was operating at its peak census of 10. “Code White” is a term at NLFH that is called by the house operations leader when there is a patient throughput challenge due to high census in the inpatient units. There were approximately 70 “Code Whites” in both CY11 and CY12. Approximately 50% of the Code Whites called in CY11 – CY13 YTD have been related to ICU. The other 50% have been related to medical/surgical.

2. Population growth in Lake County

According to a population study of NLFH’s primary service area by Truven Health Analytics (based on Claritas data), there is a projected population increase in this area between 2012 and 2017.

	2012	2017	Average Annual growth rate
0-17	159,804	158,688	-0.14%
18-44	205,932	200,342	-0.54%
45-64	149,671	162,747	1.75%
65+	56,429	67,397	3.89%
Total	571,836	589,174	0.61%

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Because over 80% of NLFH's ICU patients are age 45+, based on this study NLFH assumed that there will be a 2.33% average annual growth in the key users of ICU services between CY12 – CY19.

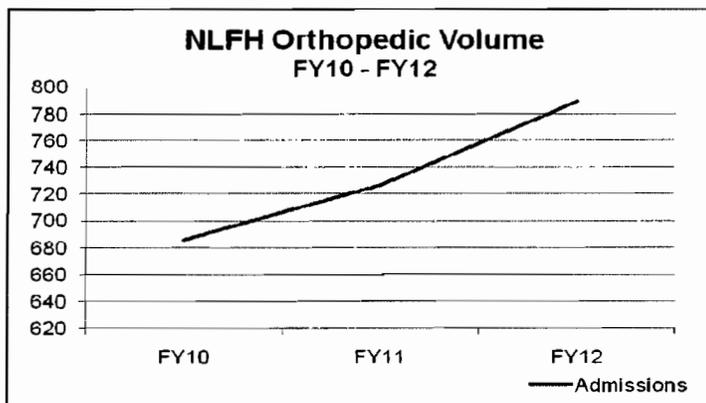
	2012	2017	Average Annual growth rate
45-64	149,671	162,747	1.75%
65+	56,429	67,397	3.89%
Total	206,100	230,144	2.33%

3. Growth in specialized clinical services at NLFH

As mentioned in previous attachments, since the affiliation of NLFH with NMHC, access to specialized services at NLFH has increased. In just the past year, NLFH has experienced increased admissions in the following clinical specialties:

- Gastroenterology: +5.9%
- General Surgery: +19.3%
- Neurosciences: +1.3%
- Otolaryngology: +1.6%

More specifically, growth in Orthopedics has increased 15% since FY10:



Increases in admissions in these and other clinical specialties are expected to continue at NLFH with the pending affiliation between NMHC and Northwestern Medical Faculty Foundation (NMFF), the second largest physician practice in Illinois. This affiliation will further enhance clinical care in Lake County by including the physician practice in NMHC's commitment to provide high quality, affordable healthcare.

As admissions in clinical specialties have increased, so has the acuity level of the patients. This trend is expected to continue.

	FY10	FY11	FY12
Case Mix Index (CMI)	1.13	1.15	1.17
% of Cases Above 2.00 CMI	11.70%	13.37%	14.20%
% of Cases Above 3.00 CMI	4.00%	4.09%	4.22%

1110.530(d)(1) – Deteriorated Facilities

As addressed in ATTACHMENT-13, in addition to the many facility infrastructure deficiencies that affect the ICU, the patient rooms in the current facility are below current industry standards. The current ICU averages 434 dgsf per room, significantly below the State standard of 600 – 685 dgsf per room. This limits the kinds of procedures (such as imaging and physical therapy) that can be done in the room and requires the patient to be taken to various support and treatment areas.

Additionally, the facility was built as a community hospital and therefore does not have space for the educational requirements of an Academic Medical Center. ICU rooms are too small to adequately fit all of the caregivers who participate in Medical Rounds and other aspects of patient care.

1110.530(d)(4) – Occupancy

Projections for ICU admissions assume an average annual increase of 2.33% from CY12 – CY19 (two years after project completion). This assumption is consistent with the projected average annual increase of the population age 45+ in the primary service area.

Projections

ICU	CY13	CY14	CY15	CY16	CY17	CY18	CY19
Admissions	951	973	995	1,019	1,042	1,067	1,092
Patient Days	2,270	2,326	2,383	2,442	2,502	2,564	2,628
ALOS	2.39	2.39	2.39	2.40	2.40	2.40	2.41
ADC	6.2	6.4	6.5	6.7	6.9	7.0	7.2
Beds	10	10	10	10	12	12	12
Occupancy	62.2%	63.7%	65.3%	66.9%	57.1%	58.5%	60.0%

Projections for the ICU patient days also assume a 2% increase in the average length of stay by CY19 to accommodate the increasing patient acuity levels. This projected increase is consistent with the ALOS for the 5 other ICU programs in the A-09 planning area. In fact, even with a projected ALOS of 2.41, NLFH's ICU ALOS will still be the lowest in the planning area.

CY11 Planning Area A-09 ICU Programs

FACILITY	ICU ALOS
Northwestern Lake Forest Hospital	2.3 days
Northshore Highland Park Hospital	2.5 days
Vista Medical Center East	2.7 days
Advocate Condell Medical Center	2.9 days
Midwestern Regional Medical Center	4.5 days
Advocate Good Shepherd Hospital	4.9 days

Even with these conservative projection assumptions, the 12 ICU beds in NLFH's proposed replacement facility will be at the State's target occupancy by two years after project completion.

1110.530(e) – Staffing Availability

Recruitment efforts for the additional 2 ICU beds will be conducted with both internal and external candidates. NLFH has an in-house nurse residency program in place that prepares current Medical/Surgical RNs for critical care as well as serves as a significant recruitment tool for new hires. There is also an active in-house RN pool at NLFH that at all times has 4-5 RNs with critical care experience. This RN pool can be used until a new permanent staff member is hired.

Additionally, NLFH uses recruiting tools that include critical care specialty organization journals, professional recruiters, current staff referrals and the NLFH website.

1110.530(f) – Performance Requirements

The minimum unit sized for an intensive care unit is 4 beds. The proposed ICU unit is 12 beds.

1110.530(g) – Assurances

See letter at the end of this ATTACHMENT.

MEDICAL/SURGICAL

According to the 5/16/13 Update to Inventory of Hospital Services, there is a calculated need for 22 medical/surgical/pediatrics beds in Planning Area A-09. NLFH proposes to have 84 medical/surgical beds in the replacement facility. This is the current number of medical/surgical beds, following the recent approval of the discontinuation of 10 pediatrics beds that were re-classified as medical/surgical beds.

1110.530(d)(1) – Deteriorated Facilities

As documented in ATTACHMENT-13, the facility as a whole has many deficiencies and is nearing the end of its useful life. Some of the issues specific to the medical/surgical beds are:

- 20 of the 84 medical/surgical beds are in semi-private rooms. The hospital industry standard recognizes that private rooms enhance operating efficiencies, promote infection control, avoid gender conflicts and issues with clinical conditions, and address patient preferences for privacy, comfort, and patient confidentiality. The current patient rooms are small, especially the semi-private rooms. Patient rooms average 176 nsf per bed in the west wing and 210 nsf per bed in the south wing. The hospital's medical/surgical services average 369 dgsf per bed, well below the State standard of 500 – 600 dgsf per bed. This limits the kinds of procedures (such as imaging and physical therapy) that can be done in the room and requires the patient to be taken to various support and treatment areas.
- Additionally, moving a patient from the room often requires moving a night table to the hallway for clearance.
- The wall and window unit air conditioners further reduce functional room space for family/patient and healthcare provider.
- The 10-bed and 13-bed medical/surgical units in the south wing are too small for efficient nursing staffing.
- The heating and ventilation systems lack adequate control for appropriate patient needs and comfort and in some cases do not meet current code requirements for air changes and proper air exhaust.
- Most of the patient rooms do not have showers; use of showers in the hallways is a privacy concern for many patients.
- All nursing units lack adequate amounts of family space.

1110.530(d)(4) – Occupancy

Category of Service	Board Occupancy Standard	FY11	FY12
Medical/Surgical	75%	75.1%	71.5%

Historic Utilization

Medical/Surgical

Medical/Surgical	CY02	CY03	CY04	CY05	CY06	CY07	CY08	CY09	CY10	CY11	CY12
Admissions	3,854	4,012	4,266	4,801	4,848	5,077	5,875	5,514	5,726	5,397	5,655
Patient Days	17,599	18,734	18,947	19,765	18,861	18,862	22,449	20,668	19,848	19,776	18,893
Observation Days			1,580	1,348	1,603	1,694	1,887	2,069	1,828	1,972	2,115
TOTAL Days	17,599	18,734	20,527	21,113	20,464	20,556	24,336	22,737	21,676	21,748	21,008
ADC	48.2	51.3	56.2	57.8	56.1	56.3	66.7	62.3	59.4	59.6	57.6
Beds	64	74	74	74	74	74	74	74	74	74	74
Occupancy	75.3%	69.4%	76.0%	78.2%	75.8%	76.1%	90.1%	84.2%	80.3%	80.5%	77.8%

The average annual occupancy of the medical/surgical beds have exceeded the State standard of 75% for 9 of the last 10 years.

Pediatrics

Pediatrics	CY02	CY03	CY04	CY05	CY06	CY07	CY08	CY09	CY10	CY11	CY12
Admissions	187	261	279	392	412	558	566	546	471	545	424
Patient Days	950	1,163	751	936	924	1,231	1,200	1,110	909	1,136	770
Observation Days			337	360	295	212	162	201	168	153	153
TOTAL Days	950	1,163	1,088	1,296	1,219	1,443	1,362	1,311	1,077	1,289	923
ADC	2.6	3.2	3.0	3.6	3.3	4.0	3.7	3.6	3.0	3.5	2.5
Beds	10	10	10	10	10	10	10	10	10	10	10
Occupancy	26.0%	31.9%	29.8%	35.5%	33.4%	39.5%	37.3%	35.9%	29.5%	35.3%	25.3%

Utilization of the dedicated pediatric unit was low, which prompted NLFH to discontinue the beds as pediatrics beds and re-classify them as medical/surgical beds in order to continue to care for these patients but to increase the flexibility of the beds. While the average annual occupancy was low, there were multiple days with a peak census of 10.

Combined Medical/Surgical and Pediatrics

Medical/Surgical/ Pediatrics	CY02	CY03	CY04	CY05	CY06	CY07	CY08	CY09	CY10	CY11	CY12
Admissions	4,041	4,273	4,545	5,193	5,260	5,635	6,441	6,060	6,197	5,942	6,079
Patient Days	18,549	19,897	19,698	20,701	19,785	20,093	23,649	21,778	20,757	20,912	19,663
Observation Days	0	0	1,917	1,708	1,898	1,906	2,049	2,270	1,996	2,125	2,268
TOTAL Days	18,549	19,897	21,615	22,409	21,683	21,999	25,698	24,048	22,753	23,037	21,931
ADC	50.8	54.5	59.2	61.4	59.4	60.3	70.4	65.9	62.3	63.1	60.1
Beds	74	84	84	84	84	84	84	84	84	84	84
Occupancy	68.7%	64.9%	70.5%	73.1%	70.7%	71.8%	83.8%	78.4%	74.2%	75.1%	71.5%

NLFH's combined medical/surgical/pediatrics admissions increased 50.4% over the last decade, from 4,041 in CY02 to 6,079 in CY12. This is an average increase of 5% per year.

NLFH's combined medical/surgical/pediatrics patient days (including observation days) have increased by 18.2% over the last decade, from 18,549 in CY02 to 21,931 in CY12. This is an average annual increase of 1.8%.

Projections

Projections for medical/surgical/pediatrics volumes assume an average annual increase of 1.8% in patient days (including observation days) from CY12 – CY19 (two years after project completion). This assumption is consistent with the historic average annual growth of 1.8% in medical/surgical/pediatrics patient days (including observation days) from CY02 – CY12. Using this growth rate, the 84 beds will operate at over 80% occupancy which is above the State Standard of 75%. In order to achieve the State’s minimum occupancy target of 75%, patient day volume would only have to grow by an average annual growth rate of 0.6%, which is consistent with the projected population growth rate of NLFH’s primary service area (see table in ICU section above).

The factors contributing to the projected growth are: patient preference; increasing specialization of services; pending affiliation with NMFF (physician specialists); population growth in the primary service area in Lake County. NLFH projects 24,678 medical/surgical/pediatrics patient days (including observation days) in FY19, two years after completion of the project. This is an average annual growth of 1.8% per year from CY12 to CY19; the same annual growth rate as the last decade.

Combined Medical/Surgical and Pediatrics

Medical/Surgical/ Pediatrics	CY13	CY14	CY15	CY16	CY17	CY18	CY19
Admissions	6,059	6,161	6,265	6,371	6,479	6,588	6,699
Patient Days	19,995	20,333	20,676	21,025	21,380	21,741	22,108
Observation Days	2,309	2,350	2,393	2,436	2,480	2,524	2,570
TOTAL Days	22,304	22,683	23,069	23,461	23,860	24,265	24,678
ADC	61.1	62.1	63.2	64.3	65.4	66.5	67.6
Beds	84	84	84	84	84	84	84
Occupancy	72.7%	74.0%	75.2%	76.5%	77.8%	79.1%	80.5%

As with the average length of stay for ICU, NLFH’s medical/surgical/pediatrics ALOS is the lowest in the A-09 planning area. The projections assume a 3.3 day length of stay which is the average ALOS of the past three years.

CY11 Planning Area A-09 Medical/Surgical/Pediatrics Programs

FACILITY	ICU ALOS
Northwestern Lake Forest Hospital	3.5 days
Advocate Good Shepherd Hospital	3.9 days
Advocate Condell Medical Center	4.1 days
Vista Medical Center East	4.1 days
Northshore Highland Park Hospital	4.5 days
Midwestern Regional Medical Center	7.9 days

1110.530(f) – Performance Requirements

The proposed medical/surgical bed capacity for NLFH's replacement facility is 84 beds. While this is slightly lower than the minimum bed capacity for a medical/surgical category of service within a Metropolitan Statistical Area (MSA) of 100 beds, it is consistent with the historic and projected utilization.

OBSTETRICS

According to the 5/13/13 Update to Inventory of Hospital Services, there is a calculated excess of 15 obstetric beds in Planning Area A-09. NLFH's proposed reduction of 5 obstetrics beds (from 23 to 18 beds) will reduce the excess from 15 to 10 beds.

Obstetrics will be primarily organized around a standard labor-delivery-recovery (LDR) model. Mothers undergoing a vaginal delivery will remain in the LDR during recovery and then be transferred to the obstetrics unit. All cesarean births will occur in specifically designated procedure rooms. After recovery, patients will be transferred to the obstetrics unit.

Although the rooms will be designed for rooming-in, there will be one Normal Newborn Nursery integrated in the unit. There will also be a Special Care Nursery with 6 Level II Nursery bassinets.

The obstetrics unit will accommodate both antepartum and postpartum patients.

1110.530(d)(1) – Deteriorated Facilities

1110.530(d)(2-3) – Documentation Related to Cited Problems

As stated in ATTACHMENT-13, the Hunter Family Center for Women's Health, where the obstetrics beds are located, opened in 2004. While these are the most updated inpatient beds in the hospital, they are being replaced because operating inpatient beds in two different buildings is less efficient and requires duplication of diagnostic & treatment services as well as support services.

1110.530(d)(4) – Occupancy

Category of Service	Board Occupancy Standard	FY11	FY12
Obstetric	75%	57.7%	48.9%

There are no occupancy standards or specific for Level II Newborn bassinets.

Historic Utilization

Obstetrics

Obstetrics	CY02	CY03	CY04	CY05	CY06	CY07	CY08	CY09	CY10	CY11	CY12
Deliveries	2,042	1,843	2,007	2,179	2,262	2,263	2,474	1,936	1,742	1,687	1,626
Admissions	2,358	2,123	2,310	2,518	2,613	2,596	2,831	2,146	1,873	1,836	1,581
Patient Days	5,891	5,314	5,847	6,468	6,648	6,795	7,407	5,607	4,976	4,820	4,102
ADC	16.1	14.6	16.0	17.7	18.2	18.6	20.3	15.4	13.6	13.2	11.2
Beds	23	23	23	23	23	23	23	23	23	23	23
Occupancy	70.2%	63.3%	69.6%	77.0%	79.2%	80.9%	88.2%	66.8%	59.3%	57.4%	48.9%

Projections

Delivery volume at NMH's Prentice Women's Hospital has been increasing continuously since 1985. In 1985, there were 4,090 deliveries at NMH, in 2012, there were 12,856. Delivery volume since the opening of the new Prentice Women's Hospital has grown from 11,106 in CY07 to 12,856 in CY12, an increase of 16%. Average annual occupancies have ranged from 69.6% the year new PWH opened up to 78.5%. Deliveries downtown are expected to continue growing and soon Prentice will be at maximum capacity.

In CY12, 961 maternity patients traveled from the northern Cook County/Lake County areas to deliver their babies at Prentice. In order to alleviate the high census at Prentice downtown, NLFH will work with NMFF and NMPG obstetricians to develop a plan to use maternity services at NLFH for patients who live in the northern Cook County/Lake County area. By CY19, two years after project completion, NLFH plans to accommodate 25% of those deliveries at the new NLFH. That equates to approximately 240 more deliveries at NLFH than in CY12.

Obstetrics	CY13	CY14	CY15	CY16	CY17	CY18	CY19
Deliveries	1,659	1,692	1,726	1,760	1,795	1,831	1,868
Admissions	1,709	1,743	1,778	1,813	1,850	1,887	1,924
Patient Days	4,487	4,576	4,668	4,761	4,856	4,953	5,053
ADC	12.3	12.5	12.8	13.0	13.3	13.6	13.8
Beds	23	23	23	23	18	18	18
Occupancy	53.4%	54.5%	55.6%	56.7%	73.9%	75.4%	76.9%

NLFH's obstetric ALOS is consistent with the ALOS's in the A-09 planning area. The projections assume a 2.63 day length of stay which is the average ALOS of the past three years.

CY11 Planning Area A-09 Medical/Surgical/Pediatrics Programs

FACILITY	OB ALOS
Vista Medical Center East	2.2 days
Advocate Good Shepherd Hospital	2.5 days
Advocate Condell Medical Center	2.6 days
Northwestern Lake Forest Hospital	2.63 days
Northshore Highland Park Hospital	2.8 days

1110.530(f) – Performance Requirements

The minimum unit size for a new obstetric unit within an MSA is 20 beds; however, the proposed obstetric unit is a replacement of an existing obstetric unit. The proposed unit size of 18 beds is based on current and projected obstetric volume.

SPECIAL CARE NURSERY (SCN)

NLFH has a "Special Care Nursery Level II with Exceptions". Our Affiliation Agreement with the Northwestern Perinatal Center considers the NLFH SCN appropriate for care of:

1. Low birth weight infant greater than 1250 grams
2. Premature infants 30 weeks or greater
3. Neonates on conventional mechanical ventilation
4. Suspected neonatal sepsis, hypoglycemia responsive to glucose infusion and asymptomatic neonates of diabetic mothers

The SCN is led by board certified neonatologists from Lurie Children's Hospital seven days per week, as well as the pediatric hospitalist from Lurie providing coverage 24/7.

Currently, NLFH has a special care nursery with 6 Level II beds. There were 185 admissions to the Level II unit in CY12.

Historic Utilization

SCN	CY06	CY07	CY08	CY09	CY10	CY11	CY12
Admissions	201	157	205	138	156	177	185
Patient Days	1,341	1,124	1,237	951	1,239	995	1,131
ADC	3.7	3.1	3.4	2.6	3.4	2.7	3.1
Beds	6	6	6	6	6	6	6
Occupancy	61.2%	51.3%	56.5%	43.4%	56.6%	45.4%	51.6%
Admissions % of Deliveries	8.9%	6.9%	8.3%	7.1%	9.0%	10.5%	11.4%

NLFH's SCN admissions increased 34.1% from CY09 – CY12, from 138 in CY09 to 185 in CY12. This is an average increase of 11.4% per year.

Projections

SCN	CY13	CY14	CY15	CY16	CY17	CY18	CY19
Admissions	189	193	196	200	204	208	213
Patient Days	1,252	1,277	1,303	1,328	1,355	1,382	1,410
ADC	3.4	3.5	3.6	3.6	3.7	3.8	3.9
Beds	6	6	6	6	6	6	6
Occupancy	57.2%	58.3%	59.5%	60.7%	61.9%	63.1%	64.4%
Admissions % of Deliveries	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%

Over the past 6 years, admissions to the SCN have averaged 9% of the total NLFH births. However, since CY09, the percentage of NLFH births resulting in a SCN admission has been steadily increasing. In CY12, 11.4% of the births at NLFH resulted in a SCN admission. With the increased use of infertility treatments and the continued trend of increasing maternal age this higher percentage was used in NLFH's projections.

The ALOS for the past 7 years was 6.6 days. This was the assumption used for the projections.

There are no occupancy standards or specific review criteria for Level II Newborn bassinets.

Thomas J. McAfee
President

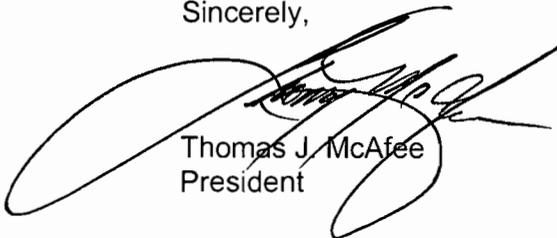
June 17, 2013

Mr. Dale Galassie
Chairman
Illinois Health Facilities and Services Review Board
525 West Jefferson Street – Second Floor
Springfield, Illinois 62751

Dear Mr. Galassie:

As required by 77 Ill. Adm. Code 1110.530 for the expansion of the Intensive Care category of service, as President of Northwestern Lake Forest Hospital, I hereby attest that by CY19 (the second year of operation after project completion), NLFH plans to achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100.

Sincerely,



Thomas J. McAfee
President

F. Criterion 1110.1330 – Cardiac Catheterization

NLFH currently operates one (1) cardiac catheterization lab. Diagnostic, interventional and Electro-Physiological procedures are performed. NLFH proposes one (1) cardiac catheterization lab in the new facility.

1. Criterion 1110.1330(a), Peer Review

NLFH has a comprehensive peer review program that consists of the following:

- Weekly STEMI (ST Segment Elevation Myocardial Infarction) Review Committee: team members from NLFH’s Emergency Department, Grayslake Emergency Department, Catheterization Lab, Critical care/Inpatient/Quality Committee
- Monthly Catheterization Conference Meeting: Cardiology Department and open to all hospital physicians, staff, and administration
- Cardiology Integrated Review Meeting: NMH/NLFH Cardiology Medical Directors, Nursing Directors, VP’s, Physicians, and Managers
- Weekly NMH Catheterization Lab meeting via simulcast
- Cardiology Department Staff Meeting
- Echo Peer Review Committee: Physician/Staff peer review of non-invasive diagnostic tests

2. Criterion 1110.1330(b), Establishment or Expansion of Cardiac Catheterization Service

Not Applicable – NLFH is not proposing the establishment or expansion of cardiac catheterization service

3. Criterion 1110.1330(c), Unnecessary Duplication of Services

Not Applicable – NLFH is not proposing the establishment of cardiac catheterization service

4. Criterion 1110.1330(d), Modernization of Existing Cardiac Catheterization Laboratories

NLFH received approval for the establishment of cardiac catheterization service in 2007. Since that time, the one lab has met the minimum utilization standard of 200 cardiac catheterization procedures per year.

	CY07	CY08	CY09	CY10	CY11	CY12
TOTAL Cardiac Cath Procedures	43	279	416	359	349	531
Diagnostic	40	192	295	233	249	312
Interventional	3	30	31	44	40	60
EP	0	57	90	82	60	159

5. Criterion 1110.1330(e), Support Services

Not Applicable – NLFH is not proposing the establishment of cardiac catheterization service

6. Criterion 1110.1330(f), Laboratory Location

Not Applicable – NLFH is not proposing the addition of cardiac catheterization laboratories

7. Criterion 1110.1330(g), Staffing

Not Applicable – NLFH is not proposing the establishment of cardiac catheterization service

8. Criterion 1110.1330(h), Continuity of Care

NLFH has transfer agreements with Northwestern Memorial Hospital and Highland Park Hospital. The transfer agreements are immediately following this section.

9. Criterion 1110.1330(i), Multi-Institutional Variance

Not Applicable – NLFH is not proposing the establishment of cardiac catheterization service

- HOSPITAL WIDE POLICY & PROCEDURE
- DEPARTMENTAL POLICY & PROCEDURE
- INTERDEPARTMENTAL POLICY & PROCEDURE

<p>Implementation Date: 1/81</p> <p>Revisions: 7/92, 8/95, 5/98, 1/00, 5/00, 06/05, 6/07, 9/10, 3/12</p> <p>Reviewed: 5/03,12/11</p>	<p>TITLE</p> <p>Transfer Outside of Hospital</p>	<p>Number: NLFH PC 05.2186</p> <p>Page 1 of 2</p> <p>Author: Beverly Weaver, MS, RN, NE-BC Denise Majeski, MSN, RN, ACM</p> <p>Approval:</p> <p>_____</p> <p>_____</p>
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POLICY:

Northwestern Lake Forest Hospital (NLFH) shall ensure that it fully complies with the requirements of the Emergency Medical Treatment and Active Labor Act (EMTALA). In particular, each patient will be provided an appropriate medical screening exam. If the screening exam determines that the patient either has an emergency medical condition or is in active labor, Northwestern Lake Forest Hospital will endeavor to stabilize the patient before any transfer. If Northwestern Lake Forest Hospital is unable to stabilize the patient, there can only be a transfer if:

1. Patient specifically requests a transfer and signs a consent form, or
2. The attending or treating physician determines and certifies that the medical benefits reasonably expected from treatment at another specified facility outweigh the increased risk associated with the transfer.

In the event that the attending or treating physician certifies the need for transfer or the patient knowingly requests transfer, the hospital personnel will arrange, via appropriate transportation, a transfer following an order and certification from the treating physician. This must be preceded by an agreement from the receiving physician.

PROCEDURE:

1. The appropriate transfer form, based on the reason for transfer, must be completed on all patients who are being transferred to another hospital facility:
 - A **patient initiated transfer** is defined as any transfer for reasons other than need for higher level of care, specialty care, or specialty equipment and will include any patient with an emergency medical condition or in active labor who has requested transfer. The **Patient Initiated Transfer** form is to be completed by hospital staff, with the exception of Section 2 - "Patient Initiated Transfer" and including the Notice of Risks of Transfer, which is to be completed by the transferring physician. The form is to be signed by the treating physician, registered nurse, patient or guardian, and by a witness and a copy sent to the receiving facility.
 - A **hospital initiated transfer** is defined as any transfer completed for medical necessity such as a need for higher level of care, specialty care, or specialty equipment not available at Northwestern Lake Forest Hospital. The **Hospital Initiated Transfer** form is

to be completed by hospital staff, with exception of Section 2 - "Physician Certificate of Transfer" and including Notification of the Risks and Benefits of Transfer, which is to be completed by the transferring physician. The form is to be signed by the treating physician, registered nurse, patient or guardian and by a witness and a copy sent to the receiving facility.

2. Both Patient Initiated and Hospital Initiated transfer forms include the following sections, which are to be completed on all inpatients being transferred:
 - **Section 3 - Patient Information for the Recipient Hospital** including "Discharge Assessment"
 - **Section 4 - Physician Authorization for Ambulance Transfer** to be completed when applicable
 - **Section 5 - Transfer Checklist** to assure that appropriate forms/documentation are completed
 - **Section 6 - Signatures** of the transferring physician and registered nurse
 - **Section 7 - Patient Consent to Transfer** to be signed by patient or person responsible for the patient's care and by a witness
3. **Authorization for Release of Medical Records** form is to be completed by hospital staff, signed by the patient or guardian, witnessed and a copy sent to the recipient hospital.
4. **Release from Responsibility for Discharge/Informed Consent to Refuse** must be completed by the hospital staff and signed by both patient/guardian and the treating physician in the event that a patient with an emergency medical condition or in active labor refuses treatment or requests transfer before that patient has been stabilized.
5. All relevant portions of the medical record that are available at the time of transfer should be sent with the patient. These may include available history, records related to the individual's emergency medical condition, medical screening examination report, observations of the signs or symptoms, preliminary diagnosis, results of diagnostic studies, or telephone reports of the studies, treatment provided, and results of any other tests. Records not available at the time of transfer should be sent as soon as possible.
6. CD of diagnostic/interventional test must be sent upon transfer. At NLFH, call the light room at ext. 6318, or mobile phone ext. 8309 or CT Scan at ext. 6191, to produce. In Grayslake, call the X-ray techs at ext. 8905 or CT techs at ext. 8917.

TRANSFER AGREEMENT

This Agreement is made and entered into this 28 day of Sept, 2005, by and between Highland Park Hospital, a not-for-profit/for-profit corporation organized under the laws of the State of Illinois (hereinafter referred to as "HOSPITAL"), and Lake Forest Hospital, a not-for-profit community hospital organized under the laws of the State of Illinois (hereinafter referred to as "LFH") (each individually referred to as "Party" and collectively referred to as the "Parties").

WITNESSETH

WHEREAS, HOSPITAL is licensed to provide open heart surgery and advanced cardiac care services and maintains and operates an acute care hospital equipped and staffed to provide open heart surgery and advanced cardiac care services in the City of Highland Park, Illinois; and,

WHEREAS, LFH maintains and operates an acute care hospital which seeks to offer cardiac catheterization services and has applied for a Certificate of Need from the Illinois Health Facilities Planning Board to operate a cardiac catheterization lab organized and licensed under the laws of the State of Illinois in the City of Lake Forest, Illinois; and,

WHEREAS, LFH does not have a capacity to provide open heart surgery and advanced cardiac care services; and

WHEREAS, in order to provide continuity of medical care for its patients, LFH desires to enter into an agreement for the transfer of its cardiac catheterization lab patients who members of the LFH Medical Staff determine require advanced cardiac care services ("LFH Patients") to a local hospital that offers such services; and,

WHEREAS, HOSPITAL is willing to provide such medical services to LFH Patients in need of advanced cardiac care or related treatment or services.

NOW, THEREFORE, the Parties hereto agree as follows:

1. **POLICY.** When a member of the LFH Medical Staff determines that in the best medical judgment of the physician, an LFH Patient would be appropriately treated with cardiac care services unavailable at LFH and thereby requires admission to HOSPITAL, HOSPITAL agrees to accept the transfer of such LFH Patient and will admit such patient as promptly as possible provided admission requirements are met and adequate staff, equipment, bed space and capacity to provide advanced cardiac care services for such patient are available at HOSPITAL.
2. **EMTALA COMPLIANCE.** The Parties recognize and agree that the transfers contemplated by this Agreement are transfers for which HOSPITAL has specialized capabilities within the meaning of 42 U.S.C. § 1395dd(g) that generally require HOSPITAL to accept transfers provided that HOSPITAL has the capacity to treat the transferred patient. The Parties shall fulfill their respective obligations under this Agreement in a manner that complies with all applicable requirements of 42 U.S.C. § 1395dd (Emergency Medical Treatment and Active Labor Act ("EMTALA")) and 42 C.F.R. § 489.24. The Parties shall exert their best efforts to

work together to ensure compliance by both Parties with each applicable EMTALA requirement. In the event that one Party has concerns that the other Party may not be fulfilling all of its obligations under EMTALA, that Party shall first inform the other Party of any deficiency and the Parties shall work together to correct any perceived deficiencies.

3. **COORDINATION OF TRANSFER.** HOSPITAL shall designate a person or persons to serve as "HOSPITAL Liaison" for purposes of facilitating transfers and the continuity of care under this Agreement. LFH shall notify HOSPITAL Liaison as far in advance as reasonably practicable of a request for transfer of an LFH Patient in need of advanced cardiac care services or related treatment or services for admission to HOSPITAL. HOSPITAL shall accept the LFH patient for admission to HOSPITAL provided that HOSPITAL has the capacity to treat the LFH patient.

4. **TRANSFER PROCEDURE.** The patient's medical condition shall be assessed by the physician responsible for the patient's care at LFH. If the physician deems that as a result of the patient's condition, the patient needs to be transferred to HOSPITAL, the transferring physician or designee shall initiate the transfer process by calling HOSPITAL Liaison to facilitate transfers pursuant to this Agreement. LFH shall be responsible for fulfilling the responsibilities of a transferring hospital under EMTALA and shall inform the patient, or the patient's family or representative, of the need to transfer patient to HOSPITAL.

5. **TRANSPORT OF A PATIENT.** LFH, in consultation with the HOSPITAL Liaison and/or the receiving physician at HOSPITAL, shall be responsible for and shall make all the necessary arrangements for the appropriate, safe transportation of an LFH patient from LFH to HOSPITAL.

6. **NON-DISCRIMINATION.** Both Parties agree that the transfer of an LFH Patient pursuant to this Agreement shall be accomplished with no discrimination based on race, religion, national origin, age, sex, physical condition or economic status. The Parties also agree that the transfer or receipt of patients in need of emergency care shall not be based upon a patient's inability to pay for services rendered by the transferring or receiving institution.

7. **CONSULTATION, CARE AND TREATMENT.** The appropriate physicians of each institution shall be reasonably available to the physicians of the other institution for consultation with respect to the care and treatment of any transferred patient who was transferred pursuant to this Agreement.

LFH understands and agrees, upon HOSPITAL's request, to accept for return transfer and prompt admission to hospital, any patient that has been medically stabilized and that has been transferred to hospital pursuant to this agreement.

Notwithstanding any provision of this Agreement to the contrary, any physician who is permitted to participate in the care and treatment of a patient transferred pursuant to this Agreement must have medical staff privileges at HOSPITAL and comply with the medical staff bylaws, rules, and regulations of the HOSPITAL.

8. **MEDICAL RECORDS.** LFH shall send with each patient transferred from LFH to HOSPITAL, at the time of transfer, the medical information necessary to continue the patient's treatment. Said information shall include, but is not limited to, a copy of the patient's medical record. Parties agree to comply with all applicable federal, state and local laws, rules and regulations, as they may be amended from time to time, and all LFH and HOSPITAL bylaws, rules, regulations, and policies governing the confidentiality of patient's medical records. The medical records for transferred patients which are maintained by each Party shall remain the property or in the custody of that Party. Notwithstanding the foregoing, each Party shall allow the other Party access to any such information as the first Party may reasonably request.

9. **HIPAA COMPLIANCE.** The parties hereto acknowledge that they are each "Covered Entities", as that term is defined by the Health Insurance Portability and Accountability Act ("HIPAA"), and each party agrees to comply with all applicable requirements of the HIPAA Privacy Regulations (65 Fed. Reg. 82462 (December 28, 2000) as modified by 67 Fed. Reg. 53182 (August 14, 2002)) and Security Regulations (68 Fed. Reg. 8334 (February 20, 2003) as modified by 68 Fed. Reg. 18895 (April 17, 2003)).

10. **PATIENT VALUABLES.** Both Parties shall work together to provide appropriate protection of all valuables of a patient, including where appropriate the preparation and transfer of a written inventory of all valuables of a LFH Patient which shall accompany the LFH Patient in the transfer to HOSPITAL.

11. **BILLING.** Each Party shall be responsible for billing and collecting from the patient, third party insurance coverage or other sources normally billed for the services provided by that Party, and neither Party shall have any liability to the other for such charges except to the extent that such liabilities would exist apart from this Agreement.

12. **INSURANCE.** Each Party shall maintain and keep in full force and effect through the term of this Agreement general and professional liability insurance policies in amounts generally maintained for like facilities in the same geographical area and shall provide or cause to be provided to the other Party written evidence of such insurance. Either Party may provide such insurance through a self-insurance program adopted by its governing body.

13. **PATIENT DISCHARGE.** Nothing contained herein shall prevent or in any way prohibit HOSPITAL from discharging a transferred patient who has been admitted to the HOSPITAL if the responsible HOSPITAL physician considers it medically appropriate or if, against medical advice, the transferred patient signs out or is signed out by the person or agency legally authorized to act on behalf of such transferred patient.

14. **TERM AND TERMINATION.** This Agreement shall be effective and shall commence as of the 28 day of Sept., 2005, and shall continue in full force and effect for an initial term of one year unless earlier terminated as provided herein. After the initial term, this Agreement shall automatically renew for successive one year periods unless either Party gives thirty (30) days written notice of intent to terminate prior to the expiration of the initial term or the renewal term then in effect. This Agreement may be terminated: (i) immediately by mutual written agreement of the Parties; (ii) without cause by either Party for any reason by giving a thirty (30) day written notice of its intention to terminate this Agreement and by providing for

the continuity of care to patients for whom LFH has begun the Agreement's transfer process in good faith. This Agreement shall automatically terminate without regard to notice upon the date that: (i) either Party cease to have a valid provider agreement with the Secretary of the Department of Health and Human Services; (ii) either party fails to maintain its license or certification status; or (iii) HOSPITAL discontinues providing advanced cardiac care services for any reason.

15. **USE OF NAME.** Neither Party shall use the name of the other Party in any promotional or advertising material without first obtaining written approval from the other Party whose name is to be used.

16. **ASSIGNABILITY.** This Agreement shall not be assigned by either Party without the express written consent of the other Party. Any attempt to assign this Agreement without consent shall be void.

17. **NOTICES.** All notices hereunder by either Party to the other shall be in writing, delivered personally or by overnight courier, and shall be deemed to have been duly given when delivered personally or one day after delivered to the overnight carrier, charges prepaid and properly addressed to the respective Parties at the addresses shown below:

Lake Forest Hospital
President & Chief Executive Officer
600 North Westmoreland Road
Lake Forest, IL 60045

Highland Park Hospital
President
718 Glenview Avenue
Highland Park, IL 60035

18. **INDEPENDENT OPERATION.** Nothing in this Agreement shall, in any way, affect the independent operation of either Party, nor create an employer/employee, principal/agent, or joint venture/partnership relationship. The governing body of each shall have exclusive control of policies, management, assets and affairs of its respective institutions.

19. **NONEXCLUSIVITY.** Each Party understands and confirms that this Agreement is nonexclusive, and each Party reserves the right to enter into similar agreements with other institutions, agencies, and parties.

20. **MODIFICATION AND AMENDMENT.** This Agreement may be modified or amended by the mutual agreement of the Parties, provided that all modifications or amendments shall require the written approval of all signatories or the authorized agent of each Party. Any such modification or amendment shall be attached to and become a part of this Agreement.

21. **INDEMNIFICATION.** Each Party agrees to indemnify and hold harmless the other Party and its respective directors, officers, staff physicians and employees from all losses, damages, liabilities, claims, demands, lawsuits, and expenses, including reasonable attorney's

fees and expenses, that the indemnified Party or its respective directors, officers, staff physicians or employees may incur or be liable for arising out of or in connection with the services provided by the indemnifying Party under this Agreement.

22. **GOVERNING LAW.** This Agreement shall be construed and governed in accordance with the substantive and procedural laws of the State of Illinois. The parties hereto both consent to the jurisdiction of Illinois courts to resolve any dispute arising from this Agreement.

23. **COUNTERPARTS.** This Agreement may be executed in counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, we the undersigned, duly authorized representatives have executed and delivered this Agreement on this 28 day of Sept., 2005 without reservation and having read the Terms contained herein.

LAKE FOREST HOSPITAL

BY: [Signature]

TITLE: VICE PRESIDENT

HIGHLAND PARK HOSPITAL

BY: [Signature]

TITLE: PRESIDENT

R. Criterion 1110.3030 – Clinical Service Areas Other than Categories of Service

Indicate changes by Service:

Service	# of Existing Key Rooms	# of Proposed Key rooms	Δ
Acute Care – Labor Delivery Recovery (LDR)	8	5	-3
Acute Care – C-Section Suite	2	2	0
D&T – Emergency Department	17	16	-1
D&T – Clinical Decision Unit	0	8	+8
D&T: Surgery – Operating Suite	8	8	0
D&T: Surgery – Procedure Suite	8	4	-4
D&T: Prep/Recovery			
Phase I: Operating Rooms	10	12	+2
Phase II: Operating Rooms	18	20	+2
Phase II: All Other (Procedure Rooms, Non-Surgical)	21	28	+7
D&T – Interventional Radiology	1	2	+1
D&T: Radiation Therapy – Accelerator	1	1	0
D&T: Radiation Therapy – Simulator	1	1	0
D&T: Ambulatory Care – Oncology Infusion	6	7	+1
D&T: Radiology – General Radiology	5	4	-1
D&T: Radiology – Mammography	4	3	-1
D&T: Radiology – Ultra-sound	7	6	-1
D&T: Radiology – CT Scan	2	2	0
D&T: Radiology – PET	1	1	0
D&T: Radiology – MRI	1	2	+1
D&T: Radiology – Nuclear Medicine	2	2	0
D&T: Radiology – Bone Density	1	1	0
D&T: Radiology – Stereotactic Biopsy	1	1	0
D&T: Ambulatory Care – Cardiac Diagnostics	8	6	-2
D&T: Ambulatory Care – Neurology Diagnostics	4	4	0
D&T: Ambulatory Care – Pre-Admission Testing	2	2	0
D&T: Ambulatory Care – Cardiac Rehab	1	1	0
D&T: Ambulatory Care – Wound Center	4	3	-1
D&T: Ambulatory Care – Hyperbaric Oxygen Therapy	2	2	0
D&T: Physical Rehabilitation	1	1	0

3) c) Service Modernization

As stated in the ATTACHMENT-13, the main hospital is aging. The 70-year old building is at the end of its useful life, with many systems in significant need of replacement. Several important clinical areas have significant spatial problems that prevent the services from meeting contemporary standards of care. Many of the treatment areas are at capacity and have no ability to expand. Closely related functions within the same department are often distant from one another. There is often no separation of staff work areas and the public spaces. There is limited space for staff work stations, support and storage space, and public waiting areas.

Only 5 of the 27 clinical service areas in the table on the previous page are expanding their current capacity. The 22 other areas are either replacing their current capacity or downsizing based on lower usage or increased efficiencies. Where possible, equipment that is in good condition will be relocated to the proposed replacement facility.

In almost all cases, CY12 volumes justify the proposed number of key rooms or stations and CY19 projections are consistent with State utilization standards. CY19 projections are based on the projected population growth in NLFH's primary market area for ages 18 and older. Based on the study by Truven Health Analytics using Claritas data, the population ages 18 and older in North Lake County is expected to have an average annual growth rate of 0.90% from 2012 – 2017.

	2012	2017	Average Annual growth rate
18-44	205,932	200,342	-0.54%
45-64	149,671	162,747	1.75%
65+	56,429	67,397	3.89%
Total	412,032	430,486	0.90%

In order to be conservative in our projections this same growth rate was used to forecast the CY19 clinical volumes unless otherwise noted.

Labor/Delivery/Recovery (LDR)

Like NMH's Prentice Women's Hospital on the downtown campus, NLFH's obstetric service is primarily organized around a Labor/Delivery/Recovery model of care.

As stated in Obstetrics Section of ATTACHMENT-20, delivery volume at NMH's Prentice Women's Hospital has been increasing continuously since 1985. In 1985, there were 4,090 deliveries at NMH, in 2012, there were 12,856. Delivery volume since the opening of the new Prentice Women's Hospital has grown from 11,106 in CY07 to 12,856 in CY12, an increase of 16%. Average annual occupancies have ranged from 69.6% the year new PWH opened up to 78.5%. Deliveries downtown are expected to continue growing and soon Prentice will be at maximum capacity.

In CY12, 961 maternity patients traveled from northern Cook County/Lake County to deliver their babies at Prentice. In order to alleviate the high census at Prentice downtown, NLFH will work with NMFF and NMPG obstetricians to develop a plan to use maternity services at NLFH for patients who live in the northern Cook County/Lake County area. By CY19, two years after

project completion, NLFH plans to accommodate at least 25% of those deliveries at the new NLFH. That equates to approximately 240 more deliveries at NLFH than in CY12.

LDRs	Actual		Projected	
	CY11	CY12	CY18	CY19
Births	1,687	1,626	1,831	1,868
# of LDRs	8	8	5	5
Births/LDR	211	203	366	374
Standard	400	400	400	400
# of LDRs Justified	4.2	4.1	4.6	4.7

There are currently 8 LDR rooms. Based on CY12 birth volume and the projected number of births CY19, NLFH can justify 5 LDR rooms in the replacement facility.

C-Section Suite

NLFH's c-section rate is consistent with the national average. In CY12, the c-section rate at NLFH was 31.9%. According to the National Center for Health Statistics, the 2011 national cesarean rate was 32.8%. C-section projections are based on the assumption that the c-section rate will remain the same as CY12, at 31.9%.

C-Section Rooms	Actual		Projected	
	CY11	CY12	CY18	CY19
Births	1,687	1,626	1,831	1,868
C-Sections	583	519	584	596
% C-Section	34.6%	31.9%	31.9%	31.9%
Standard	800	800	800	800
# of Rooms Justified	0.7	0.6	0.7	0.7

Using the State standard for C-Section Suites of 800 procedures/room/year, NLFH can justify 1 c-section room; however there are 2 c-sections rooms planned for the proposed hospital. Because the rooms are used for scheduled as well as emergent c-sections, it is necessary for patient safety to have 2 rooms available. In addition to c-sections, the rooms are used for tubal ligations and other obstetric surgical procedures, as well as emergent procedures such as retained placenta, hysterectomies and versions.

Additionally, there will be 4 rooms that will be used for OB Triage as well as for C-Section Prep.

Emergency Department

The Emergency Department at NLFH is a Level II Trauma Center staffed by board-certified emergency medicine physicians who are trained and equipped to stabilize patients who have undergone major trauma, or who are suffering from a heart attack, stroke or other health emergency. It is also designated as an Emergency Department Approved for Pediatrics, a certification awarded by Emergency Medical Services for Children in conjunction with the Illinois Department of Public Health. This certification means that NLFH is able to provide superior emergency care to children in the form of preventative, acute, and rehabilitative services.

Because there is significant pediatrics utilization of the Emergency Department at NLFH, projections for the Emergency Department use the average annual growth rate for all age groups in NLFH's primary service area of 0.61% from 2012 – 2017 (source: Truven Health Analytics using Claritas data).

	2012	2017	Average Annual growth rate
0-17	159,804	158,688	-0.14%
18-44	205,932	200,342	-0.54%
45-64	149,671	162,747	1.75%
65+	56,429	67,397	3.89%
Total	571,836	589,174	0.61%

Emergency Department	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	27,992	27,819	28,836	29,009
# of Stations	17	17	16	16
Visits/Station	1,647	1,636	1,802	1,813
Standard	2,000	2,000	2,000	2,000
# of Stations Justified	14.0	13.9	14.4	14.5

There are currently 17 emergency department stations. Based on CY19 volume, NLFH can justify 15 stations; however, there are 16 stations in the proposed replacement facility. There will be 9 acute care stations, 4 urgent care stations, 1 dedicated trauma room, 1 dedicated room for behavioral health, and 1 isolation room.

Additionally, according to Emergency Department Benchmarking Alliance, for emergency departments with annual visits between 20,000 and 40,000, the average visits per station is 1,750. Using this benchmark, NLFH can justify 16 ED stations based on CY12 volume and 17 ED stations based on projected CY19 volume.

Clinical Decision / Intake Unit

NLFH proposes to establish a Clinical Decision / Intake Unit with 8 rooms in the new facility. This unit will be used to expedite treatment of inpatient and observation patients. Patients in the Critical Decision Unit will begin admission protocols such as administration of antibiotics and ordering of tests. This unit will improve both the Emergency Department throughput as well as the patient care experience by initiating care more quickly.

Projections for the Clinical Decision Unit are based on the projections for medical/surgical/pediatrics and ICU admissions. All patients that are admitted to the hospital will begin their care in this unit. It is estimated that each patient will spend 1 – 2 hours in the Clinical Decision Unit before being admitted.

Clinical Decision Unit	Actual		Projected	
	CY11	CY12	CY18	CY19
Admissions (M/S/Peds, ICU Direct Admits)	6,652	6,848	7,098	7,141
# of Rooms	0	0	8	8
Average Patient Treatment Time (Hours)	1.5	1.5	1.5	1.5
Total Hours	9,978	10,272	10,647	10,712
Target Utilization (Hours/Room)	1,500	1,500	1,500	1,500
# of Rooms Justified	6.7	6.8	7.1	7.1

There is no utilization target for a Clinical Decision Unit. NLFH assumed 1,500 hours/room as the target utilization which is consistent with the State's utilization standard for procedure rooms.

Based on CY12 volume, NLFH can justify 7 CDU rooms; however, based on projected CY19 admissions volume, NLFH can justify 8 rooms.

Surgical Services

NLFH provides the following surgical specialties: cardiovascular, general surgery, neurology, ob/gynecology, oral/maxillofacial, ophthalmology, orthopedic, otolaryngology, plastic surgery, podiatry, thoracic, and urology.

Operating Rooms

Currently, NLFH has 8 operating rooms. The proposed project proposes to replace all 8 operating rooms.

Projections for the number of inpatient and outpatient cases are based on the projected population growth rate in the NLFH's market area for ages 18 and older of 0.90%. The average time per inpatient case for CY11 and CY12 was 2.39 hours. The average time per outpatient case for CY11 and CY12 was 1.41 hours. These average case times were used for the projections for CY18 and CY19.

Operating Rooms	Actual				Projected			
	CY11		CY12		CY18		CY19	
	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours
Inpatient	1,904	4,604	1,848	4,374	1,948	4,661	1,965	4,701
Outpatient	6,016	8,371	5,337	7,572	5,625	7,904	5,675	7,974
Total	7,920	12,975	7,185	11,946	7,573	12,564	7,640	12,675
# of ORs	8		8		8		8	
Standard (Hours/OR)	1,500		1,500		1,500		1,500	
# of ORs justified	8.7		8.0		8.4		8.5	

Based on CY12 volume, NLFH can justify 8 operating rooms.

Procedure Rooms

Currently, there are 8 surgical procedure rooms at NLFH: 5 procedure rooms for gastrointestinal procedures, 1 for pain management, and 2 for minor surgery including dermatology, minor plastic surgery, and cyst removals.

NLFH proposes to have 4 surgical procedure rooms in the new facility: 2 for gastrointestinal procedures, 1 for pain management and 1 for minor procedures.

Gastrointestinal Procedures

Gastrointestinal	Actual				Projected			
	CY11		CY12		CY18		CY19	
	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours
Inpatient	359	203	293	203	309	194	312	196
Outpatient	1,862	1,097	1,784	1,175	1,880	1,173	1,897	1,184
Total	2,221	1,300	2,077	1,378	2,189	1,367	2,209	1,380
# of Procedure Rooms	5		5		2		2	
Standard	1,500		1,500		1,500		1,500	
# of Rooms justified	0.9		0.9		0.9		0.9	

Projections for the number of inpatient and outpatient gastrointestinal cases are based on the projected population growth rate in the NLFH's market area for ages 18 and older of 0.90%. The average time per inpatient case for CY11 and CY12 was 0.63 hours. The average time per outpatient case for CY11 and CY12 was 0.62 hours. These average case times were used for the projections for CY18 and CY19.

Based on CY12 volume, NLFH can justify 1 procedure room for gastrointestinal procedures however there are significant equipment needs in the gastrointestinal procedure rooms, making it necessary to have a second room available in case of emergency cases and/or equipment malfunction in one of these rooms. Additionally, one of these will be used for Endoscopic Retrograde Cholangiopancreatography (ERCP) and Endoscopic Ultrasonography (EUS) which requires different equipment in the procedure room. Only one room will be equipped for ERCP and EUS procedures.

Pain Management

Pain Management	Actual				Projected			
	CY11		CY12		CY18		CY19	
	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours
Inpatient	40	18	30	16	32	16	32	16
Outpatient	1,758	710	1,126	493	1,187	500	1,197	504
Total	1,798	728	1,156	509	1,219	515	1,229	519
# of Procedure Rooms	1		1		1		1	
Standard	1,500		1,500		1,500		1,500	
# of Rooms justified	0.5		0.3		0.3		0.3	

Projections for the number of inpatient and outpatient pain management cases are based on the projected population growth rate in the NLFH's market area for ages 18 and older of 0.90%. The average time per inpatient case for CY11 and CY12 was 0.49 hours. The average time per

outpatient case for CY11 and CY12 was 0.42 hours. These average case times were used for the projections for CY18 and CY19.

Based on CY12 volume, NLFH can justify 1 procedure room for pain management procedures.

Minor Procedures

Minor Procedures	Actual				Projected			
	CY11		CY12		CY18		CY19	
	Cases	Hours	Cases	Hours	Cases	Hours	Cases	Hours
Inpatient	7	7	12	10	13	12	13	12
Outpatient	1,038	750	757	497	798	550	805	555
Total	1,045	757	769	507	811	562	818	567
# of Procedure Rooms	2		2		1		1	
Standard	1,500		1,500		1,500		1,500	
# of Rooms justified	0.5		0.3		0.4		0.4	

Projections for the number of inpatient and outpatient minor procedure cases are based on the projected population growth rate in the NLFH’s market area for ages 18 and older of 0.90%. The average time per inpatient case for CY11 and CY12 was 0.92 hours. The average time per outpatient case for CY11 and CY12 was 0.69 hours. These average case times were used for the projections for CY18 and CY19.

Based on CY12 volume, NLFH can justify 1 procedure room for minor procedures.

Prep/Recovery

There will be 12 Phase I rooms for post-anesthesia care for surgical patients in the proposed new facility. The ratio of operating rooms to Phase I recovery spaces is 1.5 Phase I spaces per operating room (8 operating rooms x 1.5 = 12 Phase I recovery spaces).

There will also be 48 Prep/Phase II recovery spaces in the proposed new facility. These universal care spaces will support the 8 operating rooms, 4 procedure rooms, 2 Interventional radiology rooms, 1 Cardiac Catheterization lab, Imaging (CT and MRI) and TEE room. In the current facility, there is a lack of prep/recovery areas for non-surgical procedures, which causes patients to be prepped and recover in the procedure room which is an inefficient use of the procedure rooms or in an area that is not private.

The number of proposed Prep/Phase II spaces was determined using the Guidelines for the Design and Construction of Healthcare Facilities, FGI 2010 Edition which notes that there should be a minimum of 3 Phase II positions per outpatient operating room.

Prep/Phase II Recovery

Driver Space	# of Rooms	Ratio Rooms:Prep/Phase II spaces	# of Prep/Phase II spaces needed
Inpatient OR	2	1:1	2
Outpatient OR	6	1:3	18
Procedure Rooms	4	1:4	16

IR Rooms	2	1:3	6
Cardiac Cath Labs	1	1:3	3
Imaging	2	1:1	2
TEE	1	1:1	1
TOTAL	18		48

There is no State standard for Post Anesthesia Recovery.

Interventional Radiology

Interventional Radiology uses the latest in imaging technology to perform minimally invasive procedures throughout the body. Procedures that once required large incisions, general anesthesia, and days or weeks in the hospital can now be done on an outpatient basis with an incision so small that it does not require stitches. Procedures include angiograms and venograms.

Currently, NLFH has 1 Interventional Radiology room. Because of current and projected volumes, there are 2 Interventional Radiology Rooms in the proposed project.

Interventional Radiology	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	1,918	2,113	2,227	2,247
# of Rooms	1	1	2	2
Visits/Rooms	1,918	2,113	1,114	1,124
Standard (Visits)	1,800	1,800	1,800	1,800
# of Rooms Justified	1.1	1.2	1.2	1.2

Projections for the number of Interventional Radiology visits are based on the projected population growth rate in the NLFH's market area for ages 18 and older of 0.90%.

Using the State standard for Angiography of 1,800 visits per room, NLFH can currently justify 2 rooms for Interventional Radiology.

Radiation Oncology – Linear Accelerator

Radiation therapy uses high-powered energy beams to kill cancer cells. Radiation treatment can be in the form of external beam radiation or it can be placed internally as with brachytherapy. Using the linear accelerator, NLFH provides the following treatments:

- Image Guided Radiation Therapy (IGRT): precisely locates the cancer with 3D ultrasound and CT technology; adjusts radiation treatment to its precise dimensions; and treats only the targeted cancer cells, rather than healthy cells. This minimizes radiation to the body, and gives the safest, most accurate treatment available.
- Intensity Modulated Radiation Therapy (IMRT): delivers radiation therapy by sculpting the dose to conform to the unique shape of the tumor. This highly precise approach maximizes the impact of therapy while minimizing the effects that radiation can have on healthy tissues and organs.
- Real-time Position Management (RPM): provides clear images of the target for radiation therapy and even allows technologists to visualize the tumor as it moves while a patient

is breathing. With this technology, radiation doses are only given when the tumor can be accessed best, eliminating unnecessary radiation to the body.

- Accelerated Breast Radiation Therapy: for patients facing radiation therapy after surgery for breast cancer, a standard course of treatment can involve daily radiation sessions over a period of weeks. NLFH uses new radiation techniques that can significantly shorten the frequency and duration of radiation, which can lessen the inconvenience and stress of traditional treatment courses.
- Iodine (I-131) Therapy: radioactive iodine I-131 is taken into the body's thyroid gland and can destroy the thyroid gland and other thyroid cells, including cancer cells, without affecting the rest of the body. It can be used to destroy any thyroid tissue not removed by surgery or to treat thyroid cancer that has spread to other parts of the body.
- Radioimmunotherapy (RIT): this new, targeted treatment delivers radiation therapy through a technique similar to chemotherapy. In RIT, a tumor-killing dose of a radioactive substance is linked to an antibody that then binds directly to the cancerous cells of the tumor. The radiation then kills only the targeted and nearby cancer cells, while normal tissue gets only a minimal dose. RIT may reduce the frequency and duration of cancer treatments.

NLFH has 1 linear accelerator. In CY12, it was replaced and was down for 7 months which resulted in decreased annual utilization. There is 1 linear accelerator in the proposed project. Projections are based on the assumption that nationally, radiation oncology demand will increase by 22% from 2012 – 2022, which is an average annual increase of 2.2% (source: Sg2 2012 Executive Summit).

Linear Accelerator	Actual		Projected	
	CY11	CY12	CY18	CY19
Treatments	4,576	3,095	5,257	5,380
Accelerators	1	1	1	1
Treatments/Accelerator	4,576	3,095	5,257	5,380
Standard (Treatments)	7,500	7,500	7,500	7,500
# of Lin Accs Justified	0.6	0.4	0.7	0.7

Using the State standard for linear accelerators of 7,500 treatments per linear accelerator, NLFH can currently justify 1 linear accelerator.

Radiation Oncology - Simulator

Radiation Oncology uses the simulator in treatment planning by creating computer images, sometimes in real-time, that allow physicians to see precisely where the tumor is, pinpoint its location, and determine correct radiation doses.

Currently, NLFH has 1 simulator. There is 1 simulator in the proposed project.

Projections are based on the assumption that nationally, radiation oncology demand will increase by 22% from 2012 – 2022, which is an average annual increase of 2.2% (source: Sg2 2012 Executive Summit).

Simulator	Actual		Projected	
	CY11	CY12	CY18	CY19
Procedures	531	477	539	551
Simulators	1	1	1	1
Procedures/Simulator	531	477	539	551
Standard	N/A	N/A	N/A	N/A
# of Simulators Justified	1	1	1	1

There is no State standard for Simulators. Only 1 room is proposed.

There will also be 2 exam rooms for Radiation Oncology.

Oncology Infusion

Infusion therapy provides medication through an intravenous line. It is mostly used with cancer or blood disorders, but may also be used for many different conditions, including rheumatoid arthritis, multiple sclerosis, congestive heart failure, gastrointestinal disorders, immune disorders, growth hormone deficiencies, and neurological problems. Offering comprehensive care for oncology patients, NLFH provides the following treatments, along with other infusions for non-cancer patients:

- Chemotherapy administration
- Blood and other blood product transfusions
- Central line care and maintenance
- Procrit, Epogen, Neulasta, and Neupogen Injections
- Monoclonal Antibody infusions, such as Remicade and Rituxan
- Bone marrow biopsies
- Biological therapy
- Hormone therapy
- Targeted drug therapy

NLFH currently has 6 infusion stations. There are 7 infusion stations in the proposed project.

Projections are based on the assumption that nationally, oncology infusion demand will increase by 19% from 2012 – 2022, which is an average annual increase of 1.9% (source: Sg2 2012 Executive Summit). The number of projected hours is based on the average time per visit for CY11 and CY12 of approximately 3.5 hours per visit.

Oncology Infusion	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	3,083	2,368	2,636	2,683
Hours	10,817	8,308	9,248	9,413
# of Stations	6	6	7	7
Hours/Station	1,803	1,385	1,321	1,345
Standard (Hours)	1,500	1,500	1,500	1,500
# of Stations Justified	7.2	5.5	6.2	6.3

There are no specific State standards for Oncology Infusion; NLFH used the standard of 1,500 hours/room to determine the number of stations justified. Because each visit lasts an average of 3.5 hours, it is more appropriate to use a time metric rather than a visit metric.

There will also be 2 exam rooms in the Infusion area for patient exams/consults.

Radiology Services

Projections for the number of radiology procedures are based on the projected population growth rate in the NLFH's market area for ages 18 and older of 0.90%.

General X-Ray

There are currently 5 fixed x-ray machines at NLFH. NLFH proposes to have 4 in the new facility.

General Radiography	Actual		Projected	
	CY11	CY12	CY18	CY19
Procedures	30,211	28,871	30,429	30,697
# X-Ray Machines	5	5	4	4
Procedures/Machine	6,042	5,774	7,607	7,674
Standard (Procedures)	8,000	8,000	8,000	8,000
# of X-Ray Machines Justified	3.8	3.6	3.8	3.8

The State standard for general radiography is 8,000 procedures per x-ray machine. Using this standard, NLFH can currently justify 4 fixed x-ray machines.

Mammography

There are currently 4 mammography rooms at NLFH. NLFH proposes to have 3 in the new facility.

Mammography	Actual		Projected	
	CY11	CY12	CY18	CY19
Procedures	11,908	12,884	13,579	13,699
# of Mammography Machines	4	4	3	3
Procedures/Machine	2,977	3,221	4,526	4,566
Standard (Procedures)	5,000	5,000	5,000	5,000
# of Mammography Justified	2.4	2.6	2.7	2.7

The State standard for mammography is 5,000 procedures per mammography machine. Using this standard, NLFH can currently justify 3 mammography machines.

Ultrasound

Currently, NLFH has 7 diagnostic ultrasound rooms. The proposed project includes 6 diagnostic ultrasound rooms.

Ultrasound	Actual		Projected	
	CY11	CY12	CY18	CY19
Procedures	12,046	16,287	17,166	17,317
# of U/S Rooms	7	7	6	6
Procedures/U/S Room	1,721	2,327	2,861	2,886
Standard (Procedures)	3,100	3,100	3,100	3,100
# of U/S Rooms Justified	3.9	5.3	5.5	5.6

The State standard for ultrasound is 3,100 procedures per ultrasound room. Using this standard, NLFH can currently justify 6 ultrasound rooms.

CT

Currently, NLFH has 2 CT machines. The proposed project includes 2 CT machines.

CT	Actual		Projected	
	CY11	CY12	CY18	CY19
Procedures	12,770	11,197	11,801	11,905
# of CT Machines	2	2	2	2
Procedures/Machine	6,385	5,599	5,901	5,953
Standard (Procedures)	7,000	7,000	7,000	7,000
# of CT Machines Justified	1.8	1.6	1.7	1.7

The State standard for CT is 7,000 procedures per CT machine. Using this standard, NLFH can currently justify 2 CT machines.

PET

Currently, NLFH has 1 PET scanner. The proposed project includes 1 PET scanner.

PET	Actual		Projected	
	CY11	CY12	CY18	CY19
Procedures	751	397	418	422
# of PET Scanners	1	1	1	1
Procedures/Scanner	751	397	418	422
Standard (Procedures)	3,600	3,600	3,600	3,600
# of PET Scanners Justified	0.2	0.1	0.1	0.1

The State standard for PET is 3,600 procedures per PET scanner. Using this standard, NLFH can currently justify 1 PET scanner.

MRI

Currently, NLFH has 1 MRI. The proposed project includes 2 MRIs.

MRI	Actual		Projected	
	CY11	CY12	CY18	CY19
Procedures	3,825	3,821	4,027	4,063
# of MRI Machines	1	1	2	2
Procedures/Machine	3,825	3,821	2,014	2,032
Standard (Procedures)	2,500	2,500	2,500	2,500
# of MRIs Justified	1.5	1.5	1.6	1.6

The State standard for MRI is 2,500 procedures per MRI. Using this standard, NLFH can currently justify 2 MRIs.

Nuclear Medicine

Nuclear medicine technology involves the use of small amounts of radioactive materials (or tracers) to help diagnose and treat a variety of diseases. Nuclear medicine determines the cause of a medical problem based on the function of the organ, tissue, or bone. Approximately 50% of the nuclear medicine diagnostic testing performed at NLFH is for cardiac conditions. Nuclear medicine imaging for cardiac services examines blood flow to the heart, diagnosing chest pain, health or heart arteries, or detecting post event damage to the heart. Currently, NLFH has 2 Nuclear Medicine rooms. The proposed project includes 2 Nuclear Medicine rooms.

Nuclear Medicine	Actual		Projected	
	CY11	CY12	CY18	CY19
Procedures	1,834	1,808	1,906	1,922
# of Nuclear Medicine Rooms	2	2	2	2
Procedures/Room	917	904	953	961
Standard (Procedures)	2,000	2,000	2,000	2,000
# of Rooms Justified	0.9	0.9	1.0	1.0

The State standard for Nuclear Medicine is 2,000 procedures per room. Using this standard, NLFH can currently justify only 1 Nuclear Medicine room; however, because 1 will be located in the Diagnostic Radiology area and 1 will be located in the Cardiac Diagnostics area, 2 Nuclear Medicine rooms are being proposed.

Bone Density

Bone densitometry, or DEXA (Dual-Energy X-ray Absorptiometry), is a simple, non-invasive X-ray procedure that is used to measure bone mineral density. There is currently 1 Bone Densitometer at NLFH. The proposed project includes 1 Bone Densitometer.

Bone Density	Actual		Projected	
	CY11	CY12	CY18	CY19
Procedures	852	644	679	685
# of Bone Densitometers	1	1	1	1
Procedures/Machine	852	644	679	685
Standard	N/A	N/A	N/A	N/A
# of Densitometers Justified	1	1	1	1

There is no State standard for Bone Density. Only 1 room is proposed.

Stereotactic Biopsy

A Stereotactic breast biopsy is a minimally invasive technique using an image-guided needle to evaluate a breast abnormality.

There is currently 1 Stereotactic Biopsy room at NLFH. The proposed project includes 1 Stereotactic Biopsy room.

Stereotactic Biopsy	Actual		Projected	
	CY11	CY12	CY18	CY19
Procedures	337	261	275	278
# of Stereotactic Machines	1	1	1	1
Procedures/Machine	337	261	275	278
Standard	N/A	N/A	N/A	N/A
# of Machines Justified	1	1	1	1

There is no State standard for Stereotactic Biopsy. Only 1 room is proposed.

Cardiac Diagnostics

Cardiac diagnostic services are used to diagnose irregularities of the heart. Most tests are non-invasive and provide accurate reports on heart function and behavior. Within the Cardiac Diagnostics area, NLFH performs an extensive array of non-invasive diagnostic heart tests including:

- Echocardiogram (ECHO): Transthoracic, Transesophageal, Stress, and Pediatric
- Electrocardiogram (ECG): 12-lead, 18-lead, and Stress
- Heart Monitoring: Holter Monitor, Event Monitor, and Implantable Loop Recorder
- Nuclear Stress Test
- Oximetry
- Tilt Table Test

Projections for the Non-Invasive Cardiac Diagnostics visits are based on the projected population growth rate in the NLFH's market area for ages 18 and older of 0.90%.

There are no specific State standards for Cardiac Diagnostics; NLFH used the State Standard for Ambulatory Care of 2,000 visits/year/room to determine the number of rooms justified.

CV Stress Test

Cardiac stress testing assesses arterial blood flow to the heart on exertion. The heart's electrical activity is recorded on an electrocardiogram (ECG) during exercise on a treadmill or through medications that induce the heart to act as if the patient were exercising.

NLFH currently has 2 CV Stress Test rooms. The project includes 1 CV Stress Test room.

CV Stress Test	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	902	816	860	868
# of Rooms	2	2	1	1
Visits/Room	451	408	860	868
Standard (Visits)	2,000	2,000	2,000	2,000
# of Rooms Justified	0.5	0.4	0.4	0.4

Using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can currently justify 1 CV Stress Test room.

CV Transesophageal Echocardiogram (TEE)

A transesophageal echocardiogram (TEE) is another way to perform an echocardiogram of the heart. This procedure involves passing a probe into a patient's esophagus, while the patient is sedated, to view any structural abnormalities of the heart.

NLFH currently has 1 CV (TEE) room. The proposed project includes 1 CV (TEE) room.

CV (TEE)	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	150	139	147	148
# of Rooms	1	1	1	1
Visits/Room	150	139	147	148
Standard (Visits)	2,000	2,000	2,000	2,000
# of Rooms Justified	0.1	0.1	0.1	0.1

Using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can currently justify 1 CV (TEE) room.

CV Echocardiogram (Echo)

An echocardiogram is an ultrasound of the heart. This exam shows the interior structures and walls of the heart while it is beating.

NLFH currently has 3 CV Echo rooms. The proposed project includes 2 CV Echo rooms.

CV Echo	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	2,354	2,383	2,512	2,534
# of Rooms	3	3	2	2
Visits/Room	785	794	1,256	1,267
Standard (Visits)	2,000	2,000	2,000	2,000
# of Rooms Justified	1.2	1.2	1.3	1.3

Using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can currently justify 2 CV Echo rooms.

CV Holter/EKG

A holter monitor is a small portable device that uses electrodes to continuously monitor the heart on a short-term basis, usually between 24 to 72 hours, to evaluate the patient's heart rate and rhythm. This test is commonly ordered for complaints of palpitations, light headedness, or cardiac arrhythmias. An event monitor is a portable device that is similar to a holter monitor, but is often used for a longer duration (between 10 and 30 days).

NLFH currently has 2 CV Holter/EKG rooms. The proposed project includes 2 CV Holter/EKG rooms.

CV Holter/EKG	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	10,472	9,558	10,074	10,163
# of Rooms	2	2	2	2
Visits/Room	5,236	4,779	5,037	5,082
Standard (Visits)	2,000	2,000	2,000	2,000
# of Rooms Justified	5.2	4.8	5.0	5.1

Using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can currently justify 5 CV Holter/EKG rooms; however only 2 rooms are proposed.

Neurology Diagnostics

Neuro Diagnostics analyzes and monitors nervous system function to promote the effective treatment of neurological diseases and conditions. Neuro Diagnostic technologists record electrical activity arising from the brain, spinal cord, and peripheral nerves using a variety of techniques and instruments.

Projections for the Neuro Diagnostic visits are based on the projected population growth rate in the NLFH's market area for ages 18 and older of 0.90%.

As with Cardiac Diagnostics, there are no specific State standards for Neuro Diagnostics; therefore, NLFH used the State Standard for Ambulatory Care of 2,000 visits/year/room to determine the number of rooms justified.

Electroencephalography (EEG)

Electroencephalography (EEG) is the recording of electrical activity along the scalp produced by the firing of neurons within the brain.

NLFH currently has 1 EEG rooms. The proposed project includes 1 EEG room.

EEG	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	403	403	425	428
# of Rooms	1	1	1	1
Visits/Room	403	403	425	428
Standard (Visits)	2,000	2,000	2,000	2,000
# of Rooms Justified	0.2	0.2	0.2	0.2

Using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can currently justify 1 EEG room.

Electromyogram (EMG)

An electromyogram (EMG) is a test that is used to measure the electrical activity of muscles at rest and during contractions. Nerve conduction studies measure how well and how fast the nerves can send electrical signals. EMGs are performed to find diseases that damage muscle tissue, nerves, or the junctions between nerve and muscle, including a herniated disc, amyotrophic lateral sclerosis (ALS), or myasthenia gravis (MG). EMGs are also performed to find the cause of weakness, paralysis, or muscle twitching.

NLFH currently has 1 EMG rooms. The proposed project includes 1 EMG room.

EMG	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	919	1,197	1,262	1,273
# of Rooms	1	1	1	1
Visits/Room	919	1,197	1,262	1,273
Standard (Visits)	2,000	2,000	2,000	2,000
# of Rooms Justified	0.5	0.6	0.6	0.6

Using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can currently justify 1 EMG room.

Respiratory Therapy

Respiratory Therapy services are provided to patients who have lung conditions, including asthma, bronchitis, emphysema, Chronic Obstructive Pulmonary Disease (COPD), lung cancer, and other pulmonary illnesses. Diagnostic tests and treatments within respiratory therapy services include arterial blood gas analysis, oximetry, and pulmonary function testing (PFT). PFT provides a measure of how well the lungs are moving air in and out and how well they are moving oxygen to the blood.

NLFH currently has 2 rooms for Respiratory Therapy/Pulmonary Function Testing. The proposed project includes 2 rooms for this function.

PFT	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	4,427	2,977	3,138	3,165
# of Rooms	2	2	2	2
Visits/Room	2,214	1,489	1,569	1,583
Standard (Visits)	2,000	2,000	2,000	2,000
# of Rooms Justified	2.2	1.5	1.6	1.6

Using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can currently justify 2 rooms for Respiratory Therapy/Pulmonary Function Testing.

Pre-Admission Testing Center

Currently, the Pre-Admission Testing Center has 2 exam rooms. The proposed project includes 2 exam rooms for Pre-Admission Testing.

In CY11 and CY12, approximately 30% of NLFH surgical cases and c-sections received their pre-operative work-ups at the NLFH Pre-Admission Testing Center. Like the Pre-Admission Testing Center that is being constructed as part of NMH's Outpatient Care Pavilion, the goal for this area is to see 50-60% of all surgical and c-section patients prior to surgery. The projections for CY18 and CY19 are based on 50% of the projected surgical and c-section cases at NLFH.

Pre-Admission Testing	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	2,551	2,311	4,079	4,118
# of Rooms	2	2	2	2
Visits/Room	1,275	1,156	2,039	2,059
Standard (Visits)	2,000	2,000	2,000	2,000
# of Rooms Justified	1.3	1.2	2.0	2.1

Using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can currently justify 3 rooms for Pre-Admission Testing; however there are only 2 in the proposed project.

Cardiac Rehabilitation

NLFH's Cardiac Rehabilitation Program is designed to help patients achieve and maintain heart health and functionality by providing integrated, comprehensive services and support. Cardiac Rehabilitation programming is designed to help a patient regain strength, vitality, and enjoyment of life.

Currently, NLFH's Cardiac Rehabilitation Program includes 1 gym-like room with 8 treadmills. It also includes 1 exam room. Similarly, the proposed project includes 1 gym-like room with 8 treadmills and 1 exam room.

Cardiac Rehab	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	12,662	10,542	11,111	11,209
Rooms	1	1	1	1
Visits/Room	12,662	10,542	11,111	11,209
Standard (Visits)	N/A	N/A	N/A	N/A

There is no State standard for Cardiac Rehabilitation; however, using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can more than justify 1 gym-like room and 1 exam room.

Wound Center

NLFH's Wound Center provides a multidisciplinary team dedicated to healing chronic wounds, including a non-healing wound for more than four weeks or a wound that has resisted traditional treatment.

Projections for Wound Center are based on the projected population growth rate in the NLFH's market area for ages 18 and older of 0.90%.

Currently, NLFH has 4 rooms for Wound Care. The proposed project includes 3 exam rooms for Wound Care.

Wound Care	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	3,783	4,200	4,427	4,466
# of Rooms	4	4	3	3
Visits/Room	946	1,050	1,476	1,489
Standard (Visits)	2,000	2,000	2,000	2,000
# of Rooms Justified	1.9	2.1	2.2	2.2

Using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can currently justify 3 rooms for wound care.

Hyperbaric Oxygen Therapy

The hyperbaric oxygen (HBO) chambers in NLFH's Wound Center provide treatments with 100% oxygen at higher than normal atmospheric pressure. This treatment is a painless, proven way to help the body heal. Treatment sessions, or dives, increase the amount of oxygen in the blood, allowing red blood cells to pass more easily into the wounds and heal them from the inside out. HBO chambers have evolved to treat patients suffering from diabetic ulcers, infections, compromised skin grafts and flaps, and wounds that haven't healed within 30 days.

The current Wound Center also includes 2 hyperbaric oxygen chambers (HBOs). The proposed project includes 2 hyperbaric oxygen chambers.

HBO	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	2,037	2,144	2,260	2,280
# of Rooms	2	2	2	2
Visits/Room	1,019	1,072	1,130	1,140
Standard (Visits)	2,000	2,000	2,000	2,000
# of Rooms Justified	1.0	1.1	1.1	1.1

Using the State standard for Ambulatory Care of 2,000 visits/room, NLFH can currently justify 2 hyperbaric oxygen chambers.

Rehabilitative Services

There will also be space on the medical/surgical units for inpatient rehabilitative services (physical therapy/occupational therapy).

Projections for rehabilitative services are based on the projected population growth rate in the NLFH’s market area for ages 18 and older of 0.90%.

Inpatient Rehab Services	Actual		Projected	
	CY11	CY12	CY18	CY19
Visits	10,497	11,541	12,164	12,271
# of Rooms	1	1	2	2
Visits/Room	10,497	11,541	6,082	6,136
Standard (Visits)	N/A	N/A	N/A	N/A

There is no State standard for rehabilitative services. NLFH will be proposing 1-3 spaces for rehabilitative services depending on the final design.

Non-Clinical Components

There will also be several non-clinical components in the proposed replacement facility including:

- Physician Offices
- Laboratory
- Pharmacy
- Materials Management
- Central Distribution
- Environmental Services
- Clinical Engineering
- Facilities Management
- MEP Systems
- Information Services
- Dietary
- Central Sterile Processing
- Administrative Offices
- On-Call Rooms
- Admitting/Registration
- Learning Academy
- Education Space
- Conference Rooms
- Chapel
- Retail space including gift shop
- Public spaces
- Parking

Descriptions for these areas will be provided in the CON application for the construction of the proposed project pending approval of this Master Design CON application.

XI. Safety Net Impact Statement

Not Applicable – this Master Design project is neither Substantive nor a Discontinuation project.

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XII. Charity Care Information

Charity Care

Northwestern Lake Forest Hospital (NLFH) provides access to primary and specialty medical care, clinical trials and a host of other healthcare services for patients in Lake County and surrounding regions. From its founding 114 years ago as Alice Home on the campus of Lake Forest College, NLFH has upheld its promise to provide Lake County residents convenient access to the highest quality, most advanced healthcare services available.

NLFH has continually expanded its healthcare services to respond to the growing needs of its community. NLFH shares Northwestern Memorial's commitment to provide care for those unable to pay, consistently providing the highest percentage of charity care as a percent of patient revenue among Lake County hospitals. In 2011, NLFH provided 28% of the total hospital-based charity care in Lake County, the highest percentage in the county.

NLFH CHARITY CARE	FY2010*	FY2011	FY2012
Net Patient Revenue**	\$ 121,181,582	\$ 222,102,446	\$ 217,261,274
Amount of Charity Care (charges)	\$ 19,546,464	\$ 31,708,397	\$ 32,560,946
Cost of Charity Care	\$ 5,824,533	\$ 10,221,000	\$ 10,212,163
Charity Care as % of Net Revenue	4.8%	4.6%	4.7%

* NLFH became a controlled subsidiary of NMHC on February 1, 2010. The FY2010 figures above are related to the operations of NLFH for the seven months from February 1 through August 21, 2010.

** Net Patient Revenue for FY2010 and FY2011 represents patient service revenue before deducting bad debt (at charges) of \$3.5 million and \$5.1 million, respectively. Net Patient Revenue for FY2012 represents patient service revenue after deducting bad debt (at charges) of \$7.6 million.

NLFH Free and Discounted Care Policy

Free and Discounted Care is available to those seeking care at NLFH based upon the following program criteria:

- The Free and Discounted Care Policy measures patient income against the U.S. Health and Human Services Federal Poverty Guideline, known as the federal poverty level (FPL)⁵ to determine eligibility. One hundred percent free care is provided to patients with household incomes less than or equal to 250% of the FPL. Additionally, patient care services are provided at approximate cost for those qualifying patients with household income between 251% and 600% of the FPL.
- The Free and Discounted Care Policy includes a Catastrophic Program for qualifying patients with household income above 250% of the FPL (patients at or below this level are eligible for free care). Under this program, the patient's total responsibility to either NLFH or to NMH and affiliates will not exceed 21% of annual household income over a three year period (7% of annual household income per year for three years) for patients with annual household income between 251% and 600% of the FPL. This is less burdensome for patients than the amount defined by the Illinois Hospital Uninsured Patient Discount Act enacted April 1, 2009, which allows healthcare organizations to hold patients in this category responsible for up to 25% of annual household income. For uninsured and underinsured patients with annual household income over 600% of the FPL, the patient's maximum responsibility is limited to 35% of annual household income. The Illinois Hospital Uninsured Patient Discount Act does not limit an uninsured or underinsured patient's responsibility when household income is over 600% of FPL.
- The Free and Discounted Care Policy includes a discount program for patients who do not have third-party insurance (uninsured) with incomes above the threshold to qualify

for free care. This program is also available to patients with third-party insurance that does not cover services deemed to be medically necessary. The discount program provides patients a 30% discount off billed charges, which represents the median managed care discount rate based on NLFH and NMH managed care contracts with non-governmental payors during the prior fiscal year.

NLFH Community Benefit

To help meet the needs of the community during FY2012, NLFH contributed \$50.2 million in community benefits, which represents 22.3% of its patient service revenue. The major components of our \$50.2 million community benefit contribution are:

- \$37.2 million government sponsored care (unreimbursed cost of Medicaid and Medicare).
- \$10.2 million charity care, at cost.
- \$2.3 million bad debt, at cost. An important part of NLFH's commitment to providing quality and accessible healthcare is covering the expense of payments that were expected but not received.
- \$0.7 million of other community benefits. NLFH provides community benefit through subsidized health services, including education and information to improve the health of the community, donations to charitable and community organizations, volunteer efforts, language assistance and translation services for patients and their families, and more

VIII. 1120.120 – Availability of Funds

Not Applicable – see attached proof of bond rating.

IX. 1120.130 – Financial Viability

Not Applicable – see attached proof of bond rating.

X. 1120.140 – Economic Feasibility

A. Reasonableness of Financial Arrangements

Not Applicable – see attached proof of bond rating.

B. Conditions of Debt Financing

Not Applicable – the project will be funded by cash and securities.

C. Reasonableness of Project and Related Costs

Not Applicable – the proposed project is a Master Design Project does not include construction costs or square footages.

D. Projected Operating Costs

Not Applicable – the proposed project is a Master Design Project.

E. Total Effect of the Project on Capital Costs

Not Applicable – the proposed project is a Master Design Project.



Northwestern Memorial HealthCare, IL's Series 2013 Bonds Assigned 'AA+' Rating

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CHICAGO (Standard & Poor's) Feb. 5, 2013--Standard & Poor's Ratings Services assigned its 'AA+' long-term rating to the Illinois Finance Authority's \$119.7 million series 2013 bonds issued on behalf of Northwestern Memorial HealthCare (NMHC). The outlook is stable.

"The rating reflects our view of NMHC's continued strong operations despite a decline in revenue," said Standard & Poor's credit analyst Brian Williamson. "NMHC's management team also continues to build its solid balance sheet even amid continued investments in capital, and this helps NMHC to remain a relevant provider in the very competitive Chicago market. Finally, we view the close affiliations of the recently relocated Ann & Robert H. Lurie Children's Hospital and the Rehabilitation Institute of Chicago as a strength in this medical corridor of Chicago," Mr. Williamson added.

The 'AA+' rating further reflects our view of NMHC's:

- Strong liquidity, with approximately 490 days' cash on hand for fiscal 2012 and an average of 420 days' cash on hand during the past four years;
- Strong pro forma maximum annual debt service (MADS) coverage of 11x in the first quarter of fiscal 2013 ended Nov. 30 as a result of solid operations and solid investment income;
- Outstanding governance and management, including the numerous benefits realized through affiliations with all Northwestern University-related entities, including the Feinberg School of Medicine; and
- Stable business position as the market share leader.

The series 2013 bond proceeds will be used to partially refund the series

Northwestern Memorial HealthCare, IL's Series 2013 Bonds Assigned 'AA+' Rating

2009B bonds and to pay for and/or reimburse Northwestern Memorial Hospital (NMH) for capital expenditures.

For a more detailed analysis please see our report on NMH published Dec. 20, 2012 on RatingsDirect on the Global Credit Portal.

The stable outlook reflects our opinion that the system will continue to post strong operations as NMHC's leadership implements strategies to address the rising expense base and volume challenges.

RELATED CRITERIA AND RESEARCH

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- USPF Criteria: Bank Liquidity Facilities, June 22, 2007
- USPF Criteria: Standby Bond Purchase Agreement Automatic Termination Events, April 11, 2008
- USPF Criteria: Municipal Swaps, June 27, 2007
- USPF Criteria: Contingent Liquidity Risks, March 5, 2012

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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