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Via FedEx

August 11, 2016

Mike Constantino
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street
Springfield, IL 62761

RECEIVED

AUG 12 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: #16-030 – John H. Stroger Jr., Hospital of Cook County – Central Campus Health Center

Dear Mr. Constantino:

In response to your request for additional information, please see below.

1. Please provide the legal address of the existing Fantus Health Center and John H. Stroger, Jr., Hospital of Cook County. Also, is the proposed project going to be located at 1950 W. Polk, Chicago, Illinois?

Response: The legal mailing address of the Fantus Clinic is 621 W. Winchester. The mailing address of Stroger is 1901 W. Harrison (and its main entrance is 1969 W. Ogden). The assigned address for the proposed buildings is 1950 W. Polk.

2. Please provide a schematic, a stacking diagram or a space program for the new nine (9) story building. I am unable to find a description of what is going to be included on the individual floors of the new structure.

Response: The stacking diagram is attached.

3. Page 37 of the application for permit. Please provide the number of medical exam rooms and infusion therapy stations/rooms to be included in the new structure.

Response: The proposed number of medical exam rooms is 144 and the number of infusion therapy rooms (for oncology) is 36.

4. Page 38 of the application for permit. Please provide the approximate number of outpatient visits at the Fantus Health Center for years 2013 and 2014. 2015 has been provided.

Response: Outpatient visits (approximate) at Fantus in 2013 were 145,740 and in 2014 were 150,146.

5. Please provide an explanation of what is included in other sources of funds. Page 9 of the application for permit.

Response: The “other sources” of funds come from a construction “lease of drywall space” modernization of the fourth floor, financed by First American. The contractor will modernize the space and Stroger will pay for it over a 5 year term with payments totaling \$16,320,490.00. This arrangement constitutes neither a true lease, mortgage or traditional financing so the dollars were placed in “other sources”.

6. The Project Costs and Sources of Funds Schedule do not reconcile. Please provide a new schedule. [Page 9 of the application for permit]

Response: See revised page, correcting errors.

7. Please provide an explanation of the financing lease with First American. Page 39 of the application for permit.

Response: The reference to First American is as in number 5. It is a method of paying for the modernization without adding to bond debt or drawing down cash.

8. The cost space schedule does not reconcile [Page 33 of the application for permit]. It is my understanding that the new construction will be the Fantus replacement building. The narrative [Page 4 of the application for permit] states the total gross square footage will be 284,471 GSF. However the cost space schedule states the total to be 278,914 a difference of 5,557 GSF. Also the total cost listed on page 33 does not equal the project costs on page 4 of the application for permit a difference of \$5,546,154. Please provide a new cost schedule.

Response: See revised Attachment 9.

9. Charity Care. The table on page 42 of the application for permit for Year 2015 has the cost of charity care as \$365,044,304 and the charges of \$265,739,453. Please explain how the charges are less than the cost. Also I do not understand how the net revenue percentage for all years presented is calculated. See Table below.

	2013	2014	2015
Net Patient Revenue	60.00%	40.00%	31.00%

Amount of Charity Care	\$311,399,757	\$238,410,551	\$365,044,304
Cost of Charity Care	\$251,524,764	\$173,942,176	\$265,739,453

Response: The 2015 charity care numbers were mistakenly inverted. The net revenue percentage was calculated using cost to charge ratio from the Hospital's cost report. It is an approximate number given the nature of calculating "net revenue" in the context of charity care. The percentage is higher than most hospitals due to Stroger's mission and public hospital system status.

10. Please provide the most recent audited financial statement for John H. Stroger Jr., Hospital of Cook County.

Response: A copy has been provided separately via email.

In addition, I am enclosing copies of certain revised application pages to address your concerns and questions.

As always, thank you.

Sincerely,



Clare Connor Ranalli

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.

Cook County either directly or through Cook County Health and Hospitals System has operated Cook County Hospital/John H. Stroger Hospital and the Fantus Health Center, a/k/a Fantus Clinic located in Chicago since 1857 and 1959 respectively. The Hospital and the Fantus Clinic provide healthcare services as a safety net to uninsured and underinsured patients. The new Cook County Hospital (Stroger) opened in 2002. This project envisions replacement of the Fantus Clinic building which is on the Stroger campus at 621 W. Winchester in Chicago, and offers outpatient services. The Clinic building is obsolete and will be demolished. The cost of demolition is not included in this project, as the proposed new building is not on the same site as the current Fantus Clinic. The Fantus Building has nothing to do with the historic structure that is the old Cook County Hospital. All services offered at Fantus will continue to be offered at the proposed new building and at Stroger Hospital.

The Hospital is constructing a 9 story Central Campus Health Center ("CCHC") at 1950 W. Polk that will offer medical services on an outpatient basis to, in part, replace the Fantus Clinic as a medical office type clinic. A full description of the project is attached to this narrative summary. These services will be "medical office based" i.e. in exam rooms and almost entirely by appointment only. They will be offered by employed physicians/dentists including endocrinologists (diabetic care), primary care, dermatology, ENT, oncology, ophthalmology and dentistry. In addition infusion therapy will be offered at the CCHC. It will also house administrative offices, conference rooms, education, library and employee health. The first floor of the new building will allocate space to public amenities, such as a coffee shop, gift shop and other similar common area amenities to be determined. The CCHC will be attached to the John H. Stroger Hospital via connectors at the first floor for the public, and second for employees.

Some current administrative space in both the Hektoen and CCHHS Administrative buildings will be vacated and moved to the CCHC. There is no current intended use for the vacated space.

In addition, space will be modernized on the 4th floor of John H. Stroger Hospital to accommodate women's health services (OB/Gyne and pediatrics with some general medicine), currently offered at Fantus. The 4th floor location at Stroger is a good location for these services, as this floor includes labor/delivery, an inpatient pediatric service and the NICU, none of which will be at all impacted by the modernization of space on the 4th Floor.

The modernized space on the 4th floor will consist of a total of 41,105 GSF. The CCHC building will be approximately 280,000 GSF (see attached Stacking Diagram). The total project cost is \$137,720,150.00.

The project is non-substantive under the Board's rules as it does not involve the establishment or discontinuation of a category of service or health care facility.

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$201,415	\$342,950	\$544,365
Site Survey and Soil Investigation	\$21,107	\$35,938	\$57,045
Site Preparation	\$2,729,672	\$4,647,820	\$7,377,492
Off Site Work	\$0	\$458,689	\$458,689
New Construction Contracts	\$28,810,287	\$56,030,219	\$84,840,506
Modernization Contracts	\$8,416,000	\$0	\$8,416,000
Contingencies	\$2,183,942	\$3,718,604	\$5,902,546
Architectural/Engineering Fees	\$1,881,007	\$3,202,795	\$5,083,802
Consulting and Other Fees	\$194,250	\$330,750	\$525,000
Movable or Other Equipment (not in construction contracts)	\$12,251,500	\$8,550,000	\$20,801,500
Bond Issuance Expense (project related)	\$368,103	\$626,770	\$994,873
Net Interest Expense During Construction (project related)	\$0	\$0	\$0
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized	\$1,004,667	\$1,713,665	\$2,718,332
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
TOTAL USES OF FUNDS	\$58,061,950	\$79,658,200	\$137,720,150
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$5,480,718	\$7,519,282	\$13,000,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)	\$45,400,616	\$62,999,044	\$108,399,660
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources	\$7,180,616	\$9,139,874	\$16,320,490
TOTAL SOURCES OF FUNDS	\$58,061,950	\$79,658,200	\$137,720,150
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Itemization of Costs

Pre Planning Costs - \$544,365.00 for feasibility studies, market studies, fee solicitations/bids

Site Survey - \$57,045 – Phase I Survey

Site Prep - \$7,377,492.00 – Equipment rental for earthwork, concrete, lifting, site drainage, utilities clearing, grading and related earthwork

Offsite Work - \$458,689 – Drainage, utilities, sidewalks, traffic signals

Construction and Modernization - \$93,256,506 – Includes Fixed Equipment and Contractor's Overhead

Contingencies - \$5,902,546 – Design and Construction plus winter weather allowance

Consulting Fees - \$525,000.00 – environmental, consulting and professional

Movable Equipment - \$20,801,500 – exam tables, desks, miscellaneous movable medical equipment, office furniture, lobby furniture, kitchen equipment

Other Costs To Be Capitalized - \$2,715,342 – Builders Risk Insurance, Building Permit Allowance, A&E Reimbursables, Signage Allowance, Art Work, General Liability Insurance

Dept. / Area	Cost (\$)	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE*							
Medical Exam Rooms	52,494,694	206,706	117,831	76,726	41,105	0	206,706*
Infusion Therapy	5,567,256	0	9,753	9,753	0	0	0
Total Clinical	58,061,950	206,706	127,584	86,479	41,105		206,706
NON REVIEWABLE							
Administrative	48,330,767	480,000**	122,000	122,000	0		480,000
Education/Conf. Rooms	1,773,077	N/A	14,000	14,000	0	0	0
Circulation (bridges, tunnels, general circulation and mechanicals)	23,200,579	N/A	43,000	43,000	0	0	0
Common Areas (Lobby/public areas)	3,773,077	N/A	10,000	10,000	0	0	0
Employee Health	2,580,700	N/A	4,521	4,521	0	0	0
Total Non-clinical	79,658,200	480,000	193,521	193,521	0	0	480,000
TOTAL	\$137,720,150	686,706	321,105	280,000	41,105	0	686,706

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

*Clinical space is listed here, but is not technically reviewable. The clinical space will be designated for CCHHS employed physicians who will see patients scheduled by appointment (i.e. medical office space) and, in addition, in the CCHC there will be an area for infusion therapy. Medical services offered at the CCHC will include oncology, ENT, Dermatology general medicine, endocrinology, dentistry and ophthalmology services. Medical services offered on the 4th floor of Stroger will include women's and children's health services.

*Fantus Building – Essentially all clinic (medical) space.

**This represents administrative space in the Hektoen and CCHHS Admin Building, which will be vacated and relocated to the new building.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Med Exam	117,831*	N/A	N/A	N/A
Infusion Therapy	9,753	N/A	N/A	N/A

*86,479 GSF new construction GSF in the Central Campus Health Care Center, and 41,105 GSF modernization on the 4th floor of Stroger.