

JUN 10 2015

## ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

## APPLICATION FOR PERMIT

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION HEALTH FACILITIES &amp; SERVICES REVIEW BOARD

This Section must be completed for all projects.

ORIGINAL

## Facility/Project Identification

Facility Name: Advocate Lutheran General Hospital – Relocate Cardiac Catheterization Suite			
Street Address: 1775 Dempster Street			
City and Zip Code: Park Ridge, Illinois 60068			
County: Cook	Health Service Area 7	Health Planning Area: A-07	

## Applicant /Co-Applicant Identification

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

Exact Legal Name: Advocate Health and Hospitals Corporation dba Advocate Lutheran General Hospital	
Address: 3075 Highland Parkway, Suite 600, Downers Grove, Illinois 60515	
Name of Registered Agent: Gail D. Hasbrouck	
Name of Chief Executive Officer: James H. Skogsbergh	
CEO Address: 3075 Highland Parkway, Suite 600, Downers Grove, IL 60515	
Telephone Number: (630) 572-9393	

## 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]

Name: Damon Havill
Title: Vice President, Business Development
Company Name: Advocate Lutheran General Hospital
Address: 1775 Dempster Street, Park Ridge, Illinois 60068
Telephone Number: 847-723-3243
E-mail Address: Damon.Havill@AdvocateHealth.com
Fax Number: 847-723-2285

## Additional Contact

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

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

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

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

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

**Facility/Project Identification**

Facility Name: Advocate Lutheran General Hospital – Relocate Cardiac Catheterization Suite		
Street Address: 1775 Dempster Street		
City and Zip Code: Park Ridge, Illinois 60068		
County: Cook	Health Service Area 7	Health Planning Area: A-07

**Applicant /Co-Applicant Identification**

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

Exact Legal Name: Advocate Health Care Network
Address: 3075 Highland Parkway, Suite 600, Downers Grove, Illinois 60515
Name of Registered Agent: Gail D. Hasbrouck
Name of Chief Executive Officer: James H. Skogsbergh
CEO Address: 3075 Highland Parkway, Suite 600, Downers Grove, Illinois 60515
Telephone Number: (630) 572-9393

**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
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an <b>Illinois certificate of good standing</b>.</li> <li>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.</li> </ul>	

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

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Title: Vice President, Business Development
Company Name: Advocate Lutheran General Hospital
Address: 1775 Dempster Street, Park Ridge, Illinois 60068
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E-mail Address: prismjanet@aol.com
Fax Number: 219-464-0027

**Flood Plain Requirements**

[Refer to application instructions.]

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

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

**Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

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

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

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

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

Part 1110 Classification:

- Substantive  
 Non-substantive

## 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 project (Project) proposes to relocate and modernize the Cardiac Catheterization Suite at Advocate Lutheran General Hospital (ALGH, Hospital). The Suite currently includes 4 cardiac catheterization units and one electrophysiology unit (or 5 total labs) as well as 8 Phase II recovery stations serving the labs. The Project would eliminate one cardiac cath unit, replace 3 cardiac cath units, relocate the electrophysiology unit, establish 4 Phase I recovery stations and increase the Phase II recovery stations from 8 to 14. The Cardiac Catheterization Suite would be consolidated in new construction in space that is presently crawlspace under the Emergency Department.

Advocate Lutheran General Hospital was founded in 1896 and moved to its current site at 1775 Dempster Street in Park Ridge in 1959. Over the next decades the Hospital added new and more advanced clinical services to meet the needs of the expanding service area. In 1995, ALGH became a founding member of Advocate Health Care.

In November 2005, the Illinois Health Facilities Planning Board approved the Hospital's application (Permit #05-037) to construct a replacement bed tower and increase the complements of medical surgical and intensive care beds. The bed tower opened in 2009 and was the first major phase of redevelopment of the 1959 building; it did not include the expansion of any clinical service area.

Three years ago, the Hospital updated its Strategic Facility Master Plan which includes the second major phase of redevelopment of the original 1959 structure. This phase envisioned the expansion and modernization of the Level I Trauma Center/Emergency Department and Surgery as well as investments in infrastructure in anticipation of future phases of development as capital becomes available and certificate of need approvals are obtained. A Trauma Center/Emergency Department project was approved (Permit #13-026) in August 2013. This first phase of the updated multi-year plan is currently under construction and nearing completion.

Due to the challenging configuration of the site and the amount of grade, it was necessary to develop a crawlspace under the Trauma Center/Emergency Department expansion in order for the new construction to be on the same level as the existing department. This crawlspace has a gravel floor, unfinished walls, exposed ceiling and is minimally heated to prevent pipes from freezing in the adjacent part of the building.

Today, the Hospital's Cardiac Catheterization Suite (cardiac catheterization and electrophysiology labs as well as Phase II recovery stations) remain located in the basement of the original hospital. Over the years, as additional cardiac cath labs have been added, the department has expanded into three separate pods that are divided by a public corridor. This cumbersome floor plan results in inefficient work flow. The area does not meet current standards for air flow and radiation. There are no Phase I recovery spaces. The number of Phase II recovery stations is inadequate and the area's DGSF is approximately half the size suggested in the State Standards. All of the cardiac catheterization (cardiac cath) equipment in the labs has exceeded its useful life. The location is remote from other cardiac services that are part of Advocate Heart Institute at Advocate Lutheran General Hospital. Finally, the area is very difficult for patients to find.

The goal of the Project is to relocate the Cardiac Catheterization Suite into the crawlspace under the Trauma Center/Emergency Department. This Project will allow all cardiac cath and EP labs as well as recovery spaces to remain in operation during construction resulting in no down time. It will improve continuity of care, work flow and operational efficiency; it will also improve patient access, safety, clinical outcomes and patient way finding. Three new cardiac cath units will replace those that have exceeded their useful life and the existing EP lab will be relocated from the current space.

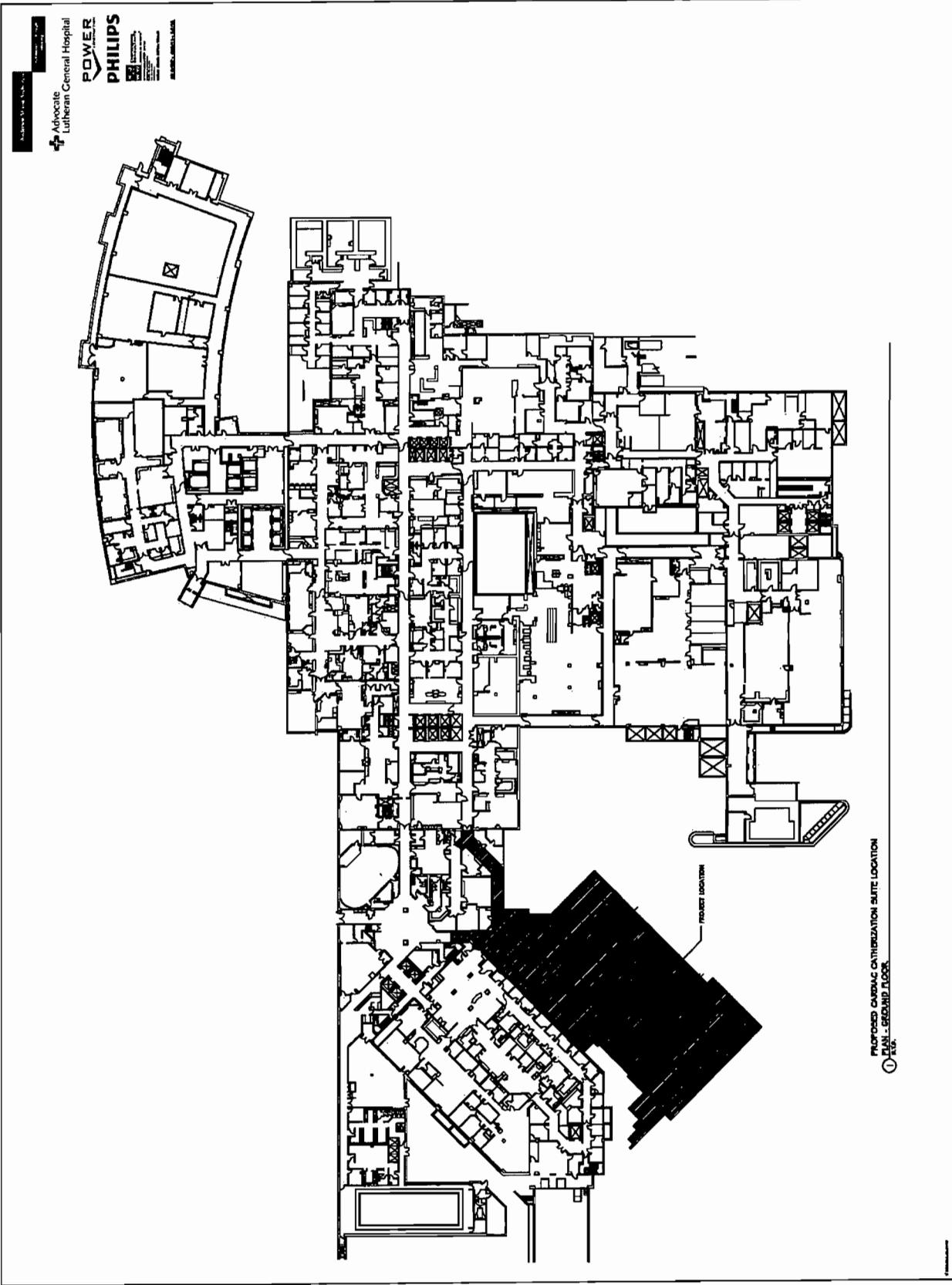
Site plans showing the location of the Project on the Hospital site and a stacking diagram are included as Narrative, Exhibits 1, 2 and 3.

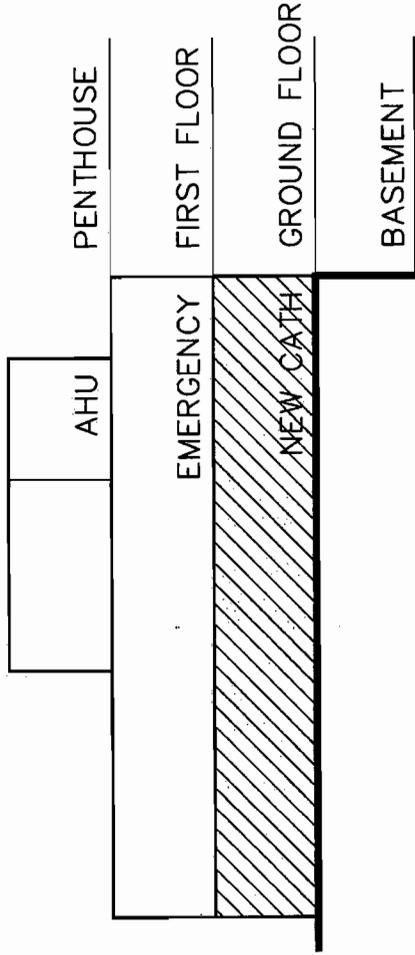
Of the total 34,623 Project square footage, 12,053 will be in clinical space, all of which will be in new construction. There will also be 12,570 DGSF of non clinical space of which 6,021 DGSF will be in new construction, 1,658 DGSF in remodeled space, 4,891 DGSF will remain "as is". At project completion 11,337 DGSF of the existing space will remain vacant. Total project cost is \$18,840,927 and will be financed with cash and securities. Expected Project completion date is November 28, 2016.

The Project has received strong community support; letters of support are included as Narrative, Exhibit 4.

In accordance with Public Act 96-31, the Project is classified as non-substantive because it does not include a new facility, does not add or discontinue any services, or propose a change in capacity of more than 20 beds.







**STACKING DIAGRAM**

5/13/2015 3:16:08 PM



June 8, 2015

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

Re: Advocate Lutheran General Hospital Cardiac Catheterization Suite Modernization (“the  
“Project”) Permit Application

Dear Ms. Avery:

We are pleased to submit this application to relocate and modernize our Cardiac Catheterization Suite including cardiac catheterization and electrophysiology labs as well as supporting recovery stations. These essential services are integral to our ability to continue to deliver excellent care at the Advocate Heart Institute at Advocate Lutheran General Hospital. We continue to experience increases in both the number and complexity of cardiac patients who seek our services. This Project is necessary to improve our facilities to provide this care.

#### Summary of Project

Our Cardiac Catheterization Suite currently includes four cardiac catheterization labs, an electrophysiology lab, and eight Phase II recovery stations. In consolidating and relocating these functions into a more efficient space and having the most advanced equipment, we will reduce the number of labs from five to four. This Project will increase the number of recovery stations to create four Phase I recovery stations and increase the Phase II recovery stations from eight to fourteen. Our long-term goal is to consolidate all cardiac-related services that are part of Advocate Heart Institute at ALGH into a single location. The relocation of the current Cardiac Catheterization Suite is the first phase of achieving this goal.

#### Need for Project

Today our Cardiac Catheterization Suite is located in the basement of a building that went into service in 1961. The department space is fragmented and falls short of the seamless experience that we should provide. Over the years, as cardiac catheterization volume has been added, the area has evolved into three pods, each with either cardiac catheterization or electrophysiology equipment; the space is divided by a public corridor. This disconnected floor plan results in inefficient operations and poor work flow. The space meets neither modern operating room air flow standards nor the new lower radiation standards. There are no Phase I recovery stations and the eight Phase II stations are insufficient to meet volume; they are only half of the square footage allowed by State Standards and they provide little

privacy for patients and families. Patients arriving for catheterization services have difficulty finding the area. All of the cardiac catheterization equipment has exceeded its useful life; because of the age of the units, it is increasingly difficult to find replacement parts; downtime and maintenance costs are increasing. Despite these facility and equipment limitations, the physicians and staff of the Cardiac Catheterization Suite consistently provide compassionate care with exceptional clinical outcomes.

The proposed Project will address these issues in the following ways:

- The new equipment and efficient design permit the Hospital to reduce the number of labs from five to four and will allow for more flexible scheduling.
- The new area will have four Phase I and fourteen Phase II recovery stations rather than only eight Phase II recovery stations. This increase is necessary to accommodate the faster patient exam and procedure times that will be possible with the three new advanced cardiac catheterization labs to be acquired. The new labs will also reduce maintenance costs and downtime.
- The existing electrophysiology lab will be relocated from its current location to the proposed new area.
- This newly created space will save lives by reducing door-to -balloon time for STEMI (heart attack) patients because the space will be vertically adjacent to the Trauma Center/Emergency Department.

The proposed Project will also be constructed in the most effective way:

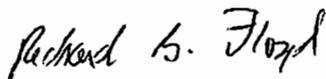
- Because the Cardiac Catheterization Suite is moving into new construction, the existing suite will remain in operation until the new one opens; the Project will not be burdened with issues of downtime, safety, extended construction time and the additional cost that would have been experienced with a phased alternative.
- Because the relocated department is designed efficiently with all functions in one location, less square footage will be required.

The Project meets all State Standards for utilization and size.

The Project to relocate and modernize the Cardiac Catheterization Suite is necessary for Advocate Lutheran General Hospital to responsibly care for the cardiac needs of our patients and to improve our health ministry.

We look forward to presenting our Project to the Review Board.

Sincerely,



Richard B. Floyd, FACHE  
President



## Support Letters

Senator John G. Mulroe  
State Senator – 10<sup>th</sup> District

Mayor Marty Maloney  
City of Park Ridge

Nicholas Millissis  
Alderman  
2<sup>nd</sup> Ward, City of Park Ridge

Jeff Sorensen  
Fire Chief  
City of Park Ridge Fire Department

Reverend Theodore Stone  
Mary, Seat of Wisdom Parish  
Park Ridge, Illinois

Vincent Bufalino, M.D.  
Senior Vice President, Advocate Heart Institute at Advocate Lutheran General Hospital

Dr. Alan S. Brown, M.D, FACC, FNLA, FAHA  
Director, Division of Cardiology, Advocate Lutheran General Hospital

David Sheftel, M.D.  
Chairman, Pediatrics Department  
Advocate Children's Hospital  
Park Ridge, Illinois

Douglas A. Propp, M.D., MSAM, FACEP, FACPE  
Medical Director and John D. and Jean M. Simms Chair of Emergency Medicine  
Department of Emergency Medicine  
Medical Director of Clinical Informatics  
Advocate Lutheran General Hospital

David Hassard, M.D.  
ALGH EMS Medical Director

SPRINGFIELD OFFICE:  
127 CAPITOL BUILDING  
SPRINGFIELD, ILLINOIS 62706  
217/782-1035

DISTRICT OFFICE:  
6107 E.N. NORTHWEST HIGHWAY  
CHICAGO, ILLINOIS 60631  
773/763-3810  
WWW.SENATORMULROE.ORG



**JOHN G. MULROE**  
STATE SENATOR • 10TH DISTRICT

CHAIRMAN  
PUBLIC HEALTH  
MEMBER  
JUDICIARY  
INSURANCE  
ENERGY & PUBLIC UTILITIES  
CRIMINAL LAW  
COMMERCE & ECONOMIC  
DEVELOPMENT  
LEGISLATIVE AUDIT COMMISSION

May 15, 2015

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

Dear Ms. Avery,

I'm writing this letter to express my support for Advocate Lutheran General's long range plan to consolidate all cardiovascular services to create a more efficient and patient-friendly experience. This plan will enhance the quality of care for residents of the 10<sup>th</sup> District and ensure they can continue to attract talented cardiologists and staff.

Currently, the long range plan is in Phase I, which includes building a new cardiac catheterization lab space. When this is complete, all of their cardiovascular services will be located on the same level of the hospital, improving the patient experience. Their current catheterization lab is in a 30 year old building.

Once the relocation is complete, it would provide a full spectrum of procedures in one new facility. It would feature four technologically advanced catheterization labs with full capabilities for diagnostic and therapeutic catheterization and electrophysiology procedures as well as 20 private pre and post recovery stations.

These types of facilities and services will provide a huge upgrade over the current labs, which provide a poor experience for patients, staff and physicians. While the level of care has continued to be top notch, it is past time that an upgraded facility compliments the efforts of those that provide essential, life-saving services to the area.

I ask that you join me in supporting Advocate Lutheran General's request to the Illinois Health Facilities and Services Review Board that would enable them to best serve the communities that depend on them.

Sincerely,

A handwritten signature in cursive script that reads "John G. Mulroe".

John G. Mulroe  
State Senator | 10<sup>th</sup> District

RECYCLED PAPER SOY INK



## CITY OF PARK RIDGE

505 BUTLER PLACE  
PARK RIDGE, IL 60068  
TEL: 847/318-5200  
FAX: 847/318-5300  
TDD: 847/318-5252  
www.parkridge.us

May 19, 2015

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

Dear Ms. Avery,

I am writing to express my support for Advocate Lutheran General's plan to construct a new cardiac catheterization lab space. During 2014, Advocate Lutheran General reported 2,143 adult and pediatric catheterization procedures performed in the current lab, which is located inside a 30-year old building. The new lab will provide a better and safer experience for patients, staff and physicians, and will be built to operating room standards. My understanding is that this is the initial phase of a long-term project to consolidate all Cardiovascular Services at the hospital.

As a life-long resident of Park Ridge, and now as Mayor, I am keenly aware of the role that the hospital plays in our community. In addition to being our largest employer, Advocate Lutheran General instills a sense of pride in all of our residents and we share confidence in knowing that Park Ridge is being cared for by an outstanding organization full of caring and dedicated people.

As you know, this project must be approved by the Illinois Health Facilities and Review Board. It is my sincere hope that you will see this project as the opportunity to make the hospital safer and provide a more efficient experience for the people that utilize these services.

Please share my support on behalf of the City with the Illinois Health Facilities and Review Board, and feel free to contact me directly if there is anything additional I can provide.

Sincerely,

  
Marty Maloney, Mayor  
City of Park Ridge

*Our Mission:* To provide Park Ridge with a safe, secure, and efficient environment for its residents and visitors.



## CITY OF PARK RIDGE

505 BUTLER PLACE  
PARK RIDGE, IL 60068  
TEL: 847-318-5200  
FAX: 847-318-5300  
TDD: 847-318-5252  
[www.parkridge.il.us](http://www.parkridge.il.us)

May 19, 2015

Illinois Health Facilities and Services Review Board

525 West Jefferson, 2<sup>nd</sup> floor

Springfield, Illinois 62671

Advocate Lutheran General Hospital (ALGH) is undergoing a project to improve access to the Emergency and Surgical Department services. As part of this project ALGH's long range plan is to also consolidate all Cardiovascular Services. The current project is Phase I of the plan and includes the construction of new cardiac catheterization lab space. It is my understanding that at the completion of this project, all cardiovascular services will be located on the same level of the hospital making it easier for patients to locate.

The relocation will entail moving the existing catheterization lab that is located in a 30 year old building to new space that was created when the new Emergency Department expansion was under construction. This move will significantly reduce the time between the patients entering the hospital and the time the balloon procedure will be performed since the lab will now be located directly under the emergency department, thereby increasing patient safety.

From what I understand in 2014, ALGH performed 2,143 adult and pediatric catheterization procedures. The relocation will allow for a complete set of procedures to be carried out in one new facility that will have 4 technologically advanced catheterization laboratories with full capabilities as well as 20 private pre and post recovery stations. The new cardiac cath labs, in accordance with contemporary practice, will be built to operating room standards to ensure patient safety and to enhance flexibility and efficiency of the labs.

In summary, I, ALGH serves the needs of a large number of members of the community I represent and performs thousands of catheterization procedures per year. The project will address many of the shortcomings of the older, undersized and poorly located current cath lab. ALGH was still able to provide excellent service with the older facility but I feel very strongly this project will bring new efficiencies which will improve the outcomes for the patients. Further, this new lab will be able to remain open during the construction period and continue to serve the community in an expanded and improved manner. Finally, I believe that this new lab will attract talented cardiologists to join the ALGH team and provided an even higher level of care for our community.

I would appreciate your support of this project and look forward to its completion for the better servicing of our community. Please feel free to contact me if you have any questions.

Sincerely,

Nicholas Millissis, Alderman

2<sup>nd</sup> Ward, City of Park Ridge

[Millissis2ndward@gmail.com](mailto:Millissis2ndward@gmail.com)

847-877-0983



**CITY OF PARK RIDGE**  
**FIRE DEPARTMENT**  
505 BUTLER PLACE  
PARK RIDGE, IL 60068  
TEL: 847/318-5283  
FAX: 847/318-5300  
www.parkridgelfd.org

JEFF SORENSEN  
FIRE CHIEF

May 13, 2015

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

Dear Ms. Avery,

On behalf of the City of Park Ridge and the Park Ridge Fire Department, I fully support Advocate Lutheran General Hospital's plans to build a new cardiac catheterization lab space. In 2014, Advocate Lutheran General Hospital reported 2,143 adult and pediatric catheterization procedures for patients in the north and northwest suburbs, and the City of Chicago.

The proposed building of a new catheterization lab is a necessary step towards improved patient care. The current catheterization lab appears to be in a non-desirable location, as it is located in the basement of a 30 year old building. This location is two floors below the Emergency Department and one floor below all other cardiac areas. At the completion of the project, it is my understanding that all cardiovascular services will be located on the same level of the hospital. This appears to be highly desirable.

The members of our fire department have had an excellent, long-standing working relationship with Advocate Lutheran General Hospital for many years. Although I am only five (5) months into my position as Fire Chief in Park Ridge, I have been an Illinois licensed Paramedic for the past twenty years, and have worked for the PRFD for eighteen years. Based upon my experience working in EMS, I strongly believe that the hospital must have the proper 'tools' laid out in the correct format, in order to properly treat its patients.

This project is pivotal to improving the clinical outcomes and quality of service to patients, will improve door-to-balloon time due to increased efficiency (a result of moving the labs to the proposed location immediately below the Emergency Department), and increased patient safety. I can also surmise that the new lab will attract top talent in terms of cardiologists and support staff, to join the ALGH team as well.

As a Fire Chief of a service that brings 1500 or more patients to the care of Advocate Lutheran General, my primary concerns are for maintaining the safety, health and vitality of the patients who we care for prior, even before ALGH sees them. I have seen first-hand the high level of care provided by the staff of Advocate Lutheran General Hospital. The Park Ridge Fire Department takes great pride in the partnership that has been developed with ALGH to bring quality medical services to Park Ridge and the surrounding communities.

*Our Mission* IS TO LIMIT THE LOSS OF LIFE AND PROPERTY THROUGH PLANNING, PREVENTION AND RESPONSE.

Again, I ask for your support of the application by Advocate Lutheran General Hospital to build a new cardiac catheterization lab space in order to enhance patient care and safety.

Sincerely,



Jeff Sorensen  
Fire Chief  
City of Park Ridge Fire Department  
[jsorensen@parkridgefd.org](mailto:jsorensen@parkridgefd.org)

847-318-5287 (Office)  
847-561-8692 (Cell)  
847-318-5300 (Fax)

Fire Department Administrative Offices  
Park Ridge City Hall  
505 Butler Place  
Park Ridge, IL 60068

May 15, 2015

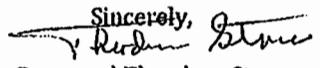
Ms. Courtney Avery  
Administrator  
Illinois Health Facilities and Service Review Board  
525 W. Jefferson St., 2<sup>nd</sup> Floor  
Springfield, IL 62761

Dear Ms. Avery

I am a long-time resident of Park Ridge and the retired associate pastor of Mary, Seat of Wisdom parish in Park Ridge. I have been happily associated with Advocate Lutheran General Hospital for many years both as a parish priest who brought spiritual comfort to parishioners who were hospitalized, and in later years as a patient in the heart program.

I saw first hand the compassion and excellent medical care the staff gave to my parishioners. And as a patient I was deeply helped on numerous occasions by the Heart Disease Clinic, whose staff were always available and pulled me through many coronary crises. I used to tell people that I was a "sickly 88 year old." Now I tell them I'm just an "88 year old" with its normal aches.

I am thrilled that the Heart Program at Lutheran General is expanding its services. This will be such a great help to the people of our community.

Sincerely,  
  
Reverend Theodore Stone  
Mary, Seat of Wisdom Parish  
Park Ridge, IL



# Advocate Heart Institute

Ms. Courtney Avery, Administrator  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street - 2nd Floor  
Springfield, IL 62761

Dear Ms. Avery,

It is with great pleasure that I write to you on behalf of the Advocate Lutheran General Hospital Cath Lab project. Lutheran General is in the midst of a long-range plan to consolidate its cardiovascular services, and this is phase I of that plan and includes construction of new cath lab space adjacent to the new emergency department expansion. We are moving the labs from a 30-year-old building with suboptimal space to an opportunity to build out a technologically advanced cath lab space with full diagnostic capabilities for coronary intervention, electrophysiology, and structural heart disease. Advocate Lutheran General's cardiovascular program is a busy one with over 2100 catheterizations performed in 2014, with a growing program with increasing support of more cardiologists in the community for the Lutheran program. We believe that these new cath labs will be of contemporary design in operating room standards to ensure patient safety, along with efficiency and flexibility in the labs.

In my role as the head of cardiovascular services for Advocate Health Care, I get an opportunity to see the facilities in all of our locations, and know that this is an excellent opportunity for us to modernize the delivery of cardiovascular care at Advocate Lutheran General Hospital.

I feel it is important to help us continue to support our quality outcomes and excellent service to our patients by improving access to help us with door-to-balloon times, and improve our efficiency in moving patients from the emergency room in need of emergent cardiovascular care. The new facilities will allow a seamless approach to cardiovascular intervention by having pre- and post-procedural units to be able to provide effective, efficient care along with a consistent approach with staff continuity.

With a large cardiovascular delivery system here at Advocate, with 140 fully integrated cardiologists and 200 additional independent cardiologists, we have had the experience to deliver frontline cardiovascular care to the patients that we serve, and we now have the opportunity to continue to serve the indigent communities around Chicagoland that Advocate has made a long-term commitment to.

Thank you again for your attention. If I can be of other assistance, please do not hesitate to contact me.

Sincerely yours,

Vincent Bufalino, M.D.  
Senior Vice President, Advocate Heart Institute

VB/kt



Advocate  
Lutheran General Hospital  
Lutheran General Children's Hospital

1775 Dempster Street || Park Ridge, IL 60068 || T 847.723.2210 || [advocatehealth.com](http://advocatehealth.com)

May 12, 2015

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

Dear Ms. Avery,

I am very excited to write a letter in support of the certificate of need application for the new cardiac cath labs at Advocate Lutheran General Hospital. I currently serve as the Director of the Division of Cardiology at Advocate Lutheran General. Advocate Lutheran General has embarked on a project of optimizing the patient experience as well as continuing to focus on patient safety and quality. We have a global project within the Division of Cardiology to improve the efficiency and experience of cardiovascular care at Lutheran General. We are currently in the process of developing an outpatient clinic process that will allow patients to have their initial evaluation with a specialist, their diagnostic and laboratory testing, and a final consultation all in the same day similar to the model developed by Mayo Clinic. Part of this clinic project is to improve the physical plant in which the clinic is located to optimize comfort and patient experience, as well as to provide appropriate opportunity for patient education and optimal communication with the referring physicians. As part of our global project to improve the patient experience, we have embarked on a redesign of our cardiac catheterization labs. Our current laboratory space has been encumbered by structural issues within the basement of our institution where our labs have been located for several decades. With the construction of a new wing for our emergency room, a space below the emergency room on the ground floor became available to be utilized for a state-of-the-art designed interventional area. Unencumbered by the confines of our prior basement location, we have embarked on the development of a cath lab area that would provide for the highest quality, the highest patient safety, enhanced privacy between the inpatients and outpatients. The space also allows for a state-of-the-art cath lab design. The size of our labs as well as our recovery area can be designed to provide for the ability to carry over the experience and efficiency for our patients that was developed in our outpatient clinic to the interventional area. The plans incorporate all of the knowledge that we have gained as we designed our new outpatient clinics with regard to efficiency, communication, and patient experience and expand it to the cardiac catheterization labs. Though we will continue to have the same number of functioning cardiac cath and electrophysiology laboratories, we have the opportunity for significantly modernized equipment, 40-50 times lower radiation exposure for our physicians, and the opportunity to enhance both our patients' experience as well as the experience of our staff and trainees during their fellowship.

I wanted to personally thank you for your consideration of our request for our certificate of need for the new cardiac cath lab space at Advocate Lutheran General Hospital. There is unanimous support from our physicians, our cardiovascular staff, our management, and our hospital administration, who all have been working together develop the optimal model to provide not only the highest quality and utmost safety, but also the optimal patient experience. The development of our new cath labs is a major part of our

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strategy. Advocate Lutheran General Hospital enjoys significant confidence and support from our community, and as we have reached out to our community to get their input regarding our new approach to cardiovascular services, the response has been overwhelmingly positive.

If you have any questions regarding our strategy for the Advocate Heart Institute at Advocate Lutheran General Hospital, please feel free to contact me at any time.

Sincerely,

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

Alan S. Brown, MD, FACC, FNLA, FAHA  
Director, Division of Cardiology, Advocate Lutheran General Hospital  
Clinical Associate Professor of Medicine, Loyola Stritch University  
Past Chair, Board of Governors, American College of Cardiology



 Advocate Children's Hospital

1775 Dempster Street || Park Ridge, IL 60068 || T 847.723.2210 || [advocatechildrenshospital.com](http://advocatechildrenshospital.com)

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May 13, 2015

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

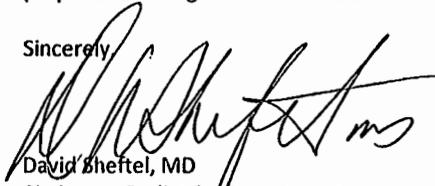
Dear Ms. Avery,

I ask that the Illinois Health Facilities and Services Review Board strongly consider Advocate Lutheran General Hospital's plans to build a new cardiac catheterization lab space. In 2014, Advocate Lutheran General Hospital reported 2,143 adult and pediatric catheterization procedures for patients in the north and northwest suburbs, and the City of Chicago.

The current catheterization lab is located in the basement of a 30 year old building. This location is two floors below the Emergency Department and one floor below all other cardiac areas. It is difficult to find, inefficient, undersized, and provides little to no privacy to patients after their procedure. The new catheterization lab will be built in accordance with contemporary practice and offer a full spectrum of procedures in one facility that will have 4 technologically advanced catheterization laboratories with full capabilities for diagnostic and therapeutic catheterization and electrophysiology procedures capable of serving both adults and children. It will also have capability to perform tilt table, cardioversion, transesophageal echocardiograms (TEEs) and implantable loop recorders procedures. Additionally, 20 private pre and post recovery stations will be provided, built to operating room standards, the new cath lab will ensure patient safety, improve clinical outcomes, and quality of service.

As a neonatologist, Chairman of the Pediatrics Department and as a former cath lab patient myself at Advocate Children's Hospital – Park Ridge/ Advocate Lutheran General Hospital, my primary concerns are for maintaining the safety, health and vitality of the patients who come to us for care. As the only provider of tertiary pediatric cardiology services in the region between, Milwaukee and the Chicago Loop, the need for this facility and services committed to children, is even more urgent in order to meet the needs of our broad geographic diverse communities. The proposed building of a new catheterization lab is a necessary step in accomplishing that goal.

Sincerely,



David Sheffel, MD  
Chairman, Pediatrics Department  
Attending Physician  
Advocate Children's Hospital – Park Ridge

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May 20, 2015

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2nd floor  
Springfield, Illinois 62761

Dear Ms. Avery,

I am delighted to strongly support the need for a new state of the art Cardiac Catheterization Laboratory which the hospital intends to sponsor. Our door to balloon time for patients presenting to the Emergency Department with myocardial infarctions has continued to be stellar. I anticipate with the new Cardiac Catheterization Labs operating, we can only improve on our significant community commitment to improve the cardiovascular care of patients who need our assistance. I am impressed with the Leadership of the Division of Cardiology within the hospital and believe that their direction and the hospital's in-system sponsorship will facilitate continued improvement in the exceptional care which was currently offered.

As a committed partner to Cardiology, I can speak for Emergency Medicine who strongly supports the need for the new Cardiac Catheterization Laboratory.

Sincerely,

Douglas A. Propp, MD, MSAM, FACEP, FACPE  
Medical Director and John D. and Jean M. Simms Chair of Emergency Medicine  
Department of Emergency Medicine  
Medical Director of Clinical Informatics  
Advocate Lutheran General Hospital

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

May 13, 2015

Ms. Avery,

It is my pleasure to write a letter supporting the proposed ALGH Cardiovascular Lab Project.

The ALGH staff from Cardiology, Emergency Medicine and EMS have worked tirelessly over years to improve the care of our patients with acute coronary syndromes. We know that more rapid treatment of ACS in the Cath Lab can improve survival and ultimate cardiac function. To that end we have been aggressive about shortening our times to diagnosis and treatment of ACS. We have sought clinical efficiencies and have leveraged every clinical opportunity we can think of, from first prehospital contact to the Cath Lab. I'm proud of our successes. Having said that, there are significant physical limitations within our current Cath Lab that indicate creation of a newer, larger space. The proposed new lab will have more rooms so that multiple procedures may be ongoing at once, and be closer to the Emergency Department. This is very exciting as it offers more rapid access to the definitive care needed by our ACS patients, improves patient safety and will improve patient outcomes.

The proposed new ALGH Cardiovascular Lab will be a great asset for the communities we serve.

The project has my whole-hearted support.

Cheers,



David Hassard, MD  
ALGH EMS Medical Director



## 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	NON CLINICAL	TOTAL
Preplanning Costs	\$ 83,640	\$ 20,400	\$ 104,040
Site Survey and Soil Investigation	-		-
Site Preparation	95,300	225,300	320,600
Off Site Work	-	-	
New Construction Contracts	5,531,540	2,693,415	8,224,955
Modernization Contracts	-	497,400	497,400
Contingencies	550,388	267,995	818,383
Architectural/Engineering Fees	533,869	228,801	762,670
Consulting and Other Fees	310,590	533,110	843,700
Movable or Other Equipment (not in construction contracts)	4,605,165	1,066,566	5,671,731
Bond Issuance Expense (project related)	39,561	101,730	141,291
Net Interest Expense During Construction (project related)	131,237	337,466	468,703
Fair Market Value of Leased Space or Equipment	-	-	-
Other Costs To Be Capitalized	906,234	81,220	987,454
Acquisition of Building or Other Property (excluding land)	-	-	-
<b>TOTAL USES OF FUNDS</b>	<b>\$ 12,787,524</b>	<b>\$ 6,053,403</b>	<b>\$ 18,840,927</b>
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	-	-	\$ 7,537,645
Pledges	-	-	0
Gifts and Bequests	-	-	0
Bond Issues (project related)	-	-	11,303,282
Mortgages	-	-	0
Leases (fair market value)	-	-	0
Governmental Appropriations	-	-	0
Grants	-	-	0
Other Funds and Sources	-	-	0
<b>TOTAL SOURCES OF FUNDS</b>	<b>-</b>	<b>-</b>	<b>\$ 18,840,927</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

### 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 <b>non-capitalized</b> 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 \$ <u>NA</u> .		

### Project Status and Completion Schedules

<b>For facilities in which prior permits have been issued please provide the permit numbers.</b>	
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>November 28, 2016</u>	
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.	
<input 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 checked="" type="checkbox"/> Project obligation will occur after permit issuance.	
<b>APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>	

### 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
<b>Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.</b>

## Cost Space Requirements

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

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

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

Project Cost / Space Requirements							
Department	Project Cost	Gross Square Feet			Amount of Proposed Total GSF That Is:		
		Existing	Proposed	New Construction	Remodeled	As Is	Vacated Space
Cardiac Catheterization Laboratory	9,265,018	8,322	6,864	6,864	0	0	8,322
Phase I Recovery Stations -- CATH ONLY	487,669	425	719	719	0	0	425
Phase II Recovery Stations -- CATH ONLY	3,034,837	2,013	4,470	4,470	0	0	2,013
Total Clinical	12,787,524	10,760	12,053	12,053	0	0	10,760
Non Clinical							
Administration/Education	2,601,148	4,324	6,086	1,762	0	4,324	0
Public Spaces	747,595	577	1,552	1,552	0	0	577
Education	329,305						
Mechanical	803,287						
Roof Top AHU	472,165						
Building Components	1,099,903	567	4,932	2,707	1,658	567	0
Total Non-Clinical	6,053,403	5,468	12,570	6,021	1,658	4,891	577
Total Project	18,840,927	16,228	24,623	18,074	1,658	4,891	11,337

**Facility Bed Capacity and Utilization**

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

<b>FACILITY NAME:</b> Advocate Lutheran General Hospital			<b>CITY:</b> Park Ridge		
<b>REPORTING PERIOD DATES</b> <b>From:</b> December 31, 2013 <b>to:</b> December 31, 2014					
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days *</b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical	313	15,898	75,605	0	313
Obstetrics (incl. gynecology)	62	4,421	12,317	0	62
Pediatrics	48	2,012	9,302	0	48
Intensive Care	61	3,326	13,514	0	61
Comprehensive Physical Rehabilitation	45	953	12,543	0	45
Acute/Chronic Mental Illness	55	6,263	10,674	0	55
Neonatal Intensive Care	54	466	15,389	0	54
General Long Term Care	0	0	0	0	0
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
<b>TOTALS:</b>	<b>638</b>	<b>28,339</b>	<b>149,344</b>	<b>0</b>	<b>638</b>

Source: 2014 Annual Hospital Questionnaire

\* Excluding Observation

Observation Days on the Unit	
Medical Surgical	8,934
Obstetrics	186
Pediatrics	1,569
Intensive Care	291
Comprehensive Physical Rehabilitation	0
Observation Days in Dedicated Observation Beds	0
Total	10,980

**CERTIFICATION**

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

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- 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);
- 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);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Advocate Health and Hospitals Corporation dba Advocate Lutheran General 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.

*William Santulli*  
SIGNATURE

William Santulli  
PRINTED NAME

Executive VP/COO  
PRINTED TITLE

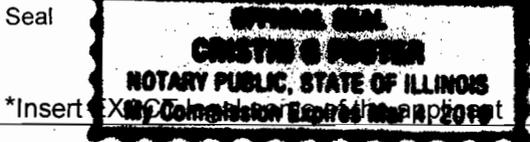
*Richard Floyd*  
SIGNATURE

Richard Floyd  
PRINTED NAME

President  
PRINTED TITLE

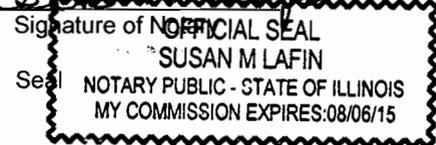
Notarization:  
Subscribed and sworn to before me  
this 8 day of June 2015

*Cristin G. Foster*  
Signature of Notary



Notarization:  
Subscribed and sworn to before me  
this 8th day of June 2015

*Susan M. Lafin*  
Signature of Notary



**CERTIFICATION**

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

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

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

SIGNATURE

*William Santulli*

SIGNATURE

William Santulli

PRINTED NAME

Executive VP/COO

PRINTED TITLE

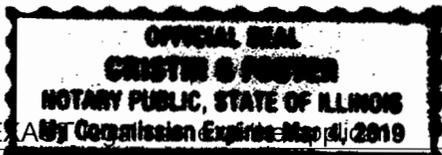
Notarization:

Subscribed and sworn to before me  
this 8 day of June 2015

*Cristin G. Foster*

Signature of Notary

Seal



\*Insert E

SIGNATURE

*Dominic Nakis*

SIGNATURE

Dominic Nakis

PRINTED NAME

Sr. VP/CFO

PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 8 day of June 2015

*Cristin G. Foster*

Signature of Notary

Seal



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:

<b>INDEX OF ATTACHMENTS</b>		
<b>ATTACHMENT NO.</b>		<b>PAGES</b>
1	Applicant/Coapplicant Identification including Certificate of Good Standing	35 – 37
2	Site Ownership	38 – 39
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	40 – 41
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	42 – 43
5	Flood Plain Requirements	44 – 46
6	Historic Preservation Act Requirements	47 – 48
7	Project and Sources of Funds Itemization	49 – 50
8	Obligation Document if required	51
9	Cost Space Requirements	52 – 53
10	Discontinuation	NA
11	Background of the Applicant	54 – 58
12	Purpose of the Project	59 – 71
13	Alternatives to the Project	72 – 82
14	Size of the Project	83 – 88
15	Project Service Utilization	89 – 90
16	Unfinished or Shell Space	NA
17	Assurances for Unfinished/Shell Space	NA
18	Master Design Project	NA
19	Mergers, Consolidations and Acquisitions	NA
	<b>Service Specific:</b>	
20	Medical Surgical Pediatrics, Obstetrics, ICU	NA
21	Comprehensive Physical Rehabilitation	NA
22	Acute Mental Illness	NA
23	Neonatal Intensive Care	NA
24	Open Heart Surgery	NA
25	Cardiac Catheterization	91 – 109
26	In-Center Hemodialysis	NA
27	Non-Hospital Based Ambulatory Surgery	NA
28	Selected Organ Transplantation	NA
29	Kidney Transplantation	NA
30	Subacute Care Hospital Model	NA
31	Children's Community-Based Health Care Center	NA
32	Community-Based Residential Rehabilitation Center	NA
33	Long Term Acute Care Hospital	NA
34	Clinical Service Areas Other than Categories of Service	110 – 116
35	Freestanding Emergency Center Medical Services	NA
	<b>Financial and Economic Feasibility:</b>	
36	Availability of Funds	117 – 139
37	Financial Waiver	140
38	Financial Viability	141
39	Economic Feasibility	142 – 148
40	Safety Net Impact Statement	149 – 158
41	Charity Care Information	159 – 162

## Attachments

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

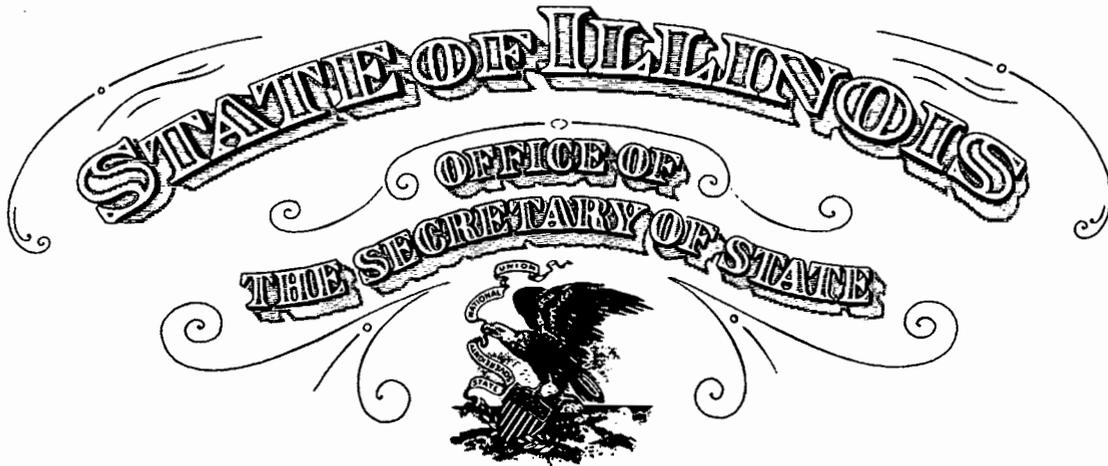
**This Section must be completed for all projects.**

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

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

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

The Illinois Certificates of Good Standing for Advocate Health Care Network and Advocate Health and Hospitals Corporation are appended as Attachment 1, Exhibits 1 and 2.



To all to whom these Presents Shall Come, Greeting:

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

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

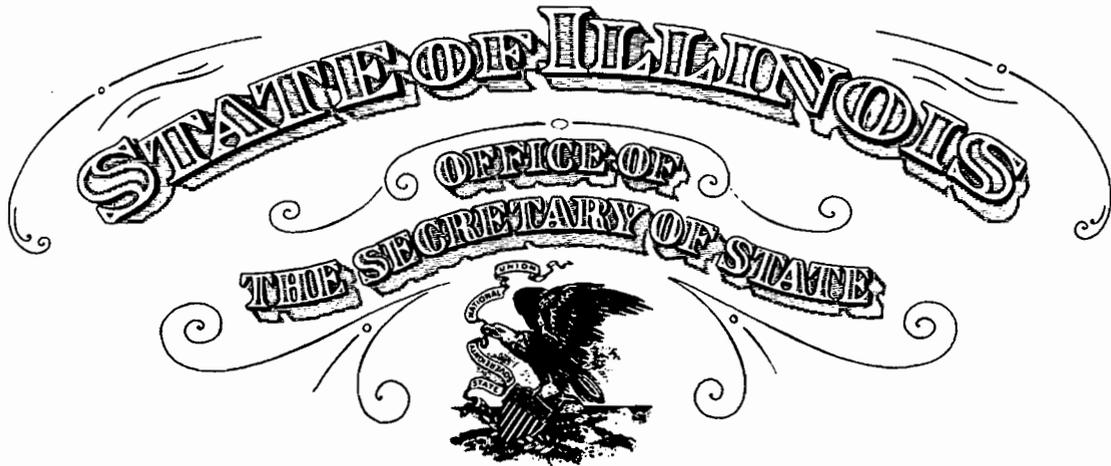


Authentication #: 1511700610  
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of APRIL A.D. 2015 .

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

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

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



Authentication #: 1511700644  
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of APRIL A.D. 2015 .

*Jesse White*

SECRETARY OF STATE

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

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

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Advocate Health and Hospitals Corporation
Address of Site Owner: 3075 Highland Parkway, Downers Grove, IL 60515
Street Address or Legal Description of Site: 1775 Dempster Street, Park Ridge, Illinois 60068 Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS <u>ATTACHMENT-2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

A notarized statement attesting to the ownership of the Advocate Lutheran General site is appended as Attachment 2, Exhibit 1.



# Advocate Lutheran General Hospital

1775 Dempster Street || Park Ridge, IL 60068 || T 847.723.2210 || [advocatehealth.com](http://advocatehealth.com)

June 1, 2015

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

Re: Advocate Lutheran General Hospital  
Hospital Modernization Project

Dear Ms. Avery:

This attestation letter is submitted to indicate that Advocate Health and Hospitals Corporation owns the Advocate Lutheran General Hospital site.

We trust this attestation complies with the State Agency Proof of Ownership requirement indicated in the July 2013 Permit Application Edition.

Respectfully,

Richard Floyd, FACHE  
President

Notarization:

Subscribed and sworn to before me

This 2nd of June, 2015

Signature of Notary:

(Seal of Notary)



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

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



**Operating Identity/Licensee**

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

Exact Legal Name: Advocate Health and Hospitals Corporation dba Advocate Lutheran  
General Hospital

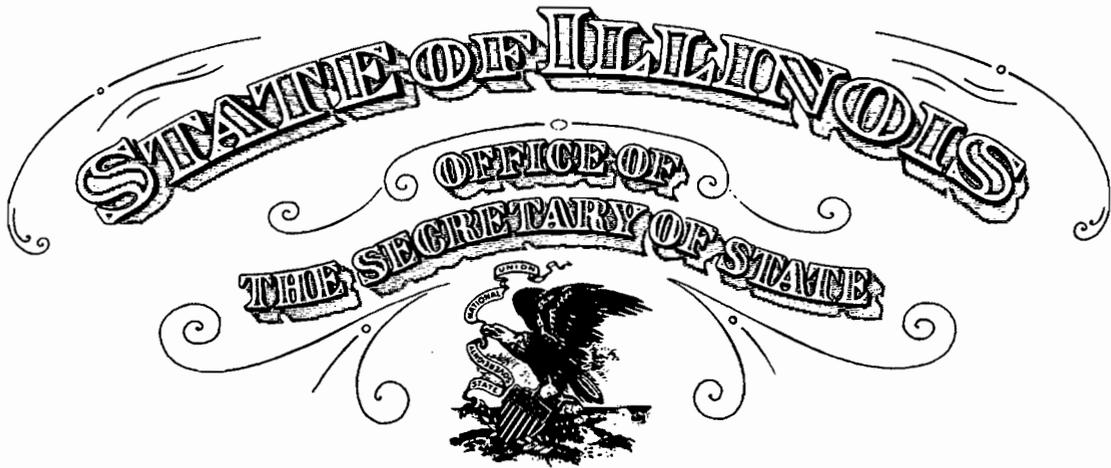
Address: 1775 Dempster Street, Park Ridge, Illinois 60068

- |                                     |                           |                          |                     |                          |
|-------------------------------------|---------------------------|--------------------------|---------------------|--------------------------|
| <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.
- o **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.

The Illinois Certificate of Good Standing for Advocate Health and Hospitals Corporation is appended as Attachment 3, Exhibit 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*

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



Authentication #: 1511700644  
Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of APRIL A.D. 2015 .***

*Jesse White*

SECRETARY OF STATE

**Organizational Relationships**

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

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

Attachment 4, Exhibit 1, is an organizational chart of Advocate Health Care Network. It shows all of the organizations relevant to this Project including Advocate Health Care Network, Advocate Health and Hospitals Corporation, and Advocate Lutheran General Hospital.



## Flood Plain Requirements

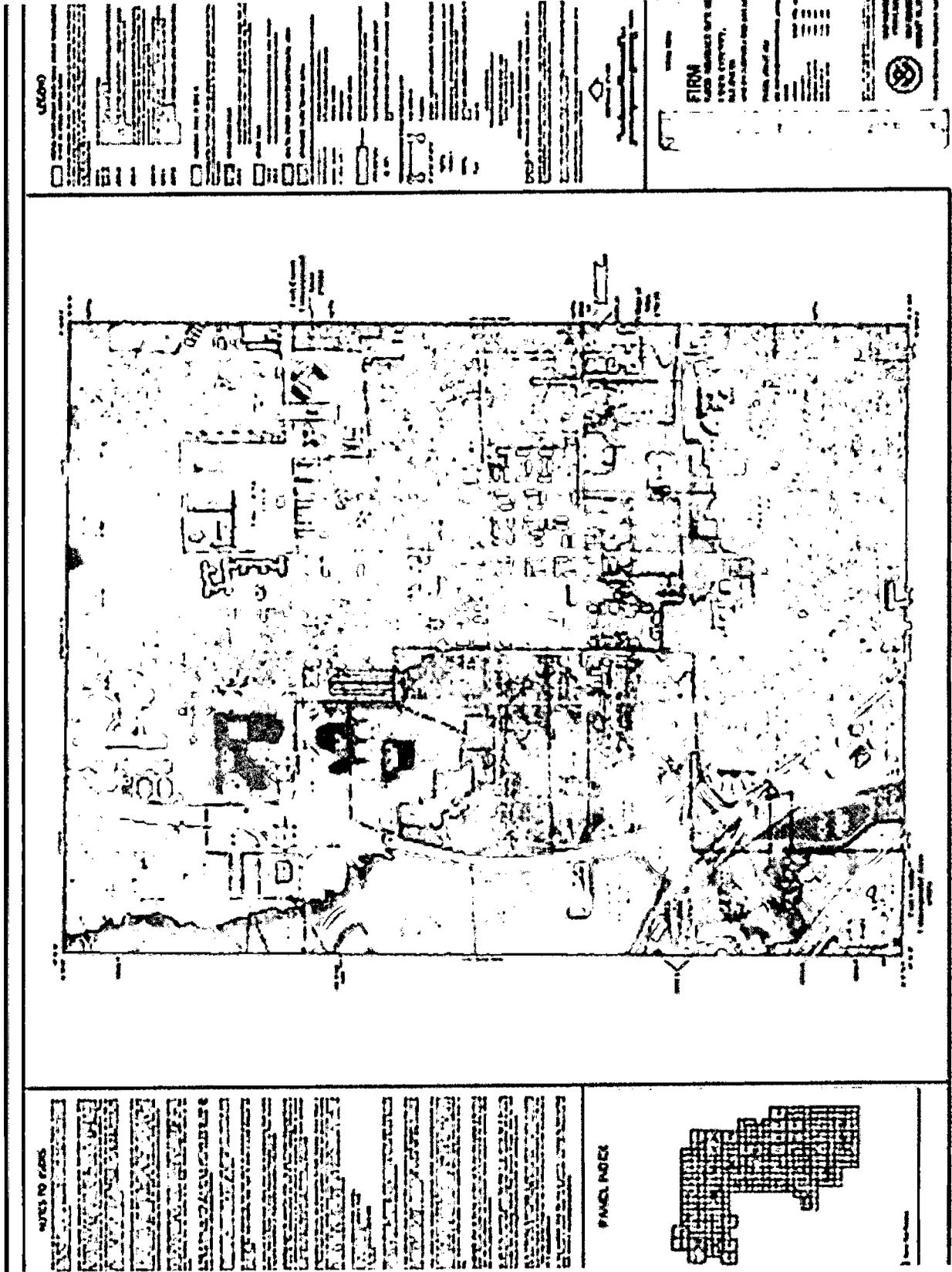
[Refer to application instructions.]

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

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

In accordance with the Flood Plain Requirements in the July 2013 Edition of the Certificate of Need application and Illinois Executive Order #2005-5, and by the signatures on this application, Advocate Health and Hospitals Corporation attests that the proposed modernization of the Cardiac Catheterization Suite and related services is not in a flood plain and that the location complies with Flood Plain Rule under Executive Order #2005-5.

In addition, the applicants are providing a flood plain map of the Hospital's location as Attachment 5, Exhibit 1, and a letter from the Illinois State Water Survey as Attachment 5, Exhibit 2.



**LEGEND**

- Room
- Corridor
- Stair
- Elevator
- Utility
- Mechanical
- Electrical
- Plumbing
- Fire
- Security
- Other

**FIRM**  
 ARCHITECTURAL FIRM  
 1234 STREET  
 CITY, STATE ZIP  
 PHONE: (555) 555-5555  
 FAX: (555) 555-5556  
 WWW: WWW.FIRM.COM

**NOTES TO CASE**

1. ALL ROOMS TO BE FINISHED TO MEET THE REQUIREMENTS OF THE LOCAL HEALTH DEPARTMENT.

2. THE ARCHITECT SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL HEALTH DEPARTMENT AND OTHER AGENCIES.

3. THE ARCHITECT SHALL PROVIDE A DETAILED SCHEDULE OF WORK AND A GANTT CHART TO THE CLIENT FOR REVIEW AND APPROVAL.

4. THE ARCHITECT SHALL MAINTAIN CLOSE COMMUNICATION WITH THE CLIENT THROUGHOUT THE PROJECT.

5. THE ARCHITECT SHALL BE RESPONSIBLE FOR THE PROTECTION OF ALL EXISTING UTILITIES AND STRUCTURES.

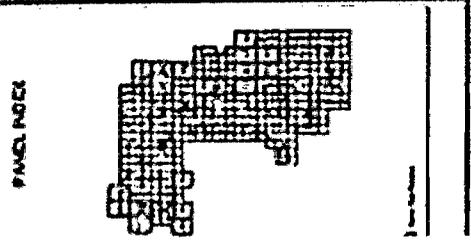
6. THE ARCHITECT SHALL PROVIDE A DETAILED LIST OF MATERIALS AND FINISHES TO THE CLIENT FOR REVIEW AND APPROVAL.

7. THE ARCHITECT SHALL BE RESPONSIBLE FOR THE COORDINATION OF ALL TRADES AND SUBCONTRACTORS.

8. THE ARCHITECT SHALL PROVIDE A DETAILED LIST OF SUBCONTRACTORS TO THE CLIENT FOR REVIEW AND APPROVAL.

9. THE ARCHITECT SHALL BE RESPONSIBLE FOR THE PROTECTION OF ALL EXISTING UTILITIES AND STRUCTURES.

10. THE ARCHITECT SHALL PROVIDE A DETAILED LIST OF MATERIALS AND FINISHES TO THE CLIENT FOR REVIEW AND APPROVAL.





# Illinois State Water Survey

Main Office - 2204 Griffith Drive • Champaign, IL 61820-7495 • Tel (217) 333-2210 • Fax (217) 333-6540  
Peoria Office • P.O. Box 697 • Peoria, IL 61652-0697 • Tel (309) 671-3196 • Fax (309) 671-3106



## Special Flood Hazard Area Determination pursuant to Governor's Executive Order 4 (1979)

Requester: Janet Scheuerman, PRISM Healthcare Consulting  
Address: 1808 Woodmere Dr.  
City, state, zip: Valparaiso, IN 46383 Telephone: (219) 464-3939

Site description of determination:  
Site address: Advocate Lutheran General Hospital (main campus + west pavilion), 1775 Dempster St.  
City, state, zip: Park Ridge, IL  
County: Cook Sec $\frac{1}{4}$ : N $\frac{1}{2}$  of N $\frac{1}{2}$  Section: 22 T. 41 N. R. 12 E. PM: 3rd  
Subject area: Within area bounded by Dempster St. on the north, Vernon Ave. on the west, Western Ave. on the east, and Farrell Ave. extended (the S line of the N $\frac{1}{2}$  N $\frac{1}{2}$  Sec. 22) on the south.

The property described above IS NOT located in a Special Flood Hazard Area (SFHA).  
Floodway mapped: Yes Floodway on property: No  
Source used: FEMA Flood Insurance Rate Map (FIRM). An annotated copy is attached.  
Community name: City of Park Ridge, IL Community number: 170146  
Panel/map number: 17031C0236 F Effective Date: November 6, 2000  
Flood zone: X [unshaded] Base flood elevation: N/A ft NGVD 1929

- N/A a. The community does not currently participate in the National Flood Insurance Program (NFIP); State and Federal grants as well as flood insurance may not be available.
- N/A b. Panel not printed: no Special Flood Hazard Area on the panel (panel designated all Zone C or X).
- N/A c. No map panels printed: no Special Flood Hazard Areas within the community (NSFHA).

### The primary structure on the property:

- N/A d. Is located in a Special Flood Hazard Area. Any activity on the property must meet State, Federal, and local floodplain development regulations. Federal law requires that a flood insurance policy be obtained as a condition of a federally-backed mortgage or loan that is secured by the building.
- N/A e. Is located in shaded Zone X or B (500-yr floodplain). Conditions may apply for local permits or Federal funding.
- X f. Is not located in a Special Flood Hazard Area. Flood insurance may be available at non-floodplain rates.
- N/A g. A determination of the building's exact location cannot be made on the current FEMA flood hazard map.
- N/A h. Exact structure location is not available or was not provided for this determination.

Note: This determination is based on the current Federal Emergency Management Agency (FEMA) flood hazard map for the community. This letter does not imply that the referenced property will or will not be free from flooding or damage. A property or structure not in a Special Flood Hazard Area may be damaged by a flood greater than that predicted on the FEMA map or by local drainage problems not mapped. This letter does not create liability on the part of the Illinois State Water Survey, or employee thereof for any damage that results from reliance on this determination.

Questions concerning this determination may be directed to Bill Saylor (217/333-0447) or Sally McConkey (217/333-5482) at the Illinois State Water Survey. Questions concerning requirements of Governor's Executive Order 4 (1979), or State floodplain regulations, may be directed to John Lentz (847/608-3100) at the IDNR Office of Water Resources.

William Saylor  
William Saylor, Illinois State Water Survey

Title: ISWS Surface Water and Floodplain Information Date: 8/19/2004

Printed on recycled paper

**Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

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

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

Attachment 6, Exhibit 1 is a letter received from the Illinois Historic Resources Preservation Agency which documents that no historic, architectural, or archeological sites exist within the project area. The Project is in compliance with the Illinois Historic Resources Preservation Act.



**Illinois Historic  
Preservation Agency**

1 Old State Capitol Plaza, Springfield, IL 62701-1512

FAX (217) 524-7525  
[www.illinoishistory.gov](http://www.illinoishistory.gov)

Cook County  
Park Ridge

CON - Relocation of Cardiac Catheterization Suite, Advocate Lutheran General Hospital  
1775 Dempster St.  
IHPA Log #034051315

May 29, 2015

Janet Scheuerman  
PRISM Healthcare Consulting  
1808 Woodmere Drive  
Valparaiso, IN 46383

Dear Ms. Scheuerman:

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

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

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

If you have any further questions, please contact me at 217/785-5031.

Sincerely,

Rachel Leibowitz, Ph.D.  
Deputy State Historic  
Preservation Officer

*For TTY communication, dial 888-440-9009. It is not a voice or fax line.*

## Project Costs and Sources of Funds

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

PROJECT COSTS AND SOURCES OF FUNDS			
USE OF FUNDS	CLINICAL	NON CLINICAL	TOTAL
Preplanning Costs	\$ 83,640	\$ 20,400	\$ 104,040
Site Survey and Soil Investigation	-		-
Site Preparation	95,300	225,300	320,600
Off Site Work	-	-	
New Construction Contracts	5,531,540	2,693,415	8,224,955
Modernization Contracts	-	497,400	497,400
Contingencies	550,388	267,995	818,383
Architectural/Engineering Fees	533,869	228,801	762,670
Consulting and Other Fees	310,590	533,110	843,700
Movable or Other Equipment (not in construction contracts)	4,605,165	1,066,566	5,671,731
Bond Issuance Expense (project related)	39,561	101,730	141,291
Net Interest Expense During Construction (project related)	131,237	337,466	468,703
Fair Market Value of Leased Space or Equipment	-	-	-
Other Costs To Be Capitalized	906,234	81,220	987,454
Acquisition of Building or Other Property (excluding land)	-	-	-
<b>TOTAL USES OF FUNDS</b>	<b>\$ 12,787,524</b>	<b>\$ 6,053,403</b>	<b>\$ 18,840,927</b>
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	-	-	\$ 7,537,645
Pledges	-	-	0
Gifts and Bequests	-	-	0
Bond Issues (project related)	-	-	11,303,282
Mortgages	-	-	0
Leases (fair market value)	-	-	0
Governmental Appropriations	-	-	0
Grants	-	-	0
Other Funds and Sources	-	-	0
<b>TOTAL SOURCES OF FUNDS</b>	<b>-</b>	<b>-</b>	<b>\$ 18,840,927</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

Items	Cost
Pre-Planning	\$104,040
Site and Facility Planning	9,800
Programming thru Conceptual Planning	94,240
Site survey	0
Site Preparation	320,600
Prep Work (Clearing, shoring and utilities)	205,100
Minor earthwork, bench marks, drainage, trench lines, stone	115,500
Architect/Eng. Fees	762,670
Consulting and Other Fees	843,700
Const. Admin & Misc. Consultants	130,000
Operational Consultants / Misc. Analysis	80,584
Reimbursables / Renderings / Misc. support	43,454
MEP Commissioning	80,000
Peer Review, Equipment planner	210,000
Miscellaneous	299,662
Movable / Equipment	5,671,731
Imaging	3,316,572
Patient Monitors	565,000
PACS Hardware / Server / Station Equipment	196,000
General Equip.	824,496
Miscellaneous equipment	769,663
Other Costs to be Capitalized	987,454
FF&E	448,000
Utilities / Taps	15,678
Data Infrastructure, wireless, telecom	510,000
Miscellaneous other costs	13,776

### Project Status and Completion Schedules

**For facilities in which prior permits have been issued please provide the permit numbers.**

Indicate the stage of the project's architectural drawings:

- None or not applicable                       Preliminary  
 Schematics     Final Working

Anticipated project completion date (refer to Part 1130.140): November 28, 2016

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

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

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

## Cost Space Requirements

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

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>REVIEWABLE</b>							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>							
APPEND DOCUMENTATION AS <u>ATTACHMENT-9</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

Project Cost / Space Requirements									
Department	Project Cost	Gross Square Feet			Amount of Proposed Total GSF That Is:				
		Existing	Proposed	New Construction	Remodeled	As Is	Vacated Space		
Cardiac Catheterization Laboratory	9,265,018	8,322	6,864	6,864	0	0	8,322		
Phase I Recovery Stations – CATH ONLY	487,669	425	719	719	0	0	425		
Phase II Recovery Stations – CATH ONLY	3,034,837	2,013	4,470	4,470	0	0	2,013		
Total Clinical	12,787,524	10,760	12,053	12,053	0	0	10,760		
Non Clinical									
Administration/Education	2,601,148	4,324	6,086	1,762	0	4,324	0		
Public Spaces	747,595	577	1,552	1,552	0	0	577		
Education	329,305								
Mechanical	803,287								
Roof Top AHU	472,165								
Building Components	1,099,903	567	4,932	2,707	1,658	567	0		
Total Non-Clinical	6,053,403	5,468	12,570	6,021	1,658	4,891	577		
Total Project	18,840,927	16,228	24,623	18,074	1,658	4,891	11,337		

**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.**

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

Facility	Location	License No.	Joint Commission Accreditation	DNV Accreditation No.
Advocate Lutheran General Hospital	1775 Dempster Park Ridge, IL	004796	Not Applicable	178979-2015-AHC-USA-NIAHO
Advocate BroMenn Medical Center	1304 Franklin Ave. Normal, IL	0005645	Not Applicable	127532-2012-AHC-USA-NIAHO
Advocate Christ Medical Center	4440 W. 95 St. Oak Lawn, IL	0000315	Not Applicable	135696-2013-AHC-USA-NIAHO
Advocate Condell Medical Center	801 S. Milwaukee Ave. Libertyville, IL	0005579	Not Applicable	147414-2013-AHC-USA-NIAHO
Advocate Eureka Hospital	101 S. Major Eureka, IL	0005652	Not Applicable	127988-2012-AHC-USA-NIAHO
Advocate Good Samaritan Hospital	3815 Highland Avenue Downers Grove, IL	0003384	Not Applicable	115804-2012-AHC-USA-NIAHO
Advocate Good Shepherd Hospital	450 W. Highway, #22 Barrington, IL	0003475	Not Applicable	114892-2012-AHC-USA-NIAHO
Advocate Illinois Masonic Medical Center	836 W. Wellington Chicago, Illinois	0005165	4068	AIMMC has not yet been surveyed by DNV JC accreditation is valid
Advocate South Suburban Hospital	17800 S. Kedzie Ave. Hazel Crest, IL	0004697	Not Applicable	127995-2012-AHC-USA-NIAHO
Advocate Sherman Hospital	1425 N. Randall Rd. Elgin, IL	0005884	7339	ASH has not yet been surveyed by DNV JC accreditation is valid
Advocate Trinity Hospital	2320 E. 93 <sup>rd</sup> St. Chicago, IL	0004176	Not Applicable	1120735-2012-AHC-USA-NIAHO

The license for Advocate Lutheran General Hospital is included as Attachment 11, Exhibit 1.

The most recent DNV accreditation certificate for Advocate Lutheran General Hospital is included as Attachment 11, Exhibit 2. Advocate Lutheran General Hospital participates in Medicaid and Medicare.

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.*

By the signatures on this application, Advocate Health and Hospitals Corporation and Advocate Health Care Network hereby attest that there have been no adverse actions for 3 years prior as evidenced by compliance with Medicare and Medicaid against any facility owned and/or operated by Advocate Health and Hospitals Corporation by any regulatory agency which would affect its ability to operate as a licensed entity during the three years prior to the filing of this application.

3. *Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.***

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

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

Not applicable.



**Illinois Department of  
PUBLIC HEALTH** HF107137

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

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

**LaMar Hasbrouck, MD, MPH**  
**Acting Director**

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2015	General Hospital	0004796
Effective: 01/01/2015		

**Lutheran General Hospital - Advocate**  
1775 Dempster Street  
Park Ridge, IL 60068

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12

← DISPLAY THIS PART IN A  
CONSPICUOUS PLACE

Exp. Date 12/31/2015  
Lic Number 0004796  
Date Printed 11/25/2014

Lutheran General Hospital - Advocate  
1775 Dempster Street  
Park Ridge, IL 60068

FEE RECEIPT NO.

# CERTIFICATE OF ACCREDITATION

Certificate No.:  
178979-2015-AHC-USA-NIAHO

Initial date:  
5/31/2015

Valid until:  
5/31/2018

This is to certify that:

## Advocate Lutheran General Hospital

1775 Dempster, Park Ridge, IL 60068

has been found to comply with the requirements of the:

### NIAHO® Hospital Accreditation Program

Pursuant to the authority granted to DNV GL Healthcare USA, Inc. by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, this organization is deemed in compliance with the Medicare Conditions of Participation for Hospitals (42 C.F.R. §482).

This certificate is valid for a period of three (3) years from the Effective Date of Accreditation.

For the Accreditation Body:  
DNV GL - Healthcare  
Katy, TX



Patrick Horine  
Chief Executive Officer



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

DNV GL - Healthcare, 400 Tech Center Drive, Suite 300, Milford OH, 45150. Tel: 513-947-3342

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

**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 Board 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.**

The Advocate Heart Institute at Advocate Lutheran General Hospital

The Advocate Heart Institute at Advocate Lutheran General Hospital is part of an Advocate-wide collaborative approach to research based, leading edge treatment and best practices in heart medicine. As one of Illinois' most comprehensive heart programs, the Institute and its staff of physicians, nurses, and other health care professionals are dedicated to meeting the unique health care needs of each patient with expertise, advanced technologies and compassionate care to deliver the most positive outcomes.

As part of this commitment to delivering the best heart care, Advocate Heart Institute at Advocate Lutheran General Hospital services include everything from screenings and detection to treatment and surgery, including heart transplantation. The Institute also treats vascular disorders that affect the blood vessels such as aneurysms, peripheral vascular disease and varicose vein. The Institute offers every heart-related diagnostic and therapeutic tool available.

The Institute is staffed by nationally recognized physicians committed to working together across Advocate Health Care for excellence and innovation in heart care. The Institute's 350 cardiovascular specialists perform more heart procedures each year than the Chicago university systems combined.

The Advocate Heart Institute at Advocate Lutheran General Hospital

The Advocate Heart Institute at ALGH, as part of The Advocate Heart Institute,

- Offers nationally recognized heart and vascular care, close to home for the residents of its northwest suburban Chicagoland service area;
- Has a team of cardiologists and surgeons who have provided the area with outstanding patient care and outcomes for generations; these outcomes are repeatedly identified by national experts as among the best in the nation;
- Provides high quality comprehensive care and the most advanced treatments known to medicine; and
- Provides university level care in a community setting that is laser-focused on the patient experience and delivering outstanding service.

The Cardiac Catheterization Suite at Advocate Lutheran General Hospital

The Cardiac Catheterization Suite is an integral part of Advocate Heart Institute at Advocate Lutheran General Hospital.

Despite aging facilities and equipment, the Cardiac Catheterization Suite is nationally recognized for its high quality outcomes. The relocation of the Cardiac Catheterization Suite is the subject of this Certificate of Need application.

In 2014, more than 2,000 adult and pediatric procedures were provided in the Hospital's cardiac catheterization labs; these included diagnostic and interventional cardiac catheterizations (cardiac cath) as well as electrophysiology (EP) procedures. These procedures as well as complex transesophageal echocardiograms (TEEs), tilt table exams, cardioversion and loop monitor procedures will be performed in the proposed relocated Suite. See also Attachment 25.

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

The purpose of the proposed Project is to address Advocate Lutheran General Hospital's (ALGH, Hospital) inability to fulfill the requirement of Section 1100.360 of The Illinois Health Facilities Planning Act that "The people of Illinois should have facilities which are modern in accord with recognized standards of design, construction, operation and which represent the most cost efficient alternative for the provision of quality of care."

The current Project involves relocating the Hospital's Cardiac Catheterization Suite from its current obsolete and inefficient space to accessible new space designed with adequate square footage to sustain efficient work flow, to accommodate advanced equipment and to enhance patient outcomes and safety as well as the patient experience.

The Project is critical to continuing to improve clinical outcomes and quality of service to patients. The proposed new location will improve access and way finding to the Suite and enhance coordination of care among all elements of the Advocate Heart Institute at ALGH. It will improve door-to-balloon times due to increased operational efficiency and a more accessible location, and it will decrease radiation dose to patients, staff and physicians consistent with the most recent radiation standards. Finally, the improved area and advanced technology in the new Suite will attract needed cardiologists to the area, thereby improving access to the community.

The better access to the facility and to physicians, increased coordination of care, as well as enhanced patient outcomes, patient safety and patient experience achieved by the Project will improve health care and the well-being of the population served by Advocate Lutheran General Hospital.

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

Advocate Lutheran General Hospital defines both primary and secondary service areas. It also quantifies the large numbers of patients from "Other Illinois" and "All Other."

ALGH Patient Origin, PSA, SSA, Other Illinois, All Other

Attachment 12, Table 1

Service Area	Inpatients		Cardiac Catheterization Patients	
	Number	Percent	Number	Percent
Primary Service Area (PSA)	18,407	64.2	1,103	66.3
Secondary Service Area (SSA)	2,364	8.3	109	6.6
Other Illinois	7,489	26.1	428	25.7
All Other	392	1.4	23	1.4
Total	28,652	100.0	1,663	100.0

<sup>1</sup> Cath and EP patients may have more than one procedure. In 2014, ALGH reported 2,143 procedures.

The patient origin for ALGH's inpatients and for cardiac catheterization patients is very similar, with both demonstrating the regional referral role that ALGH serves in northeastern Illinois.

The map on Attachment 12, Exhibit 4 shows the broad geographic reach of the primary and secondary service areas of Advocate Lutheran General Hospital.

Population Characteristics of ALGH's Service Area.

Current and projected population by age group and other demographic factors for the primary and secondary service areas of ALGH are shown on Attachment 12, Exhibits 1 and 2. As shown on the following summary table, Attachment 12, Exhibit 3, the population of the total service area is expected to remain stable. However the 55 to 64 age group is expected to experience a 6.6 percent increase and the 65+ population is expected to experience 16.8 percent growth.

These senior age cohorts will place the greatest future demand for the services to be offered in the relocated and modernized Cardiac Catheterization Suite.

Demographics Expert 2.7  
 2014 Demographic Snapshot  
 Area: Lutheran PSA 2013  
 Level of Geography: ZIP Code

DEMOGRAPHIC CHARACTERISTICS			
	Selected Area	USA	
2010 Total Population	1,056,367	308,745,538	
2014 Total Population	1,068,775	317,199,353	
2019 Total Population	1,082,480	328,309,464	
% Change 2014 - 2019	1.3%	3.5%	
Average Household Income	\$85,148	\$71,320	

	2014	2019	% Change
Total Male Population	520,127	527,856	1.5%
Total Female Population	548,648	554,624	1.1%
Females, Child Bearing Age (15-44)	193,582	191,661	-1.0%

POPULATION DISTRIBUTION				
Age Group	Age Distribution		USA	
	2014	% of Total	2019	% of Total
0-14	193,116	18.1%	190,269	17.6%
15-17	41,227	3.9%	41,739	3.9%
18-24	85,955	8.0%	90,532	8.4%
25-34	128,441	12.0%	119,550	11.0%
35-54	295,961	27.7%	284,379	26.3%
55-64	149,609	14.0%	155,842	14.4%
65+	174,466	16.3%	200,169	18.5%
<b>Total</b>	<b>1,068,775</b>	<b>100.0%</b>	<b>1,082,480</b>	<b>100.0%</b>

HOUSEHOLD INCOME DISTRIBUTION				
2014 Household Income	Income Distribution		USA	
	HH Count	% of Total	% of Total	% of Total
<\$15K	35,751	8.8%	8.8%	13.3%
\$15-25K	38,986	9.6%	9.6%	11.2%
\$25-50K	91,726	22.6%	22.6%	24.4%
\$50-75K	72,716	17.9%	17.9%	17.9%
\$75-100K	52,704	13.0%	13.0%	11.9%
Over \$100K	113,706	28.0%	28.0%	21.3%
<b>Total</b>	<b>405,589</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

EDUCATION LEVEL				
2014 Adult Education Level	Education Level Distribution		USA	
	Pop Age 25+	% of Total	% of Total	% of Total
Less than High School	42,079	5.6%	5.6%	6.0%
Some High School	43,165	5.8%	5.8%	8.2%
High School Degree	179,503	24.0%	24.0%	28.4%
Some College/Assoc. Degree	186,892	25.0%	25.0%	29.0%
Bachelor's Degree or Greater	296,838	39.7%	39.7%	28.4%
<b>Total</b>	<b>748,477</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

RACE/ETHNICITY				
Race/Ethnicity	Race/Ethnicity Distribution		USA	
	2014 Pop	% of Total	% of Total	% of Total
White Non-Hispanic	702,313	65.7%	65.7%	62.1%
Black Non-Hispanic	22,460	2.1%	2.1%	12.3%
Hispanic	207,975	19.5%	19.5%	17.6%
Asian & Pacific Is. Non-Hispanic	116,588	10.9%	10.9%	5.1%
All Others	19,439	1.8%	1.8%	3.0%
<b>Total</b>	<b>1,068,775</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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Demographics Expert 2.7  
 2014 Demographic Snapshot  
 Area: Lutheran SSA 2013  
 Level of Geography: ZIP Code

DEMOGRAPHIC CHARACTERISTICS		2014	2019	% Change
2010 Total Population	Selected Area	638,548	641,582	0.5%
2014 Total Population	USA	308,745,538	317,199,353	0.5%
2019 Total Population	Total Male Population	648,917	652,005	0.5%
% Change 2014 - 2019	Total Female Population	258,935	251,095	-3.0%
Average Household Income	Females, Child Bearing Age (15-44)	\$85,170	\$71,320	

HOUSEHOLD INCOME DISTRIBUTION

POPULATION DISTRIBUTION		Age Distribution		USA 2014	
Age Group	2014	% of Total	2019	% of Total	% of Total
0-14	270,148	21.0%	259,326	20.0%	19.3%
15-17	56,312	4.4%	56,108	4.3%	4.1%
18-24	114,511	8.9%	121,859	9.4%	10.0%
25-34	172,642	13.4%	158,378	12.2%	13.2%
35-54	373,896	29.0%	355,666	27.5%	26.6%
55-64	155,790	12.1%	169,865	13.1%	12.6%
65+	144,166	11.2%	172,395	13.3%	14.2%
<b>Total</b>	<b>1,287,465</b>	<b>100.0%</b>	<b>1,293,597</b>	<b>100.0%</b>	<b>100.0%</b>

HOUSEHOLD INCOME DISTRIBUTION		Income Distribution		USA	
2014 Household Income	HH Count	% of Total	2014 Household Income	% of Total	% of Total
<\$15K	39,188	8.6%	<\$15K	8.6%	13.3%
\$15-25K	43,380	9.5%	\$15-25K	9.5%	11.2%
\$25-50K	99,470	21.8%	\$25-50K	21.8%	24.4%
\$50-75K	84,533	18.5%	\$50-75K	18.5%	17.9%
\$75-100K	60,811	13.3%	\$75-100K	13.3%	11.9%
Over \$100K	129,872	28.4%	Over \$100K	28.4%	21.3%
<b>Total</b>	<b>457,254</b>	<b>100.0%</b>	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

EDUCATION LEVEL

EDUCATION LEVEL		Education Level Distribution		USA	
2014 Adult Education Level	Pop Age 25+	% of Total	2014 Adult Education Level	% of Total	% of Total
Less than High School	62,982	7.4%	Less than High School	7.4%	6.0%
Some High School	57,640	6.8%	Some High School	6.8%	8.2%
High School Degree	196,799	23.2%	High School Degree	23.2%	28.4%
Some College/Assoc. Degree	222,792	26.3%	Some College/Assoc. Degree	26.3%	29.0%
Bachelor's Degree or Greater	306,281	36.2%	Bachelor's Degree or Greater	36.2%	28.4%
<b>Total</b>	<b>846,494</b>	<b>100.0%</b>	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

RACE/ETHNICITY

RACE/ETHNICITY		Race/Ethnicity Distribution		USA	
Race/Ethnicity	2014 Pop	% of Total	Race/Ethnicity	% of Total	% of Total
White Non-Hispanic	735,642	57.1%	White Non-Hispanic	57.1%	62.1%
Black Non-Hispanic	62,168	4.8%	Black Non-Hispanic	4.8%	12.3%
Hispanic	347,964	27.0%	Hispanic	27.0%	17.6%
Asian & Pacific Is. Non-Hispanic	116,550	9.1%	Asian & Pacific Is. Non-Hispanic	9.1%	5.1%
All Others	25,141	2.0%	All Others	2.0%	3.0%
<b>Total</b>	<b>1,287,465</b>	<b>100.0%</b>	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

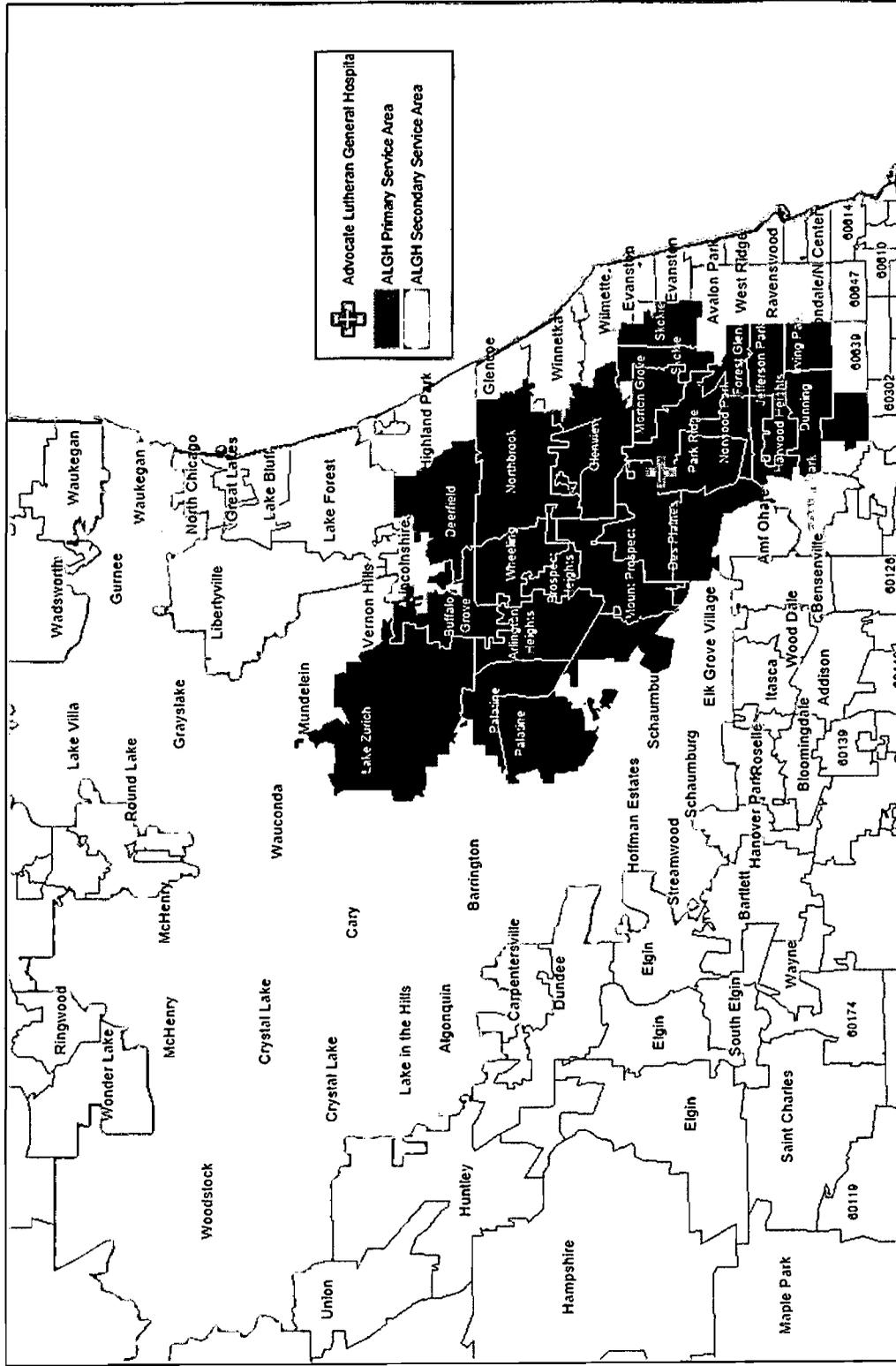
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Population Change by Age Cohort in Advocate Lutheran General Hospital Total Service Area			
	2014	2019	
Age Cohort	Total	Total	Percent Change
0 – 14	463,264	449,595	-3.0
15 – 17	99,559	97,847	+0.3
18 – 24	200,466	212,391	+6.2
25 – 34	301,083	277,928	-7.7
35 – 54	669,857	640,045	-4.5
55 – 64	305,399	325,707	+6.6
65+	<u>318,632</u>	<u>372,564</u>	+16.9
	<u>2,356,240</u>	<u>2,376,077</u>	+0.84

Source: 2014 Truven Health Analytics, Inc.

Advocate Lutheran General Hospital  
PSA and SSA

Advocate Lutheran General Hospital Service Area, 2014



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

The existing Cardiac Catheterization Suite at Advocate Lutheran General Hospital is located in an old building in space that has been expanded over the years as new catheterization (cardiac cath) and electrophysiology (EP) equipment has been acquired and as the utilization of the program has increased. Today, a multitude of problems and issues need to be addressed.

- The current facilities are located in a building that by current standards is old, fragmented, and provide a poor experience for patients, staff and physicians.
- Over the years as cardiac cath labs have been added or modified, the department has developed with three separate pods/procedure areas which are divided by a public corridor. As a result, staff and equipment are dispersed through a cumbersome floor plan isolating staff and equipment during critical procedures. This floor plan results in inefficient work flow.
- The space does not meet modern standards for cardiac cath and EP laboratories. For example, the space does not meet operating room airflow standards, the guideline currently recommended by the Illinois Department of Public Health. Further, it does not meet the newer lower radiation standards that increase safety for patients as well as those who work in the labs.
- Because the current cath labs are not in a sterile (operating room airflow) environment some procedures must be performed in the fifth lab or CRM (cardiac rhythm management) that does have a sterile environment.
- The number of Phase II recovery stations is insufficient and they do not provide privacy for the patients. There are no Phase I recovery stations.
- The four cardiac catheterization units have all exceeded their useful lives. Because of the age of the equipment, it is increasingly difficult to find replacement parts and the amount of equipment downtime is increasing. Current space constraints of the existing labs limit new equipment selection because newer equipment requires more space than older models. The EP unit is new.
- The cardiac catheterization space is in the basement of an old hospital building and is remote from other cardiac services that are part of the Advocate Heart Institute at ALGH. Further, patients arriving for cardiac catheterization services find have a difficult time finding to the area.
- The lack of cell phone reception and wireless access poses a challenge and safety concerns for physician communications.

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

The following are the key sources of information used in the preparation of this certificate of need application.

- Clinical, administrative and financial data from Advocate Health and Hospitals Corporation and Advocate Lutheran General Hospital
- Advocate Lutheran General Hospital's Strategic Master Facility Development Plan
- Illinois Department of Public Health Hospital Licensing Act
- Illinois and Park Ridge building, mechanical, electrical and accessibility codes
- Studies performed by external planners, architects, and engineers
- National and State of Illinois demographic reports
- Advocate Lutheran General Hospital's Annual Hospital Questionnaire, 2014
- Illinois Department of Public Health, *Hospital Profiles, 2011-2013*.
- Health Facilities and Services Review Board rules
- Health Facilities and Services Review Board standards and guidelines, and
- Health care literature related to trends in cardiac catheterization, electrophysiology and other heart services that will be located in the proposed Cardiac Catheterization Suite.

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

As noted in the response to 3 above, Advocate Lutheran General Hospital's current Cardiac Catheterization Suite is faced with very serious problems and issues. The proposed Project will address these problems and issues in the following ways.

- Because the Cardiac Catheterization Suite will be relocating to new construction, the functions in the existing Suite will remain operational and will not be burdened with issues of safety, extended construction time, and additional cost that would have been experienced if a phased alternative had been necessitated.
- The relocated Suite will be in less departmental gross square footage than the existing department because it is designed so that all elements of the Suite will be located in contiguous space that will provide for efficient work flow and a remarkable experience for patients, staff, and physicians.

- The new, relocated space is designed to meet all current environmental and safety standards.
- The entire department will meet operating room airflow standards. This will allow the number of laboratories in the Suite to be reduced from five to four by eliminating the CRM and will enhance the flexibility of scheduling.
- The area will have 4 Phase I recovery stations to comply with code and 14 Phase II recovery stations or 2 more than the minimum required by code. The additional Phase II stations will accommodate the faster turnover of the cardiac cath units and allow for the provision of tilt table, cardioversion, and loop monitor procedures.
- The catheterization laboratories will be sized to accept high tech advanced cardiac cath equipment.
- The 4 cardiac cath units have exceeded their useful lives. Three of these units will be replaced with advanced new equipment and the recently purchased EP equipment will be relocated to the new space. This new equipment will provide improved service and will result in less maintenance cost and downtime. The remaining old cath unit will be used for training purposes in a future Simulation Lab. The others most likely will be used as trade-ins on the new units.
- The proposed location of the new lab will improve coordination and continuity of care among the other services in the Advocate Heart Institute at ALGH.
- Way finding to the new area will be easier for patients.
- Communication within the unit will be enhanced.
- The proposed space will attract needed cardiologists to ALGH and improve access to the community.

The health and well-being of the population served by Advocate Lutheran General Hospital will be improved by the proposed Project because the more efficient operations and flexibility of the area, the advanced equipment, and the implementation of advanced safety and operating room airflow flow and radiation standards.

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

The fundamental goal of Advocate Lutheran General Hospital is to create the Advocate Heart Institute at ALGH in a singular location on the ground floor of the hospital to yield best outcomes and patient experience in north Chicagoland. The current Project is the first phase of developing the Advocate Heart Institute at ALGH in a single location. The following objectives are related to this goal:

Objective 1

To maintain the operation of all cath labs during the construction period to eliminate downtime. This will be achieved at project completion in November 2016.

Objective 2

To improve access, safety, and clinical outcomes for patients treated in the Cardiac Catheterization Suite. This will be accomplished at project completion in November 2016.

Objective 3

To improve continuity of care, work flow and operational efficiency in the relocated Cardiac Catheterization Suite. This will be achieved at project completion in November 2016.

Objective 4

To provide state-of-the-art cardiac cath and EP equipment for The Heart Center patients. This will be accomplished in November 2016.

Objective 5

To continue to improve door-to-balloon times for STEMI patients. This will be accomplished by project completion in November 2016.

Objective 6

To attract needed cardiologists to the ALGH medical staff and thereby enhance access to the Advocate Heart Institute at ALGH. This is an ongoing objective.



**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.**

The Advocate Heart Institute at Advocate Lutheran General Hospital (ALGH, Hospital) is a nationally recognized leader in heart care. From prevention to diagnosis, to intervention or surgery, to rehab and beyond, university level care is provided in a community setting. Among the key elements of the Advocate Heart Institute at ALGH is the Cardiac Catheterization Suite currently including 4 cardiac catheterization (cardiac cath) units, 1 electrophysiology (EP) unit, and 8 Phase II recovery stations. In 2014, the labs reported 2,143 pediatric and adult procedures, including diagnostic caths, interventional caths and EP procedures. Several cardiac diagnostic tests including tilt table, cardioversion and loop recorder procedures are performed in the Suite.

The Cardiac Catheterization Suite is located in the basement of the oldest part of the hospital and has been developed over several years in response to increasing volume and advancements in technology; it is now located in three unconnected pods and divided by a public corridor. Consequently, workflow in the department has become disjointed and unproductive. The space constraints limit selection of advanced equipment that requires large rooms.

ALGH, as part the ongoing implementation of its Strategic Facility Master Plan, has identified as the next priority the relocation of the Cardiac Catheterization Suite to a space that will resolve the limitations of the current facility and enhance patient safety, as well as positive outcomes, and operational efficiency. This will be Phase 1 of the total Advocate Heart Center at ALGH redevelopment and consolidation.

The Hospital staff and its architect and construction manager developed the three major alternatives which are described below as Alternatives 3, 4, and 5. Alternatives 1 and 2 are prescribed by the rules.

*1. and 2. Alternative Options and Documentation*

**Alternative 1 – Pursue a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes.**

ALGH rejected joint venturing for two reasons.

- First, it is inconsistent with the purpose of this Project.
- Second, it was rejected because the proposed facilities will be operated as part of the premises licensed under The Illinois Hospital Licensing Act; consequently a joint venture would necessarily involve a joint venture with the entire Hospital; this is not a feasible option.

Since this alternative was not feasible, no project cost was calculated.

**Alternative 2 – Utilize other health care resources that are available to serve all or a portion of the population proposed to be served by the project.**

Alternative 2 was also rejected for several reasons.

- Other local hospitals have neither the Level I Trauma capability nor the same advanced cardiac diagnostic and treatment capabilities that are available at ALGH. At the Hospital, highly trained staff and technology are always ready to accept cardiac cath and EP patients. Hence other facilities are not viable alternatives.
- In those infrequent instances when a patient's physical condition might permit transfer, that transfer is undesirable because referral to another facility would separate him from his primary care and specialist physicians, disrupt continuity of care, and introduce the risk of error during transition from one facility to another.

- ALGH supports large graduate medical and nursing education programs. The continuation of these programs depends on having patients with certain cardiac-related conditions to meet the educational requirements of their respective specialties. If future patients were to be referred to other facilities, these needed educational programs at the Hospital would be compromised.
- The Advocate Heart Institute at ALGH is involved in research including the following studies:
  - Seillo Lead Implant Study, and
  - Biotronic and Volcano IFR Calculation Study.

The Hospital's patients could not be part of these studies if they were referred to other facilities.

Because this alternative was not feasible, no cost was developed

**Alternative 3 – Expand the Cardiac Catheterization Suite to the old receiving dock in renovated space and new construction.**

This alternative was rejected for the following reasons.

- This option required building supporting walls to add the new construction to the dock space that would be remodeled, thereby adding a cost premium that could be avoided with the option of choice.
- Alternative 3 was also dismissed due to its high phasing costs.
- Available space resulted in a less than ideal departmental lay out and a poor patient experience due to the crowded nature of the layout.
- This option would compromise surgical clinical operations because its proximity to the operating room would disrupt surgical cases during construction and would inhibit future operating room expansion.

The estimated project cost of this alternative was \$16.0 million.

**Alternative 4 – Build a new addition to the east having four catheterization labs and the associated support spaces.**

This alternative was also rejected for the following reasons.

- Although this alternative had the potential to provide the needed amount of square footage determined in the space plan, the space would be in a free-standing building connected to the rest of the hospital. Because this would be a separate building, the construction costs would be higher.
- Construction costs for this alternative also would be higher than the alternative of choice because it would take longer to construct and be more disruptive due to campus phasing of other projects.
- Additional costs would be necessary to implement this alternative since it would require the relocation of parking and fire exits as well as some major underground utilities.
- The additional percentage of ground coverage on the current site as a result of this alternation would also require additional retention ponds, further increasing the cost.

This option would decrease the efficiency of patient safety and patient and work flow due to the increased distance from the Emergency Department and main entrance.

The estimated project cost for Alternative 4 is \$16.8 million.

**Alternative 5 – Relocate ALGH's Cardiac Catheterization Suite to the existing crawl space beneath the Emergency Department**

Alternative 5 is the alternative of choice for the following reasons.

- In this crawlspace, the proposed relocated Cardiac Catheterization Suite can be designed to address the physical and operational needs of a contemporary cardiac cath service.
- This alternative does not have to be phased and allows the Cardiac Catheterization Suite (including the cath labs, recovery, reception and waiting, conference rooms and offices) to be relocated without interrupting the operations of the current department. Consequently construction time is shorter and precautions required in an occupied area will not be necessary – thereby reducing the cost of construction.

- This location is closer to the Trauma Center/Emergency Department and main entrance than other options considered and is at the same level as other Advocate Heart Institute at ALGH functions such as non-invasive testing and the clinics.
- This location will enhance patient way finding.
- This location will reduce door-to-balloon time because of its vertical proximity to the Trauma Center/Emergency Department.
- The proposed square footage does not limit equipment selection.
- The proposed space will enhance the educational programs by having a viewing gallery and other support spaces for students and will also support research projects.
- The proposed Cardiac Catheterization Suite will have space for 4 Phase I recovery stations and 14 Phase II recovery stations; these stations will be designed for patient privacy and improved patient experience.
- Alternative 5 will ensure a safe, sterile environment for patients.
- The alternative of choice will be located in a clean crawlspace under the newly constructed Trauma Center/Emergency Department project, resulting in ease of construction and having major infrastructure connections already in place.

The estimated project cost for Alternative 5 is \$18,840,927.

Alternatives – Summary Table

Alternative	Estimated Total Project Cost	Rationale
Alternative 1 – Utilize other healthcare resources that are available	Not calculated	<p>This alternative suggested in the rules was rejected for the following reasons:</p> <ul style="list-style-type: none"> <li>• It is inconsistent with the purpose of the Project.</li> <li>• The proposed facilities will be operated as part of the premises licensed under The Illinois Hospital Licensing Act; consequently a joint venture would involve the entire Hospital; this is not a feasible option.</li> </ul>
Alternative 2 – Utilize other available health resources for a portion of the population to be served	Not calculated	<p>This alternative suggested in the rules was rejected for the following reasons:</p> <ul style="list-style-type: none"> <li>• Other local health care resources do not have the same advanced cardiac capabilities that are available at ALGH.</li> <li>• Referral or transfer to another facility would separate the patient from his physicians, disrupt continuity of care, and risk error in transition from one facility to another.</li> <li>• If patients were to be transferred to other facilities, the needed graduate medical and nursing education programs at ALGH would be compromised.</li> <li>• The patients of the Advocate Heart Institute at ALGH could not be part of the Institute's research studies.</li> </ul>
Alternative 3 – Expand the Cardiac Catheterization Suite to the old receiving dock	\$16 million	<p>Alternative 3 was rejected for the following reasons:</p> <ul style="list-style-type: none"> <li>• Premium costs required for supporting walls.</li> <li>• Premium costs due to required phasing.</li> <li>• Resulted in less than ideal departmental layout uncondusive to a desired patient experience.</li> <li>• This alternative would compromise surgical clinical operations by disrupting surgical cases during construction and inhibiting future operating room expansion.</li> </ul>

Alternative	Estimated Total Project Cost	Rationale
Alternative 4— Build a new addition to the east having four cath labs and associated support spaces	\$16.8 million	<p>This alternative was rejected for the following reasons:</p> <ul style="list-style-type: none"> <li>• This alternative required that a free standing building be constructed resulting in higher construction costs.</li> <li>• Required phasing would disrupt the campus and add cost to the project.</li> <li>• Relocation of parking and fire exists as well as some underground utilities would also add unnecessary cost to the project.</li> <li>• This option would decrease the efficiency of patient safety and patient flow due to the increased distance from the Emergency Department and the main entrance.</li> </ul>
Alternative 5 – Relocate the Cardiac Catheterization Suite to existing crawl space beneath the Emergency Department	\$18.8 million	<p>Alternative 5 is the Alternative of Choice for the following reasons:</p> <ul style="list-style-type: none"> <li>• This alternative can be designed to meet the physical and operational needs of a contemporary cardiac cath/EP service.</li> <li>• No phasing is required by this alternative; hence there will be no disruption of operations and cost of construction will be reduced.</li> <li>• The Project is designed for patient privacy and improved patient experience.</li> <li>• The location is closer to the main entrance and other Advocate Heart Institute functions.</li> <li>• The location will enhance patient way finding.</li> <li>• Door-to-balloon times will be reduced because of its vertical proximity to the Emergency Department.</li> <li>• The proposed space will have space for 4 contemporary sized cardiac cath labs and a relocated EP lab as well as Phase I and Phase II recovery stations required by code</li> <li>• The proposed space will enhance research and the educational program by having a viewing gallery and other support spaces for students.</li> <li>• A safe and sterile environment will be possible with this alternative.</li> <li>• This alternative will be located in clean crawlspace, resulting in ease of construction and major infrastructure connections already in place.</li> </ul>

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

Advocate Lutheran General Hospital (ALGH, Hospital) is committed to providing patients with the best possible place to heal. ALGH's success in achieving safe, high quality outcomes as well as exceptional customer service has been widely recognized. As a teaching hospital, Advocate Lutheran General Hospital's goal is to be on the leading edge of research and technology.

Below are a few of the most recent quality awards that ALGH has received.

#### 2014 Truven Health 100 Top Hospitals

ALGH was selected from more than 1,000 hospitals as providing outstanding care and setting new standards in excellence for the health care industry. This is the 16th time the Hospital has been selected for this award, more than any other hospital in the country.

#### Society of Thoracic Surgeons Award

The Hospital achieved three-star status (the highest) for its cardiovascular program. Fewer than 15 percent of programs nationally achieve this quality level.

#### Gold Award for Mission LifeLine 2014 Action Registry®GWTG™

This award recognizes success in implementing the highest standard of care for heart attack patients.

#### 2013 and 2014 MIDAS+ Platinum Quality Awards

Each year, Midas+ Solutions recognizes excellence in clinical healthcare through its Platinum Quality award, presented at the annual Midas+ User Symposium in Tucson, Arizona. This award reflects achievement in quality outcomes, care efficiency, and consistent delivery of evidence-based best practices in healthcare delivery.

#### Selected for the Blue Distinction Centers for Cardiac Care

Healthcare facilities recognized for their expertise in delivering specialty care by Blue Cross/Blue Shield.

#### Recipient of the 2014 Gold Performance Achievement Award for ACTION GWTG Data Registry

In order to achieve safe, high quality outcomes, ALGH has a comprehensive organizational structure to promote high reliability of evidence-based care, continual improvement and a sustained patient focus to ensure that patients receive the best possible care.

## Goal To Reduce Median Door-to-Balloon Time

Door-to-balloon (D2B) time is an important time measurement in emergency cardiac care, specifically in the treatment of ST segment elevation myocardial infarctions (STEMI), the deadliest form of heart attack. Thirty percent of STEMI patients fail to receive the preferred intervention or percutaneous coronary intervention (PCI) or a non-surgical method used to open narrowed arteries that supply heart muscle with blood. This intervention is performed in a cardiac cath lab by inserting a catheter through the skin of the groin or arm into an artery. At the leading tip of this catheter several different devices, such as a balloon, stent, or cutting device, can be deployed. The catheter and its devices are threaded through the inside of the artery into the area of narrowing or blockage. Of those who do receive a PCI intervention, only 40 percent are treated with the first medical contact to device timeframe of the 90 minutes recommended by the American Heart Association.

One of performance improvement initiatives at ALGH is to reduce D2B time to the 50th percentile with a stretch goal of meeting the 90th percentile. At the time this quality improvement project was initiated, D2B time at ALGH was 66 minutes.

### D2B Action Plan

The following is a brief summary of root causes/contributing factors to the longer than target D2B times and the tactics implemented to reduce the times.

#### Factors Contributing to D2B Times and Tactics Implemented to Resolve

Factors Contributing to D2B Times	Tactics Implemented to Resolve
Appropriate language was not being incorporated to document a delay to PCI. Thus cases greater than 90 minutes were inappropriately included in the D2B time calculations.	Improved documentation by interventionist regarding delays to PCI with early reviews of STEMI cases.
ECGs not always performed within 10 minutes of arrival for walk-in patients.	Emergency Department staff trained by the Heart Station to perform ECG's in the event an ECG tech is not available.
Patients were not being prepped for cath procedures while awaiting cath lab staff to arrive – especially during off hours.	Cath lab staff in-serviced Emergency Department staff to the proper "set up" for a patient going for a cath procedure
No process in place to contact an interventionist and cath lab staff simultaneously for a STEMI presenting in the Emergency Department D during "off" hours.	Emergency Department physicians to call CATH LAB ALERT while patient is still in the field.

Factors Contributing to D2B Times	Tactics Implemented to Resolve
No place close to the hospital for cath lab staff to park when being called in "off" hours thus resulting in staff parking in spaces as much as 10 minutes away from the lab.	Security Department designated parking spaces outside the Emergency Department to be used by cath lab staff when they are called in during "off" hours only.
ED physicians were waiting until EMS arrived with a STEMI patient and doing another ECG before calling the Cath Lab Alert.	A process called CATH LAB ALERT was introduced that involved the Emergency Department staff contacting the Operator who in turn sends out simultaneous pages to the interventionist and cath lab on call staff as well as calling an overhead page.

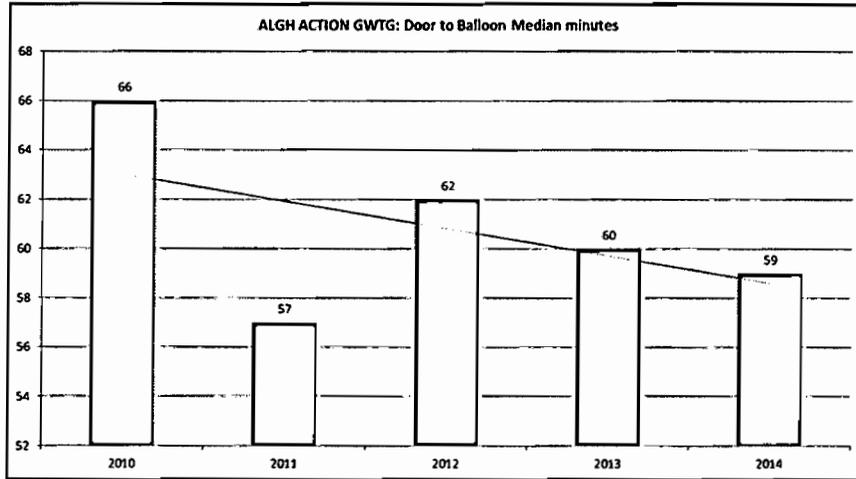
As the result of implementing these tactics, D2B median times were reduced from 66 minutes in 2010 to 59 minutes in 2014. (See Attachment 13, Exhibit 1).

Similarly, the percentage of door to first ECG time was increased from 39 percent in 2010 to 67 percent in 2015. (See Attachment 13, Exhibit 2).

Monthly meetings are held with the Emergency Department and Cardiac Catheterization Suite staffs as well as the data abstractors to review data and continuously investigate improvement innovations.

The improvements in door-to-balloon time median minutes and the percentage of door to first ECG time are quantified data that verify that improved quality of care is available in the catheterization lab at Advocate Lutheran General Hospital.

## Study: ACTION GWTG REGISTRY

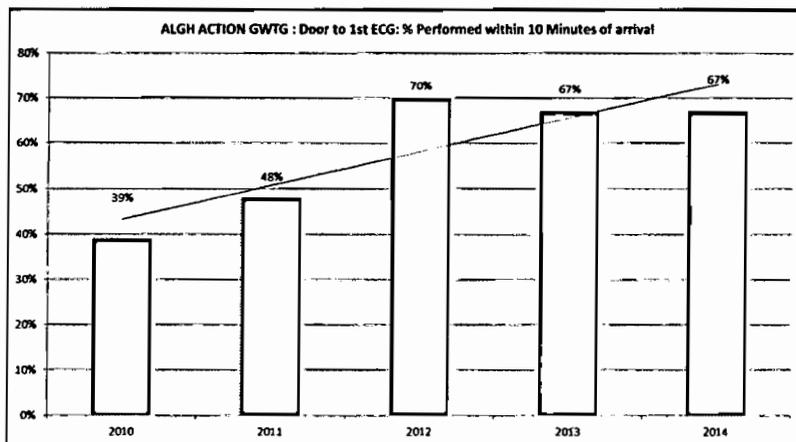


This material has been used in the course of internal quality improvement pursuant to the Medical Studies Act, 733 ILCS 5/9-2105

Advocate  
Lutheran General Hospital  
Inspiring medicine. Changing lives.

Improved Door to First ECG Time

## Study: ACTION GWTG REGISTRY



This material has been used in the course of internal quality improvement pursuant to the Medical Studies Act, 733 ILCS 5/9-2105

Advocate  
Lutheran General Hospital  
Inspiring medicine. Changing lives.

**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.

**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.***

The amount of clinical square footage programmed for the proposed Cardiac Catheterization Suite at Advocate Lutheran General Hospital is necessary and conservative compared to the State Standards in Appendix 1110.B. There are no areas in the Project that exceed the State Standards in Appendix 1110.B. All clinical space will be in new construction.

Attachment 14, Table 1  
Comparison of Proposed Square Footage to State Agency Standards

	Size of the Project				
	Key Rooms	DGSF	DGSF/Key Room	State Agency Standard/Key Room	Met Standard?
Cardiac Cath Labs	4	6,864	1,716	1,800	Yes
Phase I Recovery	4	719	180	180	Yes
Phase II Recovery	14	4,470	320	400	Yes

As shown on Attachment 9, the existing cardiac cath labs have 21.2 percent more square footage than the proposed labs, or 8,322 existing vs. 6,864 proposed. Diagrams of the existing and proposed areas are appended as Attachment 14, Exhibits 1 and 2. As shown on these diagrams, the existing space is located in three pods with a public corridor dividing the area; this design is inefficient and results in poor work flow. The proposed space is contiguous and functional resulting in efficient work flow.

The Cardiac Catheterization Suite will have four cardiac cath labs – two for diagnostic and interventional cardiac caths, one for cardiac caths and electrophysiology (EP) procedures, and the fourth will be dedicated to EP procedures. Complex transesophageal echocardiograms (TEEs) will also be performed in the cardiac cath labs.

There will be 4 Phase I recovery stations; code requires one Phase I recovery station for each cardiac cath lab.

There will also be 14 Phase II recovery stations. The number of rooms was determined to satisfy two needs. First, this number is needed to accommodate the greater throughput of the advanced catheterization equipment that will be installed as part of this Project. Second, the Phase II recovery stations will also be used to perform tilt table exams, cardioversion procedures, and loop recorder procedures.

The proposed relocation of the Cardiac Catheterization Suite includes 12,053 DGFS of clinical space. The clinical space has been allocated according the following table.

Attachment 14, Table 2  
Allocation of Clinical Square Footage

Category of Space	New Construction	Remodeled	As Is	Total	Vacated Space
Cardiac Cath Labs	6,864	0	0	6,684	8,322
Phase I Recovery Stations	719	0	0	719	425
Phase II Recovery Stations	4,470	0	0	4,470	2,013
Total	12,053	0	0	12,053	10,760

Source: Attachment 9

## Non Clinical Space

The proposed relocation includes 12,570 square feet of non-clinical space. This non-clinical space has been allocated according to the following table.

Attachment 14, Table 3  
Allocation of Non-Clinical Square Footage

Category of Space	New Construction	Remodeled	As Is	Total	Vacated Space
Administration/Education	1,077	0	4,324	5,401	0
Public Spaces	1,552	0	0	1,552	577
Education	685	0	0	685	0
Mechanical	1,668	0	0	1,668	0
Roof Top AHU	980	0	0	980	0
Building Components	59	1,658	567	2,284	0
Total Non Clinical	6,021	1,658	4,891	12,570	577

Source: Attachment 9

Administrative space in the Project includes offices, a conference / break room, an education gallery for medical and nursing students and storage alcoves. A substantial amount of existing administrative/education space will remain "as is."

Public Spaces include in the project touchdown, and consultant offices, as well as patient and family education.

The building components in this Project include mechanical, electrical and plumbing spaces, stairwells and a roof air handling unit.

### Vacated Space

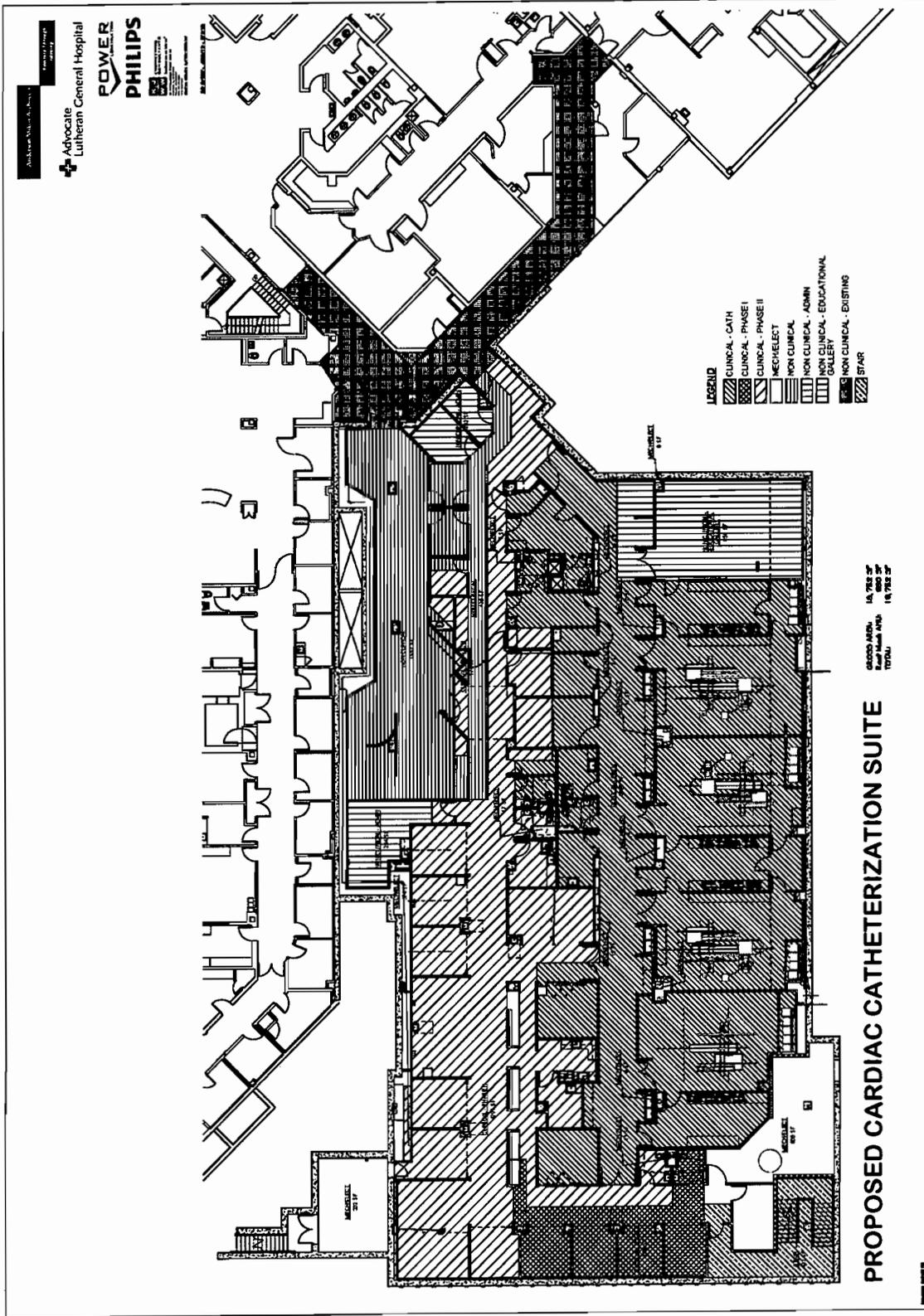
As shown on Attachment 9, there will be 10,760 DGSF of clinical space and 577 DGSF of non clinical space vacated when the Cardiac Catheterization Suite is relocated. Future plans for this space include the development of a Simulation Laboratory which is a hands-on learning environment where medical and nursing students apply theoretical knowledge to a simulated yet dynamic medical facility setting. In the Simulation Lab, students practice essential skills on computer operated yet life-like mannequins that simulate everything from mild symptoms to complex health problems to specialized scenarios that occur with real-life patients. This type of experiential and active learning mimics the reality in the hospital or clinic setting while providing a risk-free learning environment for students to demonstrate critical thinking and judgment skills without fear of harming a patient.

2. *If the gross square footage exceeds the BGSF or the DGSF standards in Appendix B, justify the discrepancy by documenting one of the following.*

- a. The 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 in Appendix B*
- c. The project involves the conversion of existing space that results in excess square footage.*

NA None of the clinical areas in this Project exceed the State Standard in Appendix B.





**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.

Projected utilization of the cardiac catheterization (cardiac cath) and electrophysiology (EP) units in the proposed Project is based on current utilization, growth and aging of the population, redistribution of cases by type and the introduction of new procedures possible because advanced cardiac cath units will replace those that have exceeded their useful life.

Phase I recovery volume is based on IDPH code requirements volume of high risk cardiac cath and EP patients as well as TEE patients.

Phase II recovery volume is based on prep and recovery of most cardiac cath, EP, and TEE patients, and low volume tilt table, cardioversion, and loop monitor procedures.

The projection methodologies are included in Attachments 25 and 34.

Projected Services Utilization							
Department/Service	Historical Utilization		Projected Utilization 2018	Units per Room	State Standard	Number Requested	Met Standard?
	2013	2014					
Cardiac Catheterization	2,128	2,140	2,392	598	400 procedures per room	4	Yes
Phase I Recovery <sup>i</sup>	0	0	456	114	NA	4	NA
Phase II Recovery	2,772	3,301	4,569	326	NA	14	NA

<sup>i</sup> Currently there are no Phase I recovery stations supporting the cardiac catheterization labs. Cardiac cath and EP patients requiring Phase I recovery are taken to surgery Phase I recovery.

## **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.**

**1. Criterion 1110.1330(a), Peer Review**

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

Cardiovascular Peer Review Program at Advocate Lutheran General Hospital (ALGH, Hospital) has its own quality review process. The cardiac cath lab also participates in the American College of Cardiology (ACC) Registries which allow comparison to national benchmarks. This data is reviewed monthly in the catheterization lab quality review meetings. In addition, these meetings review all case complications, volumes, and any operational issues.

The purpose of the Hospital's Medical Staff Peer Review process is to provide structure and ensure that peer review is accomplished in a consistent manner. The intent is to improve the quality of care provided as well as provide for the best patient outcomes. Cases for review are identified or referred to ALGH's Clinical Excellence Department. Cases are identified based on criteria approved by the medical staff:

- Focused Professional Practice Evaluation(FPPE)
- Ongoing Professional Practice Evaluation(OPPE)
- Medical staff department quality plans
- Quality issues submitted by Patient Safety Event Report, and
- Patient/family complaints deemed by Risk Management, Clinical Excellence, the Vice President of Medical Management (VPMM), and/or the Executive Team to need a clinical case review.

Cases for review are entered into a secured safety and quality database for tracking and documentation by the Clinical Excellence Department. The Advocate Peer Review Worksheet is generated by the Clinical Excellence Department and forwarded to the Department of Quality Control (QC) of the appropriate medical department, or his/her designee, to perform the initial case review. The Department of QC, Department Chair, or VPMM refer cases for outside peer review when there is not sufficient expertise within the Hospital to conduct the peer review, or insufficient numbers of non-conflicted specialists to do an internal review, or if other circumstances exist such that the assistance of an external reviewer would be advantageous to the process.

For each case reviewed, a determination is made as to Opportunity for Improvement (OFI) or No Opportunity for Improvement (NOFI). When an OFI is identified, it is categorized into one or more of the general competency areas. All OFI's will have recommendations for one or more of the following interventions:

- Trend: information entered into the Safety and Quality Database to enable identification of any untoward tendencies.
- Education required: formal or informal training required. Documentation of the attendance of the education is kept at the medical department level and in the affected practitioner's file.
- Counseling: formalized guidance provided to the practitioner with documentation entered into the appropriate practitioner's file.
- Supervision: oversight of practice. The specific oversight required is outlined and discussed with the practitioner and documented in the file.
- Focused Professional Practice Evaluation: organized time limited process to provide evidence that a practitioner is competent to provide safe, quality care.

Any suspected system failures contributing to the case under review are forwarded immediately to Risk Management, Clinical Excellence Department and/or the VPMM. The medical department chair and Medical Executive Committee are responsible for ensuring that all interventions recommended are completed and report the event and the satisfactory completion of recommendations to the Governing Council Quality Committee. Any case rated as an OFI is considered by the medical department chair during the practitioner reappointment process. An annual report of each Medical Staff Department Peer Review activities is given at the Multi-specialty Peer Review Committee. The report includes a summary of all peer review and quality activities as logged by the Clinical Excellence Department in the safety and quality database.

**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.*

A map of the hospitals providing cardiac catheterization services within Health Service Area 7 is included as Attachment 25, Exhibit 1.

- b. *The number of cardiac catheterizations performed for the last 12 months at each of the hospitals shown on the map.*

Advocate Lutheran General Hospital has an established cardiac catheterization service and exceeds the State's cardiac catheterization utilization standards. The Hospital reported 2,128 cardiac catheterization procedures in 2013 and 2,143 procedures in 2014. This volume supports the need for more than 5 cardiac cath and/or EP units. The Hospital is requesting a total of only 4 units.

Attachment 25, Table 1 shows the number of cardiac catheterizations reported in *Hospital Profiles, 2013*, the most recent year for which utilization data for Planning Area 7 hospitals is available. This Project will not increase the number of cardiac cath/EP labs at the Hospital; rather the Project will reduce the number of catheterization labs from 5 to 4.

Attachment 25, Table 1	
Cardiac Catheterization Procedures by Provider in HPA-7	
Cardiac Catheterization Provider	Total Procedures
Adventist Glen Oaks Medical	448
Adventist Hinsdale Hospital	1,419
Adventist LaGrange Memorial Hospital	929
Advocate Christ Medical Center	5,397
Advocate Good Samaritan Hospital	2,128
Advocate Lutheran General Hospital	2,128
Advocate South Suburban Hospital	804
Alexian Brothers Medical Center	2,709
Central DuPage Hospital	2,367

Attachment 25, Table 1	
Cardiac Catheterization Procedures by Provider in HPA-7	
Cardiac Catheterization Provider	Total Procedures
Edward Hospital	4,059
Elmhurst Memorial Hospital	2,528
Evanston Hospital	2,073
Franciscan St. James, Olympia Fields	1,756
Glenbrook Hospital	573
Gottlieb Memorial Hospital	880
Ingalls Memorial Hospital	1,312
Little Company of Mary	824
Loyola University Medical Center	4,550
Metro South Medical Center	2,098
Palos Community	2,043
Presence St. Francis	1,056
Rush Oak Park Hospital	240
Skokie Hospital	1,226
St. Alexis Medical Center	1,499
VHS MacNeal Memorial Hospital	1,552
VHS West Suburban Medical Center	737
VHS Westlake Hospital	577

Source: *Hospital Profiles, 2013*

- 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.*

Advocate Lutheran General Hospital is A STEMI Resource Hospital and did not transfer patients to other facilities for cardiac catheterization in any of the last three years. The Hospital, however, receives patients from other hospitals because of its advanced cardiac cath and EP competencies.



**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.*

NA Advocate Lutheran General Hospital has an existing cardiac catheterization lab; it is relocating the lab within the Hospital, it is not establishing a new service. The relocation will not reduce the volume of any existing facility in HSA 7 below 200 catheterizations.

- b. *Copies of the responses received from the facilities to which the letter was sent.*

NA Advocate applicant is not proposing the establishment of cardiac catheterization services.

**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.*

In both 2013 and 2014, ALGH's cardiac catheterization labs performed more than 2,000 adult and pediatric procedures in the 5 existing cardiac catheterization labs. The applicants have documented that the State's minimum utilization standards have been exceeded. However, two conditions deserve consideration.

First, ALGH is proposing to reduce the number of cardiac cath/EP labs in the Cardiac Catheterization Suite from 5 to 4. This is possible for 2 reasons. First, faster patient throughput will be possible with the new high tech equipment that is to be installed and the Hospital no longer needs the fifth lab with air flow that meets operating room standards since in the relocated unit, all cath rooms will meet operating room airflow standards. Consequently, the CRM (cardiac rhythm management) cardiac cath lab will be eliminated.

Second, the Hospital assumed modest growth between 2014 and 2018, 2 years after project completion. This growth is attributable to two factors. The first is population growth and especially growth of the senior age groups, the primary users of the cardiac catheterization labs. The second is incremental new cath volume that will be possible because the new equipment will have capabilities that the current equipment does not have such as removal of transvenous

pacemaker electrodes, single lead system, atrial or ventricle; removal of transvenous pacemaker electrode(s), dual lead system; and removal of single or dual chamber pacing cardioverter defibrillator electrode(s), by transvenous extraction. Together these factors are expected to increase volume in the Cardiac Catheterization Suite by 249 procedures or total procedures of 2,392 by 2018. (The second full year of utilization.)

2,143 current procedures + 105 growth and redistribution procedures + 144 new procedures = 2,392 total procedures in 2018.

This represents an 11.6 percent increase in total lab volume of which 42.2 percent is related to population growth and redistribution and 57.8 percent is related to new procedures.

Cardiac Catheterization Procedures Actual in 2013 and 2014  
and Projected 2018

Attachment 25, Table 2

Year	Cardiac Catheterization Procedures
2013	2,128
2014	2,143
2018	2,392 <sup>1</sup>

<sup>1</sup> Excludes tilt table, cardioversion, and loop monitor procedures

Rationale for Modernization

Both the physical facilities housing the labs and all of the equipment in the 4 cardiac cath labs are candidates for major modernization and replacement.

Facility Limitations

As described in Attachment 12, Purpose, the existing cardiac cath/EP labs are in old facilities; the floor plan of the department is fragmented into three pods, each with cath equipment, and is divided by a public corridor. Consequently the staff and equipment are dispersed through a cumbersome floor plan; the work flow is inefficient. The basement location is remote from other cardiac services that are part of the Advocate Heart Institute at ALGH and patients have difficulty finding the area.

The space does not meet modern standards for cardiac cath/EP laboratories; it does not meet operating room airflow standards recommended by the Illinois Department of Public Health and it does not meet the current lower dose radiation standards.

The procedure rooms are small; the post procedure recovery capability is inadequate and the recovery stations are not private. There are no Phase I recovery stations in the area serving the cath and EP labs.

#### Equipment Limitations

The hospital currently has four cath labs; only two of them are in sterile environments. One of them will be discontinued in the new lab because all space will meet operating room airflow requirements. The EP lab was purchased 2 years ago and will be relocated to the new Cardiac Catheterization Suite.

All of the cardiac cath equipment has substantially exceeded its useful life. Because of the age of the equipment, it is increasingly difficult to find replacement parts and the amount of equipment downtime is increasing. Further, this old equipment does not have the advanced capabilities and technologies available in the newer models, such as lower dose radiation.

The Project includes replacing three of the cardiac cath units in the new Cardiac Catheterization Suite and relocating the newer EP unit when the new space is ready. The EP lab will be four years old when the relocated suite opens. The fifth cath lab will be discontinued and the equipment used for education in the future Simulation Lab. The Hospital will not take delivery on the new units until the third quarter of 2016 in order to assure that The Advocate Heart Institute will benefit from the most up-to-date technology including the latest generation hardware and software. The following is a summary of the age and useful life of each of the cardiac cath units.

Attachment 25, Table 3  
Replacement of Cardiac Cath Equipment

Model	Year Purchased / Age at Opening of Cardiac Catheterization Suite in 2010	Useful Life	Replacement
Lab #1 – North Lab Philip’s H5000	1999 / 17 years	7 years	This equipment has exceeded its useful life. It requires obsolete cables which are scarce. It will not survive relocation. The new equipment will be purchased and installed directly into the Cardiac Catheterization Suite when it opens in 2016.

Attachment 25, Table 3 (Continued)  
Replacement of Cardiac Cath Equipment

Model	Year Purchased / Age at Opening of Cardiac Catheterization Suite in 2010	Useful Life	Replacement
Lab #2 – South Lab Philip’s BH5000	2000 / 16 years	7 years	This equipment has exceeded its useful life. It requires obsolete cables which are scarce; it will not survive relocation. The new equipment will be purchased and installed directly into the Cardiac Catheterization Suite when it opens in 2016
Lab #3 – East Lab Philip’s Integris Allura	2003 / 13 years	7 years	This equipment has exceeded its useful life. It will be purchased and installed directly into the Cardiac Catheterization Suite when it opens its doors in 2016
Lab #4 – East Lab Philip’s Allura Xper FD20	2005 / 11 years	7 years	This equipment has exceeded its useful life and will be used for education in the future Simulation Lab.

As noted on the table above, all of the 4 cardiac cath units have already reached the end of their useful life by Project completion. All of the existing labs are experiencing increasing maintenance costs.

#1 Lab – Purchased in 1999

The service record for this equipment indicates an increasing frequency of service calls. Over the last 3 years, the annual number of service calls averaged 9 per year. The X-ray tube was replaced in 2006. ALGH has spent over \$536,000 in material and labor on service issues over the life time of this equipment. It is becoming cost-prohibitive to maintain this aging machine without significant downtime. A 2015 service call caused 8 days of downtime. With the Hospital’s very busy cardiac cath schedule, having extended downtime has serious repercussions for patient care.

#2 Lab – Purchased in 2000

The service record for this equipment indicates increasing frequency of service calls. Over the last 2 years, the annual number of service calls averaged 11 per year; one visit in 2014 required replacing the x-ray tube. ALGH has spent over \$485,000 in material and labor on service issues over the life time of this equipment. It is becoming cost-prohibitive to maintain this aging machine without significant downtime.

#3 Lab – Purchased in 2003

The 3-year service record indicates a high number of service calls; an average of more than 6 per year. This lab is not capable of serving as a dual purpose Cath Lab/EP Lab.

#4 Lab – Purchased in 2005

The 3-year service record indicates a high number of service calls; an average of more than 9 per year. This lab is not capable of service as a dual purpose Cath Lab/EP Lab.

ALGH is considering multiple options for disposing of the equipment that is being replaced. As of the date of filing this certificate of need, it is assumed that 3 of the old cath units will be used as trade-ins on the new equipment. The fourth lab will be relocated to the future Simulation Lab. The EP lab will be relocated to the new Cardiac Catheterization Suite.

**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.*

Although this criterion is primarily for the establishment of a cardiac catheterization category of service, Advocate Lutheran General Hospital is only modernizing its service but is responding to this criterion to demonstrate the cadre of services at the Hospital that supports the cardiac cath category of service.

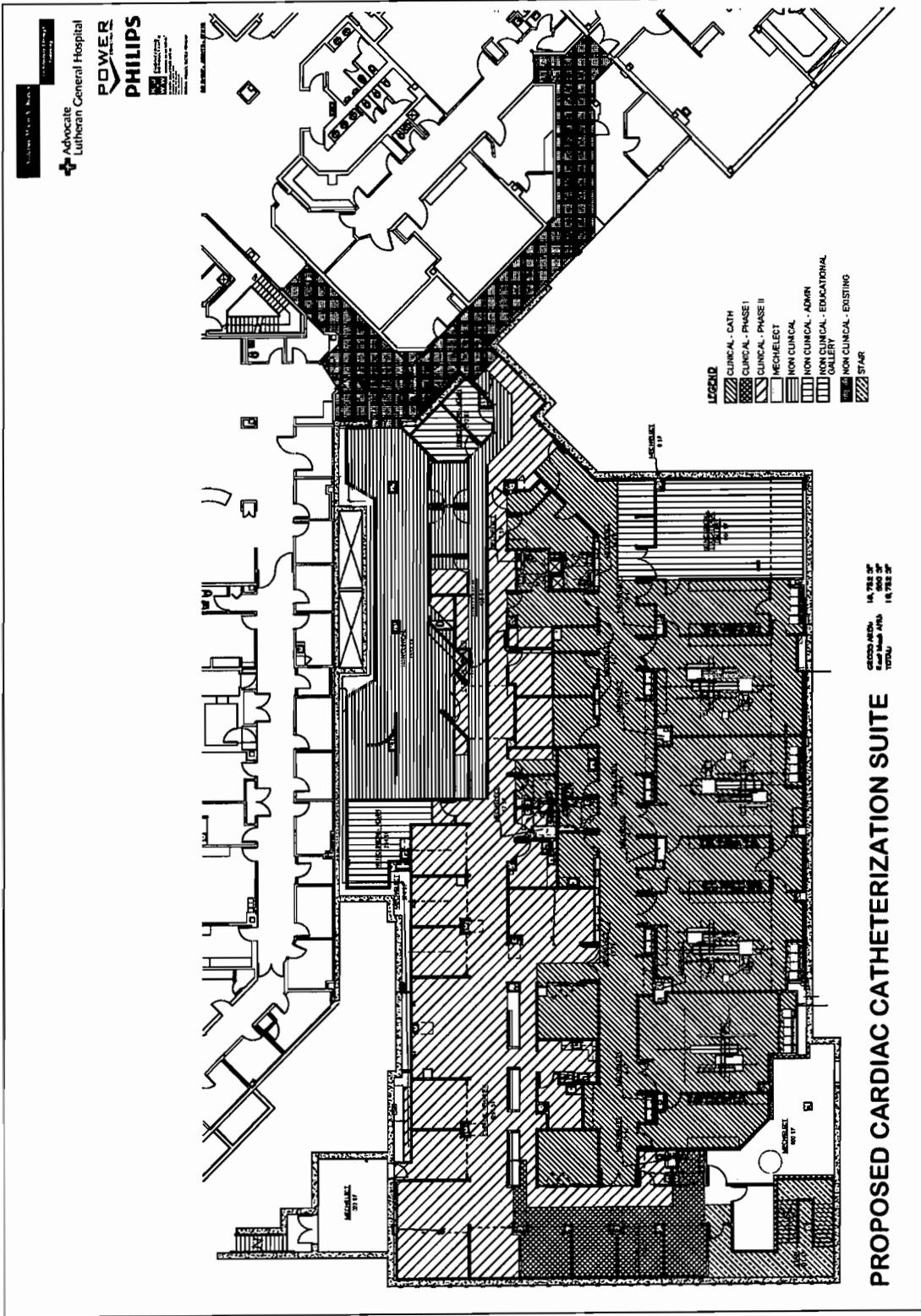
Attachment 25, Table 4  
Summary of Support Services at Advocate Lutheran General Hospital

Support Service	Available on a 24-Hour Basis	Comments
A) Nuclear Medicine Laboratory	Yes	The Nuclear Medicine Department at ALGH is equipped to do all nuclear medicine exams with 2 gamma cameras, one having SPECT/CT capability. The department is staffed by qualified, trained staff.
B) Echocardiography Service	Yes	Echocardiography services are provided by a qualified, trained staff.
C) Electrocardiography Lab and Services	Yes	Electrocardiography, continuous cardiogram monitoring, and stress test services are provided by qualified, trained staff.
D) Pulmonary Function Unit	Yes	Pulmonary function tests and pulmonary screenings are provided by qualified respiratory therapists.
E) Blood Bank	Yes	ALGH has a blood bank on site.
F) Hematology Laboratory/Coagulation Laboratory	Yes	Tests are performed under contract.
G) Microbiology Laboratory	Yes	ALGH utilizes an off-site location; even so, services are available on a 24-hour basis
H) Blood Gas Laboratory	Yes	There is a blood gas laboratory on site.
I) Clinical Pathology Laboratory	Yes	Tests are performed under contract.

**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.*

Attachment 25, Exhibit 2 is a line drawing showing the location of the proposed laboratories. As shown, the laboratories are in proximity to each other; in fact, they are immediately adjacent to each other.



## 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.*

*It is the policy of the State Board that a cardiac catheterization laboratory team can be established. Any applicant proposing to establish such a laboratory must document that the following personnel will be available*

Advocate Lutheran General Hospital (ALGH, Hospital) has an established cardiac catheterization lab and is only relocating its lab; however the Hospital is responding to this criterion to show that very experienced and skilled staff provide cardiac catheterization (cath) and electrophysiology (EP) service. The cath labs meet all Medicare staffing criteria.

All new members of the cardiac cath lab staff at ALGH complete approximately 12 weeks of orientation to the department; this orientation includes:

- Review and understanding of policies and procedures
- Radiation safety
- Aseptic techniques
- ECG reading
- Sheath pulling
- Specific medication education
- Procedural sedation (RNs)
- General cardiology knowledge review
- Education on use of cath lab equipment, and
- Patient monitoring.

1. *Lab director board certified in internal medicine with subspecialty training in interventional cardiology.*

The director of ALGH's cardiac catheterization lab is certified in internal medicine with subspecialty training in interventional cardiology.

2. *Each cardiac catheterization case is staffed with at least one RN, one radiology technician, and with additional staff member that can be an RN, radiology technician or cardiovascular technician.*

Coronary catheterization procedures or peripheral vascular procedures are performed by a cardiologist or radiologist with appropriate physician back-up at all times.

Each cardiac catheterization case is staffed with at least 2 RNs and 1 radiology technician. The roles of the staff personnel for each case include hemodynamic monitoring /documenting, circulator, and scrub assistant.

3. *Nurse specially trained in critical care of cardiac patients, knowledge of cardiovascular medication, and understanding of catheterization equipment.*

A registered nurse with these credentials is always present when patients are in the labs.

4. *Radiologic technologist highly skilled in conventional radiographic techniques and angiographic principles, knowledgeable in every aspect of catheterization implementation, and with thorough knowledge of the anatomy and physiology of the cardiovascular system.*

A radiologic technician with these credentials is always present when patients are in the lab.

5. *Cardiopulmonary technician for patient observation, handling of blood samples, and performing blood gas evaluation calculations.*

ALGH provides pulmonary function testing round-the-clock by qualified respiratory therapists who respond to patient care needs including patients in the cath lab.

6. *Monitoring and recording technician for monitoring physiological data and alerting physicians to any changes.*

Most staff are cross-trained to perform these functions.

7. *Electronic radiologic repair technicians to perform systematic tests and routine maintenance; must be immediately available in the event of equipment failure during a procedure.*

Radiologic repair technicians are on ALGH's bio-technology staff; radiologic repair is also available through cath lab equipment companies for which ALGH holds service and maintenance agreements. Routine maintenance on the cath lab equipment is performed at least quarterly.

8. *Darkroom technician well trained in photographic processing and in the operation of automatic processors used for both sheet and cine film.*

ALGH's cath lab images are stored on a PACS and do not use film; thus ALGH has no need for access to a darkroom technician.

**8. Criterion 1110.1330 (h) Continuity of Care**

*Read the criterion and submit a copy of the fully executed written referral agreements (s)*

Advocate Lutheran General Hospital has a highly respected heart surgery program and does not transfer seriously ill patients for continuity of care. Instead, the Hospital receives heart surgery referrals from other facilities.

**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 entity.*
- 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 of the above projection.*

NA The applicants are not proposing a multi-institutional variance.

**O. 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 – Cardiac Catheterization Suite Only	# Proposed Key Rooms – Cardiac Catheterization Suite Only
<input checked="" type="checkbox"/> Phase I Recovery	0	4
<input checked="" type="checkbox"/> Phase II Recovery	8	14

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
<b>APPEND DOCUMENTATION AS <u>ATTACHMENT-34</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>		

Clinical Service Area  
Phase I Cardiac Catheterization Recovery

b) Need Determination – Establishment

NA Advocate Lutheran General Hospital (ALGH, Hospital) is proposing to provide 4 Phase I recovery stations in the Cardiac Catheterization Suite. The Hospital already reports 25 Phase I recovery stations; these stations support the Surgery Department. Therefore, Phase I recovery is not a new service for ALGH.

c) Service Modernization

The applicant will respond to 1110.c) 2 Necessary Expansion

1. Deteriorated Equipment or Facilities

*The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to historical utilization data, downtime or time spent out of service due to operational failures, upkeep on annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.*

NA. The current cardiac catheterization lab area currently does not have any Phase I recovery stations. Cardiac cath/EP patients requiring Phase I recovery are moved to surgery Phase I recovery.

2. Necessary Expansion

*The proposed project is necessary to provide for expansion for diagnostic, treatment, ancillary training or other support services to meet the requirements of patient service demand. Documentation shall consist of, but is not limited to, historical utilization data, evidence in changes in industry standards, changes in scope of services offered, and licensure or fire code deficiency citations involving the proposed project.*

The Hospital proposes to provide 4 Phase I recovery stations in the relocated Cardiac Catheterization Suite. These Phase I recovery stations are required by Illinois code and will be used for the recovery of select cardiac catheterization (cath) and electrophysiology (EP) patients and for complex TEE procedures.

ALGH meets the criteria for necessary expansion.

### 3. Utilization

#### A) Major Medical Equipment

*Proposed projects for the acquisition of major medical equipment shall document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition.*

There is no major medical equipment as part of the Phase I recovery stations.

#### B) Service or Facility

*Projects involving modernization of a service or facility shall meet or exceed utilization standards for the service, as specified in Appendix B. The number of key rooms being modernized shall not exceed the number justified by historical utilization rates for each of the latest 2 years, unless additional key rooms can be justified per subsection c) 2) Necessary Expansion.*

There are no utilization standards for Phase I recovery stations specified in Appendix B.

#### C) Utilization

*If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of diseases or conditions or population use rates.*

The number of Phase I recovery stations (4) proposed for the Cardiac Catheterization Suite is based on IDPH code requirements of 1 Phase I recovery station for each procedure room. As noted in Attachment 25, ALGH assumed that cardiac cath lab volume would increase from 2,143 procedures in 2014 to 2,392 procedures by 2018 (the second full year of utilization) based on population growth and aging and redistribution of procedures (105 procedures), and by new procedures that could be performed on the new, advanced technology (144 procedures).

2,143 current procedures + 105 growth and redistribution procedures  
+ 144 new procedures = 2,392 total procedures

The Hospital assumed that 15 percent of all cardiac cath and EP patients (or 359 patients) would utilize Phase I recovery and most likely be admitted. The Hospital further assumed that TEE volume would increase by the rate of senior population growth or 11.9 percent or to 97 procedures in 2018.

The following table provides 3 years of historical utilization and 2017 projected utilization for complex TEEs.

Utilization of Phase I Recovery by Complex TEE Patients

Attachment 34, Table 1

Year	2012	2013	2014	2017
Complex TEEs	93	77	87	97

These TEE patients will also recover in the Phase I recovery stations.

Based on these assumptions, 456 patients would use the Phase I recovery stations by 2018.

2,392 total cath and EP procedures x 15 percent = 359 patients  
359 cath and EP patients + 97 TEE patients =  
456 total Phase I recovery patients

The Hospital is planning for 456 patients to utilize the Phase I recovery stations by the second full year of operation.

Clinical Service Area

Phase II Cardiac Catheterization Prep/Recovery

b) Need Determination – Establishment

NA Advocate Lutheran General Hospital (ALGH, Hospital) is proposing to provide 14 Phase II prep/recovery stations in the Cardiac Catheterization Suite. The Hospital already reports 49 Phase II prep/recovery stations; these stations support the Surgery Department. Therefore, Phase II recovery is not a new service for ALGH.

c) Service Modernization

The applicant will respond to 2. Necessary Expansion and comment briefly on the inadequate space in the current department.

1. Deteriorated Equipment or Facilities

*The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to historical utilization data, downtime or time spent out of service due to operational failures, upkeep on annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.*

The existing 8 Phase II prep/ recovery stations are small and provide no privacy for patients and their families; the support spaces are inadequate. The current space is only 252 DGSF per station compared to the State Standard of 400 DGSF per station.

2. Necessary Expansion

*The proposed project is necessary to provide for expansion for diagnostic, treatment, ancillary training or other support services to meet the requirements of patient service demand. Documentation shall consist of, but is not limited to, historical utilization data, evidence in changes in industry standards, changes in scope of services offered, and licensure or fire code deficiency citations involving the proposed project.*

The Hospital is proposing to increase the number of Phase II prep/recovery stations from 8 to 14. Of these, 12 are required by code; the additional recovery stations are necessary to accommodate the improved patient throughput possible with advanced high technology cardiac catheterization units being installed including recovery of patients having undergone tilt table and cardioversion procedures and loop recorder insertions.

ALGH meets the criteria for necessary expansion.

3. Utilization

A) Major Medical Equipment

*Proposed projects for the acquisition of major medical equipment shall document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition.*

There is no major medical equipment as part of the Phase II recovery stations.

B) Service or Facility

*Projects involving modernization of a service or facility shall meet or exceed utilization standards for the service, as specified in Appendix B. The number of key rooms being modernized shall not exceed the number justified by historical utilization rates for each of the latest 2 years, unless additional key rooms can be justified per subsection c) 2) Necessary Expansion.*

There are no utilization standards for Phase II recovery stations specified in Appendix B.

C) Utilization

*If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of diseases or conditions or population use rates.*

There are no utilization standards for Phase II recovery stations specified in Appendix B.

The number of Phase II prep/recovery stations proposed for the Cardiac Catheterization Suite is based on IDPH code requirements of at least 3 Phase II recovery rooms for each cardiac cath/EP lab.

The following table provides 3 years of historical data for Phase II prep/recovery, tilt table, cardioversion, and loop recorders. Currently the procedures have been performed in small procedure rooms in the cath lab area. In the relocated Cardiac Catheterization Suite, they will be performed in the Phase II prep/recovery stations.

Utilization of Phase II Prep/Recovery, Tilt Table, Cardioversions and Loop Recorders,  
2012 - 2014

Attachment 34, Table 2

Year	2012	2013	2014
Phase II Prep/Recovery Billed Increments	2,492	2,772	3,301
Tilt Table Tests	45	40	29
Cardioversions	31	36	49
Loop Recorders	1	0	23

Phase II recovery is billed in 30 minute increments, 2014 units equate 1,651 hours

To derive Phase II prep/recovery utilization, the Hospital assumed that all cardiac cath and EP patients would use the Phase II prep/recovery stations for prep except a very limited number of emergency patients who will be prepped in the cath lab. In addition, the Hospital assumed that 85 percent of the patients (excluding the 15 percent of the patients utilizing the Phase I stations) would use the Phase II stations for recovery. To complete the projection, the Hospital added the tilt table, cardioversion, and loop recorder procedures that would be performed in the Phase II area. The Hospital assumed this volume would increase consistent with current trends or to 144 procedures. Total final Phase II prep/recovery volume by 2018 is expected to be 4,569 patients.

Cardiac Cath and EP Prep Patients – 2,392 patients

Cardiac Cath and EP Recovery Patients – 2,033 patients

Total Prep and Recovery Patients = 4,425 patients

Tilt table and cardioversion procedures and loop recorder insertions = 144 patients

Total visits to the Phase II prep/recovery area = 4,569 patients

ALGH is expecting 4,569 patients to utilize the Phase II recovery stations by 2018, the second full year of operation.

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:**

7,537,645	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: <ol style="list-style-type: none"> <li>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</li> <li>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;</li> </ol>
11,303,282	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: <ol style="list-style-type: none"> <li>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;</li> <li>2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;</li> <li>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.;</li> <li>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;</li> <li>5) For any option to lease, a copy of the option, including all terms and conditions.</li> </ol>
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
18,840,927	<b>TOTAL FUNDS AVAILABLE</b>	

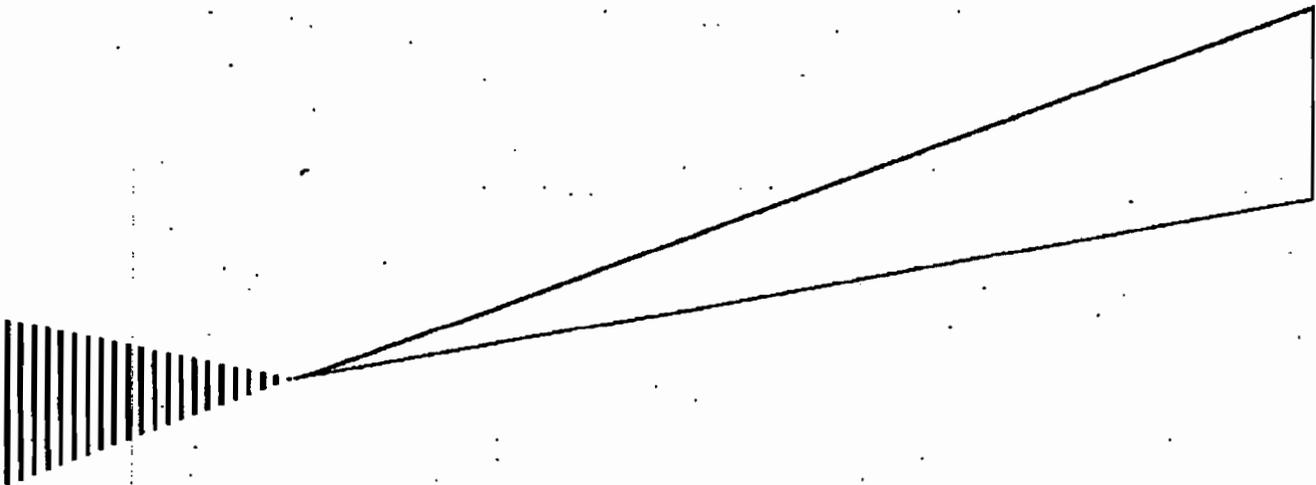
**APPEND DOCUMENTATION AS ATTACHMENT-36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

The cover sheet of the most current Consolidated Financial Statements and Supplemental Information, Advocate Health Care Network and Subsidiaries Years Ended December 31, 2014 and 2013 is appended as Attachment 36, Exhibit 1. The full document was included in the application for Project #15-017, Advocate Condell Ambulatory Surgery Center. Bond rating letters are also included as Attachment 36, Exhibits 2, 3 and 4.

**CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Advocate Health Care Network and Subsidiaries  
Years Ended December 31, 2014 and 2013  
With Reports of Independent Auditors**

**EY** Ernst & Young LLP



# RatingsDirect®

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## Illinois Finance Authority Advocate Health Care Network; System

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# Illinois Finance Authority Advocate Health Care Network; System

## Credit Profile

US\$304.435 mil rfdg bnds (Advocate Hlth Care Network) ser 2014 dtd 12/18/2014 due 08/01/2038

Long Term Rating

AA/Positive

New

### Illinois Fin Auth, Illinois

Advocate Hlth Care Network, Illinois

Series 2008D, 2010A-D, 2011A, 2012, and 2013A

Long Term Rating

AA/Positive

Affirmed, Removed from  
CreditWatch

## Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating to the Illinois Finance Authority's \$304.435 million series 2014 fixed-rate bonds issued for Advocate Health Care Network (AHCN). Standard & Poor's also affirmed its 'AA' long-term rating and, where applicable, its 'AA/A-1+' and 'AA/A-1' ratings on various other series of bonds issued by the authority on behalf of AHCN, and removed the long-term ratings from CreditWatch with positive implications, where they had been placed on Sept. 12, 2014. The outlook is positive.

We withdrew the long-term ratings on the series 2003A (remarketed July 1, 2014), 2003C (remarketed April 25, 2014), and 2008C-3B bonds (remarketed July 1, 2014) and maintained the short-term ratings on the bonds, as the bonds were remarketed in the long-term rate mode on the dates above with a mandatory tender on dates within one year. In accordance with our criteria, those bonds require only a short-term rating given the remarketing and mandatory tender within a year (and no optional puts).

The 'A-1+' short-term component of the rating on the series 2003A, 2003C, and 2008C-3B mandatory tender bonds and 2011B windows bonds reflects our view of the credit strength inherent in the 'AA' long-term rating on AHCN's debt and the sufficiency of AHCN's unrestricted assets to provide liquidity support for the aforementioned bonds. Standard & Poor's Fund Ratings and Evaluations Group assesses the liquidity of AHCN's unrestricted investment portfolio to determine the adequacy and availability of these funds to guarantee the timely purchase of the bonds tendered in the event of a failed remarketing. We monitor the liquidity and sufficiency of AHCN's investment portfolio on a monthly basis.

The 'A-1+' short-term component of the rating on the issuer's series 2008C-2A and 2008C-3A bonds and the 'A-1' short-term component of the rating on the series 2008C-1 and 2008C-2B bonds reflect the standby bond purchase agreements (SBPAs) in effect from various financial institutions. They further reflect our view of the likelihood of payment of tenders and our view of liquidity facilities that cover all of the bond series. (For more information, see the Financial Profile section.)

The positive outlook reflects our view of AHCN and NorthShore University Health System's announcement of a

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NOVEMBER 26, 2014 2

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definitive agreement to merge into a unified organization (Advocate NorthShore Health Partners, or ANHP). The outlook also reflects our belief that each health care system already demonstrates very strong enterprise and financial profiles, and that together they could improve further. We believe that this merger could also further position the system well for population health management, as ANHP's footprint would provide coverage for the Chicago metropolitan area. The agreement still requires approval from multiple areas, including the Federal Trade Commission, but management anticipates closing as early as the first quarter of calendar 2015. The two organizations have created initial working group teams across the two organizations, but are limited as to what they can do and discuss until they receive final approvals. AHCN will also spend significant capital during the next few years, and a higher rating would also depend partly on AHCN's ability to manage overall balance sheet strength through most of that spending.

The 'AA' long-term rating reflects our view of AHCN's strength as the Chicago area's largest health system (with total operating revenue of \$4.9 billion in 2013) as well as its good operating performance, strong and consistent coverage, and stable and healthy unrestricted reserves with modest debt for the rating. In addition, AHCN's strong physician relationships and practice in managing care under capitated risk and through shared savings programs, including the Medicare accountable care organization demonstration project, are credit strengths in light of some of the anticipated changes related to health care reform. Management plans to increase capital spending (primarily from cash flow) during the next few years and we will evaluate the impact of this on the balance sheet. Operating margins show signs of compression, and we believe AHCN's focus on managing expenses and backfilling volumes that may be lost as a result of lower utilization (which is in turn linked to both better care management and fewer readmissions) is important to maintaining healthy cash flow and coverage over the near term.

The 'AA' long-term rating further reflects our view of AHCN's:

- Position as Chicagoland's largest and most successfully integrated health delivery system, with approximately 3,600 licensed beds and more than 6,400 physicians, 4,000 of whom are affiliated with Advocate Physician Partners, a joint venture between AHCN and clinically and financially aligned physicians with the purpose of providing cost-effective health care to patients in the communities AHCN serves;
- Good financial profile, with operating margins of more than 4.0% for the past four years but with a slightly lighter unaudited operating margin of 3.9% through the first three quarters of fiscal 2014, and consistently strong pro forma maximum annual debt service (MADS) coverage of 7x or greater for the past few years;
- Robust balance sheet measures, as demonstrated by still light pro forma leverage of 22% and by solid unrestricted reserves of 375 days' cash on hand and unrestricted reserves to pro forma debt of 315% as of Sept. 30, 2014; and
- Incremental growth in AHCN's leading market share through 2013 to 17.8% primarily as a result of the acquisition of Advocate Sherman in 2013.

Partly offsetting the above strengths, in our view, are AHCN's:

- Strong competition in the greater Chicago market -- other systems and large academic medical centers -- coupled with volume pressures related to both industry and economic issues as well as health care reform; and
- Heightened capital spending during the next few years as a few major projects have started, which could dampen unrestricted reserve growth during the short term.

The approximately \$304 million series 2014 bond proceeds (along with \$17.9 million of debt service reserve and other funds) will go toward refinancing all of Advocate Sherman's series 2007A bonds and a portion of Advocate Health's

series 2008D bonds.

Total long-term debt at Sept. 30, 2014 was \$1.6 billion, which includes about \$37 million of capital leases and other loans. Pro forma debt declines slightly as a result of the use of a debt service reserve fund to refinance Advocate Sherman's series 2007A bonds. Long-term debt (and related ratios) includes debt classified on the audited financial statements as a current liability subject to short-term remarketing agreements. AHCN's rated bonds are the general, unsecured joint, and several obligations of the obligated group, which consists of the parent, AHCN; Advocate Health and Hospitals Corp., which includes most of AHCN's acute care facilities; Advocate North Side Health Network, which includes Advocate Illinois Masonic Center; and Advocate Condell Medical Center. With this refinancing, Advocate Sherman will become part of the obligated group and Advocate Sherman's separate master trust indenture will be terminated. The rating is based on our view of AHCN's group credit profile and the obligated group's "core" status in that the obligated group accounts for the vast majority of total operating income and assets. Accordingly, we rate the AHCN obligated group at the level of the group credit profile and we used AHCN's consolidated financial results.

## Outlook

The positive outlook reflects our view of AHCN's continued market leadership, extensive physician network, and solid financial profile coupled with a potentially much stronger presence if the regulators and various parties approve the NorthShore affiliation. AHCN does spend a fair amount of capital, and we believe that AHCN could manage that while maintaining its balance sheet strength, but we will also monitor that over the next couple of years. We could consider raising the rating if the affiliation concludes with a smooth transition and the overall financial profile of AHCN and the combined organization remains strong.

We could maintain our existing rating if the affiliation with NorthShore is delayed significantly or not finalized over the outlook period, if capital spending causes material challenges to AHCN's balance sheet, or if the overall financial profile weakens.

Given our view of AHCN's strong market position, consistent financial profile, and good financial flexibility, we are also unlikely to lower the rating during the next year or two.

## Enterprise Profile

### Market position and organizational profile

AHCN has a total of 12 acute care hospitals (including an integrated children's hospital operating mainly on two campuses), mostly in the greater Chicagoland market; 956 employed full-time equivalent (FTE) physicians through Advocate Medical Group (AMG) and BroMenn's Hospital's medical group; soon-to-be six home health offices, pharmacies, clinic, and outpatient sites; and several joint venture operations. AHCN maintains a professional services agreement with Dreyer Medical Group, a 163 FTE multispecialty physician group in the western suburbs of Chicago. AHCN also has long-term teaching affiliations with the University of Illinois at Chicago Health Sciences Center, Rosalind Franklin University, and Midwestern University. As part of these affiliations, AHCN trains about 600 residents in 31 AHCN residency programs. In addition, the wide geographic reach of both AHCN's acute care and

non-acute-care services helps support its strong business position in the very competitive Chicagoland market. Although we anticipate that AMG will continue to grow, we understand that management is also focused on optimizing and running the group more efficiently. We believe that affiliation with NorthShore University Health System (NSUHS) could be a significant positive, as both enterprise profiles are strong and would provide a footprint that covers almost the entire broader Chicago area. NSUHS and AHCN have similar balance sheet profiles with stronger operating performance at AHCN. In addition, AHCN's revenue is 2.7x that of NSUHS.

AHCN's inpatient market share (including observation visits) in the Chicago metropolitan area was a leading 17.8% at Dec. 31, 2013, an increase from around 16% a year earlier primarily as a result of the acquisition of Advocate Sherman. The next highest market share belongs to Presence with about 9.4%, followed by Northwestern Medicine at 9.2%. NSUHS maintains a market share of 4.9%. In addition to its good presence in the Chicago metropolitan area, AHCN has established a presence in the central Illinois market with BroMenn Hospital. AHCN continues to evaluate acquisition opportunities, but none beyond NorthShore University Health System is pending. We believe that overall competition in the market could increase because of recent consolidations and restructurings as well as new hospital construction. (Centegra Health System plans to build a new hospital about 16 miles from Advocate Good Shepherd and about 10 miles from Advocate Sherman during the next few years.)

#### Volumes

In fiscal 2013, AHCN acquired Sherman Hospital, and this boosted many of its volume metrics for both fiscal 2013 and through interim 2014 (as 2014 will be the first full year with Advocate Sherman). However, in terms of "same store" growth (and excluding Advocate Sherman), most inpatient volumes were flat-to-down and outpatient and observation visits were slightly mixed. Inpatient admissions (excluding Advocate Sherman) were down 5.6% in fiscal 2013 and down 3.8% through Sept. 30, 2014 compared with the prior-year period. Outpatient visits (excluding Advocate Sherman) were down 0.4% in 2013 but up 0.4% through Sept. 30, 2014 compared with the prior-year period. Management aims to modestly increase inpatient volume (including observation visits) and outpatient volume during the next few years, but given market and industry dynamics, we believe that growth may depend more on AHCN's ability to capture additional market share.

#### Management

AHCN has generally had a very strong and stable management team, in our view. CEO James Skogsbergh has been with the organization for 12 years, and many of the other key senior management positions have had limited turnover. We believe the management team is forward-thinking as relates to physician employment and integration through both employed AMG physicians and AHCN's relationship with many independent physicians. Many of these independent physicians, along with AMG physicians, are part of Advocate Physician Partners, a joint venture between AHCN and independent physicians that aligns these parties both clinically and financially through a focus on quality and efficiencies. In addition, we believe that AHCN's participation in both capitated contracts and some risk-sharing programs with certain payors will likely position AHCN well for the anticipated changes evolving out of health care reform. If the affiliation with NorthShore University Health System is finalized, we believe that the co-leadership of the two CEOs will be helpful as the system works through the transition.

## Financial Profile

### Income statement

AHCN's operating margin remained strong, in our view, in fiscal 2013 and has attenuated slightly through the first three unaudited quarters of fiscal 2014 ended Sept. 30. AHCN had healthy operating income of \$239.3 million (4.9% margin) for fiscal 2013 (ended Dec. 31) compared with fiscal 2012 operating income of \$232.0 million (5.1% margin) and on par with fiscal 2011's operating income. (We adjust operating income to exclude investment income on self-insurance trust assets, joint venture income, and unrestricted contributions -- all of which we include in non-operating income.) Management attributes overall sound margins in 2013 to a structured focus on expenses, part of a multiyear systemwide effort to reduce cost structure, and continued one-time revenue benefits, including federal reimbursement for electronic health records (\$23 million), interest expense from the state for heightened days in accounts receivable for Medicaid, and additional provider fee money that was for the prior year. Operating revenue continued to increase, growing 7.7% in fiscal 2013 to \$4.9 billion, while expenses grew at a similar rate of 7.9% to \$4.6 billion. Through unaudited Sept. 30, 2014, operating income was \$252.8 million (3.9% margin) down from the prior year as a result of the additional Medicaid provider fees received last year as well as about \$10 million of one-time interest payments from the state on the heightened Medicaid receivables.

AHCN is ahead of budget through Sept. 30, 2014 primarily as a result of better-than-budgeted expense management and anticipates finishing fiscal 2014 with margins similar to those at Sept. 30, 2014. Management reports that fiscal 2015 results could be lighter than those of fiscal 2014 (although the budget has not been finalized) from a margin standpoint with forecasts showing some continued softening of operating margins in the out years. The decrease in margins is related to a number of assumptions, including continued reimbursement and volume pressures related to health care reform as well as other expense assumptions and physician investment. If cash flow remains strong, however, we anticipate that the heightened capital spending in the next few years could affect the balance sheet less than anticipated.

Excess income (excluding unrealized gains and adjustments on investments and changes in swap valuation) continued to be very strong, in our view, at \$506.7 million (10.4% margin) in fiscal 2013 compared with \$494.0 million (10.3% margin) in 2012, contributing to very robust 7.7x pro forma MADS coverage (and 5.0x operating-lease-adjusted pro forma MADS coverage). Excess margins have varied, predominantly because of investment market fluctuations, but have historically been in the 5%-7% range. Through the first three unaudited quarters of fiscal 2014, pro forma MADS coverage was healthy at 8.3x. AHCN's coverage calculations benefit from a pro forma debt burden that we consider low, at 1.9%.

### Balance sheet

AHCN's balance sheet is strong, in our view, and has improved and grown year over year for the past several years. Unrestricted reserves have continued to strengthen during the past few years, increasing by a healthy 30% from year-end 2012 to Sept. 30, 2014 to \$4.8 billion, or about 375 days' cash on hand. At Sept. 30, 2014, debt levels remained modest, in our view, with pro forma leverage at 22% and unrestricted reserves to pro forma long-term debt at 315%. From recent debt issuances, about \$34 million remains in the project fund for future capital spending. Average age of plant has decreased slightly to 9.8 years at Sept. 30, 2014. As anticipated, capital expenditures have

steadily increased to \$386 million in 2013 and \$350 million through interim 2014 (with a forecast of \$500 million for full-year 2014). Management has forecast capital spending around \$600 million to \$700 million for the next two years before it decreases (with around 2x annual depreciation expense). (For more details on the larger capital projects, see our report published July 10, 2013 on RatingsDirect.) We understand that AHCN will fund most capital spending through cash flow. AHCN's target investment portfolio is reasonable, in our opinion, given AHCN's unrestricted reserves, with a target allocation of 30% equities; 45% of hedge funds, real assets, and private equity; and 25% fixed income. AHCN had unfunded commitments of about \$487.5 million for its private equity investments at Sept. 30, 2014. AHCN also maintains two pension plans, one of which is frozen, and together they were funded at about 100% at Dec. 31, 2013.

#### Debt structure and contingent liabilities

Total debt is approximately \$1.6 billion. On a pro forma basis, about 57% is fixed with the remainder in some type of variable-rate mode. The split of the variable-rate debt is:

- \$120.3 million in long-term interest rate mode that goes out at least five years before a mandatory tender (2008A-1, 2008A-2, and 2008A-3);
- \$65.1 million in long-term interest rate mode that has a mandatory tender within one year (2003A, 2003C, and 2008C-3B);
- \$70.0 million in windows mode that provides seven months' notice before a mandatory tender would occur (series 2011B);
- \$100.0 million in direct placement bonds (2011C and 2011D); and
- \$321.3 million in weekly variable-rate demand mode backed by various liquidity facilities (see below).

Specifically, the providers of the liquidity facilities of the \$321.3 million as of this report are as follows:

- Series 2008C-1: JPMorgan Chase Bank (A-1), Aug. 1, 2016;
- Series 2008C-2A: Wells Fargo Bank N.A. (A-1+), Aug. 1, 2019;
- Series 2008C-2B: JPMorgan Chase Bank, Aug. 1, 2017; and
- Series 2008C-3A: Northern Trust (A-1+), Aug. 1, 2017.

AHCN provides liquidity support for the abovementioned variable-rate debt that is not backed by bank liquidity facilities. Based on AHCN's liquidity analysis provided to Standard & Poor's Funds Group, AHCN can amply cover its total \$65.1 million of mandatory tenders within the year. (As of Sept. 30, 2014, AHCN had unrestricted reserves of \$1.6 billion based on the funds group analysis and \$1.0 billion based on discounted analysis.) In addition, management maintains about \$200 million of available lines of credit, on which there were no draws as of Sept. 30, 2014.

AHCN also maintains three floating- to fixed-rate swaps with a total notional amount of \$326.3 million. The counterparties are Wells Fargo Bank and PNC Bank N.A. As of Sept. 30, 2014, the liability on the swaps was \$64.4 million with no collateral posting required.

#### Related Criteria And Research

**Related Criteria**

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- USPF Criteria: Commercial Paper, VRDO, And Self-Liquidity, July 3, 2007
- USPF Criteria: Contingent Liquidity Risks, March 5, 2012
- General Criteria: Methodology: Industry Risk, Nov. 20, 2013

**Related Research**

- Glossary: Not-For-Profit Health Care Ratios, Oct. 26, 2011
- The Outlook For U.S. Not-For-Profit Health Care Providers Is Negative From Increasing Pressures, Dec. 10, 2013
- U.S. Not-For-Profit Health Care System Ratios: Operating Performance Weakened In 2013, Aug. 13, 2014
- Health Care Providers And Insurers Pursue Value Initiatives Despite Reform Uncertainties, May 9, 2013

**Ratings Detail (As Of November 26, 2014)**

<b>Illinois Fin Auth, Illinois</b>		
Advocate Hlth Care Network, Illinois		
<b>series 2008A-1/A-2/A-3</b>		
<i>Long Term Rating</i>	AA/Positive	Affirmed, Removed from CreditWatch
<b>series 2011B windows</b>		
<i>Long Term Rating</i>	AA/A-1+/Positive	Affirmed, Removed from CreditWatch
<b>ser 2008C-2A</b>		
<i>Long Term Rating</i>	AA/A-1+/Positive	Affirmed, Removed from CreditWatch
<b>ser 2008C-3B</b>		
<i>Long Term Rating</i>	NR/A-1+	Affirmed
<b>Series 2003A</b>		
<i>Long Term Rating</i>	NR/A-1+	Affirmed
<b>Series 2003C</b>		
<i>Long Term Rating</i>	NR/A-1+	Affirmed
<b>Series 2008C-1, 2008C-2B</b>		
<i>Long Term Rating</i>	AA/A-1/Positive	Affirmed, Removed from CreditWatch
<b>Series 2008C-3A</b>		
<i>Long Term Rating</i>	AA/A-1+/Positive	Affirmed, Removed from CreditWatch

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# MOODY'S

## INVESTORS SERVICE

### New Issue: Moody's assigns Aa2 to Advocate Health Care Network, IL's Series 2014 bonds; outlook stable

Global Credit Research - 21 Nov 2014

**Aa2, Aa2/VMIG 1, and Aa2/P-1 ratings affirmed on \$1 billion of debt**

ILLINOIS FINANCE AUTHORITY  
Hospitals & Health Service Providers  
IL

Moody's Rating		
ISSUE		RATING
Revenue Bonds, Series 2014		Aa2
Sale Amount	\$304,435,000	
Expected Sale Date	12/03/14	
Rating Description	Revenue: Other	

**Moody's Outlook** STA

#### Opinion

NEW YORK, November 21, 2014 --Moody's Investors Service has assigned an Aa2 rating to Advocate Health Care Network's (Advocate) \$304 million of Series 2014 fixed rate revenue bonds. The rating outlook is stable. At this time, we are affirming the Aa2, Aa2/VMIG 1 and Aa2/P-1 ratings on Advocate's outstanding bonds (see Rated Debt section).

#### SUMMARY RATING RATIONALE

The Aa2 long-term rating is based on Advocate's status as the largest system in the greater Chicago area with good geographic diversity and well positioned individual hospitals, consistent and adequate operating margins, moderate debt levels driving exceptional debt measures, strong and growing investment portfolio, and funded pension plan. The system's challenges include an increasingly competitive and consolidating healthcare market, moderate margins compared with Aa2-rated peers, and expected increases in capital spending, although at manageable levels relative to cashflow.

#### STRENGTHS

\*Advocate maintains a leading market position in greater Chicagoland with good geographic coverage and individual hospitals that maintain leading or prominent market shares in their local markets. The system's geographic reach and diversification is expanding with positive additions to system.

\*Margins have been consistent over the last several years with operating cashflow margins in the 10-11% range; in 2013, most hospitals were profitable.

\*The system has a conservative and balanced approach to financing capital needs. Debt measures based on annualized nine-month 2014 performance are strong with a low 31% debt-to-operating revenue, exceptional Moody's adjusted peak debt service coverage of over 8 times, and favorably low Moody's adjusted debt-to-cashflow of 2.0 times

\*The balance sheet is strong and growing with 370 days of cash on hand at September 30, 2014, providing a strong 297% coverage of debt.

\*Debt structure risks are manageable relative to cash and investments with over 600% cash-to-demand debt and

.500% monthly liquidity-to-demand debt based on fiscal year end 2013.

\*Advocate has demonstrated strong management capabilities evidenced by the organization's historical ability to absorb operating challenges and continue to generate consistently solid operating cashflow, meet or exceed operating budgets, execute strategies effectively including integrating newly acquired hospitals, and commitment to very good disclosure practices.

\*The system's defined benefit pension plan is fully funded at 100%.

\*Advocate's pending merger with NorthShore University HealthSystem (Aa2 stable) is credit positive for both organizations. The systems' aligned strategies, proven management and strong financial resources will position the new organization to meet the challenges of a rapidly changing industry.

#### CHALLENGES

\*Most of Advocate's hospitals operate in increasingly competitive markets, with major consolidation and competitors expanding facilities and aligning with physicians.

\*Operating income and operating cashflow margins are below similarly-rated peers, in part due to the system's close integration with a large number of physicians.

\*Capital spending is anticipated to increase, although capital needs can be funded with cashflow; the system has a history of closely managing capital spending relative to cashflow and adjusting to operating shortfalls if necessary.

#### DETAILED CREDIT DISCUSSION

**USE OF PROCEEDS:** Proceeds from the Series 2014 bonds will be used to refund all of the Advocate Sherman Series 2007A bonds and a portion of the Advocate Series 2008D bonds.

**LEGAL SECURITY:** Obligated group includes the Advocate Health Care Network (system parent), Advocate Health and Hospitals Corporation (operates most of the system's hospitals), Advocate North Side Health Network, and Advocate Condell Medical Center. Security is a general, unsecured obligation of the obligated group. No additional indebtedness tests. Subsequent to this debt issuance Advocate Sherman Hospital will become part of the obligated group.

**INTEREST RATE DERIVATIVES:** Advocate has a total of \$326 million of swaps associated with the Series 2008C bonds for which Advocate pays a fixed rate of 3.6% and receives 61.7% of LJBOR plus 26 basis points. The swaps mature in 2038 and the counterparties are Wells Fargo and PNC. As of September 30, 2014 the mark-to-market on the swaps was a negative \$64 million and no collateral was posted.

#### MARKET/COMPETITIVE POSITION: INTEGRATED SYSTEM WITH BROAD GEOGRAPHIC COVERAGE SUPPORTS LEADING POSITION IN COMPETITIVE MARKET

Advocate has pursued an effective strategy to develop an integrated and full service system that has resulted in broad geographic coverage. The system controls 12 acute care facilities, a large home health care operation, and is clinically aligned with approximately 4,000 physicians, about 1,100 of whom are employed as part of Advocate Medical Group or have long-term contractual arrangements. Based on data provided by management, Advocate maintains a leading market position in the greater Chicagoland area with an 18% share for twelve months ended June 2014, compared with Presence Health at 9% and Northwestern Medicine at 9%. While most of Advocate's hospitals face local competition, the system's hospitals are large and very prominent providers with six of the twelve generating close to or over 15,000 admissions annually and the largest (Advocate Christ Medical Center) generating close to 40,000 admissions.

Despite good regional and local market positions, Advocate's hospitals face increasing competition. While Chicagoland had remained relatively fragmented, over the last several years there have been a number of large mergers or acquisitions. Within the last year, the largest include the merger of Elmhurst Memorial and Edward Hospital and the merger of Northwestern Medicine and Cadence Health. Several other combinations have been announced and are in due diligence phases.

Earlier this year, Advocate announced its intent to merge with NorthShore University HealthSystem (Aa2 stable), which is credit positive for both organizations as they combine to form Advocate NorthShore Health Partners. The systems' aligned strategies, proven management, and strong financial resources will position the new organization to meet the challenges of a rapidly changing industry.

Advocate and NorthShore have complementary strategies, which will reduce typical merger-related transition risks. Both systems are closely aligned with a large number of physicians and have advanced information technology capabilities, both of which are necessary in order to assume more risk for the healthcare of the population and to provide higher quality at reduced cost. The combined system will have a broad market position in and around Chicagoland, providing increased and coordinated access to healthcare.

Advocate and NorthShore's corporate structures are highly integrated and centralized, enabling the organizations to reduce costs and realize efficiencies from past mergers quickly and with minimal disruption. These strengths will be critical as the systems manage challenges related to integrating the operations of the new system. The agreement is subject to multiple regulatory approvals and the systems will be reviewing the optimal debt structure over the next several months. Closing is expected in early 2015.

In addition to selective mergers and acquisitions, a major strategy of the system relates to partnerships with payers and transitioning to managing populations under value-based strategies, shifting from fee-for-service models. Advocate has a large contract with Blue Cross under this new model and participates in the Medicare shared savings model. Combined, these arrangements represent over 500,000 lives and require the system to manage under these risk-based models. Compared with other healthcare systems, we believe Advocate is better positioned to manage risk given the system's advanced strategies related to physician alignment and integration, information systems, historical experience with managing under capitated contracts, and strong financial resources. Under these arrangements, Advocate reports exceeding or meeting established benchmarks.

#### **OPERATING PERFORMANCE: STABLE OPERATING MARGINS, DESPITE VOLUME DECLINES**

Like other providers in the region, Advocate has experienced declines in inpatient admissions as use rates in the area decline and volumes shift to outpatient services. Same-facility total system admissions were down 6% and 4% in fiscal year 2013 and through nine months of fiscal year 2014, respectively. Most of the decline was due to a shift to observation cases as well as Advocate's strategies to reduce hospital utilization under its value-based contractual arrangements.

Despite admissions declines, revenue growth has been good and the system is maintaining margins and exceeding budget. The system generated \$253 million (5.2%) of operating income in 2013 (excluding investment income on self-insurance funds, which are substantial), compared with \$223 million (4.9%) of operating income in 2012. Operating cashflow was \$519 million (10.6%) in fiscal year 2013, compared with \$460 million (10.1%) in 2012. Same-facility revenue growth (excluding the effect of a partial year of Sherman Health System) was 5% (following 3% in 2012). Fiscal year 2013 benefitted from about \$21 million of retroactive Medicaid assessment program payments.

Through nine months of fiscal year 2014, operating cashflow was \$383 million (10.0%), compared with \$374 million (10.4%) in the prior year period. Same-facility revenue growth was 4%, driven by higher acuity and lower self-pay. Advocate's total bad debt and charity care is down approximately \$60 million in 2014 on a same-facility basis, in part reflecting benefits of Medicaid expansion. Advocate has benefitted from the state's Medicaid assessment program and will receive incremental funding if CMS approves an extension of the program.

Advocate has been implementing a major cost reduction program with a target of \$600 million by 2017 and expects to achieve about half of that goal by the end of 2014, contributing to consistent operating performance.

#### **BALANCE SHEET PROFILE: STRONG AND GROWING LIQUIDITY POSITION COMBINED WITH MODERATE DEBT AND WELL FUNDED PENSION PLANS**

Unrestricted investments grew significantly in fiscal year 2013 to a very strong \$4.4 billion (361 days) at yearend, an increase of almost \$750 million from fiscal yearend 2012. Investments as of September 30, 2014 grew to \$4.7 billion. Cash growth was due to good investment returns and operating margins as well as bond proceeds used for capital. Based on data provided by management, over time Advocate's investment allocation has shifted to include a higher allocation to alternative investments (14% hedge funds and 8% private equity), more typical of systems with Advocate's size and resources. The system does not expect further changes in allocation.

Capital spending is projected to increase in 2014 to \$500 million (over two times depreciation) and could remain at this elevated level. The largest projects include a bed tower and ambulatory care facility at Christ Hospital and Medical Center and outpatient center at the Illinois Masonic Medical Center, and modernization of Good Shepherd facilities. While higher spending than in the past, Advocate can fund this capital with operating cashflow.

Advocate's debt structure includes variable rate bonds with mandatory tenders within the next 12 months. If these

bonds are not remarketed, the system will use its own liquidity to pay the tenders, which supports the Aa2/MIG 1 ratings on these bonds. As of September 30, 2014, there are three series with a combined \$65.1 million mandatory tenders within twelve months. Given the modest size of these staggered obligations, infrequent and known tender dates, and Advocate's experienced treasury management, the system has flexibility to use its large investment portfolio to fund any tenders on short notice if needed. The system has over \$585 million of assets that can be liquidated on a daily basis and another \$1.7 billion that can be liquidated within a week. Additionally, the system has the Series 2011B bonds (\$70 million), which bear interest at the Windows interest rate mode. This structure allows flexibility in planning for an unremarketed tender since it requires a seven-month advance notice of a put. Assignment of the P-1 rating to the Windows mode bonds is based on Moody's market access approach to self-liquidity on longer-term variable rate instruments and reflects our estimation of Advocate's ability to timely pay mandatory tenders at the close of the "Mandatory Tender Window".

#### OUTLOOK

The stable outlook is based on our expectation that the system will continue to maintain solid operating performance and a strong market position and balance future capital spending and debt with cash flow and liquidity strength.

#### WHAT COULD CHANGE THE RATING UP

A rating upgrade will be considered with sustained and significant improvement in operating margins and growth in the system's size to provide greater geographic diversity.

#### WHAT COULD CHANGE THE RATING DOWN

A rating downgrade will be considered if there is greater than expected increase in debt, prolonged decline in operating performance or material weakening of balance sheet strength. A materially dilutive acquisition or merger would also warrant consideration for a downgrade.

#### KEY INDICATORS

##### Assumptions & Adjustments:

- Based on financial statements for Advocate Health Care Network and Subsidiaries
- First number reflects audit year ended December 31, 2013
- Second number reflects unaudited nine months ended September 30, 2014, annualized
- Investment returns normalized at 6% unless otherwise noted
- Comprehensive debt includes direct debt, operating leases, and pension obligation, if applicable
- Monthly liquidity to demand debt ratio is not included if demand debt is de minimis
- Non-recurring items or adjustments: none
- \*Inpatient admissions: 164,555; 166,063
- \*Observation stays: 47,683; 54,561
- \*Medicare % of gross revenues: 37%; N/A
- \*Medicaid % of gross revenues: 15%; N/A
- \*Total operating revenues (\$): \$4.9 billion; \$5.1 billion
- \*Revenue growth rate (%) (3 yr CAGR): 4.9%; N/A
- \*Operating margin (%): 5.2%; 4.3%
- \*Operating cash flow margin (%): 10.6%; 10.0%
- \*Debt to cash flow (x): 2.1 times; 2.0 times

\*Days cash on hand: 361 days; 370 days  
\*Maximum annual debt service (MADS) (\$): \$102 million; \$99 million (proforma)  
\*MADS coverage with reported investment income (x): 7.7 times; 8.5 times  
\*Moody's-adjusted MADS Coverage with normalized investment income (x): 8.1 times; 8.4 times  
\*Direct debt (\$): \$1.6 billion; \$1.6 billion  
\*Cash to direct debt (%): 273%; 297%  
\*Comprehensive debt: \$2.0 billion; N/A  
\*Cash to comprehensive debt (%): 217%; N/A  
\*Monthly liquidity to demand debt (%): 500%; N/A

**RATED DEBT (as of September 30, 2014)**

- Series 1993C (\$17 million), Series 2008D (\$159 million; to be partially refunded), Series 2010A (\$37 million), Series 2010B (\$52 million), Series 2010C (\$26 million), Series 2010D (\$99 million), Series 2011A-1 (\$6 million), Series 2011A-2 (\$32 million), Series 2012 (\$145 million), Series 2013A (\$96 million) fixed rate bonds: Aa2  
- Series 2003 (\$22 million Series A; \$21 million Series C), Series 2008C-3B (\$22 million) variable rate annual put bonds, supported by self-liquidity: Aa2/VMIG 1  
- Series 2008A (\$120 million) variable rate multi-annual put bonds: Aa2  
- Series 2008C-1 (\$128 million), Series 2008C-2B (\$58 million) variable rate bonds supported with SBPAs from JPMorgan Chase (expire August 1, 2016 and August 1, 2017, respectively): Aa2/VMIG 1  
- Series 2008C-3A (\$87 million) variable rate bonds supported by SBPAs from Northern Trust Company (expires August 1, 2017): Aa2/VMIG 1  
- Series 2008C-2A (\$49 million) variable rate bonds supported by SBPA from Wells Fargo Bank (expires August 1, 2019): Aa2/VMIG 1  
-Series 2011B Windows variable rate bonds (\$70 million): Aa2/P-1

The principal methodology used in this rating was Not-for-Profit Healthcare Rating Methodology published in March 2012. The additional methodology used in the short-term rating for bonds supported by self-liquidity was Rating Methodology for Municipal Bonds and Commercial Paper Supported by a Borrower's Self-Liquidity published in January 2012. The additional methodology used in the short-term rating for bonds supported by SBPAs was Variable Rate Instruments Supported by Conditional Liquidity Facilities published in May 2013. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

**REGULATORY DISCLOSURES**

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## Fitch Ratings

### **FITCH RATES ADVOCATE HEALTH CARE'S (IL) SERIES 2014 BONDS 'AA'; OUTLOOK STABLE**

Fitch Ratings-Chicago-21 November 2014: Fitch Ratings has assigned an 'AA' rating to the following Illinois Finance Authority revenue bonds to be issued on behalf of Advocate Health Care (Advocate):

--\$304.4 million series 2014.

In addition, Fitch affirms the 'AA' rating on approximately \$1.2 billion of revenue bonds issued by the Illinois Health Facilities Authority and the Illinois Finance Authority on behalf of Advocate.

Fitch also affirms the 'F1+' short-term ratings on the following Illinois Finance Authority bonds based upon self-liquidity provided by Advocate:

--\$43.2 million put bonds, series 2003A&C;

--\$22 million put bonds, series 2008C-3B;

--\$70 million variable rate demand bonds, series 2011B.

The series 2014 bonds are expected to be fixed rate, and used to advance refund certain bonds issued by Advocate Sherman Health (ASH) and Advocate, as well as pay costs of issuance. The series 2014 fixed rate bonds are expected to price the week of Dec. 1, 2014 via negotiated sale.

The Rating Outlook is Stable.

#### SECURITY

The bonds are unsecured obligations of the obligated group.

#### KEY RATING DRIVERS

**LIGHT DEBT BURDEN:** The affirmation at 'AA' incorporates Advocate's 2014 financing, which will seek to refund ASHH debt and a portion of existing Advocate bonds. This issuance will not impact Advocate's relatively low debt burden. Advocate's pro-forma maximum annual debt service (MADS) of \$99 million equates to a light 1.9% of annualized 2014 revenues which combined with solid cash flow generation results in strong coverage of 8.3x by EBITDA through the nine months ended Sept. 30, 2014.

**ROBUST LIQUIDITY:** Advocate's strong operating cash flow generation continues to support substantial balance sheet strength and support steady capital improvement. At Sept. 30, 2014, Advocate's unrestricted cash and investments totaled over \$4.7 billion. Liquidity metrics were robust with 370.1 days cash on hand (DCOH), a pro forma cushion ratio of 47.1x and cash and investments equating to 296.5% of long-term debt; all of which exceed Fitch's respective 'AA' category medians of 277.1, 26.5x and 178.5%.

**SOLID MARKET POSITION:** Advocate maintains a leading position within its Chicago metropolitan service area that is more than double its nearest competitor, and remains the largest provider in the state. The merger with Sherman Health (Elgin, IL) (effective June 1, 2013) has supported a stronger market presence and clinical footprint. Still, Fitch notes the service area remains highly competitive, and the regulatory environment in Illinois remains challenging.

**STRONG CLINICAL INTEGRATION:** Advocate's high level of integration with its clinicians has produced better care coordination, operating efficiencies, effective contracting, physician engagement, and should position it well to navigate continued pressures on reimbursement and clinical quality metrics.

#### RATING SENSITIVITIES

**NORTHSHORE MERGER:** Advocate and NorthShore University Health System (not rated by Fitch) signed a definitive affiliation agreement in Sept. 2014 to merge. The merger would result in the largest health system by revenue in the state, and would likely support further operating efficiencies across the organization. Fitch views this announcement positively and will assess any rating impact if and when the transaction finalizes, which could be as early as spring 2015.

#### CREDIT PROFILE

Advocate is an integrated health care system serving the Chicago metropolitan area and central Illinois. The system includes 12 acute care hospitals and a children's hospital (totaling approximately 3,600 licensed beds), several large physician groups, primary and specialty physician services, home health, hospice care, and outpatient centers. Total revenues in audited fiscal 2013 (Dec. 31 fiscal year end) were \$4.9 billion.

Fitch's analysis is based on the consolidated system. The obligated group consists of Advocate Health Care Network Corp, Advocate Health and Hospitals, Advocate North Side Health Network, and Advocate Condell Medical Center. ASH will become a member of the obligated group following the issuance of the series 2014 bonds. As of Dec. 31, 2013, the obligated group (excluding ASH) represented approximately 90.5% of total assets and 90.6% of total operating revenues of the consolidated system.

#### SERIES 2014 PLAN OF FINANCE

Advocate plans to issue \$304.4 million in series 2014 fixed rate bonds, which will be used to advance refund the 2007A ASH debt and a portion of Advocate's series 2008D bonds. In conjunction with the issuance, ASH will become a member of the obligated group and its existing indenture discharged.

Fitch used MADS of \$99 million and the series 2014 bonds have a 2038 maturity, while the remaining debt has a final maturity of 2051. Advocate's pro forma debt burden remains low for the rating, and is among the lowest in Fitch's rated portfolio. Pro forma MADS equates to a light 1.9% of interim Sept. 30, 2014 revenue while debt to EBITDA was also a light 1.9x.

Advocate's solid profitability combined with its low debt burden results in strong historical coverage of pro forma MADS. From 2010-2013, Advocate has generated annual operating EBITDA margins between 11.5% and 12.7% and net EBITDA margins between 12.8% and 17.5%. As a result, historical coverage of pro forma MADS by EBITDA has been strong at 5.7x, 7.3x and 9.3x in 2011, 2012 and 2013, respectively. Through the nine months ended Sept. 30, 2014, coverage of pro forma MADS by EBITDA was 8.3x.

#### MANAGEABLE DEBT PLANS

Advocate's five-year capital plan totals only \$600 million, which is a lower rate of spending than the prior three years. Fitch believes the capital plan is very manageable and can easily be supported via cash flow without an impact on liquidity.

#### SELF-LIQUIDITY RATING

The 'F1+' rating reflects Advocate's availability of highly liquid resources to cover the mandatory tender on debt that is subject to unremarketed puts. At Sept 30, 2014, Advocate's eligible cash and investment position available for same-day settlement would cover the maximum mandatory tender on any given date well in excess of Fitch's criteria of 1.25x. Advocate provided Fitch with

an internal procedures letter outlining the procedures to meet any unremarketed puts. In addition, Advocate provides monthly liquidity reports to Fitch to monitor the sufficiency of Advocate's cash and investment position relative to its mandatory put exposure.

#### DEBT PROFILE

Following the series 2014 issuance, Advocate will have approximately \$1.49 billion in long-term debt outstanding. Approximately \$825.6 million (55%) is fixed rate, \$321 million is variable rate demand debt supported by standby bond purchase agreements (SBPAs), \$120.3 million is multi-annual tender bonds with long-term interest rates and have mandatory tenders in 2019 and 2020, \$100 million is variable rate direct placement debt, \$70 million of variable rate bonds in a windows mode, and \$60.6 million is multi-annual tender bonds that have a mandatory tender in 2015.

Advocate is party to \$326.3 million notional in swap agreements, which had an aggregate negative \$64.4 million mark-to-market as of Sept. 30, 2014. No collateral was required to be posted as of Sept 30, 2014.

#### DISCLOSURE

Advocate's disclosure includes annual audited financial statements as well as quarterly unaudited balance sheet, income statement, cash flow statement, an extensive MD&A, and utilization statistics. The information is posted to the Municipal Securities Rulemaking Board's EMMA system. In addition, management holds routine calls with rating agencies and with investors. Fitch considers Advocate's disclosure standards to be best practice.

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Additional information is available at '[www.fitchratings.com](http://www.fitchratings.com)'

Applicable Criteria and Related Research:  
'Nonprofit Hospitals and Health Systems Rating Criteria' (May 30, 2014)  
'Rating U.S. Public Finance Short-Term Debt' (Dec 9, 2013)

Applicable Criteria and Related Research:  
Rating U.S. Public Finance Short-Term Debt  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=724680](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=724680)

U.S. Nonprofit Hospitals and Health Systems Rating Criteria  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=746860](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=746860)

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**IX. 1120.130 - Financial Viability**

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

**Financial Viability Waiver**

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. 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
4. 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-37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

NA. Advocate Health Care Network has an A Bond rating.

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 38, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

NA. Advocate Health Care Network has an A Bond rating.

**X. 1120.140 - Economic Feasibility**

**A. Reasonableness of Financing Arrangements** NA Advocate Health has an A bond rating

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. **See Attachment 39, Exhibit 1.**

**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									
<b>TOTALS</b>									

\* Include the percentage (%) of space for circulation

See Attachment 39, Exhibit 2

An impediments letter from the architect and construction manager is included as Attachment 39, Exhibit 3.

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

**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.

**See Attachment 39, Exhibit 4**

**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.

**See Attachment 39, Exhibit 4**

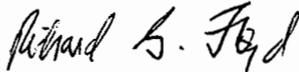
May 22, 2015

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

Dear Ms. Avery:

The purpose of this letter is to attest to the fact that Advocate Health and Hospitals Corporation will use the selected form of debt financing for Advocate Lutheran General Hospital's proposed Cardiac Catheterization Suite Relocation described by this Certificate of Need application because it will be at the lowest net rate available, is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term, financing costs and other factors.

Sincerely,

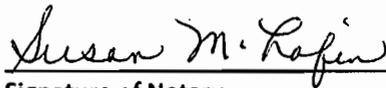


Richard B. Floyd, FACHE  
President

**Notarization**

Subscribed and sworn to before me

This 22<sup>nd</sup> day of May, 2015



Signature of Notary

Seal



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

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



Department	Cost and Gross Square Feet by Department or Service										Total Cost (G+H)						
	A		B		C		D		E			F		G		H	
	New	Mod.	New	Mod.	New	Mod.	Circ. %	Gross Square Feet	Gross Square Feet	Mod.		Circ.	Const. Cost	Mod. Cost	(AxC)	(BxE)	(G+H)
<b>Clinical</b>																	
Cardiac Cath Labs	510		6,864									3,500,640					
Phase 1 Recovery	400		719									287,600					
Phase 2 Recovery	390		4,470									1,743,300					
<b>Clinical / Average Cost / Sq. Ft.</b>	<b>459</b>		<b>12,053</b>									<b>5,531,540</b>					
<b>Clinical Contingency/ Sq. Ft.</b>												<b>550,388</b>					
<b>Clinical Subtotal</b>	<b>505</b>		<b>12,053</b>									<b>6,081,928</b>					
<b>Non-Clinical</b>																	
Administration	300		1,077									323,100					
Public Areas	375		1,552									582,000					
Education	365		685									250,025					
Building Components	310	300	59							1,658		18,290	497,400				
Mechanical Space	500		1,668									834,000					
Rooflop Mechanical AHU	700		980									686,000					
<b>Non-Clinical Cost / Sq. Ft.</b>	<b>447</b>	<b>300</b>	<b>6,021</b>							<b>1,658</b>		<b>2,693,415</b>	<b>497,400</b>				
<b>Non-Clinical Contingency / Sq. Ft.</b>												<b>267,995</b>	<b>74,361</b>				
<b>Non-Clinical Average Cost / Sq. Ft.</b>												<b>2,961,410</b>	<b>571,761</b>				
<b>Total with Contingency/Average Cost/Sq. Ft.</b>	<b>487</b>		<b>18,074</b>							<b>1,658</b>		<b>9,043,338</b>	<b>571,761</b>				

May 14, 2015

Roberto Orozco  
Planning and Design Manager  
Planning Design & Construction  
Advocate Healthcare  
3075 Highland Parkway  
Downers Grove, IL 60515

Re: Advocate Lutheran General  
Advocate Heart Center  
Lower Level New Emergency Department  
Architectural Impediment  
AMA Project No.: 13727.00

Dear Roberto:

Below is a summary of impediment items our team has uncovered and resolved through the design development process which will have cost impacts on the project. Power Construction will include these within our budget summary.

The following accounts represented significantly affected the project impediments:

- The project is being planned within the crawl space under the New Emergency Department. As such, the area is raw construction, with no concrete floor (stone only) raw structure, no MEP infrastructure. We will need to add the concrete floors, new air handling units for the floor including surgery type of air handler and other MEP distribution.
- The new concrete floor will be thicker than normal due to the load of the Cath/EP Equipment.
- Add new electrical service panels from the existing hospital to service the units' needs.
- Add new emergency service panels from the hospital to service the new Cath Labs/EP Labs and Recovery Spaces.
- Add new UPS electrical systems to service the new Cath/EP Labs and its associated computer equipment.
- Each of the Cath/EP Labs are now considered surgical in nature requiring all mechanical/electrical infrastructure identical to a typical operating room.
- The lower structural ceiling of the crawl space requires the splitting of major duct and pipe runs which cause some duplication of branch systems.
- Several existing overhead MEP pipes may need to be relocated to provide proper ceiling clearances for the Cath Lab equipment
- We need to include an institutional rated fire corridor connecting this crawl space back to the Hospital rated portion of the facility. This causes upgraded fire corridor construction.
- Constructability will be impacted due to limited access for material delivery and working below the 24/7 Emergency Department.

■ One Parkview Plaza  
17W110 22nd Street, Suite 200  
Oakbrook Terrace, Illinois 60181  
630.573.5149  
FAX 630.573.5176

- Relocation of the existing storm line within the new Cath Lab/EP Lab space that serves the existing Parkside Facility.
- A dedicated cooling system for each of the Cath Lab Equipment Rooms.

We believe that the project has been designed to successfully accommodate these impediments and will meet the current and future needs of the Advocate Heart Center and Advocate Lutheran General Hospital.

If you have any questions, please don't hesitate to call.

Thank you.

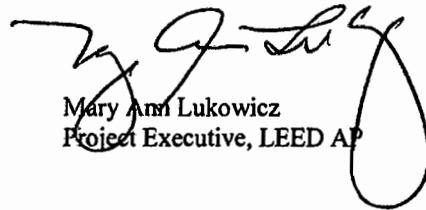
Sincerely,

Anderson Mikos Architects, Ltd.



David E. Mikos, AIA, NCARB, ACHA, LCI  
President and CEO

Power Construction



Mary Ann Lukowicz  
Project Executive, LEED AP

DEM/nlp

Cc: George Franceschina  
Mike Hurt

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D. Projected Operating Cost – Projected FY 2017

Operating Cost	Projected Operating Costs 2017			Cost per Equivalent Patient Day		
	Hospital	Project	Total	Hospital	Project	Total
	654,172,064	2,825,430	656,997,494	2,604	11.25	2,614

E. Total Effect of the Project on Capital Cost – Projected FY 2017

Capital Costs	Effect of the Project on Capital Costs			Cost per Equivalent Patient Day		
	Hospital	Project	Total	Hospital	Project	Total
	37,195,064	1,476,059	38,671,632	148.04	5.87	153.92

Equivalent Patient Days – Actual 2014

Inpatient Revenue	1,268,448,273
Outpatient Revenue	815,394,953
Total Revenue	2,083,843,226
Ratio	64.3%

Computed O/P Equivalent Days	96,003
Total Equivalent Patient Days – 2014	245,397
Total Equivalent Patient Days – 2017	251,252

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

**XI. Safety Net Impact Statement**

**SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:**

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

**Safety Net Impact Statements shall also include all of the following:**

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

**A table in the following format must be provided as part of Attachment 43.**

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
Medicaid (revenue)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			

**APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

<b>Safety Net Information per PA 96-0031</b>				
<b>CHARITY CARE</b>				
<b>Charity (# of patients)</b>	<b>2014 <sup>1</sup></b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Inpatient		1054	1,093	825
Outpatient		6,515	5,991	2,884
<b>Total</b>		<b>7,569</b>	<b>7,084</b>	<b>3,709</b>
<b>Charity (cost In dollars)</b>				
Inpatient		11,353,000	10,434,000	9,057,000
Outpatient		6,194,000	5,375,000	4,395,000
<b>Total</b>		<b>17,547,000</b>	<b>15,809,000</b>	<b>11,452,000</b>
<b>MEDICAID</b>				
<b>Medicaid (# of patients)</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Inpatient	5,782	5,036	4,242	4,595
Outpatient	52,192	47,123	46,192	47,038
<b>Total</b>	<b>57,974</b>	<b>52,159</b>	<b>50,434</b>	<b>51,633</b>
<b>Medicaid (net revenue)</b>				
Inpatient	59,475,887	55,789,667	43,993,389	43,182,356
Outpatient	8,123,910	7,862,418	5,246,215	5,775,944
<b>Total</b>	<b>67,599,797</b>	<b>63,652,085</b>	<b>49,239,604</b>	<b>48,958,300</b>

<sup>1</sup> Advocate Lutheran General will submit 2014 charity care patients cost in dollars as soon as it becomes available.

XI. Safety Net Impact Statement

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.*

Advocate Health and Hospitals Corporation provided \$661 million in charity care and services in 2013. This contribution represents more than one million lives touched in the community Advocate Serves throughout Chicagoland and Central Illinois.

Advocate provided \$527.5 million in free care and discounted charity care for the uninsured and underinsured including subsidized or without full reimbursement from Medicare, Medicaid or other government-sponsored programs.

Advocate also provided \$34.1 million in services that responded to unique community needs including trauma services, behavioral health services, health screenings, immunization programs, alcohol-based health care and other community outreach programs.

In 2013, Advocate contributed \$82.3 million to professional education to train physicians, nurses, radiology technicians, physical therapists and a host of other highly skilled health care professionals.

Advocate hospital workers volunteered in their communities and community members who volunteered at Advocate hospitals accounted for another \$36.2 million.

\$4.0 million was provided for language assistance services including the provision of interpreter services and translation for signage, for forms, brochures, patient education materials and information in languages other than English.

Finally, contributions of equipment, supplies, and meeting and clinic space as well as other assistance to communities accounted for the balance, or \$6.6 million.

Advocate Lutheran General Hospitals provided a significant portion of the System's community benefit efforts and support.

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.*

The Hospital's relocation and modernization of its catheterization and electrophysiology services should not affect any other facilities' ability to cross-subsidize other safety net services. The patients expected to use the relocated and modernized services, historically, have been served by ALGH.

3. *How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.*

Not applicable. No facility or services are being discontinued as part of this project. In fact, cardiac services are being enhanced by this project.

**Safety Net Impact Statements shall also include 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 the appropriate methodology specified by the Board.*
2. *For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.*

1. and 2.

In 2013, the Advocate System provided more than \$660 million in charity care and services. This represents a \$90 million increase over \$199 million increase over 2010.

Advocate Lutheran General Hospital certifies that the following charity care and community benefits information is accurate and complete and in accordance with the Illinois Community Benefits Act, and certifies the amount of care provided to Medicaid patients is consistent with the information published on the Annual Hospital Profile.

3. *Any information that the applicant believes is directly relevant to safety net services, including information regarding teaching, research or other services.*

Advocate Lutheran General Hospital (ALGH, Hospital) is committed to improving the health and well-being of its community. Many of its ongoing and new programs provide a safety net for the community. The Director of Community Health and Relations reports directly to the Hospital's president and is a member of the Hospital's Senior Leadership Team, thereby integrating community health into the day to day operations and strategic planning for the Hospital.

As part of the Hospital's ongoing planning, the Advocate Lutheran General Hospital Community Health Council completed a comprehensive community need assessment. The Council's membership includes the Hospital's Vice President of Mission and Spiritual Care, the Director of Public Affairs and Marketing, Governing Council Members, Senior Advocate/Older Adult Services staff, as well as Planning and Finance staff. The Council also includes leadership from the local school system, local city Environmental Health Office, local Faith Social Service Mental Health Services, as well as Chronic Disease Prevention & Health Promotion of the Cook County Department of Health.

Key informants for the Council include Cook County Department of Health, District 207 School-Based Health Center, Chief of Park Ridge Police, local fire departments, members of the Park Ridge Healthy Community Partnership, Des Plaines Healthy Community Partnership, Park Ridge Health Commission, Park Ridge Human Needs Task Force, Health Care Forum, JCRRT, local ministerial associations, faith communities, and the "Healthier Park Ridge Project," the Korean-American, the South Asian, Russian, and the Polish communities. Other internal informants include Executive Directors of each of the Hospital's service lines that has been identified as a top health need.

#### Priority Setting Process

Priorities to address the identified needs were set according to ALGH's perceived ability to positively impact needs in an immediate, measurable and sustainable way. Identified needs were matched against existing programs that can be enhanced/modified to help improve effectiveness. If there were no existing programs, new programs are being developed.

## Current Priorities and Community Needs Initiatives

### Level I Trauma Center/ Emergency Service

ALGH's Level I Trauma Center/Emergency Department and Surgery Department provide substantial care to the uninsured and underinsured population; these services are safety nets to the community. Of the total number of trauma and emergency patients, approximately 32 percent, 31.5 percent were either Medicaid, charity care, or uninsured (self pay).

Advocate Lutheran General Hospital is the sole Level I Trauma Center among 12 hospitals in Illinois EMS Region 9, which spans a large geography as far north as McHenry and as far west as Aurora. ALGH also serves as a resource hospital to local fire and EMS departments to train paramedics on how to care for acutely ill patients. The Hospital's Level I Trauma Center extends the emergency safety net across a broad geographic area. The expansion of the Level I Trauma Center/Emergency Department will permit ALGH to better serve as a safety net for the area.

### Mental Health

Due to diminishing state funding and socio-economic challenges, mental health was identified by all informants as the top community need. The Hospital's Emergency Department has shown a marked increase in mental health emergency visits. The District 207 School-Based Health Center shared that approximately 20 percent of the students seen had a mental health issue.

Advocate Lutheran General Hospital, as chair of the Park Ridge Healthy Community Partnership, initiated and provided leadership to a coalition of over 20 partners from local government; police, fire and paramedics; faith communities; agencies; schools; and others to do a more detailed study of the mental health needs in the community. A community survey was used to better identify what services and resources are needed locally. This survey was also adapted and used for the Healthier Niles Survey completed in 2014 and is currently being used for the Healthier Des Plaines Survey being conducted now.

ALGH also has recently added a 24/7 psychiatric social worker. The Hospital has also collaborated and participated with local fire and police departments and its own Public Safety offices on programs for the first responders who bring mental health patients to the Hospital's Emergency Department. Further, the Park Ridge Police Department, in partnership with Advocate Lutheran General Hospital and with usage of mental health data from the Healthier Park Ridge Survey, received a \$100,000 grant from the Department of Justice for a Community Approach to Mental Health.

### Cardiovascular Disease

Cardiovascular risk factors are very evident in the community population, including hypertension, high cholesterol, overweight and obesity, smoking as well as inadequate physical exercise. Diabetes, stress, and inadequate insurance coverage are also contributing factors to cardiovascular disease.

Cardiovascular disease is also a priority of the Suburban Cook WePLAN 2015.

Cardiovascular disease is one of the leading diagnoses in the Hospital's Emergency Department.

ALGH had a partnership with the local Park District and developed measurable results programs for overall health and fitness for Women and Families. ALGH also has partnered with Young Hearts for Life to do EKG screenings for any interested student at the local high school and plans to continue to rotate through the other high schools in the area.

ALGH is also partnering with the Cook County Department of Health and the Director of Chronic Disease and Prevention and Health Promotion of the Cook County Department of Health and the Director serves on the Hospital's Community Health Council in assessing community needs and developing programs to reduce cardiovascular risk in the surrounding communities. ALGH also has a collaboration with the American Heart Association to further support and develop these programs to reduce cardiovascular risk.

Advocate Health Care is partnering with the State of Illinois on Medicaid. Advocate is forming a managed care community network (MCCN) to be able to take full capitalization for 100,000 Medicaid patients beginning January 1, 2016. This managed care approach will all the Advocate hospitals, including Advocate Lutheran General Hospital, to responsibly coordinate care for patients across the continuum of services. Advocate is a leader in Illinois in this approach to care.

### Special Needs of Cultural Populations

Advocate Lutheran General Hospital's community is becoming more diverse. ALGH conducted a Cultural and Linguistic Competence Self-Assessment to better determine the Hospital's strengths and weaknesses in serving its growing culturally diverse population. Based on this assessment, ALGH determined that cultural health initiatives were needed for the Korean-American, Russian, Polish, and Hispanic populations.

## South Asian and Korean

Because national data does not separate ethnicities into deeper categories, ALGH coordinated focus groups to better understand the health care needs of Korean-Americans in the community. This population in the community increased 50 percent from 2000 to 2010. The following needs of this group were identified: hypertension, high cholesterol, and diabetes. Further, this population does not seek preventive care. For example, only 30 percent of Korean-Americans regularly visit a physician for health checkups. The Korean-Americans considered lack of mental health and substance abuse services as well as lack of health insurance as the top 3 community health issues. They were also concerned about poor interpreting services, smoking, and lack of children's services, and were interested in community health screenings and prevention educational seminars.

Cardiovascular disease is very prevalent in the Korean-American population. ALGH has established a partnership with the Asian Health Coalition, Apna Ghar-Women's House for Domestic Violence, Hamdard Center, Simply Vedic, Malayalee Association of Respiratory Care, Mahavir Senior Center, Mahila Mandal, Swami Narayan Temples, Asian Media USA and Curried Restaurant, a South Asian Cardiac Center to specifically identify, and reduce cardiovascular risk in the South Asian community and improve their cardiovascular health. Programs that identify, reduce and manage risk of hypertension, high cholesterol and liver disease are ongoing. A Korean Concierge was hired in 2011 to help with language barriers, cultural competence and caregiving and assessment, identification and addressing of health needs in the Korean American Community.

Measurement of impact to this community will include internal modification of intake patient information to appropriately identify ethnicity beyond the broad census definition, creation of a Research Registry to track patients by cardiovascular risk factors and objective diagnostic markers to produce evidence-based conclusions on interventions/outcomes, monitoring usage of the American Heart Association's "The Simple 7" campaign specially adapted for the South Asian community, and using aggressive risk stratification methods to identify risk factors that require early intervention and prevent life-altering cardiac events.

Partners in these initiatives are the Korean-American Association of Chicago, Korean Cultural Center of Chicago, Korean-American Chambers of Commerce Chicago, Korean-American Broadcasting TV, Korean Daily Newspaper, Hanui Family Alliance, the National Unification Board, and Korean congregations.

## Polish

In a study conducted by two local physicians, it was determined that Polish-American women are less likely to undergo routine physical exams and mammography testing than other women. This highlighted the need for more targeted promotion and education about breast cancer exams.

The goals of the initiatives related to the Polish community include identifying, reducing and managing risk of breast and colorectal cancer. A Polish Patient Navigator was hired in December 2013. ALGH partners in these initiatives with the Polish-American Association, Polish-American Chamber of Commerce, Polish Women in Business, Polish National Alliance, Alliance of Polish Clubs, Legion of Young Polish Women, Polish Women's Alliance, Polish-American Medical Society, Polish Nurses' Association, Polish Faith Communities and Polish language media.

## Seniors

In its most recent Assessment, the Council determined that the community features an older population that is projected to increase, especially with the aging of the Baby Boomers. Health concerns of this age group (65+ and older) include falls, arthritis, cardiovascular issues including high blood pressure, high cholesterol and diabetes. They also determined that the seniors are not proactive with health and wellness education and/or preventive measures.

ALGH offers a broad array of services for seniors. More than 1,000 older adults have benefited from the hospital's Senior Breakfast Club, where seniors can participate in health education sessions with hospital physicians. Thousands of seniors have experienced the advantage and social benefits of the activities hosted by Adult Day Care Services; additionally, close to 10,000 meals have been delivered to seniors who look forward to visits from members of ALGH's Hospital Team. There is also a Senior Information Referral Offices, which receives 6,000 calls annually from seniors looking for more information about local resources to help keep them healthy.

Because ALGH staff has recently been trained on Matter of Balance, a proven, evidence-based program, and because there is a clear need to address fall prevention in seniors, this program was selected as a high priority for the community's seniors.

The Council measured the impact of the Matter of Balance program by tracking the number of trauma falls among seniors in the Emergency Department compared to a pre-program baseline number. The following accomplishments are based on aggregate data from pre and post-surveys related to two MOB classes held in the community.

- Participants demonstrated an increased confidence in their ability to protect themselves if they fall: 25% positive change (National average was 30.02%).
- Participants increased personal commitment to exercise: 19.23% positive changes (National average was 15.88%).
- Participants demonstrated an increase in confidence related to controlling their environment to reduce fall risks: 45.45% positive change (National average was 23.26%).

Advocate Lutheran General Hospital provides extensive safety net services to its community.

**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-41**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Advocate Health Care Financial Assistance**

Consistent with Advocate Health Care's values of compassion and stewardship, Advocate Lutheran General Hospital is committed to assisting those in need.

Attachment 41, Exhibit 1, is an overview of Advocate Health Care's Financial Assistance Guidelines. This and other informational documents for patients in need can be found on the Internet at [http://www.advocatehealth.com/financial assistance](http://www.advocatehealth.com/financial%20assistance). These documents are provided in English and Spanish.

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.*

The following table provides the amount of charity care for the latest three audited fiscal years, the cost of charity care, and the ratio of that charity care to the cost of net patient revenue.

### Charity Care

	2014	2013	2012	2011
	NA <sup>1</sup>			
<b>Net Patient Revenue</b>		\$ 717,538,686.00	\$ 692,043,354.00	\$ 667,042,998.00
<b>Amount of Charity Care (charges)</b>		\$ 50,885,000.00	\$ 46,411,000.00	\$ 37,847,000.00
<b>Cost of Charity Care</b>		\$ 17,546,343.00	\$ 15,809,000.00	\$ 13,452,000.00

<sup>1</sup> 2014 Charity Care is not available at time of filing. The 2014 filing data will be provided to the HFSRB as soon as it is available.

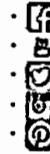
Source: Hospital Records

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.*

The above reported charity care is for Advocate Lutheran General Hospital.

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.*

NA Advocate Health and Hospitals Corporation dba Advocate Lutheran General is an existing facility.



## Patient Services

[Patient and Visitor Information by Hospital](#)

[Hospital Pricing Information](#)

[Financial Assistance](#)

[Pautas Para la Ayuda Económica o Para la Atención de Beneficencia](#)

## Financial Assistance

### Charity/Financial Assistance Guidelines

You can also view this page in [Spanish](#).  
Usted puede ver esta página en [español](#).

Consistent with Advocate Health Care's values of compassion and stewardship, it is Advocate's policy to provide financial assistance to patients in need. Advocate prides itself on assisting those individuals.

Advocate patients are encouraged to seek information from their hospital's financial counselor if they anticipate difficulty paying their portion of the hospital bill. Our counselors make every effort to assist patients who are uninsured, underinsured, or face other financial challenges associated with paying for the health care services we provide. Counselors may screen patients for eligibility for a variety of government-funded programs, assist with a worker's compensation or liability claim, set up an extended time payment plan, or help patients apply for Advocate financial assistance.

To support our mission of patient advocacy, Advocate partners with Chamberlin Edmonds to review eligibility and provide guidance for government assistance through the following programs: Illinois Medicaid, All Kids, Family Care, Marketplace Open Enrollment as part of the Affordable Care Act (ACA), Social Security Disability benefits, Supplemental Security Income (SSI) benefits, and Emergency Medical Coverage (EMA). Click [here](#) to learn more about Chamberlin Edmonds by visiting their website.

Advocate's financial assistance program provides discounts (up to 100 percent of hospital charges) to patients who meet financial eligibility guidelines.

A key provision of financial assistance requires the cooperation of the patient in providing health insurance information, applying for available government programs, completing an Advocate financial assistance application, and providing any requested supporting documentation. Given the sensitive nature of these requests, all communications with the patient or family members will be handled in strict confidence and in a compassionate manner.

If you are interested in applying for government funding or Advocate financial assistance, please click on the hospital: [BroMenn](#), [Christ](#), [Cordell](#), [Eureka](#), [Good Samaritan](#), [Good Shepherd](#), [Illinois Masonic](#), [Lutheran General](#), [Sherman](#), [South Suburban](#), or [Trinity](#), where you received care and follow the instructions listed. You may also obtain a financial assistance application when you visit the hospital at any registration area.

Advocate's provision of financial assistance is voluntary and discretionary and nothing in the web page or the process is intended to create a contract. The availability of financial assistance is dependent on financial viability and the condition of the hospital at the time of the determination.

- To learn more about our financial assistance program in Spanish click [here](#).
- For more information about hospital pricing, click [here](#).

View our patient brochure: Understanding Billing and Financial Assistance

- [English](#)
- [Español](#)

- [About Advocate](#)
- [About Us](#)
- [Maps & Directions](#)
- [Newsroom](#)

 Advocate Lutheran General Hospital

1775 Dempster Street || Park Ridge, IL 60068 || T 847.723.2210 || [advocatehealth.com](http://advocatehealth.com)

May 27, 2015

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

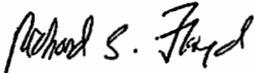
Re: Advocate Lutheran General Hospital – Assurances  
Section 1130.234 e) 1)

Dear Ms. Avery:

This letter provides the Health Facilities and Services Review Board with assurances regarding our application to relocate our Cardiac Catheterization Suite including cardiac catheterization labs and Phase I and Phase II recovery stations.

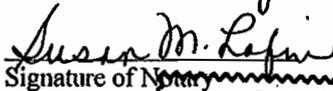
We hereby state that it is our understanding, based upon information available to us at this time, that by the second year of operation after project completion, Advocate Lutheran General Hospital reasonably expects to operate all clinical services included in this application for which there are utilization targets at the State Agency target utilization specified in 77 Ill Adm. Code 1110 Appendix B.

Sincerely,



Richard B. Floyd, FACHE  
President

Notarization  
Subscribed and sworn before me  
on this 27<sup>th</sup> day of May, 2015

  
Signature of Notary

Seal



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

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

