



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-03	BOARD MEETING: November 14, 2017	PROJECT NO: 17-028	PROJECT COST: Original: \$43,360,955
FACILITY NAME: AMITA Health Adventist Medical Center La Grange		CITY: La Grange	
TYPE OF PROJECT: Non-Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (Adventist Health System Sunbelt Healthcare Corporation, Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, Adventist Midwest Health and Adventist Health System/Sunbelt: Inc.) propose to add a three (3) level addition to AMITA Health Adventist Medical Center La Grange and modernize and expand their surgical suite and support areas. The cost of the project is \$43,360,955 and the expected completion date is September 30, 2020.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Adventist Health System Sunbelt Healthcare Corporation, Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, Adventist Midwest Health and Adventist Health System/Sunbelt: Inc.) are propose to add a three (3) level addition to AMITA Health Adventist Medical Center La Grange and modernize and expand their surgical suite and support areas. The cost of the project is \$43,360,955 and the expected completion date as stated in the application for permit is September 30, 2020.

BACKGROUND:

- In 1998 the State Board approved the hospital for a change of ownership to Adventist Health System/Sunbelt. [#E-090-98]
- In December of 2014 the State Board approved the hospital for a change of ownership to form a joint venture between Adventist Health System and Ascension Health to form AMITA. [#E-048-14]
- In 2001 the State Board approved the discontinuation of the fifty-one (51) bed long term care category of service. [#01-072]
- In May of 2003 the State Board approved a five-story patient tower at a cost of approximately \$66 million. [#02-065]
- In December of 2006 the State Board approved a three (3) story medical office building on the hospital campus at cost of approximately \$12 million. [#06-050]
- In April of 2009 the State Board approved the discontinuation of an eight (8) bed pediatric category of service. [#08-105]
- In March of 2014 the State Board approved the establishment of a sixteen (16) bed comprehensive physical rehabilitation category of service at a cost of approximately \$2.3 million. [#13-073]
- In September 2017 the Applicants deferred the proposed project to the November 2017 State Board Meeting. At that meeting the State Board requested the Applicants provide zip code information of historical referrals of physicians that will be referring surgical patients to the hospital. The Applicants provided 2016 historical referrals for twelve (12) physicians. The Applicants stated the following:

“The focus of the discussion was on whether or not physician-specific patient origin data needed to be provided on a ZIP Code basis in order to justify operating rooms. In discussing the deferral, Ms. Olson asked the applicant to work with Staff in an attempt to reach resolution. Since that time, I have had a number of technical assistance conversations with Staff, and we have agreed on the information that the applicant would attempt to provide, and the format in which that information would be provided. The application as originally submitted contained "referral" letters from sixteen surgeons, and the applicants attempted to secure patient origin data for each of the physicians. Attached are patient origin analyses, in the agreed upon format, for eleven of the surgeons originally providing letters. Also enclosed is a letter from Dr. Michael Durkin, which was not included in the application. Dr. Durkin is projecting 221 incremental surgical cases. Five of the original surgeons providing letters did not provide the requested patient origin information. “

- The State Board Staff accepted the twelve (12) physician referrals that were submitted with zip code information.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The proposed project is by or on behalf of a health care facility and the cost of the project is in excess of the capital expenditure minimum of \$13,171,046.
- **Staff Note:** The capital expenditure minimum was increased by 1.7% on July 1, 2017.

Capital Expenditure Minimum			
	7/1/2016	7/1/2017	Increase
Hospitals	\$12,950,881	\$13,171,046	\$220,165
Long Term Care	\$7,320,061	\$7,444,502	\$124,441
Other	\$3,378,491	\$3,435,925	\$57,434

Source for increase RSMEANS

Capital Expenditure:

An expenditure intended to benefit future periods, in contrast to a revenue expenditure, which benefits a current period; an addition to a capital asset. The term is generally restricted to expenditures that add fixed-asset units or that has the effect of increasing the capacity, efficiency, life span, or economy of operation of an existing fixed asset

PURPOSE OF THE PROJECT:

- According to the Applicants *“The purposes of the proposed project are: 1) to replace and/or expand selected functional areas of the hospital that, primarily because of age and changes to the manner in which services are delivered, have become outdated and/or under-sized; and 2) improve access to campus-based outpatient services.”*

PUBLIC HEARING/COMMENT:

- No Public Hearing was requested.
- State Representative Jim Durkin submitted a letter of support stating:
“Please accept this letter as an indication of my enthusiastic support for AMITA Health Adventist Medical Center La Grange’s renovation and expansion plans. This hospital has, for many years, been an anchor for the La Grange community, and has a long history of providing high quality health care services, regardless of a patient’s financial capacity.”
- State Senator John Curran stated:
“This letter is being written in support of the above-referenced project, which is scheduled to be voted on by the Illinois Health Facilities and Services Review Board. I am in full support of this project because of the hospital’s long history of providing needed health care services to residents of La Grange and beyond. Many of the residents of my district appreciate the ability to receive high quality hospital services close to home, and this project will expand the scope of the services that the hospital is able to provide. In accordance with the ethical principles outlined in Part 2 of the Illinois Governmental Ethics Act, I have determined that since it is in the best public interest of the citizens of the 41st Legislative District, I urge the HFSRB to view this project in a favorable fashion during its September 26th deliberations.”
- No opposition letters were received by the State Board Staff.

SUMMARY:

- State Board Staff reviewed the application for permit and the supplemental material submitted and note that the Applicants have not met all of the requirements of the State Board.

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
Criterion 1110.234 (b) – Projected Utilization	The Applicants are requesting twelve (12) general operating rooms and two (2) operating rooms dedicated to cardiovascular and urology for a total of fourteen (14) operating rooms. To achieve target utilization of 1,500 hours per operating room the Applicants will have to increase the number of surgical cases by approximately 8.0% annually by the second year after project completion. Should the State Board accept this growth and the referral letters the Applicants can justify the twelve (12) operating rooms being proposed.
Criterion 1110.3030 (d) - Service Modernization	The Applicants are requesting twelve (12) general operating rooms and two (2) operating rooms dedicated to cardiovascular and urology for a total of fourteen (14) operating rooms. The five (5) year average historical utilization justifies a total of ten (10) general operating rooms and not the twelve (12) being requested and the two (2) dedicated rooms. In addition the number of recovery rooms requested (56) exceeds the State Board Standard of four (4) recovery rooms per justified operating room. The Applicants' historical utilization will justify forty (40) recovery rooms.

**SUPPLEMENTAL
STATE BOARD STAFF REPORT
Project #17-028
AMITA Health Adventist Medical Center La Grange**

APPLICATION CHRONOLOGY	
Applicants(s)	Adventist Health System Sunbelt Healthcare Corporation, Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, Adventist Midwest Health, Adventist Health System/Sunbelt: Inc.
Facility Name	AMITA Health Adventist Medical Center La Grange
Location	5101 S. Willow Springs Road, LaGrange, Illinois
Permit Holder	Adventist Midwest Health
Operating Entity/Licensee	Adventist Midwest Health
Owner of Site	Adventist Midwest Health d/b/a Adventist La Grange Memorial Hospital
Gross Square Feet	103,192/GSF
Application Received	July 12, 2017
Application Deemed Complete	July 13, 2017
Financial Commitment Date	September 26, 2019
Anticipated Completion Date	September 30, 2020
Review Period Ends	September 11, 2017
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes

I. Project Description

The Applicants (Adventist Health System Sunbelt Healthcare Corporation, Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, Adventist Midwest Health and Adventist Health System/Sunbelt: Inc.) are propose to add a three (3) level addition to AMITA Health Adventist Medical Center La Grange and modernize and expand their surgical suite and support areas. The cost of the project is \$43,360,955 and the expected completion date is September 30, 2020.

II. Summary of Findings

- A. State Board Staff finds the proposed project is not in conformance with all relevant provisions 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project is in conformance with all relevant provisions of 77 ILAC 1120 (Part 1120).

III. General Information

The Applicants are Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, and Alexian Brothers Health System and Ascension Health. Ascension Health Alliance, d/b/a Ascension (Ascension), is a Missouri nonprofit corporation formed on September 13, 2011. Ascension is the sole corporate member and parent organization of Ascension Health, a Catholic national health system consisting primarily of nonprofit

corporations that own and operate local healthcare facilities, or Ministry Markets, located in 24 states and the District of Columbia.

Adventist Health System Sunbelt Healthcare Corporation d/b/a Adventist Health System is a not-for-profit healthcare corporation that operates and controls hospitals, nursing homes and philanthropic foundations affiliated hospitals, nursing homes and philanthropic foundations are operated or controlled through their bylaws, governing board appointments or operating agreements by Healthcare Corporation. The System's 43 hospitals, 15 nursing homes and philanthropic foundations operate in 10 states — Colorado, Florida, Georgia, Illinois, Kansas, Kentucky, North Carolina, Tennessee, Texas and Wisconsin.

On February 1, 2015, Ascension Health and Adventist Health System entered into a joint operating agreement, which provides for an integrated health delivery system in Illinois, known as AMITA Health (AMITA). AMITA includes three (3) hospitals of Alexian Brothers Health System (Alexian) a subsidiary of Ascension Health, and four (4) hospitals of Adventist Midwest Health (Adventist), a subsidiary of Adventist Health System. The creation of AMITA Health did not result in a change in the licensees of the hospitals of Alexian and Adventist. Both parties share the cash flows generated by AMITA based on an agreed upon split. This joint operating agreement was approved by the State Board in December of 2014. [See Appendix III]

TABLE ONE	
Illinois Hospitals	
Hospital	City
Adventist Bolingbrook Hospital	Bolingbrook
Adventist Glen Oaks Hospital	Glendale
Adventist Hinsdale Hospital	Hinsdale
Adventist La Grange Memorial Hospital	LaGrange
Alexian Brothers Behavioral Health Hospital	Hoffman Estates
St. Alexius Medical Center	Hoffman Estates
Alexian Brothers Medical Center	Elk Grove Village

Financial commitment will occur after permit approval. This project is a non-substantive project subject to a Part 1110 and Part 1120 review. A non-substantive classification includes all projects that are not classified substantive or emergency. "Emergency Projects" means projects that are *emergent in nature and must be undertaken immediately to prevent or correct structural deficiencies or hazardous conditions that may harm or injure persons using the facility, as defined at 77 Ill. Adm. Code 1110.40(a)*. [20 ILCS 3960/12(9)]

Substantive Projects means types of projects that are defined in the Act and classified as substantive. *Substantive projects shall include no more than the following:*

Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.

Projects proposing a new service or discontinuation of a service, which shall be reviewed by the Board within 60 days.

Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]

IV. Health Service Area

The hospital is located in the HSA VII Service Area that includes Suburban Cook and DuPage County. Additionally the hospital is located in the A-04 Hospital Planning Area that includes the City of Chicago Community Areas of West Pullman, Riverdale, Hegewisch, Ashburn, Auburn Gresham, Beverly, Washington Heights, Mount Greenwood, and Morgan Park; and the Cook County Townships of Lemont, Stickney, Worth, Lyons, Palos, Calumet, Thornton, Bremen, Orland, Rich and Bloom.

TABLE TWO	
Hospitals in the A-04 Hospital Planning Area	
Hospital	City
Adventist LaGrange Memorial Hospital	LaGrange
Advocate Christ Hospital & Medical Center	Oak Lawn
Advocate South Suburban Hospital	Hazel Crest
Franciscan St. James Health-Chicago Heights ⁽¹⁾	Chicago Heights
Franciscan St. James Health-Olympia Fields	Olympia Fields
Ingalls Memorial Hospital ⁽²⁾	Harvey
Little Company of Mary Hospital	Evergreen Park
MetroSouth Medical Center	Blue Island
Palos Community Hospital	Palos Heights
<ol style="list-style-type: none"> 1. Franciscan St. James Health –Chicago Heights discontinued [#E-008-16] 2. Ingalls Memorial Hospital approved for change of ownership to University of Chicago [#E-019-16] 	

V. Project Details

The Applicants are proposing to add a three (3) level addition to AMITA Health Adventist Medical Center La Grange and modernize existing space in the hospital. The lower level of the addition will house the hospital's central sterile processing department, the first floor will primarily house cardiology services, and the second level will house an expansion of the surgical suite and associated support space. A limited number of functions/departments within the existing hospital will also be renovated and/or re-located, including:

- The surgical suite and associated support functions (2nd Floor of the hospital) will be renovated;
- The existing central sterile supply will become surgical support space/storage;

- Cardiac testing will re-located to the first floor of the proposed addition with patient registration and administrative offices occupying the vacated space;
- Physicians' offices will be developed in portions of the vacated areas.
- Multiple public and waiting areas throughout the existing hospital will be renovated

VI. Project Uses and Sources of Funds

The Applicants are funding this project with cash of \$43,360,955. There are no start-up costs or operating deficit. Itemization of these costs is included in Appendix I at the end of this report.

TABLE THREE				
Project Uses and Sources of Funds				
Uses of Funds	Reviewable	Non Reviewable	Total	% of Total
Preplanning Costs	\$180,000	\$45,000	\$225,000	0.52%
Site Survey and Soil Investigation	\$25,000	\$15,000	\$40,000	0.09%
Site Preparation	\$600,000	\$120,000	\$720,000	1.66%
New Construction Contracts	\$13,249,175	\$3,129,200	\$16,378,375	37.77%
Modernization Contracts	\$3,649,385	\$5,173,390	\$8,822,775	20.35%
Contingencies	\$1,027,020	\$634,840	\$1,661,860	3.83%
Architectural/Engineering Fees	\$1,493,700	\$508,800	\$2,002,500	4.62%
Consulting and Other Fees	\$1,144,000	\$286,000	\$1,430,000	3.30%
Movable and Other Equipment	\$10,268,445	\$1,812,000	\$12,080,445	27.86%
Total Uses of Funds	\$31,636,725	\$11,724,230	\$43,360,955	100.00%
Sources of Funds:				
Cash and Securities	\$31,636,725	\$11,724,230	\$43,360,955	100.00%
Total Sources of Funds	\$31,636,725	\$11,724,230	\$43,360,955	100.00%

VII. Background of the Applicants

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

To demonstrate compliance with this criterion, the applicants must document the following:

- A) A listing of all health care facilities currently owned and/or operated by the applicants in Illinois including licensing, certification and accreditation identification numbers, as applicable;
- B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility;
- C) A certified listing from the applicants of any adverse action taken against any facility owned and/or operated by the applicants during the three years prior to the filing of the application;
- D) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to;
- E) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted.

1. Alexian Brothers-AHS-Midwest Region Health Co., and Alexian Brothers Health System, are domestic not-for profit corporations and in good standing in the State of Illinois. Ascension

Health is a not-for profit corporation incorporated in the State of Missouri and is a foreign corporation in good standing in the State of Illinois. Adventist Health System Sunbelt Healthcare Corporation; incorporated in Florida and is licensed to conduct affairs in the State of Illinois.

2. The proposed location of the hospital is in compliance with Executive Order #2006-05. *Executive Order #2006-05 requires all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order.* [Application for Permit pages 28-29]
3. The proposed location of the hospital is in compliance with the Illinois State Agency Historic Resources Preservation Act which requires *all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State owned historic resources* (20 ILCS 3420/1).
4. AMITA Health has not had any adverse actions against any facility owned and operated by the Applicants during the three (3) year period prior to the filing of this application, and AMITA Health authorizes the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.
5. The Applicants provided evidence of site ownership by providing a copy of the insurance contract for the hospital at page 34 of the application for permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANTS (77 ILAC1110.3030 (b) (1) (3))

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

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

To demonstrate compliance with this criterion, the applicants must address the purpose of the project, i.e., identify the issues or problems that the project is proposing to address or solve. Information to be provided shall include, but is not limited to, identification of existing problems or issues that need to be addressed, as applicable and appropriate for the project.

The applicants stated the following:

“The purposes of the proposed project are: 1) to replace and/or expand selected functional areas of the hospital that, primarily because of age and changes to the manner in which services are delivered, have become outdated and/or under-sized; and 2) improve access to campus-based outpatient services. As a result of the planned improvements, the health care services provided to, and the well-being of the hospital's traditional patient population will be improved. The hospital's service area is not anticipated to change as a result of the project, and the patient origin of the hospital is not anticipated to change in any substantial way. Among the deficiencies and problems to be addressed through the proposed project are operating rooms that are insufficiently-sized by today's standards, inadequate equipment and supply storage in the surgical suite, undersized non-invasive cardiology areas, the inability to locate non-invasive cardiology services (primarily outpatient) in a centralized easily accessible area, and an undersized central sterile supply area.”

Table Four below outlines the primary service area.

TABLE FOUR			
Hospital Patient Origin Information by Zip Code			
Zip Code	City	Population (Est.)	Surgery Cases
60525	LaGrange	31,705	20.50%
60526	LaGrange Park	13,483	8.40%
60513	Brookfield	19,050	8.20%
60154	Westchester	16,988	4.70%
60458	Justice	15,308	4.40%
60527	Willowbrook	30,158	3.90%
60638	Chicago	55,096	3.80%
60558	Western Springs	13,460	3.60%
60501	Summit Argo	10,876	3.40%
60534	Lyons	10,680	3.30%
60402	Berwyn	59,803	3.20%
60480	Willow Springs	5,564	2.70%
60546	Riverside	16,104	2.20%
60561	Darien	23,932	1.80%
60455	Bridgeview	16,680	1.60%
60457	Hickory Hills	14,353	1.60%
60804	Cicero	67,473	1.10%

Source: Application for Permit page 52

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

All health care facilities, with the exception of skilled and intermediate long-term care facilities licensed under the Nursing Home Act [210 ILCS 45], shall provide a safety net impact statement, which shall be filed with an application for a substantive project.

The proposed project is considered a non-substantive project. The Applicants provided charity care information as required for non-substantive projects. (See Appendix II for Charity Care Information)

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

To determine if a proposed project is the best alternative, in terms of cost, efficiency, or effectiveness the Applicants must provide documentation of the following:

- A) Proposing a project of greater or lesser scope and cost;
- B) Pursuing a joint venture;
- C) Utilizing other health care resources;
- D) Other

The Applicants stated the following:

“The first alternative is to "do nothing", accepting the facility-related inadequacies and inferior access. This alternative, while being without cost, was rejected because it did not address the purpose of the project.

The second alternative would be to build an ambulatory care pavilion on the hospital campus, to include outpatient surgical services, outpatient cardiology-related services, outpatient rehabilitation services, and other services having an outpatient orientation. This alternative was rejected because it would force the hospital to operate duplicative services (such as central sterile), would result in vacant/un-used facilities within the existing hospital, and would result in redundant staffing. The resulting access to care would be very similar to that resulting from the proposed project. Operating costs would be 10-20% higher than those associated with the proposed project due, primarily to duplicative staffing and incremental utility costs. The capital costs, assuming approximately 45,000 square feet of construction would be approximately \$28M.”

IX. Project Size Projected Utilization and Assurances

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

To demonstrate compliance with this criterion, the Applicants must document that the proposed gross square footage does not exceed the State Board Standards in Part 1110 Appendix B.

Only the reviewable portion of the project is subject to State Board jurisdiction. For hospitals, area determinations for departments and clinical service areas are to be made in departmental gross square feet (dgsf). Spaces to be included in the applicant's determination of square footage shall include all functional areas minimally required by the Hospital Licensing Act, applicable federal certification, and any additional spaces required by the applicant's operational program.

The proposed surgical suite will consist of fourteen (14) operating rooms and the recovery area will consist of eighteen (18) Stage One (1) stations and thirty-eight (38) Stage Two (2) stations.

**TABLE FIVE
Size of Reviewable Components**

Reviewable	Number of Rooms	Proposed	State Board Standard		Met Standard?
			Room	Total	
Surgery	14	27,301	2,750	38,500	Yes
Pre-Op	18	2,834	180	3,240	Yes
Post Anesthesia Recovery	38	14,220	400	15,200	Yes

The reviewable portion of the project comprises approximately seventy-three percent (73%) of the total costs and approximately sixty-two percent (62%) of the total gross square footage. The non-reviewable portion of the project is approximately twenty-seven percent (27%) of the costs and thirty-eight-percent (38%) of the gross square footage. Physician offices comprise approximately twelve percent (12%) of the cost and fourteen percent (14%) of the space.

The Statute defines non-clinical service area (“non-reviewable”) as an area

- (i) *“For the benefit of the patients, visitors, staff, or employees of a health care facility and (ii) not directly related to the diagnosis, treatment, or rehabilitation of persons receiving services from the health care facility.”Non-clinical service areas" include, but are not limited to, chapels; gift shops; newsstands; computer systems; tunnels, walkways, and elevators; telephone systems; projects to comply with life safety codes; educational facilities; student housing; patient, employee, staff, and visitor dining areas; administration and volunteer offices; modernization of structural components (such as roof replacement and masonry work); boiler repair or replacement; vehicle maintenance and storage facilities; parking facilities; mechanical systems for heating, ventilation, and air conditioning; loading docks; and repair or replacement of carpeting, tile, wall coverings, window coverings or treatments, or furniture. Solely for the purpose of this definition, "non-clinical service area" does not include health and fitness centers.”*

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 ILAC 1110.234 (a))

TABLE SIX
Cost Space Requirements

Reviewable	Cost	Existing	Proposed	New Construction	Modernization	As Is	Vacated
Surgery	\$14,070,159	19,802	27,301	11,107	10,000	6,194	1,645
Pre-Op	\$632,735		2,834	0	2834	0	
Post Anesthesia Recovery	\$2,530,938	12,979	14,220	1,140	7,163	5,917	
Cent. Sterile Supply	\$9,341,017	4,212	10,845	10,845			4,212
Diagnostic Cardiology	\$5,061,876	3,957	8,262	7,614	648		3,957
Total Reviewable	\$31,636,725	40,950	63,462	30,706	20,645	12,111	9,814
Non-Reviewable							
Patient Registration	\$304,486	3,126	3,951		825	3,126	
Education/Con Rooms	\$272,762		639		639		
Physicians' Offices	\$5,158,696		14,438		14,438		
Coffee/Retail	\$117,243		278	278			
Administrative Offices	\$820,702	3,801	7,191		3,390	3,801	
Public Areas/lobbies	\$2,227,619	1,061	5,186	4,125		1,061	
Circulation	\$1,758,646		5,426	2,447	2,979		
Mechanical & Shafts	\$703,459		806	370	436		
Elevators & Lobbies	\$360,696		1,815	1,815			
Total Non Reviewable	\$11,724,309	7,988	39,730	9,035	22,707	7,988	
Total	\$43,361,034	48,938	103,192	39,741	43,352	20,099	9,814

B) Criterion 1110.234 (b) – Projected Utilization

To demonstrate compliance with this criterion, the Applicants must document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Part 1110 Appendix B. The number of years projected shall not exceed the number of historical years documented. If the Applicants does not meet the utilization standards in Appendix B, or if service areas do not have utilization standards in 77 Ill. Adm. Code 1100, the Applicants shall justify its own utilization standard by providing published data or studies, as applicable and available from a recognized source

Original State Board Staff Report

Surgery Rooms (Historical)

The Applicants currently have a total of eleven (11) operating rooms. Included in the eleven (11) operating rooms are one (1) room designated for cardiovascular surgery and one (1) room designated for urology. Historical utilization will justify eight (8) general operating rooms and the two (2) designated operating rooms for a total of ten (10) operating rooms.

For the period 2011-2015, there has been a decrease in the number of surgical cases at the hospital of approximately 4% annually. [See Table Seven]

TABLE SEVEN								
Adventist La Grange Hospital								
Historical Number of Cases and Hours Excluding Cardiovascular and Urology ⁽¹⁾								
	Surgery Rooms		Cases			Hours		
CY	Inpatient	Combined	Inpatient	Outpatient	Total Cases	Inpatient	Outpatient	Total
2011	1	10	1,565	3,779	5,344	5,082	6,872	11,954
2012	1	10	1,530	3,890	5,420	5,165	7,145	12,310
2013	1	10	1,528	3,083	4,611	5,119	6,360	11,479
2014	1	10	1,579	2,947	4,526	5,246	6,579	11,825
2015	1	10	1,522	2,977	4,499	5,111	6,621	11,732
Average	1	10	1,545	3,335	4,880	5,145	6,715	11,860

1. Information taken from Annual Hospital Survey CY 2011-2015

TABLE EIGHT
Adventist La Grange Hospital
Historical Number of Cases and Hours Cardiovascular
and Urology ⁽¹⁾

CY	Cardiovascular		Urology	
	Cases	Hours	Cases	Hours
2011	54	319	537	821
2012	55	328	542	831
2013	47	273	583	876
2014	48	287	865	865
2015	54	337	506	777
Average	51.6	308.8	606.6	834

1. Information taken from Annual Hospital Survey CY 2011-2016

Surgery Rooms (Projected)

Upon the completion of the proposed project the hospital will have a total of fourteen (14) operating rooms, one (1) of which will be designated for cardiovascular and one (1) designated for urology, and twelve (12) general operating rooms.

To justify the twelve (12) general operating rooms at the State Board’s Target occupancy of 1,500 hours per operating room the Applicants would have to increase the number of surgical cases by approximately thirty-three percent (33%) by September 2022, the second year after project completion.

The Applicants stated that

“During 2015 the hospital's general usage ORs were occupied a total of 11,732 hours, and in 2016, they were occupied a total of 11,623 hours, resulting in an average of 11,677 hours over the two-year period. Internal analyses do not suggest any anticipated decrease in utilization. Rather, with the improved facilities, including larger ORs resulting from the proposed project, improved scheduling resulting from the increased flexibility resulting from the elimination of the under-sized OR, as well as discussions with surgeons that have historically used the hospital, utilization is anticipated to increase following the project's completion. This expectation is evidenced by the sixteen letters from surgeons that have been provided. Cumulatively, the letters document 5,149 incremental hours of required OR time, all of which will be provided in the "general" ORs. Combined with the average 11,667 hours used in 2015/2016, it is estimated that a demand for 16,816 hours of general usage OR time will materialize by the second year following the project's completion, "justifying" the proposed eleven general usage ORs.”

The Applicants have provided sixteen (16) physician referral letters. The physician letters did not provide the total number of patients by zip code of residence that has received services at Hospitals or ASTCs within the service area. The physician letters provided a percentage estimate of the number of patients from the service area. The estimate was provided by the physician. The Applicants stated they were unable to provide zip code information because of the HIPPA law and or their data system was unable to provide the information.¹

¹ In guidance provided by the **State Board dated March 2, 2017**, “some Applicants have alleged that they cannot provide zip code information about patients or residents when submitting their permit application because it violates the Health Insurance Portability and Accountability Act (HIPAA). This memorandum addresses those concerns and notifies the public of the Health Facilities and Services Review Board’s position on the matter. HIPAA states that “[a] covered entity may use or disclose protected health information to the extent that such use or disclosure is required by law and the use or disclosure complies with and is limited to the relevant requirements of such law.” 45 CFR 164.512(a)(1). For certain projects, the Administrative Code requires Applicants to provide zip code information about patients or residents. Because this information is required by law and the disclosure of it as part of a CON application is limited to the relevant requirements of that law, the Board’s legal counsel has advised the Board that HIPAA is not a persuasive defense for failing to provide the required information. Therefore, any applicant that fails to provide necessary zip code information based on HIPAA may receive a negative finding for the relevant criteria.”

The physicians have estimated that they will refer approximately 1,746 cases by the second year after project completion for a total of 5,149 hours. [A summary of the physician letters can be found at Appendix IV]

TABLE NINE
Physician Referral Letters

<i>Surgeon's Name</i>	<i>Specialty</i>	<i>Incremental Cases</i>	<i>Hours per Case⁽¹⁾</i>	<i>Total Hours</i>	<i>Hospital Ave Case Time⁽²⁾</i>	<i>Total Hours</i>
<i>Chudik, Steven</i>	<i>Ortho</i>	217	3.20	694	3.1	672.7
<i>Ardakani, Azita</i>	<i>Gyn</i>	58	2.10	122	2.28	132.24
<i>Afshar, Jaafar</i>	<i>Gyn</i>	84	2.10	176	2.28	191.52
<i>Seymour, Scott</i>	<i>Ortho</i>	163	3.20	522	3.1	505.3
<i>Daley, Robert</i>	<i>Ortho</i>	190	3.20	608	3.1	589
<i>Keen, Richard</i>	<i>Vascular</i>	50	4.00	200	4	200
<i>Prinz, Paul</i>	<i>Ortho</i>	50	3.20	160	3.1	155
<i>Hejna, Michael</i>	<i>Ortho</i>	147	3.20	470	3.1	455.7
<i>Anderson, Nicolas</i>	<i>Podiatry</i>	183	2.00	366	1.34	245.22
<i>LaReau, Justin</i>	<i>Ortho</i>	62	3.20	198	3.1	192.2
<i>Alden, Kris</i>	<i>Ortho</i>	72	3.20	230	3.1	223.2
<i>Digianfilippo, Anthony</i>	<i>Neurology</i>	29	3.80	110	3.9	113.1
<i>Paik, Charles</i>	<i>Ortho</i>	86	3.20	275	3.1	266.6
<i>Lee, John</i>	<i>Ortho</i>	99	3.20	317	3.1	306.9
<i>Proctor, Brian</i>	<i>Ophthalmology</i>	80	1.70	136	1.7	136
<i>Ho, Erling</i>	<i>Ortho</i>	176	3.2	563	3.1	545.6
		1,746		5,149		4,930
1. Hours per case provided by the Applicants						
2. Hours per case taken from IDPH 2015 Hospital Survey						

Should the State Board accept the referral letters as submitted the Applicants can justify the proposed twelve (12) general operating rooms plus one (1) cardiovascular room and one (1) room dedicated to urology.

$$4,880 \text{ (5-year average) cases} + 1,604 \text{ projected cases} = 6,484 \text{ total cases}$$

$$11,860 \text{ hours} + 5,149 \text{ hours} = 17,009 \text{ hours}$$

$$17,009 \text{ hours} / 1,500 \text{ hours} = 11.33 \text{ rooms} = 12 \text{ general operating rooms}$$

However, the State Board Staff is unable to make a positive recommendation on this criterion because the referral letters did not conform to the State Board rules.

***THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH
CRITERION PROJECTED UTILIZATION (77 ILAC1110.234 (a))***

Supplemental Information

Surgery Rooms (Historical)

The Applicants currently have a total of eleven (11) operating rooms. Included in the eleven (11) operating rooms are one (1) room designated for cardiovascular surgery and one (1) room designated for urology. Historical utilization will justify eight (8) general operating rooms and the two (2) designated operating rooms for a total of ten (10) operating rooms.

The Applicants are proposing to increase their general operating rooms by two (2) operating rooms for a total of twelve (12) general operating rooms plus the two (2) dedicated rooms for a total of fourteen (14) operating rooms.

For the period 2011-2016, there has been a decrease in the number of surgical cases at the hospital of approximately eight percent (8%). [See Table Seven Supplemental]. During this same period hospitals in the HSA VII Service Area (location of Adventist LaGrange Hospital) have shown no growth in the number of surgical cases or hours over this same period of time. To justify the ten (10) general operating rooms the Applicants would have to increase the number of surgical cases by 8.0% annually until 2022 the second year after project completion using an average case time of 2.43 hours per case.

TABLE SEVEN (Supplemental) Adventist La Grange Hospital Historical Number of Cases and Hours Excluding Cardiovascular and Urology ⁽¹⁾								
CY	Surgery Rooms		Cases			Hours		
	Inpatient	Combined	Inpatient	Outpatient	Total Cases	Inpatient	Outpatient	Total
2011	1	10	1,565	3,779	5,344	5,082	6,872	11,954
2012	1	10	1,530	3,890	5,420	5,165	7,145	12,310
2013	1	10	1,528	3,083	4,611	5,119	6,360	11,479
2014	1	10	1,579	2,947	4,526	5,246	6,579	11,825
2015	1	10	1,522	2,977	4,499	5,111	6,621	11,732
2016	1	10	1,711	3,200	4,911	5,473	6,355	11,828
Average	1	10	1,573	3,313	4,885	5,199	6,655	11,855

TABLE EIGHT (Supplemental)				
Adventist La Grange Hospital				
Historical Number of Cases and Hours Cardiovascular and Urology ⁽¹⁾				
CY	Cardiovascular		Urology	
	Cases	Hours	Cases	Hours
2011	54	319	537	821
2012	55	328	542	831
2013	47	273	583	876
2014	48	287	865	865
2015	54	337	506	777
2016	34	217	375	790
Average	48.67	293.50	568.00	826.67
1. Information taken from Annual Hospital Survey CY 2011-2016				

Projected Utilization

The Applicants provided supplemental information on October 16, 2017 and stated the following:

“The focus of the discussion was on whether or not physician-specific patient origin data needed to be provided on a ZIP Code basis in order to justify operating rooms. In discussing the deferral, Ms. Olson asked the applicant to work with Staff in an attempt to reach resolution. Since that time, I have had a number of technical assistance conversations with Staff, and we have agreed on the information that the applicant would attempt to provide, and the format in which that information would be provided. The application as originally submitted contained "referral" letters from sixteen surgeons, and the Applicants attempted to secure patient origin data for each of the physicians. Attached are patient origin analyses, in the agreed upon format, for eleven of the surgeons originally providing letters. Also enclosed is a letter from Dr. Michael Durkin, which was not included in the application. Dr. Durkin is projecting 221 incremental surgical cases. Five of the original surgeons providing letters did not provide the requested patient origin information.”

If the State Board accepts the referrals letters as submitted, the Applicants can justify the proposed twelve (12) general operating rooms plus one (1) cardiovascular room and one (1) room dedicated to urology.

$$11,855 \text{ hours} + 5,060 \text{ hours} = 16,915 \text{ hours}$$

$$16,915 \text{ hours} / 1,500 \text{ hours} = 11.27 \text{ rooms} = 12 \text{ general operating rooms}$$

TABLE NINE						
Physician Referral Letters (supplemental)						
Surgeon's Name	Specialty	Incremental Cases	Hours Per case	Total Hours	Hospital Ave Case Time ⁽²⁾	Total
Chudik, Steven	Ortho	217	3.2	694	2.8	607.6
Seymour, Scott	Ortho	163	3.2	522	2.8	456.4
Daley, Robert	Ortho	190	3.2	608	2.8	532
Hejna, Michael	Ortho	147	3.2	470	2.8	411.6
Anderson, Nicolas	Podiatry	183	2	366	0.4	73.2
LaReau, Justin	Ortho	62	3.2	198	2.8	173.6
Alden, Kris	Ortho	72	3.2	230	2.8	201.6
Digianfilippo, Anthony	Neurology	29	3.8	110	4.2	121.8
Paik, Charles	Ortho	86	3.2	275	2.8	240.8
Lee, John	Ortho	99	3.2	317	2.8	277.2
Durkin, Michael	Ortho	221	3.2	707.2	2.8	618.8
Ho, Erling	Ortho	176	3.2	563	2.8	492.8
		1,645		5,060		4,207
1. Hours per case provided by the Applicants						
2. Hours per case taken from IDPH 2016 Hospital Survey						

In 2016 the twelve (12) physicians listed above performed a total of 4,066 surgeries in 2016 (340 surgeries were performed at Adventist Lagrange Hospital). According to the referral letters the physicians are planning on referring approximately 41% (1,645/4,066 = 41 %) of their caseload to the Adventist Lagrange Hospital.

The State Board Staff is reluctant to accept a growth of 8% compounded annually for any service proposed by any service provider. It is difficult to understand how this growth is going to materialize if as projected there is little or no growth in the population in the HSA VII Hospital Service Area; and historically there has been no growth in the number of surgical cases and a 1.5% growth annually in surgical hours for the period 2011-2016. [Information from Annual Hospital Survey and

The State Board Staff finds the criterion remains unchanged from the Original State Board Staff Report.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 ILAC1110.234 (a))

C) Criterion 1110.234 (e) - Assurances

To demonstrate compliance with this criterion, the Applicants must attest that the proposed clinical services will be at target occupancy as specified in Part 1110 Appendix B two years after project completion.

In supplemental material, the Applicants provided the following; *with the filing of this application it is the expectation of the Applicants that the services discussed above will reach the adopted utilization targets by the second year following the project's completion.*

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCE (77 ILAC 1110.234 (a))

X. Clinical Services Other than Categories of Service

A) Criterion 1110.3030 (a) – Introduction

These criteria are applicable only to those projects or components of projects (including major medical equipment), concerning Clinical Service Areas (CSAs) that are not "Categories of Service", but for which utilization standards are listed in Appendix B, including:

- A) Surgery
- B) Emergency Services and/or Trauma
- C) Ambulatory Care Services (organized as a service)
- D) Diagnostic and Interventional Radiology/Imaging (by modality)
- E) Therapeutic Radiology
- F) Laboratory
- G) Pharmacy
- H) Occupational Therapy/Physical Therapy
- I) Major Medical Equipment

B) Criterion 1110.3030 (b) (1) (3) - Background of Applicant

This criterion has been addressed earlier in this report.

C) Criterion 1110.3030 (d) - Service Modernization

To demonstrate compliance with this criterion the Applicants must document that the proposed project for the proposed services to be modernized is in need of modernization based upon historical utilization data, evidence of changes in industry standards, licensure or fire code deficiency.

The Applicants currently have a total of eleven (11) operating rooms. Included in the eleven (11) operating rooms are one (1) room designated for cardiovascular surgery and one (1) room designated for urology. Historical utilization will justify eight (8) general operating rooms and the two (2) designated operating rooms for a total of ten (10) operating rooms. The Applicants are proposing twelve (12) general operating rooms and two (2) designated operating rooms for a total of fourteen (14).

TABLE TEN (Supplemental)								
Adventist La Grange Hospital								
Historical Number of Cases and Hours Excluding Cardiovascular and Urology ⁽¹⁾								
	Surgery Rooms		Cases			Hours		
CY	Inpatient	Combined	Inpatient	Outpatient	Total Cases	Inpatient	Outpatient	Total
2011	1	10	1,565	3,779	5,344	5,082	6,872	11,954
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Average	1	10	1,573	3,313	4,885	5,199	6,655	11,855

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CY	Cardiovascular		Urology	
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2013	47	273	583	876
2014	48	287	865	865
2015	54	337	506	777
2016	34	217	375	790
Average	48.67	293.50	568.00	826.67

1. Information taken from Annual Hospital Survey CY 2011-2016

Recovery

A total of fifty-six (56) recovery stations will be provided, eighteen (18) of which will be Stage I and thirty-eight (38) of which will be Stage 2. Based upon historical utilization the Applicants can justify forty (40) recovery stations based upon the ten (10) operating rooms justified by historical utilization.²

The recovery function will be expanded from thirty-five (35) stations to accommodate the demand that will be created through the addition of operating rooms. The planned fifty-six (56) recovery stations are consistent with the HFSRB's standard of no more than four recovery stations per operating room.

Non-Invasive Cardiology

A broad variety of primarily outpatient diagnostic procedures are performed in the hospital's non-invasive cardiology department. The four procedures identified in the table below have historically accounted for approximately 89% of the procedures performed in the department.

	2015	2016	Year 2
EKG	15,970	16,669	19,296
Echocardiogram	1,975	1,995	2,309
Stress Test	1,375	1,426	1,651
Holter Monitor	309	249	288

² Part 1110 Appendix B the State Board allows for four (4) recovery rooms per each operating room.

Per the Applicants *“The re-location of the service will correct a number of issues: First, accessibility will be improved because the existing department is located in an area of the hospital that is difficult for many outpatients, particularly the elderly, to locate and access. Second, the proposed space will be located close to the outpatient registration function, thereby minimizing the distance to be traveled by patients. Third, the existing space is undersized, and has been adapted from prior functions. As a result, the existing area consists of many small rooms, resulting in staff difficulties when monitoring patients, and an overall inefficient provision of services.”*

The average historical utilization (2011-2016) justifies a total of ten (10) general operating rooms and not the twelve (12) being requested. In addition the number of recovery rooms requested exceeds the State Board Standard of four (4) recovery rooms per justified operating room.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION CLINICAL SERVICES OTHER THAN CATEGORIES OF SERVICE (77 ILAC1110.3030 (d))

XI. Financial Viability

The Purpose of the Act

This Act shall establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and **financial resources to adequately provide a proper service for the community**; (2) that promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of such facilities; and (3) that promotes planning for and development of health care facilities needed for comprehensive health care especially in areas where the health planning process has identified unmet needs. [20 ILCS 3960/2]

A) Criterion 1120.120 – Availability of Funds

To demonstrate compliance with this criterion, the Applicants must document that funds are available to fund the project.

The Applicants are funding this project with cash of \$43,361,034. From the documentation submitted it appears that Applicants have sufficient resources to fund the project.

TABLE TWELVE		
Adventist Health System		
Financial Statements		
As of December 31st		
(In thousands)		
Audited		
	2016	2015
Cash	\$638,469	\$1,280,902
Current Assets	\$7,413,654	\$6,611,806
PPE	\$5,797,386	\$5,373,097
Total Assets	\$14,245,138	\$12,991,166
Current Liabilities	\$2,407,451	\$2,131,875
LTD	\$2,832,233	\$2,684,872
Net Assets	\$8,401,161	\$7,594,351
Net Patient Service Revenue	\$9,781,604	\$9,260,174
Total Revenue	\$9,651,689	\$9,116,187
Operating Expenses	\$8,985,529	\$8,405,308
Income From Operations	\$666,160	\$710,879
Revenues in excess of expenses	\$755,719	\$579,476

Source: Application for Permit pages 79-80

STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 ILAC 1120.120)

B) Criterion 1120.130- Financial Viability

To demonstrate compliance with this criterion, the Applicants must document that the Applicants is financially viable by providing evidence of an “A” or better bond rating or meeting all of the financial ratio standards published by the State Board at Part 1120 Appendix A.

The Applicants have provided evidence of an “A” or better bond rating from Moody’s Investor Service. With the submittal of the evidence of the “A” or better bond rating, the Applicants have qualified for the financial viability waiver that allows the Applicants to forgo financial viability ratios. Based upon the information received from the Applicants the Applicants are considered financially viable.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 ILAC 1120.130)

XII. Economic Feasibility

A) Criterion 1120.140(a) - Reasonableness of the Financing

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

To demonstrate compliance with these criteria, the Applicants must document that the financing is reasonable.

The Applicants are funding this project with cash in the amount of \$43,361,034. There is no debt associated with this project.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 ILAC1120.140(a) and (b))

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

To demonstrate compliance with this criterion, the Applicants must document that the cost for the project are reasonable and are in compliance with the State Board Standards published in Part 1120 Appendix A.

- Preplanning Costs are 1.8% of new construction, modernization, contingencies and movable equipment.
- Site Survey and Soil Investigation are 5% of new construction, modernization and contingencies.
- New construction and contingencies is \$427.45 inflated by 3% to the midpoint of construction. Cost per Gross Square Footage taken from RSMeans³
- Modernization and contingencies is seventy percent (70%) of new construction and contingency costs.

Year	2017	2018	2019
New Construction	\$427.45	\$440.28	\$453.49
Modernization	\$299.22	\$308.20	\$317.44

- Contingency costs for projects (or for components of projects) are based upon a percentage of new construction or modernization costs and are based upon the status of a project's architectural contract documents.

Status of Project	New Construction	Modernization
Contract Documents	Components	Components
Schematics	10%	10-15%
Preliminary	7%	7-10%
Final	3-5%	5-7%

Source: Table taken from Part 1120 Appendix A

- A&E fees for outpatient clinical service facilities can be found in the Centralized Fee Negotiation Professional Services and Fees Handbook. <https://www.illinois.gov/cdb/business/library/Pages/default.aspx>

³ RSMeans is the world's leading provider of construction cost data, software, and services for all phases of the construction lifecycle. RSMeans data from Gordian provides accurate and up-to-date cost information to help owners, developers, architects, engineers, contractors and others carefully and precisely project and control the cost of both new building construction and renovation projects. <https://www.rsmeans.com/info/contact/about-us.aspx>

TABLE THIRTEEN					
Reasonableness of the Project Costs					
Uses of Funds	Reviewable	State Board Standard		Project	Met Standard
Preplanning Costs	\$180,000	1.80%	\$540,472	0.60%	Yes
Site Survey and Soil Investigation	\$25,000	5.00%	\$896,279	3.49%	Yes
Site Preparation	\$600,000				
New Construction Contracts and Contingencies ⁽¹⁾	\$13,863,295	\$453.29 GSF	\$13,698,119	\$451.78/ GSF	Yes
Modernization Contracts and Contingencies	\$4,062,285	\$317.24 GSF	\$6,549,420	\$196.77/GSF	Yes
Contingencies	\$1,027,020	10-15%	\$2,534,784.00	6.08%	Yes
Architectural/Engineering Fees	\$1,493,700	8.81%	\$1,417,544.22	7.97%	Yes
Consulting and Other Fees	\$1,144,000	No Standards			
Movable and Other Equipment (not in construction contracts)	\$10,268,445				
Applicants estimate contingency costs to be \$20 per GSF.					

The Applicants are in compliance with this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 ILAC1120.140(c))

D) Criterion 1110.140(d) – Direct Operating Costs

To demonstrate compliance with this criterion, the Applicants must document the direct operating cost per equivalent patient day.

The Applicants are estimating direct operating costs per equivalent patient day of \$2,571.49 by the second year after project completion.

E) Criterion 1110.140(e) – Effect of the Project on Capital Costs

To demonstrate compliance with this criterion, the Applicants must document the effect the project will have on capital costs per equivalent patient day.

The Applicants are estimating the effect of the project on capital costs per equivalent patient day of \$ 3,913.04 by the second year after project completion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERIA DIRECT OPERATING COSTS AND EFFECT OF THE PROJECT ON CAPITAL COSTS (77 ILAC1120.140(d) and 77 ILAC1120.140(e))

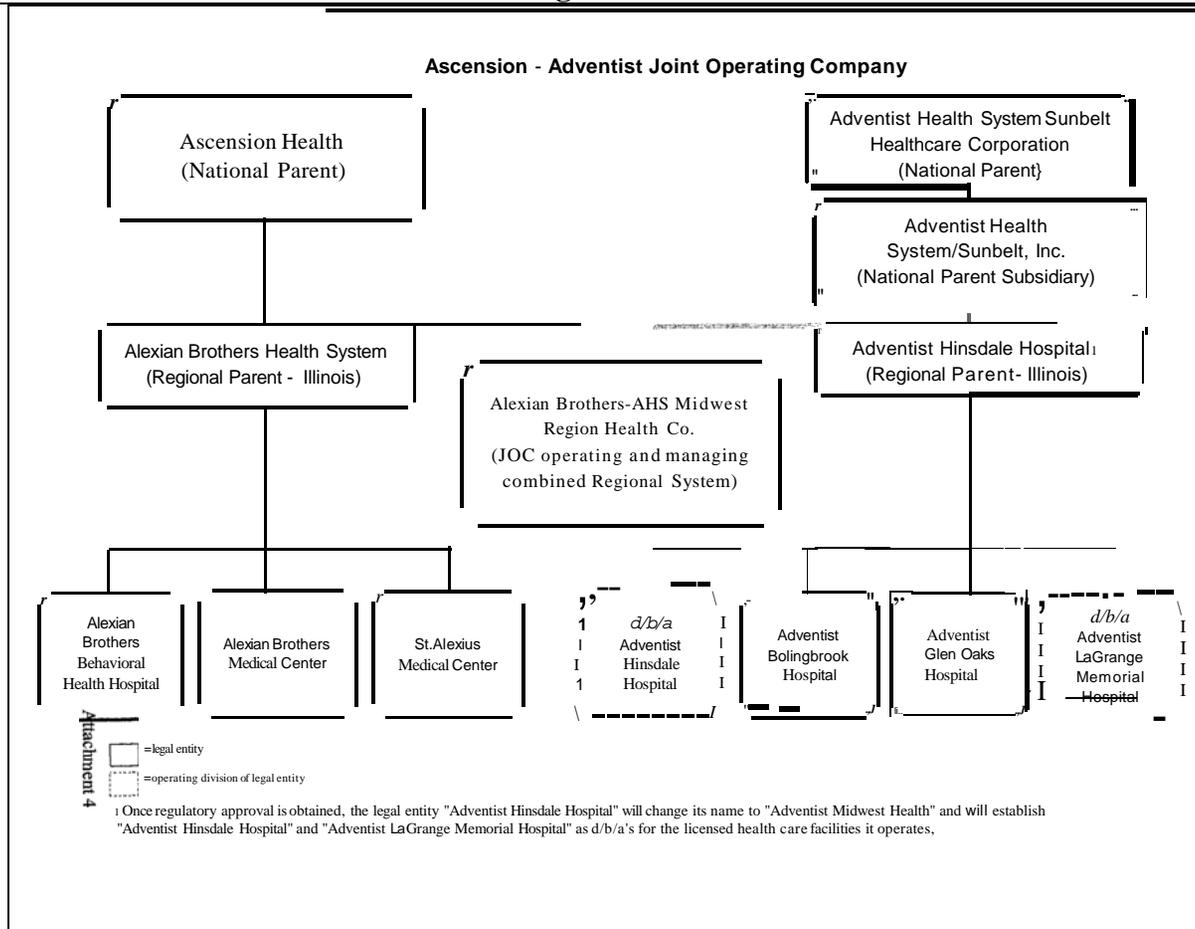
**Appendix I
Itemization of Project Costs**

PROJECT COSTS	Total
Preplanning Costs	
Financing assessments	\$70,000.00
Market Analyses/Presentations	\$50,000.00
Cost estimating	\$80,000.00
Misc./Other	\$25,000.00
	\$225,000.00
Site Survey and Soil Investigation	
Site Survey	\$20,000.00
Soil Investigation	\$20,000.00
	\$40,000.00
Site Preparation	
Landscaping	\$150,000.00
Roadways, Walkways & Pkg.	\$440,000.00
Exterior Lighting & Signage	\$80,000.00
Misc./Other	\$50,000.00
	\$720,000.00
Architectural and Engineering Fees	
Design	\$2,740,000.00
Document Preparation	\$70,000.00
Interface with Agencies	\$40,000.00
Project Monitoring	\$80,000.00
Misc./Other	\$287,000.00
	\$2,002,500.00
Consulting and Other Fees	
CON-related	\$70,000.00
Fees and Permits	\$50,000.00
Project Management	\$350,000.00
Medical Equipment Planning	\$75,000.00
IT Planning & Consulting	\$65,000.00
Interior Design	\$90,000.00
Legal & accounting	\$80,000.00
Misc. Consultants	\$200,000.00
Commissioning	\$150,000.00
Misc./Other	\$300,000.00
	\$1,430,000.00

**Appendix II
Charity Care Information**

Adventist Bolingbrook Hospital				St. Alexius Medical Center			
Year	2014	2015	2016	Year	2014	2015	2016
Net Patient Revenue	\$122,770,019	\$127,514,483	\$139,118,131	Net Patient Revenue	\$334,206,800	\$319,890,000	\$353,094,000
Charity Care (Charges)	\$10,804,017	\$8,285,425	\$7,158,798	Charity Care (Charges)	\$50,669,454	\$27,143,649	\$30,717,841
Charity Care	\$2,314,070	\$1,666,539	\$1,483,641	Charity Care	\$10,551,000	\$5,444,000	\$5,569,686
% of Charity Care to Net Revenue	1.88%	1.31%	1.07%	% of Charity Care to Net Revenue	3.16%	1.70%	1.58%
Adventist Glen Oaks Hospital				Alexian Brothers Medical Center			
Year	2014	2015	2016	Year	2014	2015	2016
Net Patient Revenue	\$87,030,421	\$86,962,317	\$91,470,724	Net Patient Revenue	\$430,346,881	\$437,427,000	\$457,480,000
Charity Care (Charges)	\$9,382,108	\$6,807,836	\$6,786,953	Charity Care (Charges)	\$45,145,248	\$23,820,931	\$26,603,784
Charity Care	\$2,558,867	\$1,899,807	\$1,854,074	Charity Care	\$9,480,000	\$4,657,000	\$5,166,051
% of Charity Care to Net Revenue	2.94%	2.18%	2.03%	% of Charity Care to Net Revenue	2.20%	1.06%	1.13%
Adventist Hinsdale Hospital				Alexian Brothers Behavioral Health Hospital			
Year	2014	2015	2016	Year	2014	2015	2016
Net Patient Revenue	\$294,213,713	\$289,729,872	\$300,654,866	Net Patient Revenue	\$65,513,515	\$70,510,000	\$76,916,399
Charity Care (Charges)	\$6,544,128	\$6,365,048	\$6,288,869	Charity Care (Charges)	\$1,021,287	\$1,977,048	\$1,804,729
Charity Care	\$1,483,318	\$1,124,380	\$1,042,632	Charity Care	\$363,750	\$716,000	\$646,317
% of Charity Care to Net Revenue	0.50%	0.39%	0.35%	% of Charity Care to Net Revenue	0.56%	1.02%	0.84%
Adventist LaGrange Memorial Hospital							
Year	2014	2015	2016				
Net Patient Revenue	\$159,501,217	\$169,493,466	\$168,305,071				
Charity Care (Charges)	\$9,083,505	\$5,867,986	\$6,375,574				
Charity Care	\$1,773,951	\$1,286,807	\$1,327,600				
% of Charity Care to Net Revenue	1.11%	0.76%	0.79%				

Appendix III Organization

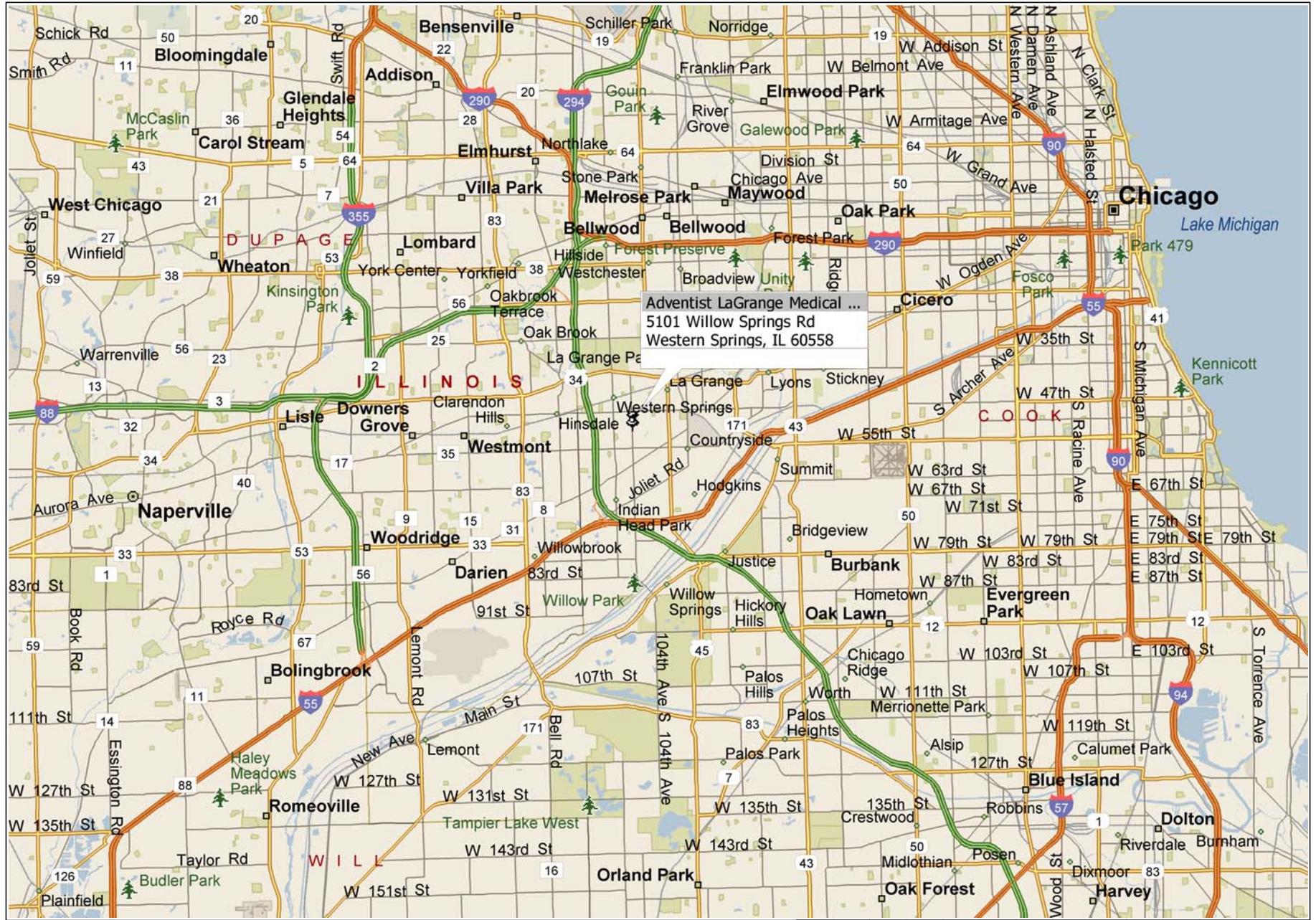


APPENDIX IV

Summary of Twelve (12) Physician Referral Letters

Physician	Spec.	2016 Referrals	Elmhurst Memorial Hospital	AMITA LaGrange	AMITA Hinsdale	Advocate Good Sam	Edward Hospital	MacNeal Hospital	Hinsdale Surgical Center	SCSC	Presence St. Joseph Joliet	Silver Cross	Alexian Brothers	Stroger	AMITA Bolingbrook	LUMC
Chudik, Steven	Ortho	551.00	140	133	73	19				186						
Seymour, Scott	Ortho	340.00		31				246	63							
Daley, Robert	Ortho	312.00			92						101	119				
Hejna, Michael	Ortho	340.00		53			287									
Anderson, Nicolas	Podiatry	391.00		17				346	28							
LaReau, Justin	Ortho	329.00		38	166	125										
Alden, Kris	Ortho	292.00	259	18	1	14	0									
Digianfilippo, Anthony	Neuro	176.00		11	152								13			
Paik, Charles	Ortho	288.00		14	63										211	
Lee, John	Ortho	309.00		1	31										277	
Durkin, Michael	Ortho	301.00			194	27										80
Ho, Erling	Ortho	437.00		24				378	35							
Total 2016 Cases		4,066	399	340	772	185	287	970	126	186	101	119	13	0	488	80

17-028 Adventist Medical Center LaGrange - LaGrange



<u>Ownership, Management and General Information</u>		<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Michael Goebel	White	85.6%	Hispanic or Latino:	6.9%
ADMINISTRATOR PHONE:	630-856-6056	Black	5.7%	Not Hispanic or Latino:	93.0%
OWNERSHIP:	Adventist Health System dba La Grange Memorial Hos	American Indian	0.0%	Unknown:	0.1%
OPERATOR:	Adventist Health System dba La Grange Memorial Hos	Asian	0.8%		
MANAGEMENT:	Church-Related	Hawaiian/ Pacific	0.0%	IDPH Number:	5967
CERTIFICATION:	(Not Answered)	Unknown	7.8%	HPA	A-04
FACILITY DESIGNATION:	General Hospital			HSA	7
ADDRESS	5101 S. Willow Springs Road	CITY: La Grange	COUNTY: Suburban Cook County		

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	<u>Authorized CON Beds 12/31/2016</u>	<u>Peak Beds Setup and Staffed</u>	<u>Peak Census</u>	<u>Admissions</u>	<u>Inpatient Days</u>	<u>Observation Days</u>	<u>Average Length of Stay</u>	<u>Average Daily Census</u>	<u>CON Occupancy Rate %</u>	<u>Staffed Bed Occupancy Rate %</u>
Medical/Surgical	141	141	90	5,906	22,789	611	4.0	63.9	45.3	45.3
0-14 Years				9	10					
15-44 Years				614	1,810					
45-64 Years				1,496	5,139					
65-74 Years				1,223	5,001					
75 Years +				2,564	10,829					
Pediatric	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Intensive Care	27	27	27	1,273	8,565	17	6.7	23.4	86.8	86.8
Direct Admission				1,273	8,565					
Transfers - Not included in Facility Admissions				0	0					
Obstetric/Gynecology	12	12	9	429	942	44	2.3	2.7	22.4	22.4
Maternity				402	896					
Clean Gynecology				27	46					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Total AMI	0			0	0	0	0.0	0.0	0.0	
Adolescent AMI		0	0	0	0	0	0.0	0.0		0.0
Adult AMI		0	0	0	0	0	0.0	0.0		0.0
Rehabilitation	16	16	16	509	4,967	0	9.8	13.6	84.8	84.8
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	24					3119				
Facility Utilization	196			8,117	37,263	3,791	5.1	112.2	57.2	

<u>Inpatients and Outpatients Served by Payor Source</u>							
	<u>Medicare</u>	<u>Medicaid</u>	<u>Other Public</u>	<u>Private Insurance</u>	<u>Private Pay</u>	<u>Charity Care</u>	<u>Totals</u>
Inpatients	62.6%	9.1%	0.2%	26.6%	0.4%	1.0%	8,118
	5084	741	20	2158	33	82	
Outpatients	33.8%	11.6%	0.2%	52.0%	1.9%	0.4%	103,517
	35019	12005	239	53864	2002	388	

	<u>Financial Year Reported:</u>		<u>Inpatient and Outpatient Net Revenue by Payor Source</u>					<u>Charity Care Expense</u>	<u>Total Charity Care Expense</u>
	<u>7/1/2015 to</u>	<u>6/30/2016</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Other Public</u>	<u>Private Insurance</u>	<u>Private Pay</u>		
Inpatient Revenue (\$)	10.8%	56.4%	0.3%	30.0%	2.6%	100.0%		1,327,600	
	9,643,426	50,380,458	250,414	26,769,225	2,315,655	89,359,178	402,676		
Outpatient Revenue (\$)	5.2%	24.0%	0.3%	66.6%	3.9%	100.0%		Total Charity Care as % of Net Revenue	
	4,122,811	18,972,046	234,250	52,559,162	3,057,625	78,945,894	924,924	0.8%	

<u>Birthing Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	384		Level I	Level II	Level II+	Kidney:	
Number of Live Births:	383	Beds	10	2	0	Heart:	
Birthing Rooms:	0	Patient Days	754	14	105	Lung:	
Labor Rooms:	0	Total Newborn Patient Days			873	Heart/Lung:	
Delivery Rooms:	0					Pancreas:	
Labor-Delivery-Recovery Rooms:	5					Liver:	
Labor-Delivery-Recovery-Postpartum Rooms:	0					Total:	
C-Section Rooms:	1		Inpatient Studies		166,307		
CSections Performed:	136		Outpatient Studies		131,354		
			Studies Performed Under Contract		4,861		

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	1	0	0	1	34	0	217	0	217	6.4	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	2	2	516	915	1622	2014	3636	3.1	2.2
Gastroenterology	0	0	0	0	57	14	83	20	103	1.5	1.4
Neurology	0	0	1	1	107	72	431	241	672	4.0	3.3
OB/Gynecology	0	0	1	1	41	536	133	1106	1239	3.2	2.1
Oral/Maxillofacial	0	0	0	0	7	25	13	83	96	1.9	3.3
Ophthalmology	0	0	1	1	0	453	0	777	777	0.0	1.7
Orthopedic	0	0	1	1	639	511	2284	1394	3678	3.6	2.7
Otolaryngology	0	0	1	1	34	85	71	220	291	2.1	2.6
Plastic Surgery	0	0	1	1	7	97	26	281	307	3.7	2.9
Podiatry	0	0	0	0	40	137	77	177	254	1.9	1.3
Thoracic	0	0	1	1	128	15	528	42	570	4.1	2.8
Urology	0	0	1	1	135	340	205	585	790	1.5	1.7
Totals	1	0	10	11	1745	3200	5690	6940	12630	3.3	2.2

SURGICAL RECOVERY STATIONS

Stage 1 Recovery Stations

9

Stage 2 Recovery Stations

30

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	561	2466	546	2572	3118	1.0	1.0
Laser Eye Procedures	0	1	0	1	0	95	0	101	101	0.0	1.1
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
	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

Multipurpose Non-Dedicated Rooms**Emergency/Trauma Care**

Certified Trauma Center	Yes
Level of Trauma Service	Level 1
	(Not Answered)
Operating Rooms Dedicated for Trauma Care	Adult
Number of Trauma Visits:	3
Patients Admitted from Trauma	560
Emergency Service Type:	419
Number of Emergency Room Stations	Comprehensive
Persons Treated by Emergency Services:	24
Patients Admitted from Emergency:	29,760
Total ED Visits (Emergency+Trauma):	5,426
	30,320

Free-Standing Emergency Center

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

Outpatient Service Data

Total Outpatient Visits	103,517
Outpatient Visits at the Hospital/ Campus:	86,261
Outpatient Visits Offsite/off campus	17,256

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	2
Cath Labs used for Angiography procedures	1
Dedicated Diagnostic Catheterization Labs	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	956
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	527
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	261
EP Catheterizations (15+)	168

Cardiac Surgery Data

Total Cardiac Surgery Cases:	35
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	35
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	28

Diagnostic/Interventional Equipment

	Owned		Examinations		
	Contract		Inpatient	Outpt	Contract
General Radiography/Fluoroscopy	16	0	11,761	25,770	0
Nuclear Medicine	2	0	707	1,054	0
Mammography	2	0	0	9,807	0
Ultrasound	8	0	2,977	11,106	0
Angiography	1	0			
Diagnostic Angiography			1,404	1,586	0
Interventional Angiography			0	0	0
Positron Emission Tomography (PET)	0	1	0	45	0
Computerized Axial Tomography (CAT)	2	0	5,364	12,272	0
Magnetic Resonance Imaging	1	0	1,173	3,260	0

Therapeutic Equipment

	Owned		Contract	Therapies/Treatments
Lithotripsy	1	1		57
Linear Accelerator	0	0		0
Image Guided Rad Therapy				0
Intensity Modulated Rad Thrpy				0
High Dose Brachytherapy	0	0		0
Proton Beam Therapy	0	0		0
Gamma Knife	0	0		0
Cyber knife	0	0		0