



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET NO: H-07	BOARD MEETING: January 24, 2017	PROJECT NO: 16-043	PROJECT COST: Original: \$30,176,692
FACILITY NAME: Rush Oak Park Hospital, Inc.		CITY: Oak Park	
TYPE OF PROJECT: Non-Substantive			HSA: VII

DESCRIPTION: The applicants (Rush University Medical Center and Rush Oak Park Hospital, Inc.) are proposing the modernization of the emergency department at Rush Oak Park Hospital. The cost of the project is \$30,176,692 and the expected completion date is April 30, 2019.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Rush University Medical Center and Rush Oak Park Hospital, Inc.) are proposing the modernization of the emergency department at Rush Oak Park Hospital. The cost of the project is \$30,176,692 and the expected completion date is April 30, 2019.
- The applicants are proposing to construct a one-and-a-half story building to house the Emergency Department just north of the hospital's main building in 55,134 GSF of space. The current emergency department has seventeen (17) stations and the applicants are proposing twenty-one (21) stations; sixteen (16) general treatment stations, two (2) isolation rooms, two (2) behavioral health rooms and one (1) room for the evaluation and treatment of sexual abuse patients. The applicants are also proposing three (3) evaluation/triage rooms.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes to modernize an existing Clinical Service Other than a Category of Service that is in excess of the capital expenditure minimum of \$12,950,881.

PUBLIC HEARING/COMMENT:

- There was no request for a public hearing and no letters of support or opposition were received by the State Board Staff.

CONCLUSION:

- The State Board Staff reviewed the application for permit and additional information requested and notes the following.
- To address the modernization of an emergency department the applicants must identify if the modernization is the result of deteriorated facilities or necessary expansion. The applicants stated the proposed modernization is necessary expansion due in part to the implementation of the Affordable Care Act and assumption of sole ownership of the hospital by Rush University Medical Center, and the resulting reputation recognition and operational support.
- Additionally the existing emergency department occupies space in a 110 year old building that last received substantial renovation in 1969. The existing emergency department has minimally-sized exam rooms, compromises inpatient privacy, inadequate supply and equipment storage space and family space, toilets that are not ADA accessible, and dated heating and cooling systems.
- To justify the extent of the modernization being proposed the applicants must document that the twenty-one (21) stations being proposed are justified based upon two (2) year historical utilization at Rush Oak Park Hospital. The State Board's utilization standard for emergency department stations is 2,000 visits per station per year. Registration of the patient at the emergency department is considered a visit no matter if the patient leaves before being seen. The applicants stated "during the first nine (9) months of 2016, 98.35% of individuals registering at the Rush Oak Park Hospital emergency department received care."
- Over the past five years (2011-2015) the State of Illinois and Health Service Area VI (City of Chicago) has seen a compounded annual increase in emergency department visits of less than 1%. Health Service Area VII (Suburban Cook and DuPage County) has seen a compounded annual growth of 1.21% in emergency department visits over this same five (5) year period. Over the past five (5) years (CY 2011 thru CY 2015) the Rush Oak Park Hospital has experienced a 5.71% compounded annual growth in the number of emergency department visits.
- The applicants addressed fifteen (15) criteria and failed to meet the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
Criterion 1110.3030 (d) (1) (2) (3) – Service Modernization	The applicants’ two (2) year historical average visits (32,193 visits) will justify the current seventeen (17) stations (32,193 visits/2,000 visits = 17 stations) and not the twenty-one (21) stations being requested.

STATE BOARD STAFF REPORT
#16-043
Rush Oak Park Hospital, Inc.

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	Rush University Medical Center, Rush Oak Park Hospital
Facility Name	Rush Oak Park Hospital, Inc.
Location	520 South Maple Street, Oak Park, Illinois
Application Received	October 17, 2016
Application Deemed Complete	October 20, 2016
Permit Holder	Rush Oak Park Hospital, Inc.
Operating Entity	Rush Oak Park Hospital, Inc.
Owner of the Site	Rush University Medical Center
Project Financial Commitment Date	January 24, 2019
Gross Square Footage	55,134 GSF
Project Completion Date	April 30, 2019
Review Period Ends	December 20, 2016
Request a Deferral?	Yes

I. The Proposed Project

The applicants (Rush University Medical Center and Rush Oak Park Hospital, Inc.) are proposing the modernization of the emergency department at the hospital. The cost of the project is \$30,176,692 and the expected completion date is April 30, 2019.

II. Summary of Findings

- A. The State Board Staff finds the proposed project is **not** in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project is in conformance with the provisions of Part 1120.

III. General Information

The applicants are Rush University Medical Center and Rush Oak Park Hospital, Inc. Rush University Medical Center consists of Rush University Hospital (a 727-staffed-bed academic medical center), Rush University (a health sciences university with more than 2,500 students that consists of four colleges, including nursing and medical schools), and Rush University Medical Group (a faculty practice plan). Rush Oak Park Hospital, Inc. is a 237 bed acute care hospital located at 520 South Maple Street, Oak Park, Illinois in Health Service Area VII and Hospital Planning Area A-06. The operating entity licensee is Rush Oak Park Hospital, Inc. and the owner of the site is Rush University Medical Center. Financial commitment will occur after permit approval. This is a non-substantive project subject to a Part 1110 and Part 1120 review and subject to a sixty (60) day review.

Rush Oak Park Hospital was opened in 1907 by John W. Tope, MD, and the Sisters of Misericordia. The Sisters of Misericordia operated the hospital until 1986, when ownership was transferred to the Wheaton Franciscan Sisters, Inc. In 1997, the hospital partnered with Rush University Medical Center. In 2013, Rush University Medical Center acquired the hospital outright, solidifying its continued investment in community health care. [Change of Ownership Exemption #007-13-Rush Oak Park Hospital, Inc.]

The Rush Oak Brook Hospital campus includes the Center for Rehabilitation, the Breast Center, state-of-the-art Interventional Radiology and Surgical suites, and a comprehensive Center for Diabetes and Endocrine Care with an American Diabetes Association-recognized Education Program and board-certified endocrinologists.

Also located on the hospital campus is Rush Medical Office Building, which houses approximately thirty (30) medical offices as well as an advanced magnetic resonance imaging (MRI) system, operated in cooperation with Oak Park Imaging Services. The Rush Medical Office Building also houses the Rush Pain Management Center and the Rush Outpatient Pharmacy. <https://www.roph.org/>

Rush Oak Park Hospital over the past five years has averaged 33% Medicare, 9% Medicaid, 55% Private Insurance, 3% Private Pay and 1.8% in charity care expense. The applicants state in CY 2015 the payor source for the emergency department visits was 40% Medicaid, 20% Medicare, 15% Private Insurance, 11% Managed Care and 14% Self Pay/Charity Care

TABLE ONE
Inpatient and Outpatient Net Revenue by Payor Source ⁽¹⁾

Payor Source	2011	2012	2013	2014 ⁽²⁾	2015	Average	%
Medicare	\$33,535,317	\$36,740,897	\$37,066,525	\$35,492,076	\$41,776,643	\$36,922,292	33.17%
Medicaid	\$7,550,455	\$6,148,504	\$6,543,350	\$13,316,386	\$15,143,275	\$9,740,394	8.75%
Other Public	\$49,811	\$101,593	\$118,614	\$69,048	\$122,031	\$92,219	0.08%
Private Insurance	\$57,074,450	\$55,402,930	\$63,520,226	\$64,641,992	\$65,640,196	\$61,255,959	55.03%
Private Pay	\$4,286,732	\$6,111,235	\$5,776,059	-\$460,910	\$816,366	\$3,305,896	2.97%
Total	\$102,496,765	\$104,505,159	\$113,024,774	\$113,058,592	\$123,498,511	\$111,316,760	100.00%
Charity Care Ex.	\$1,000,241	\$943,216	\$1,012,369	\$4,695,544	\$2,528,248	\$2,035,924	1.83%

1. Information taken from CY 2011 thru CY2015 Hospital Survey

2. Rush University Medical Center assumed control of Rush Oak Park Hospital, Inc. thru Exemption #007-13.

IV. Emergency Departments - State of Illinois

Rush Oak Park Hospital, Inc currently provides comprehensive emergency treatment services at the hospital emergency department. Comprehensive emergency treatment requires at least one licensed physician be in the emergency department at all times, physician specialists who represent the major specialties and sub-specialties, such as plastic surgery, dermatology and ophthalmology, shall be available within minutes and ancillary services, including laboratory and x-ray, shall be staffed at all times. The pharmacy shall be staffed or on call at all times. (210 ILCS 80/0.01- Emergency Medical Treatment Act) (77 IAC 250.710 - Classification of Emergency Services)

Each hospital in the State of Illinois, except long-term acute care hospitals and rehabilitation hospitals have to provide emergency services according to one of the following categories:

- 1) Comprehensive Emergency Treatment Services
- 2) Basic Emergency Treatment Services
 - A) one licensed physician be in the emergency department at all times;
 - B) physician specialists who represent the specialties of medicine, surgery, pediatrics and obstetrics be available within minutes;
 - C) ancillary services, including laboratory and x-ray, be staffed at all times.
 - D) the pharmacy must be staffed or on call at all times.
- 3) Standby Emergency Treatment Services
 - A) A registered nurse on duty in the hospital shall be available for emergency services at all times.
 - B) A licensed physician shall be on call to the emergency department at all times.

All emergency departments in Illinois are subject to the Emergency Medical Treatment & Labor Act (EMTALA) to ensure public access to emergency services regardless of ability to pay.

Hospital Planning Area A-06 is comprised of six (6) acute care hospitals and one (1) psychiatric hospital.

- Rush Oak Park Hospital, Oak Park
- Loyola Health System at Gottlieb, Melrose Park
- Loyola University Medical Center, Maywood
- MacNeal Hospital, Berwyn
- West Suburban Medical Center, Oak Park
- Westlake Hospital, Melrose Park
- Riveredge Hospital, Forest Park (Psychiatric Hospital)

Over the past five years (2011-2015) the State of Illinois and HSAVI (City of Chicago) has seen a compounded annual increase in emergency department visits of less than 1%. HSAVII (Suburban Cook and DuPage County) has seen a compounded annual growth of 1.21% in emergency department visits over this same five (5) year period. The A-06 Hospital Planning Area has seen less than 1% compounded annual growth over this same five (5) year period. Rush Oak Park Hospital has reported a compounded annual growth of 5.71% in emergency department visits. According to the applicants this growth in emergency department visits at Rush Oak Park Hospital is due in part to the Affordable Care Act.

TABLE TWO
Growth in the Emergency Department Visits
CY 2011-2015 ⁽¹⁾

Areas	2011		2015		Compounded Annual Increase	
	Stations	Visits	Stations	Visits	Stations	Visits
State of Illinois	3,022	5,293,009	3,263	5,453,974	1.55%	0.60%
HSAVI	692	1,164,090	750	1,174,356	1.62%	0.18%
HSAVII	742	1,304,541	820	1,385,177	2.02%	1.21%
Hospital Planning A-06	102	236,878	104	240,204	0.39%	0.28%
Rush Oak Park Hospital	17	24,604	17	32,480	NA	5.71%

1. Information taken from Hospital Survey Data for CY2011 and CY 2015

V. Project Details

The applicants are proposing a modernization project for the replacement of Rush Oak Park Hospital's emergency department. According to the applicants the existing emergency department occupies space in a 110 year old building that last received substantial renovation in 1969. The plan is to construct a one-and-a-half story building to house an Emergency Department just north of the hospital's main building off Maple Avenue and Madison Street. The new, approximately 55,000-square-foot facility will devote approximately 20,000 square feet for the new Emergency Department, with the remainder being utilized for program and building support. It will take the place of the Rush Oak Park Hospital Medical Arts Building, a five-story structure that has been vacant for two (2) years and was built primarily as a nursing school dormitory. Due to elevation disparities between the replacement emergency department site and the existing hospital, and in order to provide patient, staff, public, and supply movement between the replacement emergency department and the hospital, small elevator lobbies (approximately 300 sf. each) will be located on the level above and below the emergency department, providing access to connectors to the hospital. Those lobbies will be the only functions on those levels. The existing ED space will be converted for use as community meeting rooms.

VI. Project Costs and Sources of Funds

The applicants are funding this project with cash of \$30,176,692. Demolition costs are included as part of the project costs because the demolition costs prepare the emergency department for its intended use and it is a capitalized cost. Itemization of the costs listed below can be found at pages 34-87 of the application for permit.

TABLE THREE
Project Costs and Sources of Funds

Project Costs	Reviewable	Non Reviewable	Total
Preplanning Costs	\$185,000	\$200,000	\$385,000
Site Survey and Soil Investigation	\$12,000	\$12,000	\$24,000
Site Preparation	\$100,000	\$100,000	\$200,000
New Construction Contracts	\$7,870,743	\$11,732,043	\$19,602,786
Modernization Contracts		\$2,074,400	\$2,074,400
Contingencies	\$395,820	\$810,580	\$1,206,400
Architectural and Engineering Fees	\$715,000	\$385,000	\$1,100,000
Consulting and Other Fees	\$700,000	\$300,000	\$1,000,000
Moveable and Other Equipment	\$2,124,342	\$459,764	\$2,584,106
Other Costs to be Capitalized		\$2,000,000	\$2,000,000
Total	\$12,102,905	\$18,073,787	\$30,176,692
Sources of Funds			
Cash			\$30,176,692
Total			\$30,176,692

Source: Application for Permit page 7

VII. Cost Space Requirements

The applicants are proposing 19,791 GSF of reviewable space for this project. The reviewable gross square footage is approximately thirty-six percent (36%) of the total gross square footage of the project.

**TABLE FOUR
Cost Space Requirements**

Department/Area	Costs	Existing	Proposed	New Construction	Modernization	Vacated Space
Reviewable						
Emergency Department	\$11,255,702	10,372	18,036	18,036		10,372
Evaluation /Triage	\$847,203		1,755	1,755		
Total Reviewable	\$12,102,905	10,372	19,791	19,791	0	10,372
Non Reviewable						
Community Meeting Rooms	\$2,274,400				10,372	
Ambulance Entrance	\$1,210,944		3,063	3,063		
Education	\$162,664		307	307		
IT	\$253,033		500	500		
Security	\$198,812		400	400		
Offices	\$614,509		1,193	1,193		
Vertical Circulation	\$2,891,806		4,927	4,927		
Connector to Hospital	\$2,006,190		3,926	3,926		
Staff Support Area	\$271,107		404	404		
Mechanicals	\$2,313,445		4,508	4,508		
Janitor	\$13,555		35	35		
DGSF>>>BGSF	\$5,863,323		16,080	16,080		
Total Non Reviewable	\$18,073,787		35,343	35,343	10,372	10,372
Total	\$30,176,692	10,372	55,134	55,134	10,372	20,744

Source: Application for Permit page 88.

Note: A DGSF>>>BGSF conversion factor of .41 was used, primarily to address 16,000+ square feet of "unusable" space. The existing structure to be demolished has three below-grade levels, including a swimming pool. Placing the replacement structure on pillars, rather than filling in the below grade levels with imported dirt, results in an estimated project cost savings of \$2.0M. The development of the building on pillars, leaves the below ground area open, as essentially crawl space. [Additional Information received November 3, 2016]

VIII. Purpose of the Project, Safety Net Impact Statement, Alternatives to the Project

A) Criterion 1110.230 (a) – Purpose of the Project

To demonstrate compliance with this criterion the applicants must provide documentation of the existing problems to be solved by the proposed application for permit; the population to be served; and how the proposed project will rectify the problems identified.

The applicants stated the following in part:

“The primary purpose of the proposed project is to replace Rush Oak Park Hospital's existing emergency department ("ED"), with a department designed to contemporary ED standards. The ED's market area is and will continue to be the Oak Park and the surrounding west suburban communities, extending east into the westernmost Chicago neighborhoods”.

Table Five below *“identifies the FY 2015 patient origin for the existing ED. The hospital's existing ED has occupied the same space for approximately fifty (50) years, is undersized by approximately thirty-five percent (35%), based on current HFSRB standards, and requires continuous updates and repairs due to the facility's age.”*

“Among the facility-related deficiencies present in the ED are: selected patient access corridors with less than eight foot widths, exam rooms with inadequate clearance around beds, the absence of a single-use isolation room, a single lane ambulance drive and non-ADA accessible toilets. The project's goals are to have a contemporary ED available to the community consistent with the project completion date identified in this application, and to improve the ED patient satisfaction, which will be measurable through post-discharge surveys.”

“The project's goals are to have a contemporary ED available to the community consistent with the project completion date identified in this application, and to improve the ED patient satisfaction, which will be measurable through post-discharge surveys.” [Application for Permit page 95-96A]

**TABLE FIVE
2015 Emergency Department Patient
Origin by Zip Code**

Zip Code	City	Percentage of Patients
60644	Chicago	17.00%
60302	Oak Park	11.50%
60651	Chicago	9.30%
60130	Forest Park	6.80%
60402	Berwyn	5.40%
60624	Chicago	5.30%
60304	Oak Park	5.30%
60639	Chicago	4.00%
60707	Elmwood Park	3.00%
60804	Cicero	2.90%
60623	Cicero	2.90%
60153	Maywood	2.60%
60612	Chicago	2.10%
60104	Bellwood	1.90%
60305	River Forest	1.60%
60301	Oak Park	0.80%
60634	Chicago	0.70%
60155	Broadview	0.60%
60546	Riverside	0.60%
60154	Westchester	0.60%
60160	Melrose Park	0.50%
	Other less than .5%	14.60%
Total		100.00%

B) Criterion 1110.230 (b) - Safety Net Impact Statement

This project is considered a non-substantive project and no safety net statement is required. To document compliance with this criterion the applicants must document the amount of charity care that has been provided by Rush University Medical Center for the past three (3) years prior to the filing of the application for permit.

The applicants provided the following information.

TABLE SIX
Rush University Medical Center
Charity Care

	2013	2014	2015
Net Revenue	\$966,970,000	\$1,025,637,000	\$1,081,808,000
Charity Care (charges)	\$119,657,172	\$138,355,670	\$82,762,401
Charity Care (At Cost)	\$36,717,088	\$34,763,323	\$20,805,851
	3.80%	3.39%	1.92%

Source: Application for Permit page 24

C) Criterion 1110.230 (c) – Alternatives to the Proposed Project

To document compliance with this criterion the applicants must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

The applicants considered two (2) alternatives to the proposed project.

1. Renovate the existing ED space
2. Renovate another space in the hospital for the ED service

Both alternatives were rejected by applicants. The first alternative was rejected because the current space is undersized and renovation would not solve this problem. No capital costs were estimated for the first alternative, because the applicants considered this alternative as not practicable. The second alternative was rejected because no suitable space could be identified on the first floor of the hospital to house the ED department. The applicants are estimating the capital costs for the second alternative to be similar to the proposed project. [Application for Permit page 97-98]

IX. Project Size, Projected Utilization, and Assurances

A) Criterion 1110.234 (a) – Size of the Project

To document compliance with this criterion the applicants must document that the proposed size of the project meets the standards published in Part 1110 Appendix B.

The proposed twenty-one (21) emergency stations will be located in 18,036 DGSF of space. The State Board Standard is 900 DGSF per station for a total of 18,900 DGSF. The applicants have successfully addressed this criterion.

Reviewer Note: HFSRB size standards are maximum standards. The Illinois Department of Public Health has minimum size standards that must be met.

B) Criterion 1110.234 (a) – Projected Utilization

To document compliance with this criterion the applicants must document that the proposed project will be at target occupancy within two (2) years after project completion.

The State Board Standard per emergency department station is 2,000 visits per station. The compounded annual growth for the Rush Oak Park Hospital ED department is 5.71%

over the past five years. If growth in the ED visits continues the applicants can justify the number of stations being requested by the applicants.

TABLE SEVEN
Rush Oak Park Hospital
Emergency Department Visits
CY 2011 – CY2015

Calendar Year	2011	2012	2013	2014	2015	Average
Number of Stations	17	17	17	17	17	17
Number of Visits	24,609	27,595	29,064	31,906	32,480	29,131
Number of Stations Warranted ⁽¹⁾	13	14	15	16	17	13

1. Number of stations warranted based upon 2,000 visits per station
2. Information taken from 2011 thru 2015 Hospital Annual Survey

TABLE EIGHT
Rush Oak Park Hospital
Emergency Department Visits
Projected Growth [5.71%]
CY 2016 - CY2020

Calendar Years	2016	2017	2018	2019	2020
Number of Visits	34,335	36,296	38,368	40,559	42,875
Number of Stations Warranted ⁽¹⁾	18	19	20	21	22

1. Number of stations warranted based upon 2,000 visits per station

C) Criterion 1110.234 (e) – Assurances

To document compliance with this criterion the applicants must document that the proposed project will attain target utilization two (2) years after project completion.

The applicants have provided the necessary attestation at page 107 of the application for permit.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA SIZE OF THE PROJECT, PROJECTED UTILIZATION, AND ASSURANCES (77 IAC 1110.234 (a) (b) (e))

X. Clinical Services Other than Categories of Service

A) Criterion 1110.3030 (b) (1) (3) – Background of the Applicants

To demonstrate compliance with this criterion the applicants must document any adverse action taken against the applicants in the three (3) years prior to the filing of the application for permit; a listing of all health care facilities owned and operated by the applicants, and authorization allowing the State Board and the Illinois Department of Public Health access to any documentation to verify information in the application for permit.

1. The applicants provided a listing of all health care facilities owned or operated by the applicants including licensing information and Medicare certification. There has been no adverse action taken against any facility owned and/or operated by the applicants during the three (3) years prior to the filing of the application. Authorization permitting HFSRB and DPH access to any documents necessary to verify information that have been submitted with the application for permit was provided as required.
2. A warranty deed was provided as evidence of site ownership.
3. A Certificate of Good Standing was provided for Rush Oak Park Hospital. Rush University Medical Center certificate of good standing was provided in previous applications #16-031 and #16-032.
4. The applicants have attested that FEMA does not produce flood plain hazard maps for Oak Park, Illinois.
5. The Illinois Historic Preservation Agency has determined that the site has no historic, architectural, or archaeological sites exist within the project area.
6. The applicants have submitted all reports required by the HFSRB and the Illinois Department of Public Health.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANTS (77 IAC 1110.3030 (b) (1) (3))

B) Criterion 1110.3030 (d) (1) (2) (3) – Service Modernization

To demonstrate compliance with this criterion the applicants must identify if the proposed project meets one of the following:

1. Deteriorated Equipment or Facilities
2. Necessary Expansion

Additionally if the project is a necessary expansion of service the applicants must document historical utilization for the past two (2) years; or evidence of changes in industry standards; or changes in scope of services; or fire code deficiencies involving the proposed project.

The applicants are proposing twenty-one (21) ED stations and three (3) evaluation/triage rooms in the relocated ED department. According to the applicants the modernization is needed because the current emergency department is located in a 110 year old building and the last renovation of the ED department occurred approximately fifty (50) years ago. The existing emergency department has minimally-sized exam rooms, compromises patient privacy, inadequate supply and equipment storage space and family space, toilets that are not ADA accessible, and dated heating and cooling systems. Over the past five years (2011-2015) the applicants have seen a compounded annual growth in visits to the ED department of 5.71%. The applicants are expecting this growth to continue through 2020 the second year after project completion. The applicants state the reason for the

increase in patient visits is the implementation of the Affordable Care Act over the past five years and Rush University Medical Center assuming ownership of the facility. Based upon the historical utilization for the past two years (2014 and 2015) the applicants can justify the current seventeen (17) stations and not the twenty-one (21) stations being proposed by this project.

TABLE NINE
Rush Oak Park Hospital
Emergency Department Visits
CY 2011 – CY2015

Calendar Year	2011	2012	2013	2014	2015	5-Year Average
Number of Stations	17	17	17	17	17	17
Number of Visits	24,609	27,595	29,064	31,906	32,480	29,131
Number of Stations Warranted ⁽¹⁾	13	14	15	16	17	15

1. Number of stations warranted based upon 2,000 visits per station

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT TO BE IN CONFORMANCE WITH CRITERION SERVICE MODERNIZATION (77 IAC 1110.3030 (d) (1) (2) (3))

XI. Financial Viability

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 – Financial Viability

To document compliance with these criteria the applicants must provide evidence that sufficient cash is available to the fund the proposed project. Additionally the applicants must provide evidence of an “A” or better bond rating or that the proposed project will be funded internally to qualify for the financial waiver.

The applicants provided evidence of an “A” or better bond rating on October 24, 2016 from S & P Global Ratings that stated “S&P Global Ratings affirmed its “A+” long-term rating on the Illinois Finance Authority's series 2015A and 2015B fixed-rate hospital revenue bonds. We also affirmed our “A+” underlying rating on the authority's series 2008A revenue bonds.” The applicants provided its’ most recent “A” or better bond rating, the State Board Staff believes the applicants have qualified for the financial waiver.

TABLE TEN
Rush University Medical Center
2015 and 2014
(In Millions)

	2015	2014
Cash	\$125,882	\$115,584
Current Assets	\$420,880	\$396,616
PPE	\$1,188,021	\$1,186,957
Total Assets	\$2,998,177	\$2,905,318
Current Liabilities	\$445,063	\$436,706

TABLE TEN
Rush University Medical Center
2015 and 2014
(In Millions)

	2015	2014
LTD	\$544,807	\$489,170
Total Liabilities	\$1,388,858	\$1,238,572
Patient Revenue	\$1,481,790	\$1,391,181
Total Revenue	\$1,740,661	\$1,626,523
Expenses	\$1,670,431	\$1,553,514
Operating Income	\$70,230	\$73,009
Operating Margin	4.73%	5.24%
Excess of Revenues Over Expenses	(\$22,721)	\$89,768
Excess Margin	(.09%)	8.1%

Source: Supplemental Information submitted for Permit #16-025, on July 14, 2016

XII. Economic Feasibility

A) Criterion 1120.140 (a) – Reasonableness of Financing Arrangements

B) Criterion 1120.140 (b) – Terms of Debt Financing

The applicants are funding the proposed project with cash. No debt financing or leasing is being used to fund the proposed project.

C) Criterion 1120.140 (c) – Reasonableness of Project Costs

To demonstrate compliance with this criterion the applicants must document that the project costs are reasonable and in compliance with Part 1120 Appendix A.

The applicants are in compliance with the preplanning costs, site survey, soil investigation and site preparation, new construction costs and contingencies, contingencies, and architectural and engineering fees.

**TABLE ELEVEN
Reasonableness of Project Costs**

Project Costs	Project Cost		State Board Standard	Applicants Costs	Met State Standard?	
Preplanning Costs	\$185,000		1.80%	\$187,037	1.72%	Yes
Site Survey and Soil Investigation and Site Prep. Costs	\$112,000		5%	\$413,329	1.35%	Yes
New Construction Contracts and Contingencies Costs ^{(1) (2)}	\$8,266,563	\$481.10/GSF		\$9,521,451	\$417.69/GSF	Yes
Contingencies	\$395,820		10%	\$787,074	4.79%	Yes
Architectural and Engineering Fees	\$715,000		8.92%	\$737,378	8.65%	Yes
Consulting and Other Fees	\$700,000		NA	NA	NA	NA
Movable or Other Equipment	\$2,124,342		NA	NA	NA	NA

1. New Construction and Contingency Costs cost per gross square footage calculated by dividing \$8,266,563/19,791 GSF = \$417.69 GSF.
2. State Standard is the RS Means 3rd Quartile Hospital Construction Costs 2016 = \$415 inflated by 3% annually mid-point of construction.
3. Information compiled by Reviewer from the Application for Permit.

D) Criterion 1120.140 (d) – Direct Operating Costs

To demonstrate compliance with this criterion the applicants must provide the direct operating costs for the emergency department for the first full fiscal year at target utilization but no more than two years following project completion.

The applicants provided the direct operating costs per ED visit.

**TABLE TWELVE
Direct Operating Costs per ED Visit**

Projected Visits:	41,005
Salaries & Benefits	\$4,914,695
Medical Supplies	\$672,154
Total	\$5,586,849
Cost per E.D. Visit:	\$136

Source: Application for Permit page 115

E) Criterion 1120.140 (e) – Capital Costs

To demonstrate compliance with this criterion the applicants must provide the capital costs for the emergency department for the first full fiscal year at target utilization but no more than two years following project completion.

The applicants provided the capital costs per ED visit as follows.

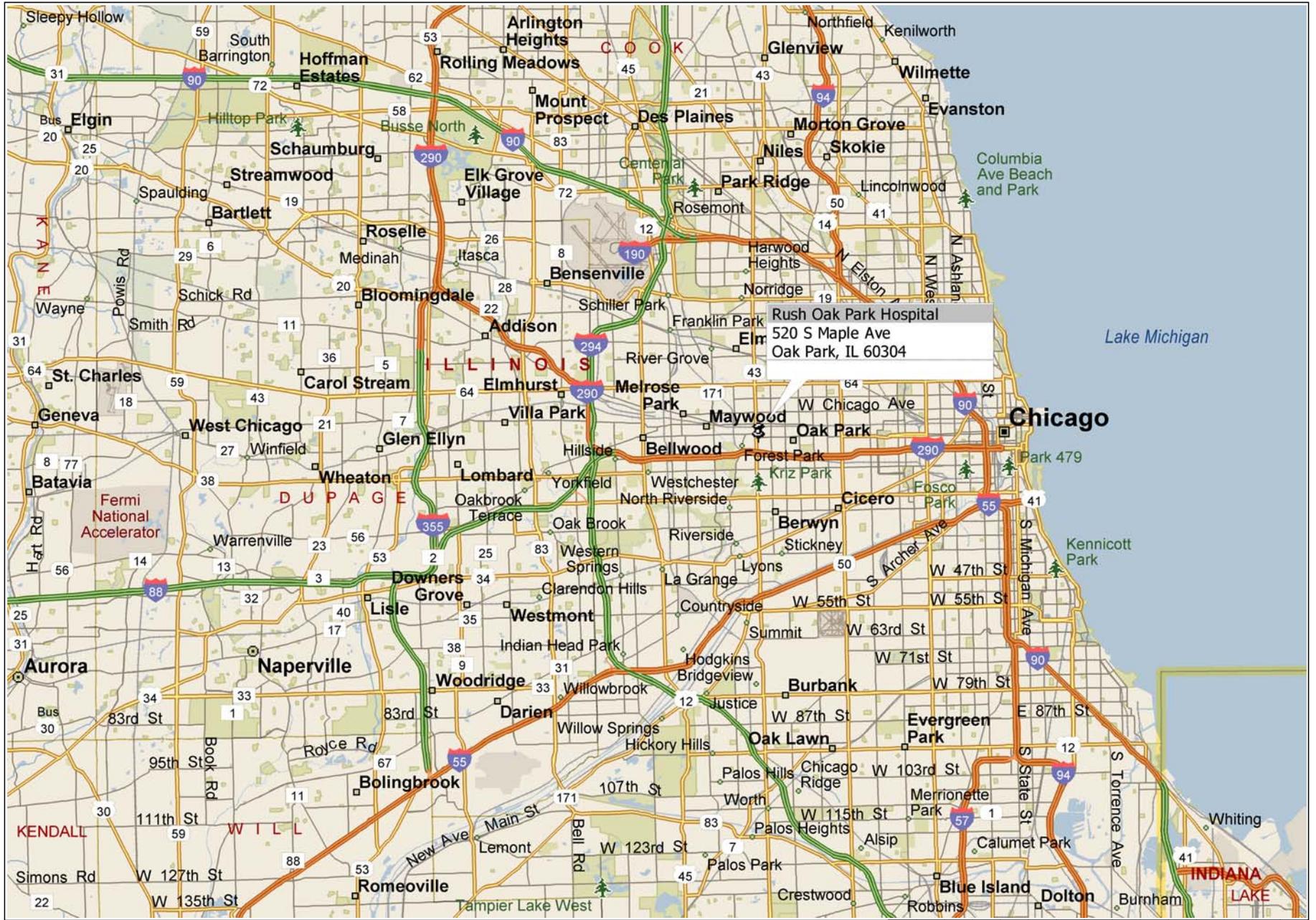
**TABLE THIRTEEN
Capital Costs per ED Visit**

Projected Visits	41,005
Interest Expense	\$133,181,000
Depreciation	\$108,232,000
Amortization	\$200,000
Total	\$133,181,000
Capital Cost per E.D. Visit:	\$3,247.92

1. Source: Application for Permit page 115

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERIA AVAILABILITY OF FUNDS, FINANCIAL VIABILITY, REASONABLENESS OF FINANCING ARRANGEMENTS, TERMS OF DEBT FINANCING, REASONABLENESS OF PROJECT COSTS, DIRECT OPERATING COSTS, EFFECT OF THE PROJECT ON CAPITAL COSTS (77 IAC 1120.120, 77 IAC 1120.130, 77 IAC 1120.140(a)(b)(c)(d)(e))

16-043 Rush Oak Park Hospital - Oak Park



<u>Ownership, Management and General Information</u>		<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	BRUCE ELEGANT	White	50.6%	Hispanic or Latino:	6.8%
ADMINISTRATOR PHONE	708-660-6660	Black	45.1%	Not Hispanic or Latino:	93.1%
OWNERSHIP:	RUSH UNIVERSITY MEDICAL CENTER	American Indian	0.2%	Unknown:	0.0%
OPERATOR:	RUSH UNIVERSITY MEDICAL CENTER	Asian	1.0%		
MANAGEMENT:	Not for Profit Corporation (Not Church-R	Hawaiian/ Pacific	0.1%	IDPH Number:	1750
CERTIFICATION:	(Not Answered)	Unknown	3.0%	HPA	A-06
FACILITY DESIGNATION:	General Hospital			HSA	7
ADDRESS	520 South Maple Street	CITY:	Oak Park	COUNTY:	Suburban Cook County

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2015	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
Medical/Surgical	151	73	73	3,168	14,082	1,133	4.8	41.7	27.6	57.1
0-14 Years				1	2					
15-44 Years				488	1,712					
45-64 Years				1,011	4,404					
65-74 Years				659	2,911					
75 Years +				1,009	5,053					
Pediatric	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Intensive Care	14	14	14	1,178	2,838	23	2.4	7.8	56.0	56.0
Direct Admission				953	2,257					
Transfers				225	581					
Obstetric/Gynecology	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Maternity				0	0					
Clean Gynecology				0	0					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	36	22	22	393	5,107	0	13.0	14.0	38.9	63.6
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Rehabilitation	36	10	10	92	1,039	0	11.3	2.8	7.9	28.5
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	237			4,606	23,066	1,156	5.3	66.4	28.0	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	63.0%	15.1%	0.0%	20.2%	0.9%	0.8%	
	2901	694	2	929	43	37	4,606
Outpatients	34.0%	19.4%	0.1%	40.7%	2.0%	3.8%	
	34313	19635	96	41072	2012	3876	101,004

<u>Financial Year Reported:</u> 7/1/2014 to 6/30/2015								<u>Inpatient and Outpatient Net Revenue by Payor Source</u>	
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense	Total Charity Care Expense	
Inpatient Revenue (\$)	56.0%	16.3%	0.1%	27.3%	0.4%	100.0%		2,528,249	
	24,969,259	7,266,924	32,094	12,154,773	157,459	44,580,509	365,991		
Outpatient Revenue (\$)	21.3%	10.0%	0.1%	67.8%	0.8%	100.0%		Total Charity Care as % of Net Revenue	
	16,807,384	7,876,351	89,937	53,485,423	658,907	78,918,002	2,162,258	2.0%	

<u>Birthing Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>		
Number of Total Births:	0		Level I	Level II	Level II+	Kidney:		0
Number of Live Births:	0	Beds	0	0	0	Heart:		0
Birthing Rooms:	0	Patient Days	0	0	0	Lung:		0
Labor Rooms:	0	Total Newborn Patient Days			0	Heart/Lung:		0
Delivery Rooms:	0					Pancreas:		0
Labor-Delivery-Recovery Rooms:	0					Liver:		0
Labor-Delivery-Recovery-Postpartum Rooms:	0					Total:		0
C-Section Rooms:	0	Inpatient Studies			110,962			
CSections Performed:	0	Outpatient Studies			219,680			
		Studies Performed Under Contract			83,727			

Surgery and Operating Room Utilization

Surgical Specialty	Operating Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	0	0	0	0	0	0	0	0.0	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	8	8	482	2055	1013	1260	2273	2.1	0.6
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	0	0	0	0	0	0	0	0.0	0.0
OB/Gynecology	0	0	0	0	10	32	23	33	56	2.3	1.0
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	0	0	0	0	375	0	438	438	0.0	1.2
Orthopedic	0	0	0	0	336	2008	892	3255	4147	2.7	1.6
Otolaryngology	0	0	0	0	1	0	2	0	2	2.0	0.0
Plastic Surgery	0	0	0	0	0	0	0	0	0	0.0	0.0
Podiatry	0	0	0	0	35	291	56	377	433	1.6	1.3
Thoracic	0	0	0	0	3	0	8	0	8	2.7	0.0
Urology	0	0	1	1	58	44	69	47	116	1.2	1.1
Totals	0	0	9	9	925	4805	2063	5410	7473	2.2	1.1

SURGICAL RECOVERY STATIONS

Stage 1 Recovery Stations

10

Stage 2 Recovery Stations

26

Dedicated and Non-Dedicated Procedure Room Utilization

Procedure Type	Procedure Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	3	3	645	2872	323	1436	1759	0.5	0.5
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0

Multipurpose Non-Dedicated Rooms

	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Emergency/Trauma Care

Certified Trauma Center	No
Level of Trauma Service	Level 1
	(Not Answered)
Operating Rooms Dedicated for Trauma Care	Level 2
	Not Answered
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Basic
Number of Emergency Room Stations	17
Persons Treated by Emergency Services:	31,136
Patients Admitted from Emergency:	3,564
Total ED Visits (Emergency+Trauma):	31,136

Free-Standing Emergency Center

Beds in Free-Standing Centers	0
Patient Visits in Free-Standing Centers	0
Hospital Admissions from Free-Standing Center	0

Outpatient Service Data

Total Outpatient Visits	120,301
Outpatient Visits at the Hospital/ Campus:	120,301
Outpatient Visits Offsite/off campus	0

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	1
Cath Labs used for Angiography procedures	1
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	587
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	316
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	231
EP Catheterizations (15+)	40

Cardiac Surgery Data

Total Cardiac Surgery Cases:	0
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	0
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	0

Diagnostic/Interventional Equipment

	Examinations				
	Owned	Contract	Inpatient	Outpt	Contract
General Radiography/Fluoroscopy	9	0	6,152	20,215	0
Nuclear Medicine	2	0	328	727	0
Mammography	2	0	0	6,702	0
Ultrasound	4	0	1,534	4,928	0
Angiography	1	0			
Diagnostic Angiography			205	318	0
Interventional Angiography			399	480	0
Positron Emission Tomography (PET)	0	0	0	0	0
Computerized Axial Tomography (CAT)	2	0	2,353	7,437	0
Magnetic Resonance Imaging	0	1	0	0	2,048

Therapeutic Equipment

	Owned		Contract	Therapies/ Treatments
	Owned	Contract		
Lithotripsy	0	0		0
Linear Accelerator	1	0		3,626
Image Guided Rad Therapy				635
Intensity Modulated Rad Thrp				2,065
High Dose Brachytherapy	0	0		0
Proton Beam Therapy	0	0		0
Gamma Knife	0	0		0
Cyber knife	0	0		0