ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

19-023

RECEIVED
ORIGINAL
MAY 24 2019
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	**Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center – Counseling & Pediatric Development Center**
Street Address:	901 W. Wellington Avenue
City and Zip Code:	Chicago, IL 60657-5147
County: Cook	Health Service Area 6 — Health Planning Area: A-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	**Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center**
Street Address:	836 W. Wellington Avenue
City and Zip Code:	Chicago, IL 60657-5147
Name of Registered Agent:	Michael Kerns
Registered Agent Street Address:	3075 Highland Parkway, Suite 600
Registered Agent City and Zip Code:	Downers Grove, IL 60515
Name of President:	Susan Nordstrom Lopez
President Street Address:	836 W. Wellington Avenue
President City and Zip Code:	Chicago, IL 60657-5147
President Telephone Number:	(773) 975-1600

Type of Ownership of Applicants

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Susan Nordstrom Lopez
Title:	President, Advocate Illinois Masonic Medical Center
Company Name:	Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center
Address:	836 W. Wellington Avenue, Chicago, IL 60657-5147
Telephone Number:	(773) 296-7081
E-mail Address:	susan.nordstrom.lopez@advocatehealth.com
Fax Number:	(773) 296-5251

Additional Contact Persons who are also authorized to discuss the application for permit	
Name:	Sonja Reece, FACHE
Title:	Director, Health Facilities Planning
Company Name:	Advocate Aurora Health, Inc.
Address:	1304 Franklin Avenue, Normal, IL 61761
Telephone Number:	(309) 268-5482
E-mail Address:	sonja.reece@advocatehealth.com
Fax Number:	(309) 888-0961

Name:	Myndee Balkan
Title:	Manager, Business Development Planning
Company Name	Advocate Aurora Health, Inc.
Address:	801 S. Milwaukee Avenue, Libertyville, IL 60048
Telephone Number:	(847) 990-5521
E-mail Address:	Myndee.Balkan@advocatehealth.com
Fax Number:	(847)-573-4315

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
DISCONTINUATION APPLICATION FOR EXEMPTION

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Facility/Project Identification

Facility Name:	**Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center – Counseling & Pediatric Development Center**
Street Address:	901 W. Wellington Avenue
City and Zip Code:	Chicago, IL 60657-5147
County: Cook	Health Service Area: 6 Health Planning Area: A-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Advocate Health and Hospitals Corporation
Street Address: 3075 Highland Parkway, Suite 600
City and Zip Code: Downers Grove, IL 60515
Name of Registered Agent: Michael Kerns
Registered Agent Street Address: 3075 Highland Parkway, Suite 600
Registered Agent City and Zip Code: Downers Grove, IL 60515
Name of Chief Executive Officer: James H. Skogsbergh
Chief Executive Officer Street Address: 3075 Highland Parkway, Suite 600
Chief Executive Officer City and Zip Code: Downers Grove, IL 60515
Chief Executive Officer Telephone Number: (630) 572-9393

Type of Ownership of Applicants

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
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ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Street Address:	901 W. Wellington Avenue
City and Zip Code:	Chicago, IL 60657-5147
County: Chicago	Health Service Area 6 Health Planning Area: A-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Advocate Health Care Network
Street Address: 3075 Highland Parkway, Suite 600
City and Zip Code: Downers Grove, IL 60515
Name of Registered Agent: Michael Kerns
Registered Agent Street Address: 3075 Highland Parkway
Registered Agent City and Zip Code: Downers Grove, IL 60515
Name of Chief Executive Officer: James H. Skogsbergh
Chief Executive Officer Street Address: 3075 Highland Parkway, Suite 600
Chief Executive Officer City and Zip Code: Downers Grove, IL 60515
Chief Executive Officer Telephone Number: (630) 572-9393

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Title:	Director, Health Facilities Planning
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Address:	1304 Franklin Avenue, Normal, IL 61761
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E-mail Address:	sonja.reece@advocatehealth.com
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APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Street Address:	901 W. Wellington Avenue
City and Zip Code:	Chicago, IL 60657-5147
County: Cook	Health Service Area 6 Health Planning Area: A-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Advocate Aurora Health, Inc.
Street Address:	750 W. Virginia
City and Zip Code:	Milwaukee, WI 53204
Name of Registered Agent:	The Corporation Trust Company
Registered Agent Street Address:	Wilmington, DE 19801
Name of Co- Chief Executive Officer:	James H. Skogsbergh
Chief Executive Officer Street Address:	3075 Highland Parkway, Suite 600
Chief Executive Officer City and Zip Code:	Downers Grove, IL 60515
Chief Executive Officer Telephone Number:	(630) 572-9393
Name of Co-Chief Executive Officer:	Nick Turkal, MD
Chief Executive Officer Street Address:	750 W. Virginia
Chief Executive Officer City and Zip Code:	Milwaukee, WI 53204
Chief Executive Officer Telephone Number:	(414) 299-1763

Type of Ownership of Applicants

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
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- ☐ Partnership
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- ☐ Other

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Name:	Myndee Balkan
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Company Name	Advocate Aurora Health, Inc.
Address:	801 S. Milwaukee Avenue, Libertyville, IL 60048
Telephone Number:	(847) 990-5521
E-mail Address:	Myndee.Balkan@advocatehealth.com
Fax Number:	(847)-573-4315

Post Exemption Contact

[Person to receive all correspondence subsequent to exemption issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]**

Name:	Scott Nelson
Title	Vice President, Planning, Design & Construction
Company Name:	Advocate Aurora Health, Inc.
Address:	3075 Highland Parkway, suite 400, Downers Grove, IL 60515
Telephone Number:	630-929-5575
E-mail Address:	scott.nelson@advocatehealth.com
Fax Number:	(630) 990-4798

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	**Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center**
Address of Site Owner:	**836 W. Wellington Avenue, Chicago, IL 60657-5147**
Street Address or Legal Description of the Site: **901 W. Wellington Avenue, Chicago, IL 60657**	
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

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

Exact Legal Name: **Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center**	
Address **3075 Highland Parkway, Suite 600 Downers Grove, IL 60515-1590**	
☒ Non-profit Corporation	☐ Partnership
☐ For-profit Corporation	☐ Governmental
☐ Limited Liability Company	☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 **(http://www.hfsrb.illinois.gov)**.

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.20 and Part 1120.20(b)]

Part 1110 Classification:

☐ Substantive

☒ Non-substantive

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Advocate North Side Health Network, d/b/a Advocate Illinois Masonic Medical Center, Advocate Health and Hospitals Corporation, Advocate Health Care Network, and Advocate Aurora Health, Inc., the applicants, propose to construct a four-story building at 901 W. Wellington, in Chicago, IL.

The building, referred to as Counseling and Pediatric Development Center (the "Project" or "Building"), will house the Outpatient Behavioral Health services and Pediatric Development program. Many of the patients in the pediatric development program are on the autism spectrum. The project will move these existing services, currently at 3040 N. Wilton Ave, Chicago, IL 60657, into the proposed new facility. Therefore, this is a modernization/relocation project. There will be other non-clinical areas in the new building.

Level 1: Entrance, lobby, and storage
Level 2: Behavioral Health
Level 3: Pediatric Development Center
Level 4: Mechanical equipment

The applicants expect to complete the building and occupy it by June 30, 2021. The Project will include 51,969 DGSF of new construction. The total Project cost is expected to be $39,796,303.

In accordance with the Illinois Health Facilities Planning Act, Section 12(8), the Project is classified as non-substantive because it does not propose a 1) new or replacement facility, 2) new or discontinued service, or 3) change in bed capacity or distribution.

Project Costs and Sources of Funds

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

Counseling and Pediatric Development Center			
USE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Preplanning Costs	$ 78,960	$ 175,750	$ 254,710
Site Survey and Soil Investigation	$ 25,855	$ 58,261	$ 84,116
Site Preparation	$ 210,756	$ 1,103,317	$ 1,314,073
Off Site Work	$ -	$ 362,450	$ 362,450
New Construction Contracts	$ 4,386,440	$ 20,340,400	$ 24,726,840
Modernization Contracts	$ -	$ -	$ -
Contingencies	$ 427,800	$ 2,093,089	$ 2,520,889
Architectural/Engineering Fees	$ 321,487	$ 1,615,437	$ 1,936,924
Consulting and Other Fees	$ 201,866	$ 786,734	$ 988,600
Movable or Other Equipment (not in construction contracts)	$ 188,560	$ 255,780	$ 444,340
Bond Issuance Expense (project related)	$ 103,759	$ 263,512	$ 367,271
Net Interest Expense During Construction (project related)	$ 637,800	$ 1,619,782	$ 2,257,582
Other Costs To Be Capitalized	$ 377,633	$ 4,160,875	$ 4,538,508
TOTAL USES OF FUNDS	$ 6,960,916	$ 32,835,387	$ 39,796,303
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$ 1,821,658	$ 8,592,957	$ 10,414,615
Bond Issues (project related)	$ 5,139,258	$ 24,242,430	$ 29,381,688
TOTAL SOURCES OF FUNDS	$ 6,960,916	$ 32,835,387	$ 39,796,303

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs

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

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ _____.

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary

☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): June 30, 2021

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

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☒ Financial Commitment will occur after permit issuance.

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

State Agency Submittals [Section 1130.620(c)]

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

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization

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

FACILITY NAME: Advocate Illinois Masonic Medical Center			**CITY: Chicago**		
REPORTING PERIOD DATES:	**From: 1/1/2017**		**to:12/31/17**		
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds***
Medical/Surgical	225	8,218	30,442	0	225
Obstetrics	44	2,191	6,313	0	44
Pediatrics	14	106	496	0	14
Intensive Care	33	1,627	5,097	0	33
Comprehensive Physical Rehabilitation	22	397	5,109	0	22
Acute/Chronic Mental Illness	39	1,100	8,046	0	39
Neonatal Intensive Care	20	387	3,636	0	20
General Long Term Care	0	0	0	0	0
Specialized Long Term Care	0	0	0	0	0
Long Term Acute Care	0	0	0	0	0
Other ((identify)	0	0	0	0	0
TOTALS:	397	14,026	59,139	0	397

Source: Hospital profile

Note This includes direct admissions to ICU and not transfers.

The table above represents the bed status in 2017. The report for 2018 has not been accepted by the Review Board. Also note that in 2019 AIMMC was granted a certificate of exemption to discontinue pediatrics category of service and convert those beds to neonatal intensive care. That closure was completed in April 2019 The process is underway for the conversion to Neonatal beds. Those changes are unrelated to this CON for new outpatient facilities.

CERTIFICATION

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

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

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

SIGNATURE	SIGNATURE
Susan Nordstrom-Lopez PRINTED NAME	William Santulli PRINTED NAME
President Advocate Illinois Masonic Medical Center PRINTED TITLE	Chief Operating Officer PRINTED TITLE
Notarization: Subscribed and sworn to before me this 6TH day of MAY, 2019	Notarization: Subscribed and sworn to before me this _____ day of _____
Signature of Notary	Signature of Notary
Seal OFFICIAL SEAL GAIL B ZATOR NOTARY PUBLIC - STATE OF ILLINOIS MY COMMISSION EXPIRES:02/21/23	Seal

*Insert EXACT legal name of the applicant

CERTIFICATION

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- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
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SIGNATURE	SIGNATURE
Susan Nordstrom-Lopez PRINTED NAME	William Santulli PRINTED NAME
President Advocate Illinois Masonic Medical Center PRINTED TITLE	Chief Operating Officer PRINTED TITLE
Notarization: Subscribed and sworn to before me this _____ day of _____	Notarization: Subscribed and sworn to before me this 6th day of May 2019
Signature of Notary	Cristin G. Foster Signature of Notary
Seal	Seal OFFICIAL SEAL CRISTIN G FOSTER NOTARY PUBLIC - STATE OF ILLINOIS MY COMMISSION EXPIRES:03/13/23

*Insert EXACT legal name of the applicant

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- in the case of a sole proprietor, the individual that is the proprietor.

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

James H Skogsbergh SIGNATURE	SIGNATURE
James H. Skogsbergh PRINTED NAME	William Santulli PRINTED NAME
President and CEO PRINTED TITLE	Chief Operating Officer PRINTED TITLE
Notarization: Subscribed and sworn to before me this 6th day of May 2019	Notarization: Subscribed and sworn to before me this 6th day of May 2019
Cristin G. Foster Signature of Notary	Cristin G. Foster Signature of Notary
Seal OFFICIAL SEAL CRISTIN G FOSTER NOTARY PUBLIC - STATE OF ILLINOIS MY COMMISSION EXPIRES:03/13/23	Seal OFFICIAL SEAL CRISTIN G FOSTER NOTARY PUBLIC - STATE OF ILLINOIS MY COMMISSION EXPIRES:03/13/23

*Insert EXACT legal name of the applicant

CERTIFICATION

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

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

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

James H Skogsbergh	
SIGNATURE	SIGNATURE
James H. Skogsbergh	William Santulli
PRINTED NAME	PRINTED NAME
President and CEO	Chief Operating Officer
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 6th day of May 2019	Notarization: Subscribed and sworn to before me this 6th day of May 2019
Cristin G. Foster	Cristin G. Foster
Signature of Notary	Signature of Notary
Seal OFFICIAL SEAL CRISTIN G FOSTER NOTARY PUBLIC - STATE OF ILLINOIS MY COMMISSION EXPIRES:03/13/23	Seal OFFICIAL SEAL CRISTIN G FOSTER NOTARY PUBLIC - STATE OF ILLINOIS MY COMMISSION EXPIRES:03/13/23

*Insert EXACT legal name of the applicant

CERTIFICATION

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

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

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

James H Skogsbergh SIGNATURE	SIGNATURE
James H. Skogsbergh PRINTED NAME	William Santulli PRINTED NAME
President and CEO PRINTED TITLE	Chief Operating Officer PRINTED TITLE
Notarization: Subscribed and sworn to before me this 6th day of May 2019	Notarization: Subscribed and sworn to before me this 6th day of May 2019
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*Insert EXACT legal name of the applicant

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

2. A 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.

3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

    a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.

    b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.

    c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.

    d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.

    e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.

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

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

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1110.110(b) & (d)

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report.

APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

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

APPEND DOCUMENTATION AS ATTACHMENT 13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**

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

   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.

   c. The project involves the conversion of existing space that results in excess square footage.

   d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

M. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than categories of service must submit the following information:

2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
☐		
☐		
☐		

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
APPEND DOCUMENTATION AS ATTACHMENT 30, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VI. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable **[Indicate the dollar amount to be provided from the following sources]:**

_____	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.

_____	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
	TOTAL FUNDS AVAILABLE

SECTION VII. 1120.130 - FINANCIAL VIABILITY

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

Financial Viability Waiver

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

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII.1120.140 - ECONOMIC FEASIBILITY

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

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

   A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

   B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

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

SECTION IX. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

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

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

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

A table in the following format must be provided as part of Attachment 38.

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

APPEND DOCUMENTATION AS ATTACHMENT 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. CHARITY CARE INFORMATION

Charity Care information MUST be furnished for ALL projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 39.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS

ATTACHMENT NO.		PAGES
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18	Medical Surgical Pediatrics, Obstetrics, ICU	NA
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20	Acute Mental Illness	NA
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22	Cardiac Catheterization	NA
23	In-Center Hemodialysis	NA
24	Non-Hospital Based Ambulatory Surgery	NA
25	Selected Organ Transplantation	NA
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Type of Ownership of Applicants

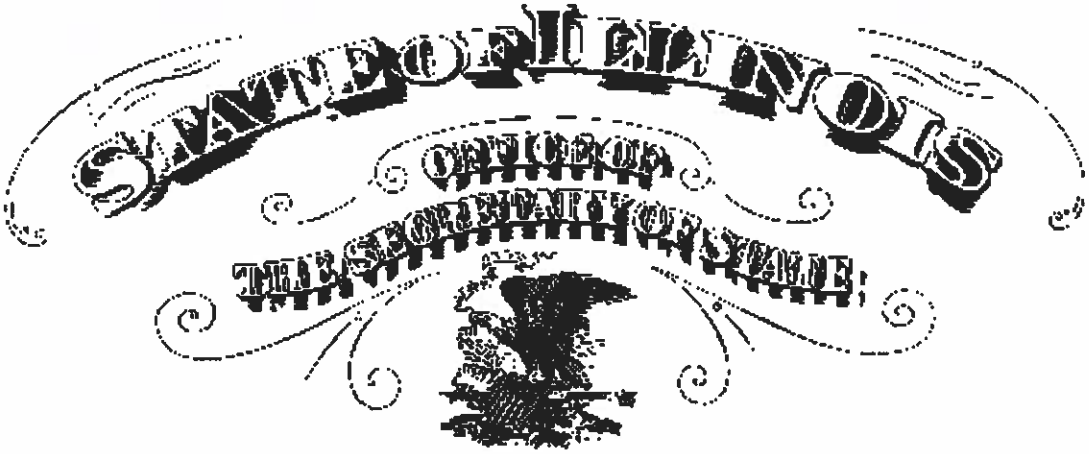
☒	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	Other

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

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

See Attachment #1, Exhibits 1, 2, 3, and 4.

File Number 5237-115-5



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

ADVOCATE NORTH SIDE HEALTH NETWORK, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 27, 1981, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 26TH *day of* NOVEMBER *A.D.* 2018 .

Authentication #: 1833001900 verifiable until 11/26/2019
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

File Number 1004-695-5

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

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

Authentication #: 1908501888 verifiable until 03/26/2020
Authenticate at: http://www.cyberdriveillinois.com

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 26TH *day of* MARCH *A.D.* 2019 .

Jesse White

SECRETARY OF STATE

File Number 1707-692-2

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 26TH *day of* MARCH *A.D.* 2019 .

Authentication #: 1908501864 verifiable until 03/26/2020
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

State Of Delaware

Entity Details

7/31/2018 6:24:28PM

File Number: 6645600
Incorporation Date / Formation Date: 12/4/2017
Entity Name: ADVOCATE AURORA HEALTH, INC.
Entity Kind: Corporation
Entity Type: Exempt
Residency: Domestic
State: DELAWARE
Status: Good Standing
Status Date: 12/4/2017

Registered Agent Information

Name: THE CORPORATION TRUST COMPANY
Address: CORPORATION TRUST CENTER 1209 ORANGE ST
City: WILMINGTON
Country:
State: DE
Postal Code: 19801
Phone: 302-658-7581

OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

APRIL 3, 2018 **7155-851-7**

CT CORPORATION SYSTEM
118 W EDWARDS #200
SPRINGFIELD IL 62704

RE ADVOCATE AURORA HEALTH, INC.

DEAR SIR OR MADAM:

ENCLOSED YOU WILL FIND THE AUTHORITY OF THE ABOVE NAMED CORPORATION TO CONDUCT AFFAIRS IN THIS STATE.

PAYMENT OF THE FILING FEE IS HEREBY ACKNOWLEDGED.

CERTAIN NOT FOR PROFIT CORPORATIONS ORGANIZED AS A CHARITABLE CORPORATION ARE REQUIRED TO REGISTER WITH THE OFFICE OF THE ATTORNEY GENERAL. UPON RECEIPT OF THE ENCLOSED AUTHORITY, YOU MUST CONTACT THE CHARITABLE TRUST DIVISION, OFFICE OF THE ATTORNEY GENERAL, 100 W. RANDOLPH, 3RD FLOOR, CHICAGO, ILLINOIS 60601, TELEPHONE (312) 814-2595.

SINCERELY,

JESSE WHITE
SECRETARY OF STATE
DEPARTMENT OF BUSINESS SERVICES
CORPORATION DIVISION
TELEPHONE (217) 782-6961

FORM NFP 113.15 (rev. Dec. 2003)
APPLICATION FOR AUTHORITY
TO CONDUCT AFFAIRS IN
ILLINOIS (Foreign Corporations)
General Not For Profit Corporation Act

Secretary of State
Department of Business Services
501 S. Second St., Rm. 350
Springfield, IL 62756
217-782-1834
www.cyberdriveillinois.com

Remit payment in the form of a cashier's check, certified check, money order or an Illinois attorney's or CPA's check payable to Secretary of State.

FILED

APR 03 2018

JESSE WHITE
SECRETARY OF STATE

File # 7155-8517 Filing Fee: $50 Approved: BC

----- Submit in duplicate ----- Type or Print clearly in black ink ----- Do not write above this line -----

1. a. Corporate Name: Advocate Aurora Health, Inc.

   b. Assumed Corporate Name (Complete only if the new corporate name is not available in this state.):

   By electing this assumed name, the Corporation hereby agrees NOT to use its corporate name in the transaction of business in Illinois. Form NFP 104.15 is attached.

2. a. State or Country of Incorporation: Delaware

   b. Date of Incorporation: December 4, 2017

   c. Period of Duration: Permanent

3. a. Address of Principal Office, wherever located: 3075 Highland Pkwy.,
   Downers Grove, IL 60515-1206

   b. Address of Principal Office in Illinois: 3075 Highland Pkwy.,
   Downers Grove, IL 60515-1206

4. Name and Address of Registered Agent and Registered Office in Illinois:

   Registered Agent: Earl J. Barnes II
   First Name Middle Name Last Name

   Registered Office: 3075 Highland Pkwy Suite 600
   Number Street Suite # (P.O. Box alone is unacceptable)

   Downers Grove 60515 DuPage County
   City ZIP Code County

5. States and Countries in which Corporation is admitted or qualified to conduct affairs: Wisconsin (application pending)

6. Names and respective addresses of Corporation's officers and directors:

	Street Address	City State ZIP
President See attached		
Secretary		
Director		
Director		
Director		

If there are additional officers or more than three directors, please attach list.

Printed by authority of the State of Illinois. January 2015 - 1 - C 160.15

7155 8517

Directors:

Name	Address
Michele Baker Richardson	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
John F. Timmer	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Lynn Y. Crump-Caine	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
K. Richard Jakle	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Mark M. Harris	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
David B. Anderson	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
James H. Skogsbergh	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Joanne Disch	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
John W. Daniels, Jr.	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Joanne B. Bauer	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Charles Harvey	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Rick Weiss	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Thomas Bolger	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Nick W. Turkal	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515

7155-8517

Section 7: PURPOSE(S) FOR WHICH THE CORPORATION IS ORGANIZED AND PROPOSES TO PURSUE IN THE CONDUCT OF AFFAIRS IN THIS STATE:

The Corporation is organized and shall be operated exclusively for charitable, scientific, religious and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue Law) (hereinafter the "Code"); and limited as further provided in its Certificate of Incorporation. Specifically, the Corporation is organized and shall be operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of its supported organizations, as listed below (the "**Supported Organizations**"). The Corporation is organized and operated as a Type III functionally integrated supporting organization as defined in section 509(a)(3) of the Code and Treas. Reg. Section 1.509(a)-4(i). The Corporation is organized for the purpose of serving as the parent organization of the Supported Organizations and shall exercise direction over the policies, programs and activities of the Supported Organizations. The Corporation shall engage in activities relating to the purposes described above, and invest in, receive, hold, use, and dispose of all property, real or personal, as may be necessary or desirable to carry into effect such purposes. The Corporation is formed as a result of the affiliation of Advocate Health Care Network, an Illinois nonprofit corporation ("**Advocate**") and Aurora Health Care, Inc., a Wisconsin nonstock corporation ("**Aurora**"), in accordance with the terms and conditions of that certain Affiliation Agreement between Advocate and Aurora dated December 4, 2017 (the "**Affiliation Agreement**").

The Corporation's Supported Organizations, which are described in Section 509(a)(1) or Section 509(a)(2) of the Code, are as follows:

- Advocate Health and Hospitals Corporation
- EHS Home Health Care Services, Inc.
- Advocate Charitable Foundation
- Advocate North Side Health Network
- Meridian Hospice
- Advocate Condell Medical Center
- Advocate Sherman Hospital
- Sherman West Court
- Visiting Nurse Association of Wisconsin, Inc.
- Aurora UW Academic Medical Group
- Aurora Health Care Central, Inc.
- Aurora Psychiatric Hospital, Inc.
- Aurora Medical Center of Washington County, Inc.
- Aurora Health Care North, Inc.
- West Allis Memorial Hospital, Inc.
- Aurora Family Service, Inc.
- Aurora Medical Center of Oshkosh, Inc.
- Aurora Medical Group, Inc.
- Kradwell School, Inc.
- Aurora Advanced Healthcare, Inc.

7155-8517

- Aurora Health Care Metro, Inc.
- Aurora Health Care Southern Lakes, Inc.
- AMG Illinois, Ltd.
- Aurora Medical Center Grafton

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4835-2888-4064.2

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	**Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center**
Address of Site Owner:	**836 W. Wellington Avenue, Chicago, IL 60657-5147**
Street Address or Legal Description of the Site:	**901 W. Wellington Avenue, Chicago, IL 60657-5147**
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

The proposed site is 901 West Wellington, immediately across the street from the hospital at 836 West Wellington. See Attachment #2, Exhibit 1.

Advocate Health Care

3075 Highland Parkway, Suite 600 || Downers Grove, Illinois 60515 || T 630.572.9393 || advocatehealth.com

May 8, 2019

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

RE: Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center Counseling & Pediatric Development Center

Dear Ms. Avery:

This attestation letter is submitted to indicate that Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center owns the site.

We trust this attestation complies with the State Agency Proof of Ownership requirement indicated in the Permit application – September 2018 edition.

Respectfully,

William Santulli
Chief Operating Officer
Advocate Aurora Health

Notarization:

JANET M. HOOD
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
September 10, 2022

Subscribed and sworn to before me
This 22nd day of May, 2019.

Janet M. Hood
Signature of Notary

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Operating Identity/Licensee

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

Exact Legal Name of Site Owner:	**Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center**
Address of Site Owner:	**836 W. Wellington Avenue, Chicago, IL 60657-5147**

☒ Non-profit Corporation ☐ Partnership
☐ For-profit Corporation ☐ Governmental
☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

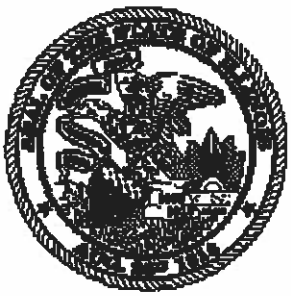
Certificates of Good Standing for Advocate North Side Health Network, Advocate Health and Hospital Corporation, Advocate Health Care Network, and Advocate Aurora Health, Inc. are appended as Attachment #3, Exhibits 1, 2, 3, and 4.

File Number 5237-115-5

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

ADVOCATE NORTH SIDE HEALTH NETWORK, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 27, 1981, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 26TH *day of* NOVEMBER *A.D.* 2018 .

Authentication #: 1833001900 verifiable until 11/26/2019
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

File Number 1004-695-5

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 26TH *day of* MARCH *A.D.* 2019 .

Authentication #: 1908501888 verifiable until 03/26/2020
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

File Number 1707-692-2

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 26TH *day of* MARCH *A.D.* 2019 .

Authentication #: 1908501884 verifiable until 03/26/2020
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

State Of Delaware

Entity Details

7/31/2018 6:24:28PM

File Number: 6645600
Incorporation Date / Formation Date: 12/4/2017
Entity Name: ADVOCATE AURORA HEALTH, INC.
Entity Kind: Corporation
Entity Type: Exempt
Residency: Domestic
State: DELAWARE
Status: Good Standing
Status Date: 12/4/2017

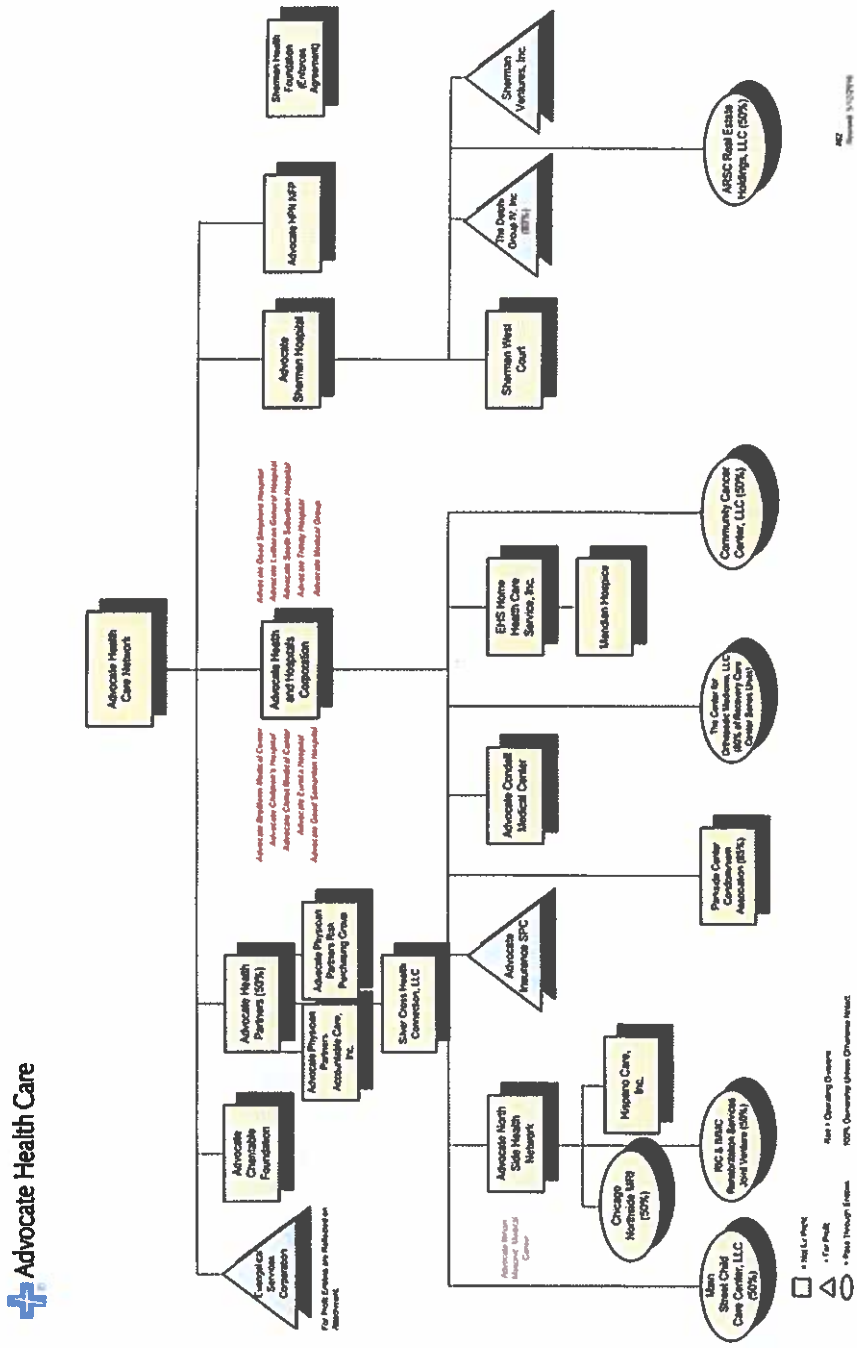
Registered Agent Information

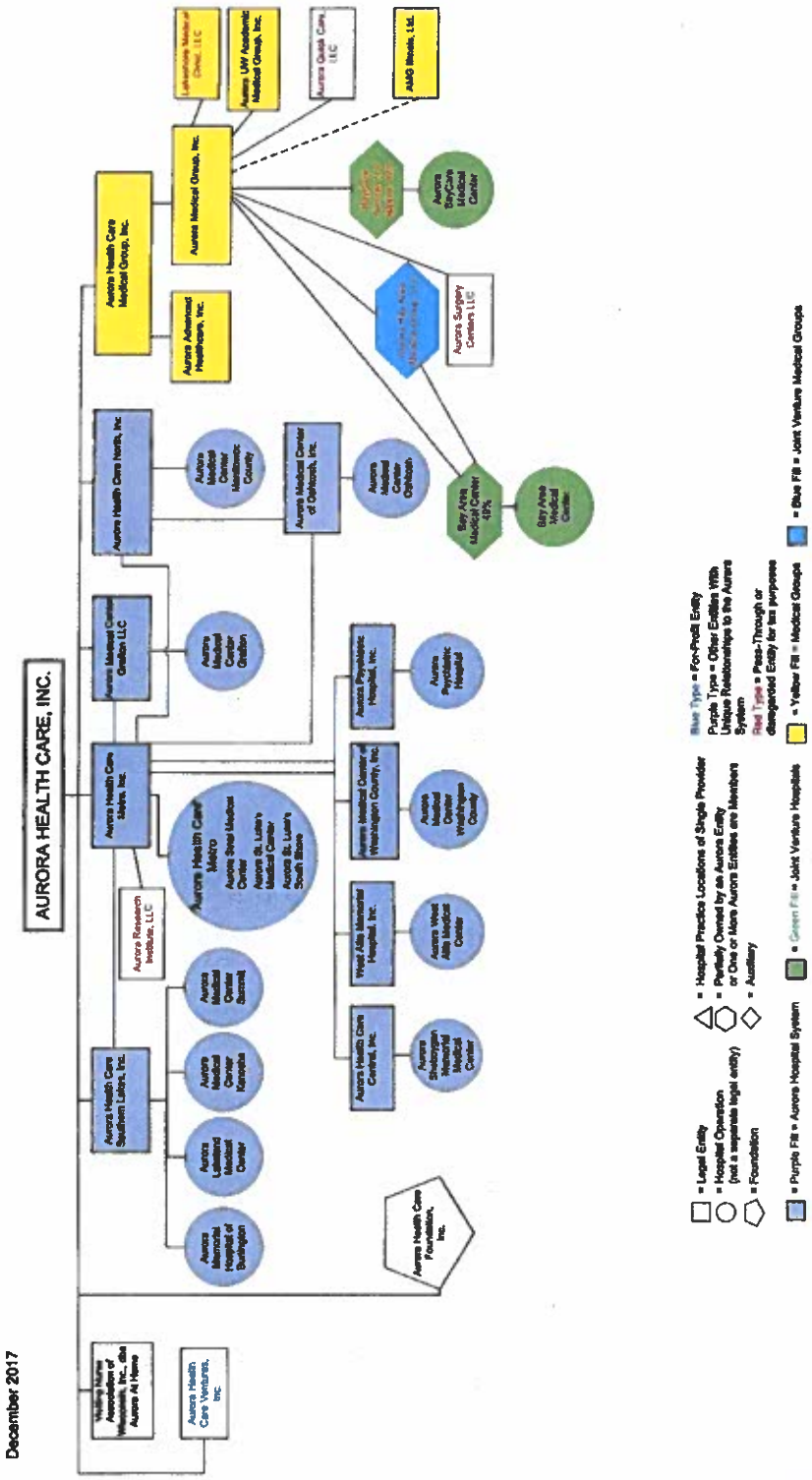
Name: THE CORPORATION TRUST COMPANY
Address: CORPORATION TRUST CENTER 1209 ORANGE ST
City: WILMINGTON
Country:
State: DE
Postal Code: 19801
Phone: 302-658-7581

Organizational Relationships

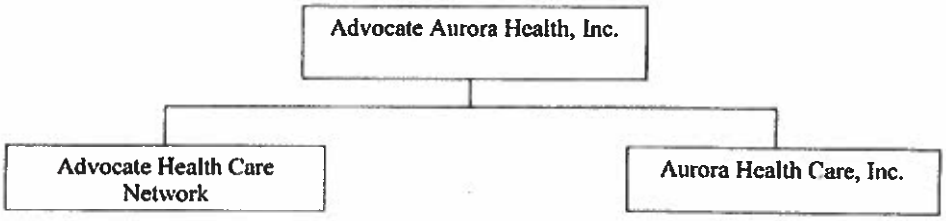
Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.
APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Attachment #4, Exhibits 1, 2, and 3 show the legacy organizations Advocate Health Care Network and Aurora Health Care, Inc. that came together as advocate Aurora Health, Inc.


Advocate Health Care
Advocate Health Care Network
Advocate Health and Hospitals Corporation
Advocate Sherman Hospital
Advocate HPN NFP
Sherman Health Foundation (Entrance Agreement)
Sherman West Court
The Dwyer Group IV, Inc
Sherman Ventures, Inc.
ARSC Real Estate Holdings, LLC (50%)
Community Cancer Center, LLC (50%)
EHS Home Health Care Service, Inc.
Meridian Hospice
Advocate Condell Medical Center
Advocate Insurance SPC
Advocate North Side Health Network
Hispano Care, Inc.
Chicago Northside MRI (50%)
Main Street Child Care Center, LLC (50%)
Advocate Health Partners (50%)
Advocate Physician Partners Accountable Care, Inc.
Advocate Physician Partners Risk Purchasing Group
Silver Cross Health Connection, LLC
Advocate Charitable Foundation
Advocate Physician Partners Accountable Care, Inc.


AURORA HEALTH CARE, INC.
December 2017
Aurora Health Care Southern Lakes, Inc.
Aurora Health Care Metro, Inc.
Aurora Health Care Grafton LLC
Aurora Health Care North, Inc.
Aurora Health Care Medical Group, Inc.
Aurora Medical Group, Inc.
Aurora Health Care Foundation, Inc.
Aurora Research Institute, LLC
Aurora Health Care Metro
Aurora Medical Center Burlington
Aurora Lakeland Medical Center
Aurora Medical Center Kenosha
Aurora Medical Center Summit
Aurora Medical Center Grafton
Aurora Medical Center Oshkosh
Aurora Psychiatric Hospital
Aurora Medical Center Washington County
Aurora Medical Center Sheboygan
Aurora Bay Care Medical Center
Aurora Surgery Centers LLC
Bay Area Medical Center
Legend
= Legal Entity
= Hospital Operation (not a separate legal entity)
= Foundation
= Hospital Practice Locations of Single Provider
= Partially Owned by an Aurora Entity or One or More Aurora Entities are Members
= Auxiliary
= Purple Fill = Aurora Hospital System
= Green Fill = Joint Venture Hospitals
= Yellow Fill = Medical Groups
= Blue Fill = Joint Venture Medical Groups

POST-CLOSING ORGANIZATIONAL CHART



All of the Advocate Health Care Network ("Advocate") entities will remain under the Advocate corporate structure and all of the Aurora Health Care, Inc. ("Aurora") entities will remain under the Aurora corporate structure, shown on the previously included organizational charts for each of Advocate and Aurora.

Flood Plain Requirements

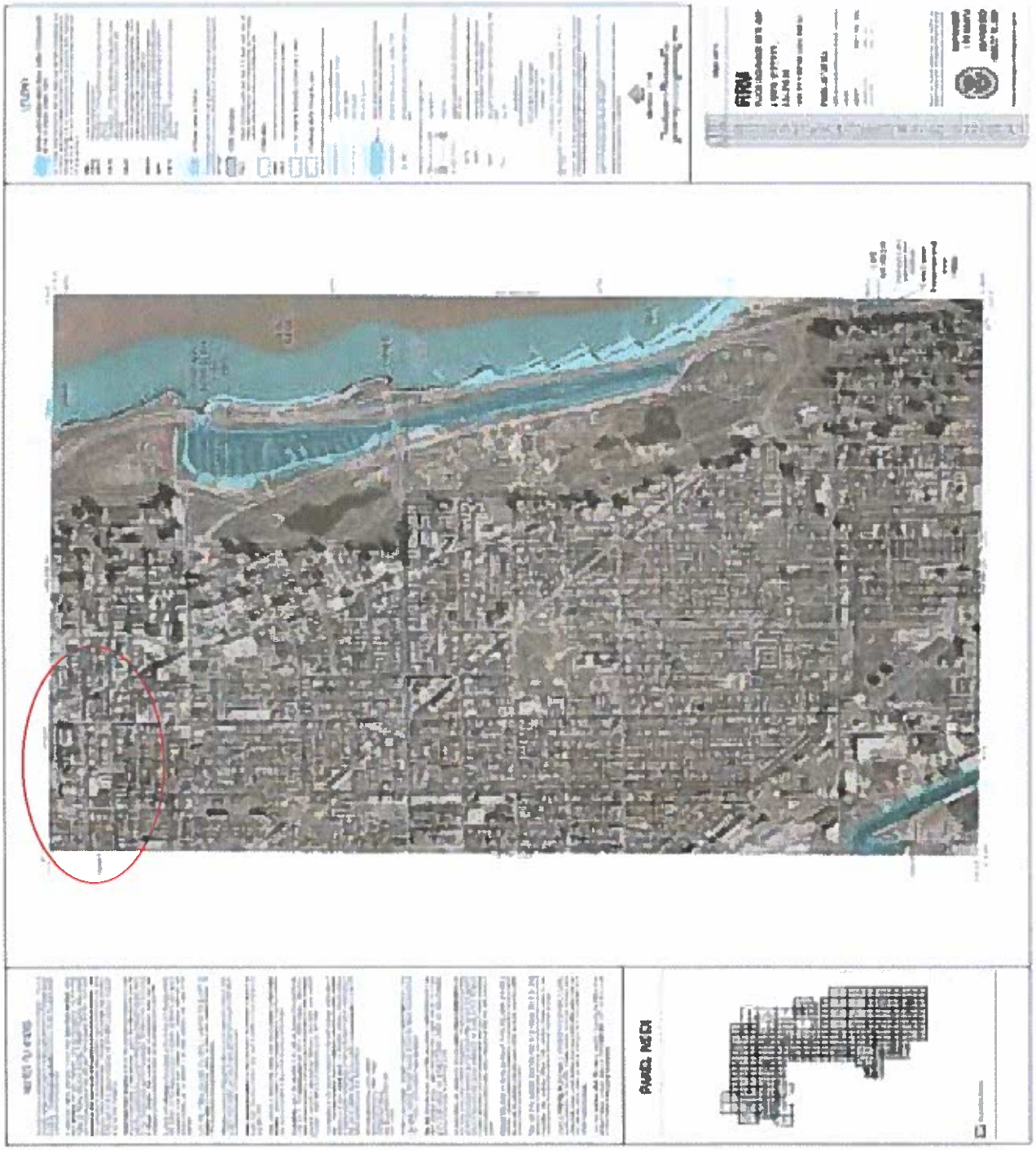
[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 **(http://www.hfsrb.illinois.gov)**.

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

By their signatures on the Certification, the applicants certify that the site for the proposed Project is not in a flood plain, as identified by the most recent FEMA Flood Insurance Rate Map for this location. Because the Project is not in a Special Flood Hazard Area, it complies with Illinois Executive Order #2006-5.

FIRM Floodplain Map showing location of proposed construction.



Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.
APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

See attachment #6, Historic Resources Preservation letter.

ILLINOIS DEPARTMENT OF NATURAL RESOURCES

Illinois Department of
Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov Mailing Address: 1 Old State Capitol Plaza, Springfield, IL 62701

JB Pritzker, Governor
Colleen Callahan, Director
FAX (217) 524-7525

Cook County
Chicago
Demolition and New Construction of a Behavioral Health and Pediatric Development Center Building
901 W. Wellington Ave.
SHPO Log #010032819

April 17, 2019

Janet Hood
Advocate BroMenn Medical Center
Advocate Eureka Hospital
1304 Franklin Ave.
Normal, IL 61761

Dear Ms. Hood:

We have reviewed the information provided for the above referenced project. This property is located within the Lakeview Historic District, which was listed on the National Register of Historic Places on September 15, 1977. In our opinion the project meets The Secretary of the Interior's "Standards for Rehabilitation and Guidelines for Rehabilitation of Historic Buildings" and we concur in a finding of no adverse effect.

Carrying out the project in accordance with these plans constitutes compliance with the Illinois State Agency Resources Preservation Act.

If you have any questions, please call 217/782-4836.

Sincerely,

Robert F. Appleman
Deputy State Historic
Preservation Officer

Project Costs and Sources of Funds

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

Counseling and Pediatric Development Center			
USE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Preplanning Costs	$ 78,960	$ 175,750	$ 254,710
Site Survey and Soil Investigation	$ 25,855	$ 58,261	$ 84,116
Site Preparation	$ 210,756	$ 1,103,317	$ 1,314,073
Off Site Work	$ -	$ 362,450	$ 362,450
New Construction Contracts	$ 4,386,440	$ 20,340,400	$ 24,726,840
Modernization Contracts	$ -	$ -	$ -
Contingencies	$ 427,800	$ 2,093,089	$ 2,520,889
Architectural/Engineering Fees	$ 321,487	$ 1,615,437	$ 1,936,924
Consulting and Other Fees	$ 201,866	$ 786,734	$ 988,600
Movable or Other Equipment (not in construction contracts)	$ 188,560	$ 255,780	$ 444,340
Bond Issuance Expense (project related)	$ 103,759	$ 263,512	$ 367,271
Net Interest Expense During Construction (project related)	$ 637,800	$ 1,619,782	$ 2,257,582
Other Costs To Be Capitalized	$ 377,633	$ 4,160,875	$ 4,538,508
TOTAL USES OF FUNDS	$ 6,960,916	$ 32,835,387	$ 39,796,303
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$ 1,821,658	$ 8,592,957	$ 10,414,615
Bond Issues (project related)	$ 5,139,258	$ 24,242,430	$ 29,381,688
TOTAL SOURCES OF FUNDS	$ 6,960,916	$ 32,835,387	$ 39,796,303

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Counseling and Pediatric Development Center Itemization	
Pre-Planning	**$254,710**
Site and Facility Planning	57,860
Programming thru Conceptual Planning	196,850
Site survey (investigation, titles, traffic)	**$84,116**
Site Preparation	**$1,314,073**
Prep Work (Demo, clearing, grading, shoring & Utility Relocation, Power Feed)	550,939
Earthwork, drainage, stone, foundation prep	763,134
Off-Site Work	**$362,450**
Grading & Concrete	246,450
ComEd - power relocation at alley	50,000
Misc. Street Upgrades	66,000
New Construction	**$24,726,840**
Contingencies	**$2,520,889**
Architect/Eng. Fees	**$1,936,924**
Consulting and Other Fees	**$988,600**
Const Admin & Misc. Consultants	165,517
Reimbursable	62,725
Renderings / Misc. support	95,000
MEP /Envelope, LEED Commissioning	150,000
Peer Review, Equipment planner	174,000
Graphics and Wayfinding	33,100
Sustainability	22,000
Miscellaneous	286,258
Movable / Equipment	**$444,340**
Examination Equipment	154,000
Miscellaneous equipment	290,340
Bond Issuance / Finance Expense	**$367,271**
Net Interest	**$2,257,582**
Other Costs to be Capitalized	**$4,538,508**
FF&E	295,000
Utilities / Taps	1,979,577
Data Infrastructure, wireless, telecom	979,850
Testing Soils and Materials	375,500
Miscellaneous costs including CON, City of Chicago Public Development Update	908,581
TOTAL	**$39,796,303**

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Counseling and Pediatric Development			
	Estimated Quantity	Estimated Cost per Unit	Estimated Subtotal
Clinical			
Climbing Wall	2	$ 6,000	$ 12,000
Swing Connections and apparatus	5	$ 4,000	$ 20,000
PT Stairs	1	$ 2,000	$ 2,000
Low Balance Beams	4	$ 1,500	$ 6,000
Floor Pads	12	$ 150	$ 1,800
Bikes/Tricycles	5	$ 275	$ 1,375
Adjustable table	4	$ 1,500	$ 6,000
Portable B/P machine (VSM)	4	$ 3,000	$ 12,000
Sound system	1	$ 3,000	$ 3,000
Defibrillator	4	$ 3,500	$ 14,000
TV's	8	$ 1,100	$ 8,800
Scales	3	$ 360	$ 1,080
Exam Room Table	3	$ 6,000	$ 18,000
B/P Machine automatic (VSM)	3	$ 3,000	$ 9,000
B/P manual	3	$ 150	$ 450
Supply Cart	6	$ 350	$ 2,100
Scales	3	$ 360	$ 1,080
B/P Machine automatic (VSM)	3	$ 3,000	$ 9,000
B/P manual	3	$ 150	$ 450
Computer Carts	12	$ 1,200	$ 14,400
Audio Visual TV's	1	$ 10,000	$ 10,000
Sound Room Control	1	$ 15,000	$ 15,000
Miscellaneous		$21,025	$21,025
			$188,560
Non-Clinical			
Security System (Lobby, Doors, Entrances, Cameras)	1	$ 255,780	$ 255,780
Total			
			$ 444,340

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary

☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): June 30, 2021

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

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☒ Financial Commitment will occur after permit issuance.

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

Cost Space Requirements

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

Counseling & Pediatric Development		Department Gross Square Feet		Amount of Proposed Total Department Gross Square Feet That Is:			
Dept. / Area	All costs	Existing	Proposed	CON New Const.	Modernized	As Is	Vacated Space
CLINICAL							
Behavioral Health	$ 4,565,988	3,000	8,188	8,188	0	0	3,000
Pediatric Development Center	$ 4,106,262	2,330	6,494	6,494	0	0	2,330
Total Clinical	$ 8,672,250	5,330	14,682	14,682	0	0	5,330
NON CLINICAL Non Reviewable							
Administration	$ 2,441,590	9,036	4,570	4,570	0	0	9,036
Public Lobby, Waiting, Toilets	$ 2,827,823	4,929	3,551	3,551	0	0	4,929
Materials Storage	$ 403,816	655	645	645	0	0	655
Circulation	$ 4,706,524	1,390	6,016	6,016	0	0	1,390
Building Systems	$ 11,594,832	6,245	6,462	6,462	0	0	6,245
Crawl Space	$ 4,911,702	0	8,680	8,680	0	0	0
Storage	$ 4,237,766	0	7,363	7,363	0	0	0
Total Non Clinical	$ 31,124,053	22,255	37,287	37,287	0	0	22,255
Total	$ 39,796,303	27,585	51,969	51,969	0	0	27,585

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

*The building that houses the Counseling and Pediatric Development Center will be razed after these departments are relocated.

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

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

2. 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.

3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

    a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.

    b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.

    c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.

    d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.

    e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.

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

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

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

See Attachment #11, Exhibits 1-7.

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

Attachment 11, Exhibit 1 is the listing of all the facilities owned by Advocate Health Care Network. Exhibit 2 is the current state hospital license for Advocate North Side Health Network, d/b/a Advocate Illinois Masonic Medical Center. The most recent DNV accreditation certificate for the Hospital is included as Attachment 11, Exhibit 3.

2. **Certified Listing of Any Adverse Action Against Any Facility Owned or Operated by the Applicant**

By the signatures on the Certification pages, the applicants attest there have been no adverse actions against any facility owned and/or operated by Advocate Health and Hospitals Corporation or Advocate Health Care Network, as demonstrated by compliance with the CMS Conditions of Participation with Medicare and Medicaid, during the three years prior to the filing of this application.

3. **Authorization Permitting IHFPB and DPH to Access Necessary Documentation**

By the signatures on the Certification pages, the applicants hereby authorize the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to access information in order to verify any documentation or information submitted in response to the requirements of this subsection, or to obtain any documentation or information which the State Board or Department of Public Health find pertinent to this subsection.

4. **Exception for Filing Multiple Certificates of Need in One Year**

Not applicable. This is the first certificate of need filed by Advocate Illinois Masonic Medical Center in 2019.

5. The licensing, certification, and accreditation numbers of each organization owned or operated by Advocate Health and Hospitals Corporation, along with relevant identification numbers, are listed below.

Facility	Location	License No.	DNV Accreditation No.
Advocate Illinois Masonic Medical Center	836 W. Wellington Chicago, IL	0005165	192082-2018-AHC-USA-NIAHO

Additional hospitals owned and operated as a part of Advocate Health Care Network:

Facility	Location	License No.	DNV Accreditation No.
Advocate BroMenn Medical Center	1304 Franklin Ave. Normal, IL	0005645	127532-2012-AHC-USA-NIAHO
Advocate Christ Medical Center	4440 W. 95th St. Oak Lawn, IL	0000315	197946-2019-AHC-USA-NIAHO
Advocate Condell Medical Center	801 S. Milwaukee Ave., Libertyville, IL	0005579	211487-2016-AHC-USA-NIAHO
Advocate Eureka Hospital	101 S. Major Eureka, IL	0005652	189647-2018-AHC-USA-NIAHO
Advocate Good Samaritan Hospital	3815 Highland Ave. Downers Grove, IL	0003384	115804-2012-AHC-USA-NIAHO
Advocate Good Shepherd Hospital	450 W. Highway, #22 Barrington, IL	0003475	114892-2012-AHC-USA-NIAHO
Advocate Lutheran General Hospital	1775 Dempster Park Ridge, IL	0004796	117368-2012-AHC-USA-NIAHO
Advocate Sherman Hospital	1425 N. Randall Rd Elgin, IL	0005884	246588-2017-AHC-USA-NIAHO
Advocate South Suburban Hospital	17800 S. Kedzie Ave Hazel Crest, IL	0004697	190161-2018-AHC-USA-NIAHO
Advocate Trinity Hospital	2320 E. 93rd St. Chicago, IL	0004176	193041-2018-AHC-USA-NIAHO

Illinois Department of PUBLIC HEALTH

HF116734

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
11/4/2019		0005165

General Hospital

Effective: 11/05/2018

Advocate Northside Health Network
dba Illinois Masonic Medical Center Campus
836 W Wellington Avenue

Chicago, IL 60657

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 5M 5/16

CERTIFICATE OF ACCREDITATION

Certificate No.:	Effective Date:	Valid until:
192082-2018-AHC-USA-NIAHO	12/15/2018	12/15/2021

This is to certify that:

Advocate Illinois Masonic Medical Center

836 West Wellington Avenue, Chicago, IL 60657

has been found to comply with the requirements of the:

NIAHO® Hospital Accreditation Program

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

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

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

Patrick Horine
Chief Executive Officer

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

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

DNV GL - Healthcare, 400 Techne Center Drive, Suite 100, Milford OH, 45150. Tel: 513-947-8343 www.dnvglhealthcare.com

File Number 5237-115-5

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

ADVOCATE NORTH SIDE HEALTH NETWORK, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 27, 1981, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, ***I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this*** **26TH** ***day of*** **NOVEMBER** ***A.D.*** **2018** .

Authentication #: 1833001900 verifiable until 11/26/2019
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

File Number 1004-695-5

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

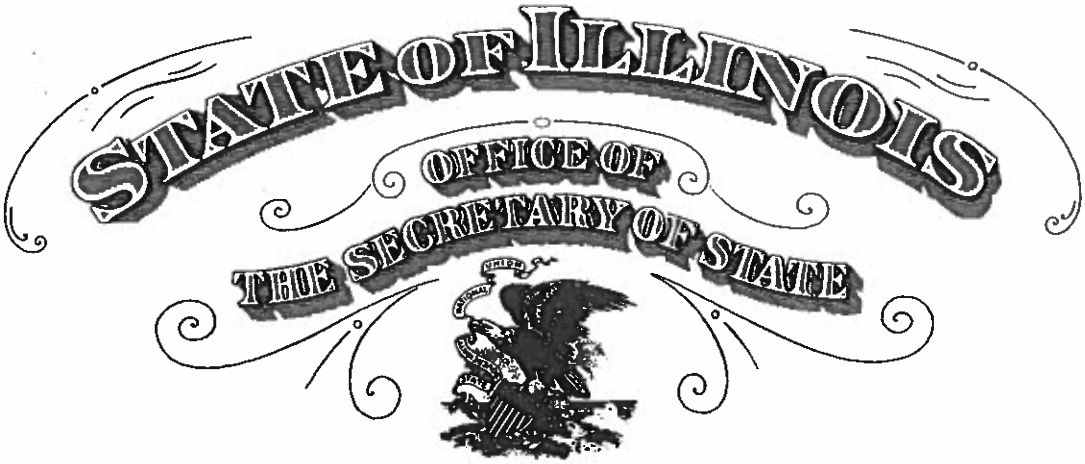
ADVOCATE HEALTH AND HOSPITALS CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 12, 1906, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 26TH *day of* MARCH *A.D.* 2019 .

Authentication #: 1908501888 verifiable until 03/26/2020
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

File Number 1707-692-2



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 26TH *day of* MARCH *A.D.* 2019 .

Authentication #: 1908501864 verifiable until 03/26/2020
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

State Of Delaware

Entity Details

7/31/2018 6:24:28PM

File Number: 6645600
Incorporation Date / Formation Date: 12/4/2017
Entity Name: ADVOCATE AURORA HEALTH, INC.
Entity Kind: Corporation
Entity Type: Exempt
Residency: Domestic
State: DELAWARE
Status: Good Standing
Status Date: 12/4/2017

Registered Agent Information

Name: THE CORPORATION TRUST COMPANY
Address: CORPORATION TRUST CENTER 1209 ORANGE ST
City: WILMINGTON
Country:
State: DE
Postal Code: 19801
Phone: 302-658-7581

OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

APRIL 3, 2018 **7155-851-7**

CT CORPORATION SYSTEM
118 W EDWARDS #200
SPRINGFIELD IL 62704

RE ADVOCATE AURORA HEALTH, INC.

DEAR SIR OR MADAM:

ENCLOSED YOU WILL FIND THE AUTHORITY OF THE ABOVE NAMED CORPORATION TO CONDUCT AFFAIRS IN THIS STATE.

PAYMENT OF THE FILING FEE IS HEREBY ACKNOWLEDGED.

CERTAIN NOT FOR PROFIT CORPORATIONS ORGANIZED AS A CHARITABLE CORPORATION ARE REQUIRED TO REGISTER WITH THE OFFICE OF THE ATTORNEY GENERAL. UPON RECEIPT OF THE ENCLOSED AUTHORITY, YOU MUST CONTACT THE CHARITABLE TRUST DIVISION, OFFICE OF THE ATTORNEY GENERAL, 100 W. RANDOLPH, 3RD FLOOR, CHICAGO, ILLINOIS 60601, TELEPHONE (312) 814-2595.

SINCERELY,

JESSE WHITE
SECRETARY OF STATE
DEPARTMENT OF BUSINESS SERVICES
CORPORATION DIVISION
TELEPHONE (217) 782-6961

FORM NFP 113.15 (rev. Dec. 2003)
APPLICATION FOR AUTHORITY
TO CONDUCT AFFAIRS IN
ILLINOIS (Foreign Corporations)
General Not For Profit Corporation Act

Secretary of State
Department of Business Services
501 S. Second St., Rm. 350
Springfield, IL 62756
217-782-1834
www.cyberdriveillinois.com

Remit payment in the form of a cashier's check, certified check, money order or an Illinois attorney's or CPA's check payable to Secretary of State.

FILED
APR 03 2018
JESSE WHITE
SECRETARY OF STATE

File # 7155-8517 Filing Fee: $50 Approved: BC

----- Submit in duplicate ----- Type or Print clearly in black ink ----- Do not write above this line -----

1. a. Corporate Name: Advocate Aurora Health, Inc.

   b. Assumed Corporate Name (Complete only if the new corporate name is not available in this state.):

   By electing this assumed name, the Corporation hereby agrees NOT to use its corporate name in the transaction of business in Illinois. Form NFP 104.15 is attached.

2. a. State or Country of Incorporation: Delaware

   b. Date of Incorporation: December 4, 2017

   c. Period of Duration: Permanent

3. a. Address of Principal Office, wherever located: 3075 Highland Pkwy.,
   Downers Grove, IL 60515-1206

   b. Address of Principal Office in Illinois: 3075 Highland Pkwy.,
   Downers Grove, IL 60515-1206

4. Name and Address of Registered Agent and Registered Office in Illinois:

   Registered Agent: Earl J. Barnes II
   First Name Middle Name Last Name

   Registered Office: 3075 Highland Pkwy Suite 600
   Number Street Suite # (P.O. Box alone is unacceptable)

   Downers Grove 60515 DuPage County
   City ZIP Code County

5. States and Countries in which Corporation is admitted or qualified to conduct affairs: Wisconsin (application pending)

6. Names and respective addresses of Corporation's officers and directors:

	Street Address	City State ZIP
President See attached		
Secretary		
Director		
Director		
Director		

If there are additional officers or more than three directors, please attach list.

Printed by authority of the State of Illinois. January 2015 - 1 - C 160.15

7155 8517

Directors:

Name	Address
Michele Baker Richardson	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
John F. Timmer	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Lynn Y. Crump-Caine	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
K. Richard Jakle	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Mark M. Harris	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
David B. Anderson	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
James H. Skogsbergh	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Joanne Disch	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
John W. Daniels, Jr.	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Joanne B. Bauer	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Charles Harvey	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Rick Weiss	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Thomas Bolger	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515
Nick W. Turkal	c/o Aurora Advocate Health, Inc. 3075 Highland Pkwy Suite 600, Downers Grove, IL 60515

7155-8517

Section 7: PURPOSE(S) FOR WHICH THE CORPORATION IS ORGANIZED AND PROPOSES TO PURSUE IN THE CONDUCT OF AFFAIRS IN THIS STATE:

The Corporation is organized and shall be operated exclusively for charitable, scientific, religious and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue Law) (hereinafter the "**Code**"); and limited as further provided in its Certificate of Incorporation. Specifically, the Corporation is organized and shall be operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of its supported organizations, as listed below (the "**Supported Organizations**"). The Corporation is organized and operated as a Type III functionally integrated supporting organization as defined in section 509(a)(3) of the Code and Treas. Reg. Section 1.509(a)-4(i). The Corporation is organized for the purpose of serving as the parent organization of the Supported Organizations and shall exercise direction over the policies, programs and activities of the Supported Organizations. The Corporation shall engage in activities relating to the purposes described above, and invest in, receive, hold, use, and dispose of all property, real or personal, as may be necessary or desirable to carry into effect such purposes. The Corporation is formed as a result of the affiliation of Advocate Health Care Network, an Illinois nonprofit corporation ("**Advocate**") and Aurora Health Care, Inc., a Wisconsin nonstock corporation ("**Aurora**"), in accordance with the terms and conditions of that certain Affiliation Agreement between Advocate and Aurora dated December 4, 2017 (the "**Affiliation Agreement**").

The Corporation's Supported Organizations, which are described in Section 509(a)(1) or Section 509(a)(2) of the Code, are as follows:

- Advocate Health and Hospitals Corporation
- EHS Home Health Care Services, Inc.
- Advocate Charitable Foundation
- Advocate North Side Health Network
- Meridian Hospice
- Advocate Condell Medical Center
- Advocate Sherman Hospital
- Sherman West Court
- Visiting Nurse Association of Wisconsin, Inc.
- Aurora UW Academic Medical Group
- Aurora Health Care Central, Inc.
- Aurora Psychiatric Hospital, Inc.
- Aurora Medical Center of Washington County, Inc.
- Aurora Health Care North, Inc.
- West Allis Memorial Hospital, Inc.
- Aurora Family Service, Inc.
- Aurora Medical Center of Oshkosh, Inc.
- Aurora Medical Group, Inc.
- Kradwell School, Inc.
- Aurora Advanced Healthcare, Inc.

7155-8517

- Aurora Health Care Metro, Inc.
- Aurora Health Care Southern Lakes, Inc.
- AMG Illinois, Ltd.
- Aurora Medical Center Grafton

Criterion 1110.110(b) & (d)

PURPOSE OF PROJECT

7. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
8. Define the planning area or market area, or other relevant area, per the applicant's definition.
9. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
10. Cite the sources of the documentation.
11. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
12. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report. APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

1. The Project Will Provide Health Services That Improve the Health Care or Well-Being of the Market Area Population to be Served

In 2009, Advocate Illinois Masonic Medical Center developed a strategic plan to continue to serve Chicago as a vital community teaching hospital with identified regional destination services. The intent continues to be, to develop a campus plan for the current and long-term future that provides health care for Chicago's North Side.

There was an immediate need to right size currently undersized areas and improve functionality and connectivity by beginning to replace aged facilities. All major services were reviewed, and the highest priority services were determined to be digestive health, cancer, and ambulatory surgery. They were addressed in a Certificate of Need #12-065, a project to build a Center for Advanced Care, focused on outpatients. That facility opened in 2015.

This Project, to be referred to as the Counseling and Pediatric Development Center, continues the mission to provide quality facilities for outpatient programs. It was planned to look at the way the **Behavioral Health and Pediatric Development programs** should be provided to continue to serve the growing demands of this service. Both programs are in a building that is not designed to expand services and is too small for the needs of the patients. Further, the building is located near the Center for Advanced Care, restricting expansion of that service in the future.

The Hospital has established a long history of providing for patients, their families, and the professionals who serve them. Elements of this Project will address the following:

- Clinicians need enough space for individual, family and group therapy. They are better able to provide care where the space is designed to care for these patients.
- Patients and families respond best when receiving care in a location that is designed to provide appropriate privacy and a comfortable atmosphere.
- Ease of access to the building is essential when patients come often for follow-up sessions.

The design of this proposed Center has been carefully planned to provide a state-of-the-art facility with attention to patient privacy and comfort, efficiency of time and resources, and future capacity. Those qualities will give Advocate Illinois Masonic Medical Center the ability to continue to serve the health care needs and well-being of this special population.

2. Definition of Planning/Market Area

Advocate Illinois Masonic Medical Center (AIMMC, the Medical Center) is a tertiary referral center and teaching hospital. It serves the north-east section of Chicago and is in the Lakeview Area. This site is in the middle of the east side of the Illinois Health Facilities and Services Review Board (IHFSRB) Planning Area A-01. See Attachment 12, Exhibit 1 for the Planning Area A-01.

The primary market area defined by the Medical Center is very similar to IHFSRB Planning Area A-01. AIMMC's service area extends farther north along the Lake to include Avalon Park, and Rogers Park and does not include the O'Hare area or Norwood Park to be a part of its service area. See Attachment 12, Exhibit 2 for a map of the Medical Center's Service Area.

Population projections for the Service Area are provided in the table below. Although the total population in the service area is projected to remain stable, the 65+ population is projected to grow by 15%, expecting over 20,000 additional older residents. The Hospital is preparing for the increased demand for healthcare that accompanies that change.

Illinois Masonic PSA Demographics				
Age Group	**2019 Population**	**2024 Population**	**2019 % of Total**	**Population Change**
0-17	245,344	245,738	20.7%	0.2%
18-44	525,664	484,126	44.3%	(7.9%)
45-64	278,276	297,645	23.5%	7.0%
65+	137,076	157,703	11.6%	15.1%
TOTAL	**1,186,360**	**1,185, 212**	**100.0%**	**(0.1%)**

Source: Hospital Records

The race and ethnicity are also reflective of this community and differs significantly from the National percentages. It is notable that there are slight increases in some of the ethnic populations. The Hospital has a strong pattern of providing care to the Hispanic population with multilingual staff in many areas. As the multicultural aspects of the community change, the Hospital is preparing to meet the social and medical needs of the population.

Ethnicity/Race	2019 Population	2024 Population	2019% of Total	Population changes
Asian & Pacific Is. Non-Hispanic	92,017	97,883	7.8%	6.4%
Black Non-Hispanic	114,626	104,596	9.7%	(8.8%)
Hispanic	391,370	398,269	33.0%	1.8%
White Non-Hispanic	564,190	560,622	47.6%	(0.6%)
All Others	24,157	23,842	2.0%	(1.3%)
Total	**1,186,360**	**1,185,212**	**100.0%**	**(0.1%)**

Source: Claritas 2019

3. Existing Problems and Issues That Need to be Addressed

Advocate Illinois Masonic Medical Center has a long history of caring for people in the Chicago area. Its origin dates back to 1897 with the formation of Union Hospital, which became Illinois Masonic Medical Center in 1921. In November 2000, AIMMC became a member of Advocate Health Care. Advocate merged with Aurora Health Care in Wisconsin in 2018. AIMMC is now part of Advocate Aurora Health, the 10th largest integrated not-for-profit system in the United States.

As the system carries out its mission to be the best place for patients to receive care and physicians to practice, it assessed the AIMMC operations. It found the physicians to be committed and patients to show a preference for "their hospital". The number of outpatient visits at AIMMC has continued to increase.

AIMMC	2015	2016	2017	2018	% Change 2015-2018	Avg % change/yr.
Total of all Outpatient Volume	180,471	182,119	193,247	215,463	19%	6.3%

Source: IDPH Hospital Profiles; 2018 AIMMC Annual Hospital Questionnaire

The challenge for these programs has been a limit to the number of patients that can be seen due to problems with the configuration and size of the current space. The Pediatric Development service has a two-year waiting list for new patients. This is valuable time that patients should be in treatment; behavioral health and pediatric development issues are presented when patients must wait for care.

4. Source of Information

Information used in this application included reports made to the State and various credentialing organizations, the Strategic Master Plan, analysis done by external planners, architects, and engineers. Physician experts were consulted as well as independent professionals in relevant disciplines.

Sources included:

- Advocate Illinois Masonic Master Facility Plan
- Illinois Department of Public Health Hospital Licensing Code
- Illinois Health Facilities and Services Review Board (HFSRB) Administrative Rules
- IHA COMPdata
- Advocate Illinois Masonic Medical Center Financial Data
- Claritas Pop Facts 2019 and the US Census Bureau
- Sg2 Market Estimates and Projections
- Advocate Medical Group
- HFSRB Hospital Profiles
- HFSRB Inventories and Data
- Health care literature regarding current trends

The codes used in the design included:

- Chicago Building Code, 2018 (CBC) of the Municipal Code *(scheduled to be revised 2019)*
  Title 14C Conveyance Device Code (Elevator Code)
  Title 14E Chicago Electrical Code, NFPA 70 (National Electrical Code, 2017)
  Title 15 Fire Prevention
  Title 17 Chicago Zoning Ordinance
  Chapter 13-20 Signs
  Chapter 18-28, Article XIV (2003 International Fuel Gas Code (ICC))
  Chapter 18-28 Mechanical Code
  Chapter 18-13 Energy Conservation Code (2015 International Energy Conservation Code (ICC))
  Chapter 18-29 Plumbing Code

- NFPA 101, Life Safety Code, 2000 (LSC), and, as referenced by the 2000 NFPA 101:
  1997, NFPA 221, Standard for Fire Walls and Fire Barrier Walls
  1998 NFPA 10, Standard for Portable Fire Extinguishers
  1998 NFPA 88A, Standard for Parking Structures
  1999 NFPA 13, Standard for the Installation of Sprinkler Systems
  1999 NFPA 70, National Electrical Code
  1999 NFPA 72, National Fire Alarm Code
  1999 NFPA 80, Standard for Fire Doors and Fire Windows
  1999 NFPA 90A, Standard for the Installation of Air-Conditioning and Ventilating Systems
  1999 NFPA 99, Standard for Health Care Facilities
  1999 NFPA 110, Standard for Emergency and Standby Power Systems
  1999 NFPA 220, Standard on Types of Building Construction
  2000 NFPA 14, Standard for the Installation of Standpipe, Private Hydrants, & Hose Systems

- Illinois Accessibility Code, 2018

- IDPH Licensing Act (Illinois Administrative Code)

5. How the project will address or improve the previously reference issues, as well as the population's health status and well-being.

Advocate Illinois Masonic Medical Center has once again been named in 2018 to the 100 Top Hospitals list by IBM Watson Health™, formerly known as the Truven Health Analytics® 100 Top Hospitals. This was in recognition of its performance on patient safety, quality of care, financial stability, operational efficiency and patient satisfaction measures, Advocate Illinois Masonic was one of only two Chicago *Major Teaching Hospitals* to make the list.

Advocate Illinois Masonic Medical Center continues to expand its services to the markets it serves with additional clinicians, state-of-the-art diagnostic methodologies, and new treatment protocols. The development of programs within behavioral health and pediatric development fields continue to progress beyond earlier expectations. The next step is to provide these programs in a state-of-the-art facility, in a patient convenient location. The benefits are clear:

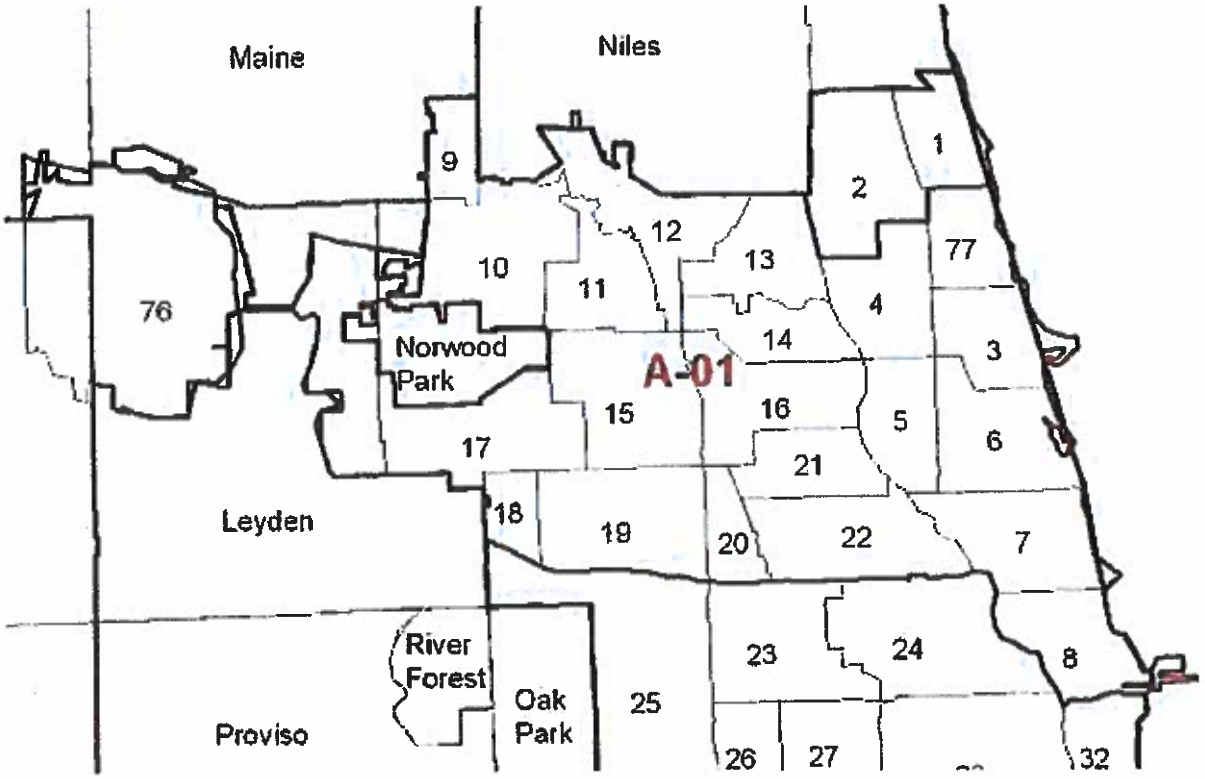
- Modern, well-designed private treatment rooms will allow clinicians to focus the patients' attention on the treatment modalities.
- The proposed project will offer additional clinician office space where clinicians can see outpatients/families for treatment planning and consultations.
- Patients will have the opportunity to access care in a setting that has been designed for efficient throughput and coordinated care.
- Carefully planned waiting rooms will separate active patients (e.g., the young "Busy Bees") from those who are uncomfortable or intimidated by too much activity.
- Ease of access to the building will be an advantage for all, especially parents of the children coming for frequent pediatric development care.

6. Goals with Quantified and Measurable Objectives, with Specific Timeframes to Relate to Achieving the Stated Goals, as Appropriate.

The most pressing goal of the project is to relocate two programs into a facility that can offer the expanded level of care to an increasing number of outpatients coming to AIMMC for diagnosis and treatment.

- Goal 1 – Implement a carefully conceived plan to build new accommodations for outpatient behavioral health services and the pediatric development center while keeping the programs operating, hospital operating and vehicular traffic moving during that time.
- Goal 2 – Continue to engage the neighborhoods around the hospital about the plans.
- Goal 4 – Plan the transition process engaging clinical and support departments.
- Goal 5 – Relocate departments to the new facility by 2021.

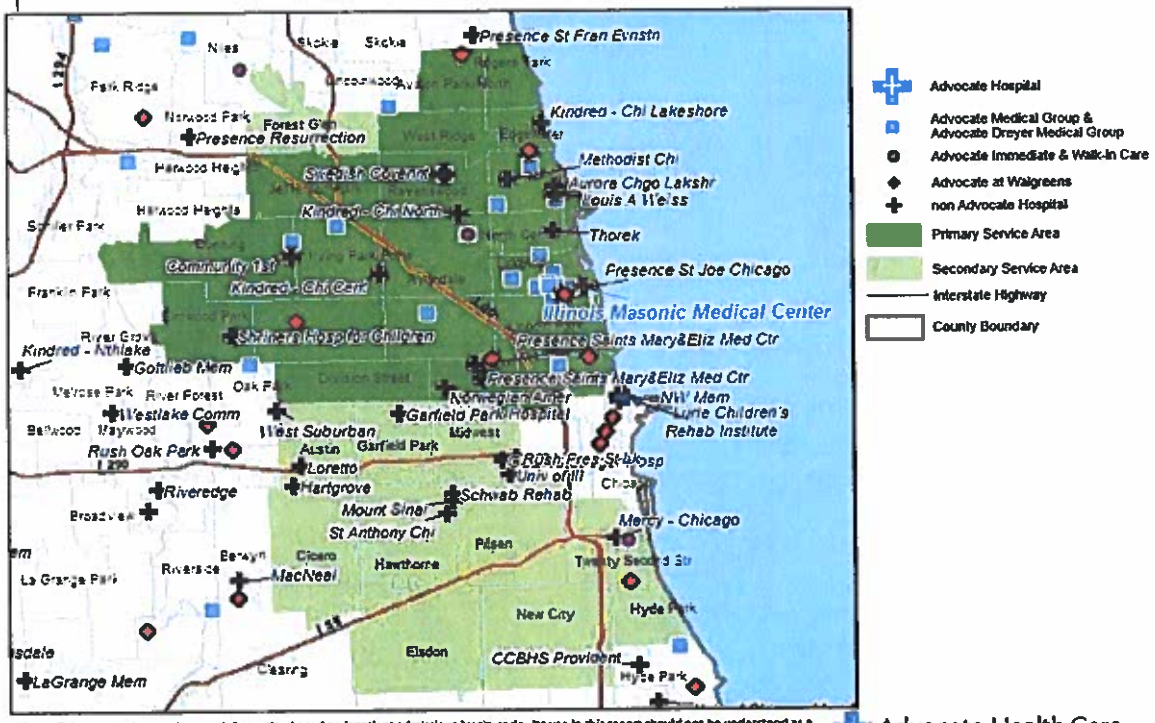
Map of Planning Area A-01



Source:IHFSRB

Note: Lincoln Park where AIMMC is located is Area 7

Advocate Illinois Masonic Medical Center



Disclaimer: This map depicts service area information based on inpatient admissions by zip code. Its use in this report should not be understood as a representation concerning a relevant geographic area of competition or concerning the actual extent of competition between or among providers in any given zip code or area.

Advocate Health Care

Source: Hospital records

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

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

APPEND DOCUMENTATION AS ATTACHMENT 13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

As part of the overall Advocate Illinois Masonic Medical Center Master Facility Planning process it was determined that it was critical to address OP Behavioral Health programs in the next phase. The conclusions of administration were as follows:

- Investment in the OP Behavioral Health services is needed to support the forecasted growth and provide space designed to meet the needs of the diverse patient populations and clinical needs. Patient complexity and acuity has risen, and additional resources are needed to address the needs of these patients.
- The Pediatric Development Program should be co-located with the OP Behavioral Health services. Outpatient pediatric behavioral and developmental needs are forecasted to grow over the next five years. As one of the few programs in the area that provide comprehensive treatment services for many of the development needs for children, especially those with Autism, the space limitations for this service need to be addressed.

Several alternatives were considered and outlined below.

Alternative One — Proposing a Project of lesser scope and cost

This option to build a smaller space to accommodate only Behavioral Health services or the Pediatric Development Center was only briefly considered. Both programs share space in a building on the hospital campus, so it would be inefficient to move one department and not both of them. More importantly, that does not provide for the integrated care that is so important for these types of services. Having all these disciplines in one building and the appropriate design allows for a multidisciplinary approach and continuity of this care. The connection to other providers that can easily transition or coordinate care is beneficial; as they know the unique

needs of that patient and their family. The collaboration of providers has been demonstrated to improve clinical outcomes.

It would be costlier and more disruptive to design for one of these services and add the other service later. Doing so would not address the growth in either of the services. Providing less space than needed for projected volume or proposed services does not address the growing demand for these services or allow increased access for patients needing these services in this community.

Cost: $28,000,000 REJECTED

Alternative Two — Proposing a Project of greater scope and cost

The process of expanding on this project to include other services needed by behavioral health and pediatric development patients was briefly considered. That might include a range of social service, residential placement, and financial assistance areas.

Those services were determined to be provided by other agencies and not needed it this site. As good financial stewards of Advocate Aurora Health Care, the plan to build beyond the scope of this project at this time, was determined to be a significant undertaking and the plan was abandoned for a more appropriately sized project.

Cost: 50,000,000 REJECTED

Alternative Three: Propose a Joint Venture.

The option to develop a joint venture with other area providers was discussed. There are few that provide services as comprehensive as offered by Advocate Illinois Masonic Medical Center. The prospect of combining patients from another Advocate site presented issues regarding size and transportation.

Cost: Unable to determine a cost as there were essentially none in close proximity with adequate programming. REJECTED

Alternative Four—Utilize and refer to other health care resources

Consideration was given to utilizing other health care resources that are available to serve all or a portion of the population currently served by the project. The issues centered around the actual availability of other resources. The clinicians seeing these patients are principally located near Advocate Illinois Masonic Medical Center. This could be quite disruptive for patients that have a well-established pattern of coming to the Medical Center for their comprehensive care.

Proximity to the Medical Center's Emergency department and Inpatient unit allows for continuity of care and services to be continued to be provided at the right location. Collaboration with the providers in the ED and IP unit, allows identified patients, upon discharge, to be walked over for an introduction and scheduling of follow-up OP services.

A lack of space development might involve decreasing the training programs. The current Behavioral Health program includes a large post-doctoral fellowship program of 40-45 providers each year. This one-year program provides exceptional training and these clinicians provide care

to support the high volume of patients. For many of these students, the experience is such that they chose to be employed by the program following graduation, allowing retention and recruitment of high caliber professionals.

For some of the unique services offered at IMMC, these services are not available at other locations in the area. Specific clinics such as the walk-in, First Access clinic or Behavioral Health services for the deaf population might be impacted. Patients would need to use the ED or be transported to other locations outside of the area with significant costs and not being treated at the appropriate level of care.

The services provided by the Pediatric Development Center are unique to the area and provide highly specialized treatment programs regardless of the facilities ability to pay. A full range of professional clinicians offer training, education and support that would not be available at other location.

Cost: No construction cost, but expect a significant loss of patients REJECTED

Alternative Five – Build a new building for Outpatient Behavioral Health services and the Pediatric Development Center

This option was selected as it will allow AIMMC to provide increased access to needed services in the appropriate space designed for each of these programs. As indicated in the previous attachments, Sg2 indicates a projected growth for OP Behavioral Health of 16% and OP Pediatric psychiatry and developmental services of between 6-9% over the next 5 years. The building is designed to accommodate current and future forecasted demand. Space will be designed to provide the existing services and offer additional services in the future such as an intensive OP program for 2 ½ - 5-year olds and a transition program for young adults ages 18-23.

The new building would provide a setting consistent with current industry standards and delivery models. The space will be designed to provide collaboration between clinicians and to offer the privacy and the unique needs of specific age groups and populations.

Cost: $ 39,796,303 Accepted

Alternative	Description	Patient Access	Quality	Cost	Financial Benefit, Short Range	Financial Benefit, Long Range	Conclusion
1	Proposing a Project of lesser scope and cost	Problems with access to would continue for an extended timeframe. Without the appropriate space for both OP Behavioral Health and Pediatric development clinics, the needed care for these patients will not be provided in the best timeframe or location and setting.	The quality of care would not be improved as the current patients would not have adequate services and growth for needed services would not be addressed.	$28,000,000	There would be lower cost in the short term, although services would need to be provided elsewhere on campus, not allowing for the efficiences and increased access provided in this project.	The need for these services will continue to grow in the service area and the issues of access will continue to increase long term.	Rejected
2	Proposing a Project of greater scope and cost	This would improve patient access.	This option would improve quality of clinical services.	$50,000,000	As good financial stewards of Advocate Aurora Health Care, the plan to build beyond the scope of this project at this time was determined to be a significant financial investment.	This option would not provide greater access or clinical quality and would be a challenge to forecast the return on such a large investment.	Rejected
3	Propose a joint venture	Could be more difficult depending on how far away the joint venture might be located	Possibly equal or better, if the other party brings more resources to the service	Unable to determine cost as there were no programs in close proximity	Could be better if the other provider(s) provided resources	The long range picture is not clear on joint ventures of this sort.	Rejected
4	Utilize and refer to other health care resources	Would not have the close connection to the inpatient unit or the emergency department.	Aside from the access to the hospital departments, the quality could be adequate	No construction cost, but expect a significant loss of patients	Would avoid the construction cost of a new building	Expect would lose the training programs that prepare 40-45 providers each year. Would also lose the depth of the behavioral health services currently offered by Advocate Illinois Masonic Medical Center.	Rejected
5	Build a new building for OP Behavioral Health services and the Pediatric Development Center	This would improve patient access by creating appropriate space to add providers and expand services needed in the Pediatric Devleopment Center.	Quality of care would be improved due to increased availability of services and providers. The new design will create efficiencies, increased collaboration and continuum of care.	$39,796,303	The space designed specifically for these programs will provide short term space avavilabity to add providers and additional services needed in the area.	Clinical areas will be properly designed and built for both programs' immediate and long term needs. This will provide more efficient operations, and address the space needed to allow more patients to be seen in an appropriate time frame.	✓ Accepted

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

Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**

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

   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.

   c. The project involves the conversion of existing space that results in excess square footage.

   d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Behavioral Health	8,188	N/A		N/A
Pediatric Development	6,494	N/A		N/A

The two services in the proposed new location, Behavioral Health and Pediatric Development, will be better designed for the special patient groups. There will be clearer separation of patients in each of the departments to accommodate the louder, highly active from those needing a quiet, secluded environment. This is important to assure the patients are in an appropriate frame of mind when seeing the clinicians.

There is a need for more observation capacity in the pediatric development department. This is being planned so parents can watch and understand the process that the clinicians use in treating children, many on significant levels of the autism spectrum. Rooms with private viewing areas through one-way glass and audio capacity are designed to help the families observe and learn care-giving skills.

PROJECT SERVICES UTILIZATION: N/A There are **no utilization standards** established by the HFSRB for Behavioral Health or Pediatric Development.

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

There are **no utilization standards** established by the HFSRB for Behavioral Health or Pediatric Development.

M. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than categories of service must submit the following information:

2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
☒ **Behavioral Health**	**N/A**	**N/A**
☒ **Pediatric Development**	**N/A**	**N/A**
☐		

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
APPEND DOCUMENTATION AS ATTACHMENT 30, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

SECTION 1110.270 – Clinical Service Areas Other Than Categories of Service – Review Criteria

Clinical Service Area
Behavioral Health

b) Need Determination – Establishment.

This is not a new service.

c) Service Modernization

The applicant shall document that the proposed Project meets one of the following:

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

There is no deterioration of the equipment or facilities

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

Behavioral Health is a high-volume outpatient program that serves children, adolescents and adults. Patients are seen as individuals, couples, families, or in group therapy. Services provided include psychotherapy, psychiatry, community-based case management and crisis intervention.

2018 Clinical Services	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Totals
Adult Outpatient	2,922	2,621	3,166	2,946	3,069	2,533	2,452	2,919	2,537	3,190	2,714	2,439	33,508
Crisis	370	369	414	356	347	378	358	406	395	475	379	363	4,610
Clean Start	124	135	133	141	172	106	91	74	92	149	116	41	1,374
Child and Adolescent	950	996	1,180	1,099	1,186	794	772	886	811	1,164	917	798	11,553
First Episode Psychosis	167	120	99	147	143	161	145	145	127	163	144	132	1,693
Deaf and Hearing Impaired	128	116	105	119	104	102	88	117	80	125	98	80	1,262
MICCS (Mobile Crisis)	276	279	308	452	409	360	372	365	317	335	299	258	4,030
Integrated Care	97	115	150	104	102	100	94	83	83	142	111	92	1,273
	5,034	4,751	5,555	5,364	5,532	4,534	4,372	4,995	4,442	5,743	4,778	4,203	59,303

Need Treatment Space

The service is currently located in a 30-year old building that is too small for the programs that it houses. Furthermore, the building is located where it will impede the further development of the Center for Advance Care. This proposed new space is designed to support the volume growth and efficiencies of the providers treating the continuum of patients that are seen at this location.

The new location will need to accommodate the 40+ credentialed clinicians. Clinicians are trained in best-practices, including Trauma-informed treatment, Cognitive Behavioral Therapy, Dialectical Behavior Therapy, Solution-Focused Brief Therapy and Motivational Interviewing.

This is a noted training site with 45 psychology and social work students in Master's and Doctoral programs providing care. The program has been accredited by the American Psychological Association since 1978. At any time, these providers are onsite expanding the breadth and availability of services to a larger population. It is typical for fifteen of the residents to serve on the crisis team.

The providers at this site are sought by many patients because of their multicultural competence and linguistic fluency in various languages. Half of the licensed clinicians are bilingual in English and Spanish.

Service to deaf and hard of hearing patients is a unique program that is rare in the state of Illinois. There are several providers fluent in American Sign Language. The service also has a state grant to provide teletherapy to deaf and hard of hearing patients throughout the state.

The department offers "First Access" that allows walk-in patients to be seen within 30 minutes without an appointment. This is a significant asset to primary care physicians and medical specialties within the hospital, as it helps to divert unnecessary trips to the Emergency Department by providing an option for real-time behavioral health evaluation for vulnerable patients.

In addition to patients with scheduled OP appointments, the providers are available to see patients with acute issues. There is a Crisis Team located in the Emergency Department (ED), that coordinates with the mobile crisis team based in the outpatient clinic. Patients that present to the ED in need of behavioral health services are evaluated and the ED staff determines if the patient should be referred to the First Access team in the outpatient department or be admitted to the Psychiatric Inpatient (Acute Mental Illness) Unit.

Support space is needed to accommodate the administrative staff of 11 and 5-6 billing professionals. The department has already expanded hours and is open Monday-Friday 8:30 am - 9 pm and Saturday 8:30 am -5:00 pm. The new space is designed to provide the appropriate design for the current programming and into the future.

Need Separation of Patients

With 2-300 appointments each day, the waiting area becomes congested, especially in the later afternoon and evening. The current space can be an overstimulating environment and does not provide the private registration or appropriate waiting space needed for these patients.

The reception and waiting areas need to accommodate patients with very different diagnoses and age ranges and their families. Children and adults currently share the same constricted space, which is often uncomfortable and anxiety-provoking for patients dealing with certain mental health issues.

This program is well used and would benefit by additional space, appropriately designed to accommodate a growing mix of patients.

1) Utilization

A) Major Medical Equipment

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

Not applicable. There is no equipment in this component of the Project that meets or exceeds the major medical threshold.

B) Service or Facility

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

There are no utilization standards for this service.

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

Sg2's Impact of Change* projection for IMMC's service area for Adult OP Behavioral Health services is forecasted to increase significantly by 2023. The demand in this geography for OP Behavioral Health services is expected to increase by over 138,000 adult visits or 14%. An additional 68,000 pediatric visits are also expected over the next 5 years. As the shift in payment and incentives to treat patients on an outpatient basis increases, the demand will be more pronounced.

Outpatient Pediatric Behavioral Health - IMMC Service Area									
Age	Service Line	CARE Family	2018	2019	2020	2021	2023	Variance 5 years	Variance %
00-17	Psychiatry	Autism	250,642	256,716	262,578	267,067	274,789	24,147	10%
00-17	Psychiatry	Learning Disorders	301,427	306,542	310,708	313,356	317,075	15,648	5%
00-17	Psychiatry	Trauma-Related Disorders	12,733	13,091	13,445	13,721	14,125	1,392	11%
		Other Care Families	313,397	320,470	327,447	332,835	340,532	27,135	9%
Total			878,199	896,819	914,178	926,979	946,521	68,322	8%

Outpatient Adult Behavioral Health- IMMC Service Area									
Age	Service Line	CARE Family	2018	2019	2020	2021	2023	Variance 5 years	Variance %
18-45	Psychiatry		497,695	510,745	520,347	525,859	520,771	23,076	5%
45-65	Psychiatry		289,985	306,976	322,907	337,263	357,702	67,717	23%
65-UP	Psychiatry		175,838	186,097	196,404	206,524	223,671	47,833	27%
Grand Total			963,518	1,003,818	1,039,658	1,069,646	1,102,144	138,626	14%

**Sg2 Impact of changes forecasts future demand for a service line for a specific geography. Factors accounted for include: population growth and distribution, epidemiology (changes in disease incidence/prevalence), economy and consumerism, policy (federal policy/insurance coverage shifts), innovation and technology, systems of care (efficiencies and coordination of care).*

There are no state utilization standards however the Hospital has demonstrated the need for this component of the project.

Advocate Illinois Masonic Medical Center has justified the need for a larger, appropriately designed Behavioral Health facility

SECTION 1110.270 – Clinical Service Areas Other Than Categories of Service – Review Criteria

Clinical Service Area

Pediatric Development

b) Need Determination – Establishment.

This is not a new service.

c) Service Modernization

The applicant shall document that the proposed Project meets one of the following:

2) Deteriorated Equipment or Facilities

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

There is no deterioration of the equipment or facilities

3) Necessary Expansion

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

The Pediatric Development Center is a program that serves children from birth to age ~18 with special needs. It helps children and adolescents dealing with development challenges with highly specialized treatment programs, in addition to training, education, and support groups for the families.

This program addresses the full spectrum of developmental delays including speech or social skills, lag in learning, challenging behaviors, and problems with motor skills. They provide care starting with patients in the neonatal intensive care unit as they often have developmental challenges. This is followed by baby checks.

As issues are identified, the care includes diagnostic clinics, parent training, individual and group therapy, home and center based therapies, sibling support, and school consultation.. The range of issues has resulted in 29 different social skills groups that vary by diagnosis, skills required for participation and group goals..

Eighty percent of the patients come from 35 zip codes and 50% come from 11 zip codes extending across the entire Chicago area. In 2018, patients traveled from 189 zip code communities for services. See Exhibit 1 for a map of the referral zip codes. Many using this program are from various ethnic and cultural backgrounds. There is a large Spanish speaking population and the program offers Spanish speaking staff to meet their needs.

Need Treatment Space

The service is currently located in a 30-year old building that is too small for the programs that it houses. Furthermore, the building is located where it will impede the further development of the Center for Advance Care. This proposed new space is designed to support the volume growth and efficiencies of the providers treating the continuum of patients that are seen at this location.

While some other programs offer diagnosis, few offer comprehensive treatment services, the central element of care. Serving the demand for this care is limited at AIMMC by the current treatment space available for patients and professional providers. This proposed project is designed to increase access by addressing the expanded space needed and creating the appropriate design for these patients.

Current treatment programs include different groups for toddlers called Busy Bees through adolescence addressing changes and socialization. The center includes all services needed such as one-on-one treatment and identified groups such as:

- Intensive Autism Treatment Program
- Behavioral Intervention Program
- Socialization Groups – 29 social skills groups
- Pediatrics Rehabilitation
- Sibling Programs
- Parent Training

There is currently a waiting list for many patients for up to two years. The project would provide the needed treatment rooms for individual patients, social skills groups of different ages, family groups, sibling programs, and other support groups.

The program partners with many Chicago Public School sites. The program expanded hours to increase access specifically after school until 8:00 pm on weekdays, Friday until 6:00 pm and Sat from 9:00-3:00. While this helps address the time, the space is still an issue.

Space is the primary issue limiting access and growth. Staff recruitment is not a limiting factor, as AIMMC is the site for a training program for 20 pre-doctoral students each year. These students work with the professional staff at the program to provide clinical services to these children. Other training program staff include Post-doctoral fellows, Social Work interns, Developmental Behavioral Pediatric fellow and residents and Physical Medicine and Rehab students from area universities. Many completing this program indicate that they would like to be employed by this program, which would address the ongoing recruitment of professionals in this field. This proposed project will address space needs.

Need Separation of Patients

This center needs appropriate space designed for multiple age groups and diagnoses. The facility is proposed to be developed for the unique programs and waiting areas to separate younger toddlers from older children and teenagers. Properly designed waiting room space would separate children with developmental delays and those with behaviors that are difficult to manage.

The Center identifies and treats 29 different social skills groups that vary by age and diagnosis. Some are as young as 20-35 months old. The older groups are usually in the age range of 17-21 years old.

The providers need separate spaces where they do evaluation and treatment. In addition, they can train individuals and families. The staff include licensed clinical social workers (2), Behavioral Therapists (4), Speech Therapists (5), Occupational Therapists (4), Developmental Therapists (4) Healthy Families Program staff (6), and Sibling Support staff (2). To help parents focus on learning the treatment plans, there are Child Care providers (2) to help with the other children who are not patients.

The proposed building will allow for appropriately designed space and future programing, not currently available in the community, such as an OP intensive program for 2 1/2 to 5-years to help prevent school failures and family issues. In addition, a program can be developed for young adults (18-22) to help them transition to independence.

It is apparent this program is well used and would benefit by additional space to see more patients.

4) Utilization

D) Major Medical Equipment

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

Not applicable. There is no equipment in this component of the Project that meets or exceeds the major medical threshold.

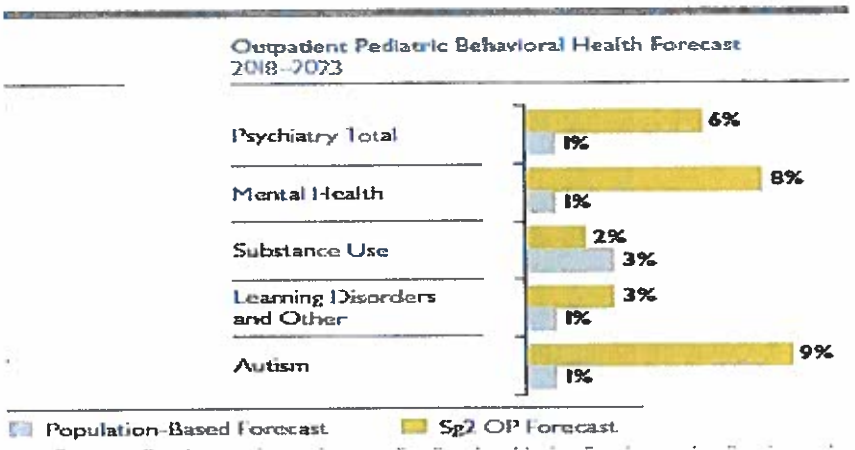
E) Service or Facility

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

There are no utilization standards for this service.

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

The largest contingent of patients in the Pediatric Development program are children with autism. According to Sg2, "the prevalence and severity of pediatric behavioral health disorders has increased in recent years and is projected to increase by 6% over the next 5 years with autism projected to grow by 9%. Learning disorders and autism comprise 75% of OP behavioral health volumes in 2018. Many of these patients use physical, occupational and speech therapy." These programs address increasing communication skills, social interactions and adaptive behaviors. With all disciplines under one roof, multidisciplinary care is provided to achieve the most successful outcomes.

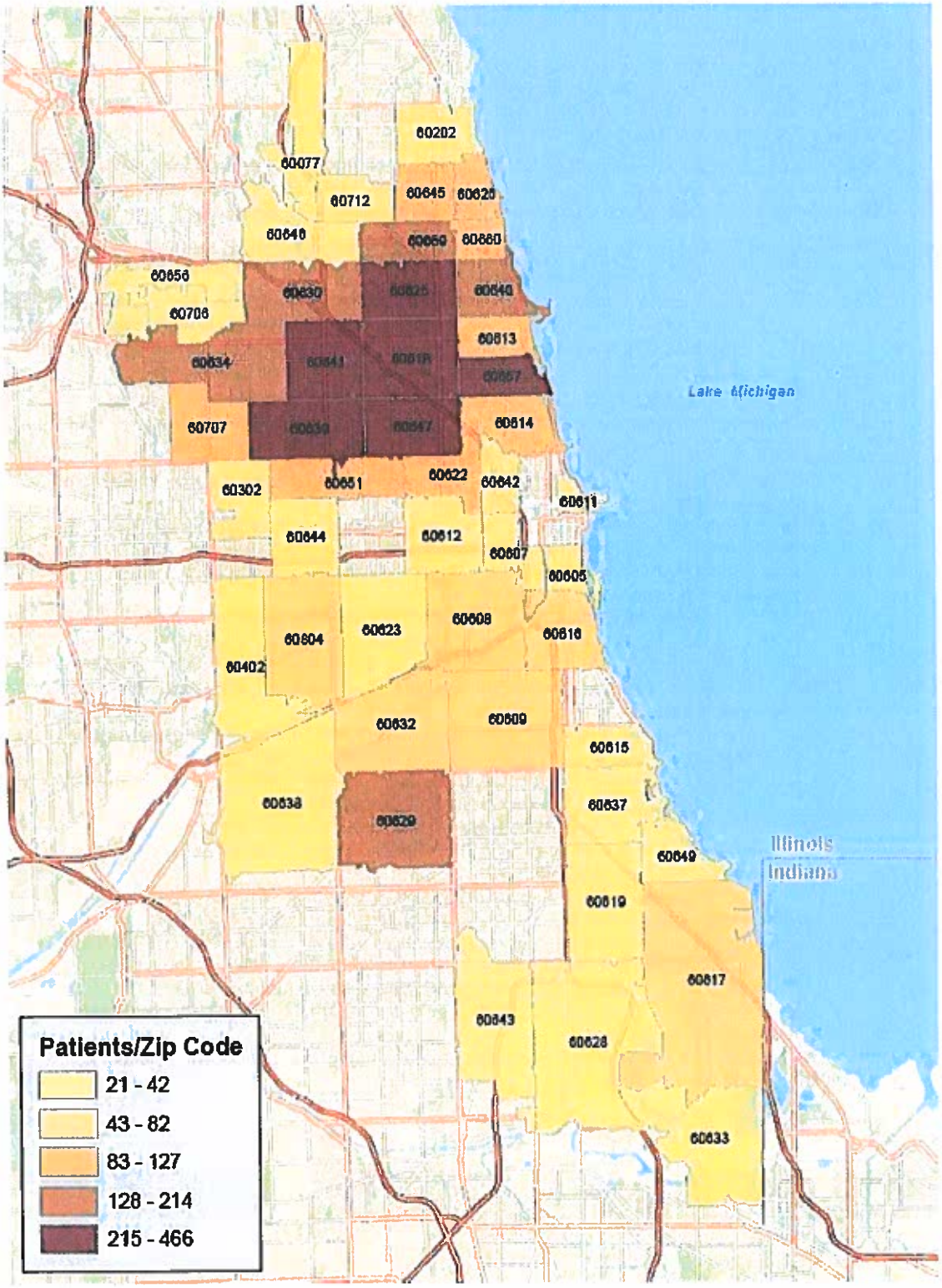


*Source: *Sg2 Impact of changes forecasts future demand for a service line for a specific geography. Factors accounted for include: population growth and distribution, epidemiology (changes in disease incidence/prevalence), economy and consumerism, policy (federal policy/insurance coverage shifts), innovation and technology, systems of care (efficiencies and coordination of care).*

There are no state utilization standards however the Hospital has demonstrated the need for this component of the project.

Advocate Illinois Masonic Medical Center has justified the need for a larger, appropriately designed Pediatrics Development facility

Pediatric Development Patient Origin



Source: Hospital records

N/A, Advocate Aurora Health, Inc has a AA long-term bond rating from Fitch and Standard & Poors.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VI. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable **[Indicate the dollar amount to be provided from the following sources]:**

_____	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
_____	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
	TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT 33, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

FitchRatings

Fitch Rates Advocate Aurora Health's Taxable CP Program 'F1+'; Affirms IDR and Rev Bond Rating

Fitch Ratings-Chicago-22 February 2019: Fitch Ratings has assigned an 'F1+' short-term rating to Advocate Aurora Health's (AAH) taxable commercial paper (CP) program. Fitch has also affirmed the following ratings for AAH:

--Issuer Default Rating (IDR) at 'AA';
--Revenue bonds issued by the Wisconsin Health and Educational Facilities Authority, Illinois Finance Authority, and Illinois Health Facilities Authority on behalf of AAH as well as taxable fixed-rate bonds issued directly by AAH at 'AA';
--Existing variable rate debt supported by self-liquidity at 'F1+'.

The Rating Outlook is Stable.

The taxable CP program will be supported by AAH's internal liquidity and used initially to refund $49 million of outstanding series 2008-C-2A variable rate demand obligation (VRDO) bonds that are supported by a standby bond purchase agreement (SBPA). The taxable CP program will also be available for general corporate purposes.

SECURITY

Bonds are unsecured joint and several obligations of the obligated group. The obligated group consists of the vast majority of AAH hospitals, the Advocate Aurora Health parent, and the Advocate Health Care Network and Aurora Medical Group physician practices.

ANALYTICAL CONCLUSION

The long-term 'AA' rating on AAH is driven by the system's very strong financial profile assessment, leading market position over a broad and diversified service area covering the population centers of two states (albeit with competition in many key markets), and expectations for maintenance of a strong operating profile. The Stable Outlook reflects Fitch's expectation that AAH will sustain strong capital-related ratios through the cycle in the stressed rating case of Fitch's FAST scenario analysis.

The 'F1+' short-term rating is based on AAH maintaining a long-term rating of at least 'AA-' as well as adequate internal liquidity and written procedures consistent with Fitch's criteria. AAH has "eligible" discounted cash, U.S. Treasuries, municipal bonds, and corporate bonds in excess of the 125% threshold of its maximum self-liquidity funding exposure for assignment of the 'F1+' rating.

KEY RATING DRIVERS

Revenue Defensibility: 'bbb'; Largest Health System in Two States

AAH's revenue defensibility is midrange. The system has a broad market reach operating in multiple markets across Illinois and Wisconsin, and is the largest health system in both states.

Operating Risk: 'a'; Expectation of Strong Operating Margins with Manageable Capital Plans

AAH's operating risk profile is strong. The combined system has a track-record of generating double-digit operating EBITDA margins. Capital spending plans are manageably elevated.

Financial Profile: 'aa'; Strong Capital-Related Ratios

AAH's financial profile is strong. Continued profitability and strong operating EBITDA margins should lead to maintenance of favorably negative net adjusted debt-to-adjusted EBITDA and strong cash-to-adjusted debt.

Asymmetric Additional Risk Considerations

There are no asymmetric risk factors identified with AAH's rating.

RATING SENSITIVITIES

EXPECTATION OF STRONG MARGINS AND CAPITAL-RELATED RATIOS: Fitch expects that the combined AAH system will maintain strong operating margins, as Advocate Health Care and Aurora Health Care did separately for years. On a combined basis, AAH's operating EBITDA margin averaged over 11% over the last six years. Fitch expects AAH to sustain an operating EBITDA margin in the 9% range or better in Fitch's FAST base case. Even under the stressed rating case, Fitch expects AAH to maintain strong capital-related ratios through the cycle. Unexpected material integration challenges leading to sustained weakening of operating margins and capital-related ratios could pressure the rating downward.

CREDIT PROFILE

AAH is the result of the April 2018 merger between Advocate Health Care (IL) and Aurora Health Care (WI). The system includes 25 hospitals, approximately 3,500 employed physicians, and operates roughly 500 outpatient locations and 100 retail clinics in contiguous markets stretching from Bloomington/Normal in central Illinois in the south, through Chicago and Milwaukee, to Green Bay in the north. AAH is the largest healthcare provider in both Illinois and Wisconsin. AAH is utilizing a co-CEO management model. Combined, AAH recorded $11.5 billion in revenue in 2017 and was on-track to approach $12 billion in 2018.

Revenue Defensibility
AAH's payor mix is midrange. Combined Medicaid and self-pay accounted for 18% of 2017 combined gross revenues (18.2% through nine months 2018), and Fitch expects the system will sustain payor mix well in-line with mid-range characteristics (under 25%). Illinois expanded Medicaid

under the Affordable Care Act (ACA). While Wisconsin did not expand Medicaid under the ACA guidelines, the state did expand eligibility in prior years.

AAH's market position is midrange. The system operates 25 hospitals and more than 500 outpatient locations covering multiple markets between central Illinois and north Wisconsin. AAH is the market share leader in both states. Despite the leading position, the system operates in many competitive service areas, notably Chicago (where AAH is the market share leader in a crowded market) and Milwaukee, the population hubs of the combined service area. AAH's largest competitor is Ascension Health (AA+), which also operates multiple facilities in both the Milwaukee and Chicago markets. AAH also has one of the largest and most sophisticated physician integration models in the industry with broad population health management capabilities, including employing approximately 3,500 physicians.

Like most large multi-market health systems, AAH operates in varying service area profiles. The system's service area characteristics are generally stable supporting a midrange assessment. Much of suburban Chicago (e.g., Lake County), suburban Milwaukee, and other markets such as Brown County, WI (Green Bay) demonstrate generally favorable characteristics such as median household income levels in-line with or better than the national average and low poverty rates. Fitch does not expect AAH's payor mix to change materially in the coming years.

Operating Risk

AAH's operating cost flexibility is strong. Combining Advocate's and Aurora's financial statements, over the last six years (through nine months fiscal 2018) the combined system's operating EBITDA margin averaged over 11% (including 10.1% in fiscal 2017 and 9.7% through nine months fiscal 2018).

Looking forward, Fitch expects that AAH's operating EBITDA margin may be somewhat compressed as the system merges functions and executes strategies. Nevertheless, we assume in the base case of Fitch's FAST scenario analysis that AAH will sustain an operating EBITDA margin in the 9% range -- if not better -- in the coming years.

Fitch expects AAH's capital expenditure requirements to be only elevated in the coming years. The system has approximately $1.3 billion of capital spending plans in 2019 (translating to a capital spending ratio of more than 2.2x). Capital spending is expected to remain high in 2020 with a capital spending ratio of approximately 2x. After 2020, the capital spending ratio is expected to moderate to the 1.3x-1.4x range. AAH's capital spending is focused on continued ambulatory development. Fitch believes the system's capital plans are flexible, and management would have the ability to downsize/defer projects if needed. While AAH does not currently have new money debt plans, Fitch expects a system of AAH's scope and scale will access the capital markets from time-to-time.

Financial Profile

AAH has approximately $3 billion of debt outstanding. Unrestricted cash and investments measured nearly $7.9 billion at Sept. 30, 2018 (unaudited).

AAH's debt equivalents are manageable, measuring roughly $705 million at fiscal year-end 2017. Combined, AAH has three defined benefit pension plans, two of which are frozen. The three plans combined were only $67 million underfunded at year-end 2017 relative to a projected benefit

obligation of just over $2.6 billion, translating to a funded status of 97%. Because the pension plan is more than 80% funded, Fitch does not include the underfunded status in calculating adjusted debt. Operating lease expenses totaled $141 million in fiscal 2017, translating to a debt equivalent of $705 million (based on 5x lease expense). Consequently, AAH's adjusted debt (direct debt plus underfunded defined benefit pension plan below 80% funded plus operating leases) measures $3.7 billion. Net adjusted debt (adjusted debt minus unrestricted cash and investments) is negative at $4.2 billion, and Fitch expects it to remain favorably negative, including through the cycle in the rating case over the next five years.

Per Fitch's FAST scenario analysis, AAH's capital-related ratios should be consistent with the broad 'AA' category, including in the stressed rating case. Based on combined fiscal 2017 results, AAH's net adjusted debt-to-adjusted EBITDA measures nearly negative 3x and cash-to-adjusted debt is over 200%. In the rating case (which assumes a modest recession in year one followed by a recovery and then stability), net adjusted debt-to-adjusted EBITDA remains below negative 1x through the cycle and cash-to-adjusted debt does not fall below 150% and measures nearly 200% by year five.

The 'F1+' short-term rating is based on AAH maintaining a long-term rating of at least 'AA-' and is consistent with Fitch's "U.S. Public Finance Short-Term Debt Rating Criteria." AAH maintains sufficient discounted internal liquid resources (composed of cash, U.S. Treasuries, municipal bonds, and corporate bonds) and has implemented written procedures to fund any un-remarketed put on the $545 million of maximum potential pro forma debt supported by self-liquidity. AAH's self-liquidity supported demand debt is comprised of $70 million of series 2011B VRDO bonds in Windows mode (due seven months after a put) as well as the $475 million maximum authorized under the expected taxable CP program (management notes that initially AAH will only draw $50 million of the CP). Based on Fitch's rating criteria related to U.S. Public Finance Short-Term Debt, AAH had "eligible" cash, U.S. Treasuries, municipal bonds and corporate bonds in excess of the 125% threshold of its maximum self-liquidity funding exposure for assignment of the 'F1+' rating. Using Fitch's Criteria, coverage of self-liquidity debt measures 2.6x. Management notes further that the CP program is structured that only $50 million of CP can be called within a seven day period. AAH also has $275 million of bank lines of credit available.

Asymmetric Additional Risk Considerations
There are no asymmetric risk factors associated with AAH's rating.

The senior management team is deep and is comprised of members of both the legacy Advocate and Aurora systems. The combined system currently is utilizing a co-CEO model. AAH's chief medical officer retired in late 2018. The system does not have any additional near-term senior management retirements planned.

AAH will have approximately $3 billion of debt outstanding. The initial $50 million draw on the CP program will refund the series 2008-C-2A bonds that are supported by an SBPA. AAH's pro forma variable rate debt is comprised of the planned taxable CP, mandatory tender bonds, floating-rate notes, Windows, direct loans, and VRDO bonds. The VRDO bonds are supported by standby bond purchase agreements (SBPA) that expire in August 2020 and August 2021, respectively. Maximum annual debt service (MADS) is $191 million. Based on nine months fiscal 2018 results (unaudited, as of Sept. 30, 2018), MADS coverage is 7.5x and does not pose an asymmetric risk. The MTI includes

a minimum historical debt service coverage covenant of 1.10x.

AAH has fixed payor swaps with Wells Fargo Bank and PNC Bank. The notional amount of the swaps outstanding is roughly $325 million and they will mature in November 2038. The swaps had a net termination value of negative $74 million to AAH at Dec. 31, 2017 and negative $57 million at Sept. 30, 2018.

AAH had over 260 days cash on hand at Sept. 30, 2018, and cash on hand does not pose an asymmetric risk.

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In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by information from Lumesis.

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Additional information is available on www.fitchratings.com
Applicable Criteria
Fitch Internal Liquidity Worksheet (pub. 15 Feb 2019)
Rating Criteria for Public-Sector, Revenue-Supported Debt (pub. 26 Feb 2018)
U.S. Not-For-Profit Hospitals and Health Systems Rating Criteria (pub. 04 Feb 2019)
U.S. Public Finance Short-Term Debt Rating Criteria (pub. 01 Nov 2017)

Additional Disclosures
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Solicitation Status

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Advocate Aurora Health, IL Series 2019 Taxable Commercial Paper Notes Rated 'A-1+'

25-Feb-2019 19:26 EST
View Analyst Contact Information

CHICAGO (S&P Global Ratings) Feb. 25, 2019--S&P Global Ratings assigned its 'A-1+' short-term rating to Advocate Aurora Health (AAH), Ill.'s series 2019 taxable commercial paper (CP) notes, authorized for up to $475 million.

Similar to AAH's other bonds outstanding, AAH's CP debt will be secured by the general, unsecured joint, and several obligations of the AAH obligated group (also known as Advocate Aurora Health Credit Group).

AAH maintains 'AA' long-term ratings on various series of debt. AAH also maintains an existing 'A-1+' short-term component of the dual rating on the series 2011B (Windows) bonds, which are also backed by self-liquidity.

"The short-term rating on the CP reflects our view of the credit strength inherent in the 'AA' long-term rating on AAH's existing debt, and the sufficiency of AAH's unrestricted reserves to provide liquidity support for the bonds," said S&P Global Ratings credit analyst Suzie Desai.

Specifically, the 'AA' long-term rating reflects our expectation that AAH will continue to build on its already excellent enterprise profile and leading market position in the broad Chicagoland and eastern Wisconsin markets. AAH now has considerable size and scale, with more than $11 billion in revenue and more than $16 billion in assets, servicing a very large population base.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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N/A, Advocate Aurora Health, Inc has a AA long-term bond rating from Fitch and Standard & Poors.

SECTION VII. 1120.130 - FINANCIAL VIABILITY

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

Financial Viability Waiver

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

5. "A" Bond rating or better
6. All of the project's capital expenditures are completely funded through internal sources
7. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
8. The applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII.1120.140 - ECONOMIC FEASIBILITY

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

A. Reasonableness of Financing Arrangements – N/A because of Bond Rating

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

   A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

   B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

3. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

F. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

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

Advocate Health Care

3075 Highland Parkway, Suite 600 || Downers Grove, Illinois 60515 || T 630.572.9393|| advocatehealth.com

May 8, 2019

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

RE: Advocate North Side Health Network – d/b/a Advocate Illinois Masonic Medical Center Counseling & Pediatric Development Center

Dear Ms. Avery:

This letter is to attest to the fact that the selected form of debt financing for the proposed Advocate Illinois Masonic Medical Center project will be at the lowest net cost available, or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term financing costs, and other factors.

Respectfully,

William Santulli
Chief Operating Officer
Advocate Aurora Health

Notarization:

Subscribed and sworn to before me
This 6 day of May, 2019.

(Seal of Notary)

OFFICIAL SEAL
CRISTIN G FOSTER
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:03/13/23

Signature of Notary

Counseling and Pediatric Development Center									
COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
	A	B	C	D	E	F	G	H	
Department									Total Cost
(list below)	Cost/Square Foot		Gross Sq. Ft.		Gross Sq. Ft.		Const. $	Mod. $	(G + H)
	New	Mod.	New	Circ.*	Mod.	Circ.*	(A x C)	(B x E)	
Behavioral Health	$ 268		8,188	15%			$ 2,193,220		$ 2,193,220
Pediatric Development Center	$ 338		6,494	15%			$ 2,193,220		$ 2,193,220
Administrative	$ 252		4,570	15%			$ 1,150,000		$ 1,150,000
Public Lobby, Waiting, Toilets	$ 513		3,551	15%			$ 1,820,000		$ 1,820,000
Materials Storage	$ 326		645	15%			$ 210,000		$ 210,000
Circulation	$ 498		6,016	100%			$ 2,995,000		$ 2,995,000
Building Systems	$ 1,478		6,462	15%			$ 9,550,755		$ 9,550,755
Crawl Space	$ 284		8,680	15%			$ 2,468,975		$ 2,468,975
Storage	$ 291		7,363	15%			$ 2,145,670		$ 2,145,670
Contingency							$ 2,520,889		$ 2,520,889
TOTALS							$ 27,247,729		$ 27,247,729
* Include the percentage (%) of space for circulation									

Projected Operating Costs

	2022	Cost Per Equivalent Patient Day
Operating Costs	$ 12,335,282	$91

Impact of Project on Capital Costs

	2022	Cost Per Equivalent Patient Day
Capital Costs	$ 2,478,096	$18

PRE-INVESTMENT AND PREMIUM COSTS

This Project has several items that are unusual for a typical outpatient center and have added significantly over the expected cost.

Included is the pre-investment costs for the Counseling and Pediatric Development facility is to prepare the structure for up to two more floors to be added in the future by assuring the facility was sized, shaped, and of the right strength to accommodate that weight and use.

Elements of the plan were affected by that forward thinking, including the following:

Pre-Investing Construction Costs	Cost
The new foundation requires drilled piers (caissons) to be install versus spread footings, due to the existing soil classification as identified by GEI Consultants. These foundations are required to be oversized to accept the possible future additions.	$ 325,000
The superstructure will also need to be oversized to support the expected vertical expansion. The steel columns, girders and beams need to accommodate the future building.	$ 250,000
Pre-Investment Costs	$ 575,000

There are several other factors affecting the construction cost that take it above the usual and customary construction project

Project Premiums	Cost
This project is planned on a very tight urban site with many limitations such as no lay down area for materials.	$ 150,000
Because this site is surrounded by residential property, there will be significantly more landscaping than usual for an outpatient center, in keeping with the expectations of the neighbors.	$ 70,000
There is now a City of Chicago requirement that 50 percent of roof area will be green. This requires constructing a roof that is fully insulated with waterproofing, drainage mat, protection soil sheet, specialized light weight soil along with plantings.	$ 212,000
The project will have ComEd vault requirements due to the site limitations, with no opportunity to do a pad mount	$ 200,000
The mechanical, electrical, and plumbing costs will be higher due to extra investment for LEED requirements.	$ 30,000
Low voltage wiring is typically done by the owner.However, it is included with construction cost in this Project because the project is being constructed as an Integrated Project Delivery (IPD). The IPD approach is to eliminate waste and incorporate the LEAN principles in constructing the new Building. It is more cost effective to have one electrician manage the low voltage system then three to four subcontractors working directly under the owner.	$ 175,000

Construction within a residential neighborhood requires later starting and earlier stopping times, which in turn can limit the efficiency of the process. The noise ordinance prohibits major noise before 8 am. There is a premium to the cost when the worker can not start early in the day as they do in other parts of the City.	$	100,000
Project Premium Costs	$	937,000
Total Pre-Investment and Premium Costs	$	1,512,000

SECTION IX. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

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

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

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

A table in the following format must be provided as part of Attachment 37.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**2015**	**2016**	**2017**
Inpatient	187	141	226
Outpatient	3,401	3,430	1,320
Total	**3,588**	**3,571**	**1,546**
Charity (cost in dollars)	**2015**	**2016**	**2017**
Inpatient	$ 4,634,000	$ 3,194,000	$ 4,624,000
Outpatient	$ 3,388,000	$ 2,453,000	$ 2,623,000
Total	**$ 8,022,000**	**$ 5,647,000**	**$ 7,247,000**
MEDICAID			
Medicaid (# of patients)	**2015**	**2016**	**2017**
Inpatient	4,230	4,061	3,330
Outpatient	40,509	37,679	37,061
Total	44,739	41,740	40,391
Medicaid (revenue)	**2015**	**2016**	**2017**
Inpatient	$ 50,299,837	$ 44,242,454	$ 34,605,594
Outpatient	$ 16,850,125	$ 11,354,922	$ 11,611,164
Total	**$ 67,149,962**	**$ 55,597,376**	**$ 46,216,758**

APPEND DOCUMENTATION AS ATTACHMENT 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

SafetyNet Relevant Services

Advocate Illinois Masonic Medical Center (AIMMC) has a long history of serving the Northside of Chicago. The hospital takes great pride in the relationship it has with the neighborhood, communities, organizations and agencies it services. The following illustrates some to the ways that the Medical Center addresses the needs of the people in their service area.

Advocate Illinois Masonic Medical Center has a strong relationship with the Hispanic community. As Chicago's Hispanic population has grown over the past decades, the Medical Center has stayed current with the community's health care needs. The Hispanic Latino Task Force provides community outreach and education for the Hispanic community.

The medical center partners with many social service agencies to support the Asian population in Chicago, specifically the Vietnamese and Chinese communities. In collaboration with the Parish Nurse program, services are provides including education and information for the Pilsen and Logan Square communities.

AIMMC offers interpretation services and translation services in almost every language through one of several methods including in-person services for Spanish, Polish, Vietnamese, Cantonese and Mandarin; translation services through registry agencies and video teleconferencing and dedicated lines.

The Medical Center is located in one of the largest LGBTQ communities in the nation. In 2018, Advocate Illinois Masonic Medical Center was named a "Leader" in LGBTQ equality in the Human Rights Campaign Foundation's Health Care Equality Index (HEI) for the eleventh consecutive year.

AIMMC was one of only 10 facilities in Illinois to have been recognized as a Leader, demonstrating protection of LGBTQ patients and employees from discrimination. In 2016, Illinois Masonic Medical Center created an internal LGBTQ Task Force and external LGBTQ Community Advisory Council to address the needs of the hospital's LGBTQ patient population. As part of the accreditation, the medical center began a process for implementing gender conforming identification and signage. Advocate Illinois Masonic led the way and coordinated for 11 hospitals within the Advocate Aurora Health network to participate in the HEI survey in 2018, affecting positive inclusive change for millions of patients across Illinois and Wisconsin.

AIMMC has a referral and coordination of care agreement for HIV positive and other patients experiencing disparities, primarily Lesbian, Gay, Bisexual, Transgender and Gender Non-Conforming developing clinical and culturally competent services.

AIMMC's Cancer Institute offers multitude of to serve patients, their families and community members.

- Partnership with ALAS-Wings, a bicultural, bilingual support community for Latin-American women and their families – offering education, support groups, yoga and other programming free to patients - funded through philanthropy

- Free education for cancer prevention and screening
    - Partnership with Digestive Health Institute – includes distribution of free FIT tests for colon cancer screening
    - Partnership with A Silver Lining Foundation - access for free diagnostic breast imaging
    - Partnership with Amber Coalition - to provide -outreach to the Polish-American community
- Focused community engagement to address health access/education disparities identified by AIMMC's Health Task Forces, e.g. Latin-American, Chinese Vietnamese, African-American communities. Offering bilingual programming when appropriate.
- Donor and grant funded Patient Assistance Fund. Helps patients including medication assistance, car repair, access to food (through a partnership with the Lakeview Food Pantry) and other life needs which can impact cancer care.
- Psychosocial program- AIMMC provides crisis intervention, counseling and other support
- Free survivorship support to patients after treatment
    - Funded through philanthropy
    - Support groups, gatherings, education by providers, e.g. recent "Survivor Social" focused on educating women on sexual health needs during and after cancer treatment
- Community partnerships
    - Partnership with the Lakeview Food Pantry - offer food bags to patients who are food insecure
    - Partnership with Courage to Quit (Support Groups) to help people quit smoking

The Medical Center's Medication Assistance Program which began in 2009, helps patients unable to afford medication who often forgo treatment and their conditions worsen, resulting in higher health care costs. AIMMC's Pharmacy department envisioned this program to help patients secure prescriptions they were unable to afford. The program prevents patients from costly hospital admissions by providing medication assistance directly in the hospital's Emergency Department. The goal of the program is to match AIMMC patients who cannot afford much-needed mediations with pharmaceutical programs that provide free and discounted prescription drugs to fulfill their doctor's orders.

Advocate Illinois Masonic Medical Center is the lead hospital for the city of Chicago in the event of a disaster. It is one of only 11 hospitals to be responsible for coordinating disaster medical response upon the activation of the Emergency Medical Disaster Plan. To achieve this assignment the Medical Center is the designated resource hospital, designated Level 1 Trauma hospital that leads coordination of disaster response activities.

AIMMC has strong ties with several universities and operates a robust residency program to train physicians in various medical specialties including family medicine, obstetrics and gynecology and surgery. The medical center also offers a nurse residency program providing new nurses with the skills and confidence to have successful careers.

AIMMC conducts a Community Health Needs Assessment every three years to identify health needs for low income, and underserved communities and help identify programming to meet those needs with measurable impact Other Community programs include:

- Cleveland Elementary School Obesity Program- partnership with a local school in the Avondale community to provide technical support around building and sustaining a healthy school environment for parents, teachers and students.
- Howard Brown partnership
- Workforce Development Program
- Advocate Workforce Initiative - Developed in 2017, provides supports to our partnering job training programs and colleges:
    - Curriculum review of training and certifications -align with industry standards
    - Preferred access to internships and clinical rotations (depending on availability)
    - Job-readiness training workshops and on-campus workshops
    - Guaranteed HR interviews for participants who complete the AWI.
- AIMMC has a referral and coordination of care agreement with Heartland Health Centers, a FQHC offering a pediatric clinic and midwifery clinic in Uptown.
- Senior Resource Fairs
- Food Pantry Program- IMMC partners with Lakeview Food Pantry to provide dry goods to food insecure patients.
- Mental Health First Aid- Community Health works with various community organizations and institutions to implement the mental health first aid training, which is a training that teaches people how to identify mental illness and what to do once they've identified this issue.
- Transition Support Program- This program helps increase access and transition to care through Patient Navigators, which work one-on-one with each patient to ensure access to follow-up care once discharged. Navigators also link patients to social service programs in the community to ensure patients' social barriers are being addressed.
- Acclivus- This is a violence prevention/interruption program that works with ED patients who have been admitted due to violent trauma (e.g. gun violence, domestic violence, etc.).

For almost 50 years, the Special Care Dentistry Program at Illinois Masonic Medical Center has provided quality and comprehensive oral health care to approximately 2,000 patients adults and children with moderate to severe physical and developmental disabilities. These patients have challenges that may not allow them to receive needed dental services elsewhere. This program provides unique training to IMMC's dental residents in treating this underserved population and instills in them the skills and compassion to continue such care post residency.

Since 1999, the Mobile Dentistry Program provides quality oral health care to underserved adults and children throughout Chicago, with limited access to care due to physical or financial barriers. This program focuses on senior citizens, people with disabilities and the homeless population. Partnering with 18 organizations, the custom mobile van travels to these partner sites to provide needed dental care for these populations. This program provides additional training in treating underserved populations to our dental residents.

The Dental Anesthesiology Residency Program provides advanced out-patient dental anesthesiology to enhance the quality of care for pediatric dental patients and improve access to care for our Special Care Dental Program. This provides advanced training in in dental anesthesiology to our dental anesthesiology residents that will continue post residency.

In summary, the impact of the Medical Center is far reaching and is a critical organization supporting the communities of Chicago. The communities have come to rely on many of these programs outlined to meet the special needs of the population in the service area. IMMC and team members are aware of changes in health care and in the community and have been developing new partnerships and services to support the health and wellbeing of all that they serve.

Charity Care information MUST be furnished for ALL projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 38.

CHARITY CARE			
	2015	2016	2017
Net Patient Revenue	$ 417,997,172	$ 436,677,329	$ 450,137,813
Amount of Charity Care (charges)	$ 37,115,490	$ 26,187,580	$ 31,932,425
Cost of Charity Care	$ 8,022,000	$ 5,647,000	$ 7,247,000

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

APPENDICE

Advocate Aurora Health, Inc. and its Affiliates and Subsidiaries

Consolidated Financial Statements and Supplementary Information
As of and for the Period Ended December 31, 2018

AdvocateAuroraHealth

Advocate Health Care Aurora Health Care

Document Dated as of March 27, 2019

ADVOCATE AURORA HEALTH, INC. AND ITS AFFILIATES AND SUBSIDIARIES
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Ernst & Young LLP
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Chicago, IL 60606-1787

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ey.com

Report of Independent Auditors

The Board of Directors
Advocate Aurora Health, Inc. and its Affiliates and Subsidiaries

We have audited the accompanying consolidated financial statements of Advocate Aurora Health Care, Inc. and its Affiliates and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2018, and the related consolidated statements of operations and changes in net assets, and cash flows for the period from April 1, 2018 through December 31, 2018, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

A member firm of Ernst & Young Global Limited

Building a better working world

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Advocate Aurora Health Care, Inc. and its Affiliates and Subsidiaries at December 31, 2018, and the consolidated results of their operations and their cash flows for the period from April 1, 2018 through December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

March 27, 2019

A member firm of Ernst & Young Global Limited

ADVOCATE AURORA HEALTH, INC. AND ITS AFFILIATES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(dollars in thousands)

	December 31, 2018
Assets	
Current assets:	
Cash and cash equivalents	$ 584,887
Assets limited as to use	106,244
Patient accounts receivable	1,486,260
Other current assets	512,556
Third-party payors receivables	17,793
Collateral proceeds under securities lending program	18,869
Total current assets	2,726,609
Asset limited as to use:	
Internally designated for capital and other	6,941,646
Held for self-insurance	632,372
Donor restricted	119,759
Investments under securities lending program	18,310
Total assets limited as to use	7,712,087
Property and equipment, net	5,626,475
Other assets:	
Intangible assets and goodwill, net	89,329
Investments in unconsolidated entities	202,331
Reinsurance receivable	60,741
Other noncurrent assets	315,217
Total other assets	667,618
Total assets	$ 16,732,789

ADVOCATE AURORA HEALTH, INC. AND ITS AFFILIATES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(dollars in thousands)

	December 31, 2018
Liabilities and net assets	
Current liabilities:	
Current portion of long-term debt	$ 49,927
Long-term debt subject to short-term financing arrangements	162,025
Accounts payable and accrued liabilities	1,671,124
Third-party payors payables	303,633
Current portion of accrued insurance and claim costs	122,361
Collateral under securities lending program	18,869
Total current liabilities	2,327,939
Noncurrent liabilities:	
Long-term debt, less current portion	2,796,906
Accrued insurance and claims cost, less current portion	593,296
Accrued losses subject to insurance recovery	60,741
Obligations under swap agreements	65,376
Other noncurrent liabilities	645,554
Total noncurrent liabilities	4,161,873
Total liabilities	6,489,812
Net assets:	
Without donor restrictions:	
Controlling interest	9,900,718
Noncontrolling interest in subsidiaries	118,468
Total net assets without donor restrictions	10,019,186
With donor restrictions	223,791
Total net assets	10,242,977
Total liabilities and net assets	$ 16,732,789

See accompanying notes to consolidated financial statements.

ADVOCATE AURORA HEALTH, INC. AND ITS AFFILIATES AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
(dollars in thousands)

	Nine Months Ended December 31, 2018
Revenue:	
Patient service revenue	$ 7,533,468
Capitation revenue	1,035,995
Other revenue	643,943
Total revenue	9,213,406
Expenses:	
Salaries, wages and benefits	4,993,014
Supplies and purchased services	2,233,107
Contract medical services	478,393
Depreciation and amortization	410,790
Interest	81,385
Other	602,668
Total expenses	8,799,357
Operating income before nonrecurring expenses	414,049
Nonrecurring expenses	55,182
Operating income	358,867
Nonoperating loss:	
Investment loss, net	(258,118)
Loss on debt refinancing	(29,859)
Change in fair value of interest rate swaps	993
Other nonoperating income, net	646
Total nonoperating loss, net	(286,338)
Excess of revenue over expenses	72,529
Less noncontrolling interest	(34,383)
Excess of revenue over expenses – attributable to controlling interest	$ 38,146

ADVOCATE AURORA HEALTH, INC. AND ITS AFFILIATES AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
(dollars in thousands)

	Nine Months Ended December 31, 2018
Net assets without donor restrictions, controlling interest	
Excess of revenue over expenses – attributable to controlling interest	$ 38,146
Pension-related changes other than net periodic pension costs	(86,283)
Net assets released from restrictions for purchase of property and equipment	5,460
Other, net	(414)
Decrease in net assets without donor restrictions, controlling interest	(43,091)
Net assets without donor restrictions, noncontrolling interest	
Excess of revenue over expenses	34,383
Distributions to noncontrolling interest	(20,572)
Other, net	(81)
Increase in net assets without donor restrictions, noncontrolling interest	13,730
Net assets with donor restrictions	
Contributions	16,614
Investment loss, net	(2,347)
Net assets released from restrictions for operations	(17,720)
Net assets released from restrictions for purchase of property and equipment	(5,460)
Other, net	858
Decrease in net assets with donor restrictions	(8,055)
Decrease in net assets	(37,416)
Net assets at beginning of period	10,280,393
Net assets at end of period	$ 10,242,977

See accompanying notes to consolidated financial statements.

ADVOCATE AURORA HEALTH, INC. AND ITS AFFILIATES AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(dollars in thousands)

	Nine Months Ended December 31, 2018
Cash flows from operating activities	
Decrease in net assets	$ (37,416)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation, amortization and accretion	404,012
Loss on debt refinancing	29,859
Gain on sale of property and equipment	(3,853)
Change in fair value of swap agreements	(993)
Pension-related changes other than net periodic pension cost	86,283
Restricted contributions and gains on investments, net of assets released from restrictions used for operations	(11,304)
Distribution to noncontrolling interest	33,101
Changes in operating assets and liabilities:	
Trading securities, net	348,851
Accounts receivable, net	(15,547)
Accounts payable and accrued liabilities	141,680
Third-party payors receivable and payable, net	(14,993)
Other assets and liabilities, net	(79,962)
Net cash provided by operating activities	879,718
Cash flows from investing activities	
Capital expenditures	(552,933)
Proceeds from sale of property and equipment	7,626
Sales of investments designated as non-trading, net	10,093
Investments in unconsolidated entities, net	(3,100)
Other	3,118
Net cash used in investing activities	(535,196)
Cash flows from financing activities	
Proceeds from long-term debt	1,226,853
Repayments of long-term debt and other obligations	(1,371,174)
Distribution to noncontrolling interest	(33,101)
Proceeds from restricted contributions and gains on investments	9,682
Net cash used in financing activities	(167,740)
Net increase in cash and cash equivalents	176,782
Cash and cash equivalents at beginning of period	408,105
Cash and cash equivalents at end of period	$ 584,887

See accompanying notes to consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Business

On April 1, 2018, Advocate Aurora Health, Inc., a Delaware nonprofit corporation (the Parent Corporation) became the sole corporate member of Advocate Health Care Network, an Illinois not-for-profit corporation (Advocate) and Aurora Health Care, Inc., a Wisconsin nonstock not-for-profit corporation (Aurora) (the Affiliation). The Parent Corporation, Advocate and Aurora and their controlled subsidiaries and affiliates are collectively referred to herein as the "System." The System was formed to further the parties' common and unifying charitable health care mission to promote and improve the quality and expand the scope and accessibility of affordable health care and health care-related services for the communities they serve.

The System is comprised of various not-for-profit and for-profit entities, the primary activities of which are the delivery of health care services and the provision of goods and services ancillary thereto.

The System provides a continuum of care through its 25 acute care hospitals, an integrated children's hospital, psychiatric hospital, primary and specialty physician services, outpatient centers, physician office buildings, pharmacies, behavioral health care, rehabilitation and home health and hospice care in northern and central Illinois and eastern Wisconsin.

Principles of Consolidation

Included in the System's consolidated financial statements are all of its wholly owned or controlled subsidiaries and affiliates. All significant intercompany transactions have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and notes to the consolidated financial statements at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time made, actual results could differ materially from those estimates.

Cash Equivalents

The System considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

The System has designated substantially all of its investments as trading. Investments in debt and equity securities with readily determinable fair values are measured at fair value using quoted market prices or otherwise observable inputs. Investments in private equity limited partnerships and derivative products (hedge funds) are reported at fair value using net asset value as a practical expedient. Commingled funds are carried at fair value based on other observable inputs. Investment income or loss (including realized gains and losses, interest, dividends and unrealized gains and losses) is included in the nonoperating section of the consolidated statement of operations and changes in net assets unless the income or loss is restricted by donor or law or is related to assets designated for self-insurance programs. Investment income on self-insurance trust funds is reported in other revenue. Investment income that is restricted by donor or law is reported as a change in net assets with donor restrictions.

Assets Limited as to Use

Assets limited as to use consist of investments set aside by the System for future capital improvements and certain medical education and other health care programs. The System retains control of these investments and may, at its discretion, subsequently use them for other purposes. Additionally, assets limited as to use include investments held by trustees or in trust under debt agreements, self-insurance trusts, assets held in reinsurance trust accounts and donor-restricted funds.

Patient Service Revenue and Accounts Receivable

Patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including managed care payors and government programs) and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, patients and third-party payors are billed within days after the services are performed or shortly after discharge. Revenue is recognized as performance obligations are satisfied. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and final settlements are determined.

As the System's performance obligations relate to contracts with a duration of less than one year, the System has applied the optional exemption provided in the guidance and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance

obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

As provided for under the guidance, the System does not adjust the promised amount of consideration from patients and third-party payers for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payer pays for that service will be one year or less.

The System has entered into payment arrangements with patients that allow for payments over a term in excess of one year. The System has evaluated historical collections in excess of one year and current market interest rates to determine whether a significant financing component exists which would require an adjustment to the promised amount of consideration from patients and third-party payors. The System has determined that the impact of implicit financing arrangements for payment agreements in excess of one year is insignificant to the consolidated statement of operations and changes in net assets.

The System does not incur significant incremental costs in obtaining contracts with patients. As permitted in the guidance, any costs which are incurred are expensed in the period of occurrence, as the amortization period of any asset that the System would have recognized is one year or less in duration.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates will change by a material amount.

Inventories

Inventories, consisting primarily of medical supplies, pharmaceuticals and durable medical equipment, are stated at the lower of cost (first-in, first-out) or market. Retail pharmaceutical inventories are stated at replacement cost.

Reinsurance Receivables

Reinsurance receivables are recognized in a manner consistent with the liabilities relating to the underlying reinsured contracts.

Intangible Assets and Goodwill, Net

Goodwill of $65,862 is included in intangible assets and goodwill, net in the accompanying consolidated balance sheet. Goodwill is not amortized and is evaluated for impairment at least annually. Intangible assets with expected useful lives are amortized over that period.

Asset Impairment

The System considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying value of an asset is appropriate. Impairment write-downs are recognized in the statement of operations and changes in net assets as a component of operating expense at the time the impairment is identified.

Property and Equipment, Net

Property and equipment are reported at cost or, if donated, at fair value at the date of the gift. Costs of computer software developed or obtained for internal use, including external and internal direct costs of materials and labor directly associated with internal-use software development projects, are capitalized and included in property and equipment. Internal labor and interest expense incurred during the period of construction of significant capital projects is capitalized as a component of the costs of the asset.

Property and equipment capitalized under capital leases are recorded at the net present value of future minimum lease payments and are amortized on the straight-line method over the lessor of the related lease term or the estimated useful life of the asset. Amortization of property and equipment under capital leases is included in the accompanying consolidated statement of operations and changes in net assets in depreciation and amortization expense.

Property and equipment assets are depreciated on the straight-line method over a period ranging from 3 years to 80 years.

Investments in Unconsolidated Entities

Investments in unconsolidated entities are accounted for using the cost or equity method. The System applies the equity method of accounting for investments in unconsolidated entities when its ownership or membership interest is 50% or less and the System has the ability to exercise significant influence over the operating and financial policies of the investee. All other unconsolidated entities are accounted for using the cost method. The income (loss) on health-related unconsolidated entities is included in other operating revenue in the accompanying consolidated statement of operations and changes in net assets. Nonhealth-related unconsolidated entities are included within other nonoperating income, net.

Derivative Financial Instruments

The System has entered into transactions to manage its interest rate, credit and market risks. Derivative instruments, including exchange-traded and over-the-counter derivative contracts and interest rate swaps, are recorded as either assets or liabilities at fair value. Subsequent changes in a derivatives fair value are recognized in nonoperating loss.

Bond Issuance Costs, Discounts and Premiums

Bond issuance costs, discounts and premiums are amortized over the term of the bonds using the effective interest method and are included in long-term debt in the consolidated balance sheet.

General and Professional Liability Risks

The provision for self-insured general and professional liability claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The System measures the cost of its unfunded obligations under such programs based upon actuarial calculations and records a liability on a discounted basis.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those assets whose use by the System has been limited by donors to a specific time period or purpose, or consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity. Net assets with donor restrictions are used in accordance with the donor's wishes primarily to purchase property and equipment, to fund medical education or to fund health programs.

Assets released from restrictions to fund purchases of property and equipment are reported in the consolidated statement of operations and changes in net assets as increases to net assets without donor restrictions. Those assets released from restriction for operating purposes are reported in the consolidated statement of operations and changes in net assets as other revenue. When restricted, earnings are recorded as net assets with donor restrictions until amounts are expended in accordance with the donor's specifications.

Other Nonoperating Income, Net

Revenues and expenses from delivering health care services and the provision of goods and services ancillary thereto are reported in operations. Income and losses that arise from transactions that are peripheral or incidental to the System's main purpose are included in other nonoperating income, net. Other nonoperating income, net primarily consists of impairment charges that are not related to delivering health care services, fund-raising expenses, contributions to charitable organizations, income taxes and the net non-service components of the periodic benefit income on the System's pension plans.

Excess of Revenues Over Expenses and Changes in Net Assets

The consolidated statement of operations and changes in net assets includes the excess of revenues over expenses as the performance indicator. Changes in net assets without donor restrictions, which are excluded from excess of revenues over expenses, primarily include contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes

of acquiring such assets), pension-related changes other than net periodic pension costs and distributions to noncontrolling interests.

Nonrecurring Expenses

The System has incurred salary, purchased services and other expenses in connection with the Affiliation and the implementation of an electronic medical records system. As a result, these costs were recorded as nonrecurring in the consolidated statement of operations and changes in net assets.

Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities.* The guidance requires net assets to be categorized either as net assets with donor restrictions or net assets without donor restrictions rather than the previous three classes of net assets. The guidance also requires additional quantitative and qualitative disclosures related to liquidity and financial performance, as well as disclosure of expenses by their natural and functional classifications. The System adopted this guidance for annual reporting as of December 31, 2018.

Accounting Pronouncements Not Yet Adopted

In August 2018, the FASB issued ASU 2018-15, *Intangibles–Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Contract.* This guidance requires an entity in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset and which costs to expense as incurred. Also, this guidance requires the entity to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. Further, the guidance requires the entity to present the expense related to the capitalized implementation costs in the same line item in the consolidated statement of operations and changes in net assets as the fees associated with the hosting element (service) of the arrangement and classify payments for capitalized implementation costs in the consolidated statement of cash flows in the same manner as payments made for fees associated with the hosting element. The entity is also required to present the capitalized implementation costs in the consolidated balance sheet in the same line item that a prepayment for the fees of the associated hosting arrangement would be presented. This guidance is effective for the fiscal years and interim periods within those fiscal years beginning after December 15, 2020, early adoption is permitted. The System early adopted this guidance effective January 1, 2019, on a prospective basis.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This guidance clarifies whether a transfer of assets is a contribution or an exchange transaction and further clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving

commensurate value in return for the resources transferred. This standard was effective for the System beginning January 1, 2019, on a modified prospective basis. This guidance did not have a material impact on the System's consolidated statement of operations and changes in net assets.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*. This guidance will require restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the consolidated statement of cash flows. This guidance is effective for the fiscal years and interim periods within those fiscal years beginning after December 15, 2018. The System adopted this standard effective January 1, 2019. This guidance did not have a material impact on the System's consolidated statement of cash flows.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which amends guidance in Accounting Standards Codification (ASC) 230 on the classification of certain cash receipts and payments in the statement of cash flows. This standard is effective for the System beginning January 1, 2019. This guidance did not have a material impact on the System's consolidated statement of cash flows, with the primary change being the movement of certain distributions from equity method investees from cash used in investing activities to cash flows from operations.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This guidance introduces a lessee model that brings most leases on to the balance sheet. The standard also aligns certain of the underlying principles of the new lessor model with those in ASU 2014-09, the new revenue recognition standard. This standard was effective for the System effective January 1, 2019, and was adopted using a modified retrospective approach. The System recorded a right of use asset and right of use liability of approximately $425,000 due to the adoption of this standard. This guidance did not have a material impact on the System's consolidated statement of operations and changes in net assets.

3. COMMUNITY BENEFIT

Community Benefit

The System provides health care services without charge to patients who meet the criteria of its charity care policies. Charity care services are not reported as patient service revenue because payment is not anticipated while the related costs to provide the health care are included in operating expenses. Charity care is provided to patients who meet the criteria established under the applicable financial assistance policy. Qualifying patients can receive up to 100% discounts from charges and extended payments plans. The System's cost of providing charity care for the nine months ended December 31, 2018, as determined using total cost to charge ratios, was $101,192.

In addition to the provision of charity care, the System provides significant financial support to its communities to sustain and improve health care services.

These activities include:

- The unreimbursed cost of providing care to patients covered by the Medicare and Medicaid programs.
- The cost of providing services, which are not self-sustaining, for which patient service revenues are less than the costs required to provide the services. Such services benefit uninsured and low-income patients, as well as the broader community, but are not expected to be financially self-supporting.
- Other community benefits include the unreimbursed costs of community benefits programs and services for the general community, not solely for those demonstrating financial need, including the unreimbursed cost of medical education, health education, immunizations for children, support groups, health screenings and fairs.

4. REVENUE AND RECEIVABLES

Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including managed care payors and government programs) and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, patients and third-party payors are billed shortly after discharge. Revenue is recognized as performance obligations are satisfied.

Performance obligations are identified based on the nature of the services provided. Revenue associated with performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Performance obligations satisfied over time relate to patients receiving inpatient acute care services. The System measures the performance obligation from admission into the hospital to the point when there are no further services required for the patient, which is generally the time of discharge. For outpatient services, the performance obligation is satisfied as the patient simultaneously receives and consumes the benefits provided as the services are performed. In the case of these outpatient services, recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

The System uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios consist of major payor classes for inpatient revenue and major payor classes and types of services provided for outpatient revenue. Based on the historical collection trends and other analysis, the System believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

The System determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by explicit and implicit price concessions, including contractual adjustments provided to third-party payors, discounts provided to uninsured and underinsured patients in accordance with policy and/or implicit price concessions based on the historical collection experience of patient accounts. The System determines the transaction price associated with services provided to patients who have third-party payor coverage based on reimbursement terms per contractual agreements, discount policies and historical experience. For uninsured (and underinsured in the case of Advocate) patients who do not qualify for charity care, the System determines the transaction price associated with services on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on historical collection experience for applicable patient portfolios. Patients who meet the System's criteria for free care "charity" are provided care without charge; such amounts are not reported as revenue. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care using the most likely outcome method. These settlements are estimated based on the terms of the payment agreements with the payor, correspondence from the payor and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as new information becomes available or as years are settled or are no longer subject to such audits, reviews and investigations.

For the nine months ended December 31, 2018, changes in the System's estimates of implicit price concessions, discounts and contractual adjustments or other reductions to expected payments for performance obligations in prior years were not significant.

In certain instances, the System does receive payment in advance of the services provided and would consider these amounts to represent contract liabilities. Contract liabilities at December 31, 2018 were not significant.

Currently, the state of Illinois utilizes supplemental reimbursement programs to supplement reimbursement to providers to offset a portion of the cost of providing care to Medicaid and indigent patients. These programs are designed with input from the Centers for Medicare and Medicaid Services and are funded with a combination of state and federal resources, including assessments levied on the providers. Under these supplemental programs, the System recognizes revenue and related expenses in the period in which amounts are estimable and collection is reasonably assured. Reimbursement under these programs is reflected in patient service revenue and the assessment is reflected in other expense in the consolidated statement of operations and changes in net assets. For the nine months ended December 31, 2018, patient service revenue includes $197,614 related to this program and expenses include $124,898 of tax assessment fees.

The state of Wisconsin assesses a fee or tax on patient service revenue. The revenues from this assessment are used to increase payments made to hospitals for services provided to Medicaid and other medically indigent patients. The System's patient service revenue reflects this increase in payment for services to Medicaid and other medically indigent patients and hospital tax assessment expense reflects the fees assessed by the state. For the nine months ended December 31, 2018, patient service revenue includes $79,600, related to this program, and other expenses include $73,800 of tax assessment fees.

The System has filed formal appeals relating to the settlement of certain prior-year Medicare cost reports. The outcome of these appeals cannot be determined at this time.

Management has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the payors geographical location, the line of business that renders services to patients and the timing of when revenue is recognized and billed. The composition of patient service revenue by payor for the nine months ended December 31, 2018, is as follows:

Managed care	$ 4,232,627	56%
Medicare	2,269,578	30
Medicaid – Wisconsin	299,951	4
Medicaid – Illinois	529,780	7
Self-pay and other	201,532	3
	$ 7,533,468	100%

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the primary payor category in the table above.

The composition of patient service revenue by service line and state for the nine months ended December 31, 2018, is as follows:

	Wisconsin	Illinois	Patient Service Revenue	Percent of Total
Hospital	$ 2,679,106	$ 2,927,812	$ 5,606,918	75%
Clinic	1,235,242	433,896	1,669,138	22
Home Health	88,529	79,310	167,839	2
Other	22,898	66,675	89,573	1
Total	$ 4,025,775	$ 3,507,693	$ 7,533,468	100%

Capitation Revenue

The System has agreements with various managed care organizations under which the System provides or arranges for medical care to members of the organizations in return for a monthly payment per member. Revenue is earned each month as a result of agreeing to provide or arrange for their medical care.

Substantially all of the System's capitation revenue is generated in Illinois.

Other Revenue

Other revenue is recognized at an amount that reflects the consideration to which the System expects to be entitled in exchange for providing goods and services. The amounts recognized reflect consideration due from customers, third-party payors and others. Primary categories of other revenue include income from joint ventures, retail pharmacy revenue, grant revenue, cafeteria revenue, rent revenue and other miscellaneous revenue.

Patient Accounts Receivable

The System's patient accounts receivable is reported at the amount that reflects the consideration to which it expects to be entitled, in exchange for providing patient care.

The revenues related to patient accounts receivable are reported at net realizable value based on certain assumptions. For third-party payors including Medicare, Medicaid and Managed Care, the net realizable value is based on the estimated contractual reimbursement percentage, which is based on current contract prices or historical paid claims data by payor. For self-pay, the net realizable value is determined using estimates of historical collection experience including an analysis by aging category. These estimates are adjusted for expected recoveries and any anticipated changes in trends including significant changes in payor mix, shared revenue cycle operations, economic conditions or trends in federal and state governmental health care coverage.

The composition of patient accounts receivable is summarized as follows:

	December 31, 2018		April 1, 2018	
Managed care	$ 627,409	42%	$ 607,349	41%
Medicare	285,837	19	261,674	18
Medicaid – Wisconsin	39,958	3	45,394	3
Medicaid – Illinois	229,139	15	223,888	15
Self-pay and other	303,917	21	332,408	23
	$ 1,486,260	100%	$ 1,470,713	100%

The self-pay patient accounts receivable above includes amounts due from patients for co-insurance, deductibles, installment payment plans and amounts due from patients without insurance.

5. POOLED INVESTMENT FUND

In September 2018, a pooled investment fund (pool) was created. The pool investments are owned by Advocate Health and Hospitals Corporation (AHHC), a System subsidiary. Each participant in the pool is an affiliate of AHHC. Per the Investment Agreement, each participant in the pool has no ownership interest in the pool's investment assets. The participant receives a commensurate value in units of the pool which is

adjusted each month to the current market value. If redemption is sought under the terms of the agreement, the participant is only entitled to receive the fair market value of its units in cash.

At December 31, 2018, the total value of the pool investments is $7,483,361. The pool invests in a diversified portfolio of investments, including alternative investments, such as real asset funds, hedge funds and private equity limited partnerships. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods typically ranging from 1 to 90 days. Due to redemption restrictions, investments in certain of these funds, whose fair value was approximately $3,685,071 at December 31, 2018, cannot currently be redeemed for periods ranging from one to eleven years. However, the potential for the pool to sell its interest in these funds in a secondary market prior to the end of the fund term does exist, for prices at or other than the then carrying value.

At December 31, 2018, the System had additional commitments to fund alternative investments, including recallable distributions of $1,043,005 over the next seven years.

In the normal course of operations and within established investment policy guidelines, the System may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, options and forward contracts. These instruments are used primarily to maintain the System's strategic asset allocation. These instruments require the System to deposit cash collateral with the broker or custodian. At December 31, 2018, the collateral provided was $44,560. At December 31, 2018, the notional value of the derivatives in long positions was $190,305 and those in a short position was $(129,391).

By using derivative financial instruments, the System exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes the System, which creates credit risk for the System. When the fair value of a derivative contract is negative, the System owes the counterparty, and therefore, it does not possess credit risk. The System minimizes the credit risk in derivative instruments by entering into transactions that may require the counterparty to post collateral for the benefit of the System based on the credit rating of the counterparty and the fair value of the derivative contract. Market risk is the adverse effect on the value of a financial instrument that results from a change in the underlying reference security. The market risk associated with market changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Receivables and payables for investment trades not settled are presented with other current assets and accounts payable and accrued liabilities. Unsettled sales resulted in receivables due from brokers of $37,699 at December 31, 2018. Unsettled purchases resulted in payables of $13,494 at December 31, 2018.

6. CASH AND CASH EQUIVALENTS AND INVESTMENTS (including assets limited as to use)

Investments (including assets limited as to use) and other financial instruments at December 31, 2018, are summarized as follows:

Assets limited as to use:	
Internally designated for capital and other	$ 6,941,646
Held for self-insurance	738,616
Donor restricted	119,759
Investments under securities lending program	18,310
	7,818,331
Other financial instruments:	
Cash and cash equivalents	584,887
	$ 8,403,218

The composition and carrying value of assets limited as to use, investments and cash and cash equivalents at December 31, 2018, are set forth in the following table:

Cash and short-term investments	$ 807,549
Corporate bonds and other debt securities	577,406
United states governmental obligations	609,160
Non-governmental fixed-income obligations	26,328
Bond and other debt security funds	578,088
Hedge funds	2,593,506
Private equity limited partnerships	1,113,544
Equity securities	1,164,533
Equity funds	933,104
	$ 8,403,218

Investment returns for assets limited as to use and cash and cash equivalents are comprised of the following for the nine months ended December 31, 2018:

Interest income and dividends	$ 55,944
Income from alternative investments	19,556
Net realized gains	156,757
Net unrealized losses	(474,189)
Total	$ (241,932)

Investment returns are included in the consolidated statement of operations and changes in net assets as follows for the nine months ended December 31, 2018:

Other revenue	$	18,533
Investment loss, net		(258,118)
Net assets with donor restrictions		(2,347)
Total	$	(241,932)

As part of the management of the investment portfolio, the System has entered into an arrangement whereby securities owned by the System are loaned primarily to brokers and investment banks. The loans are arranged through a bank. Borrowers are required to post collateral for securities borrowed equal to no less than 102% of the value of the security on a daily basis, at a minimum. The bank is responsible for reviewing the creditworthiness of the borrowers. The System has also entered into an arrangement whereby the bank is responsible for the risk of borrower bankruptcy and default. At December 31, 2018, the System loaned $18,310 in securities and accepted collateral for these loans in the amount $18,869, which represents cash and governmental securities and are included in current liabilities and current assets, respectively, in the accompanying consolidated balance sheet.

7. FAIR VALUE

The System accounts for certain assets and liabilities at fair value and categorizes assets and liabilities measured at fair value in the consolidated financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available under the circumstances.

The fair value of all assets and liabilities recognized or disclosed at fair value is classified based on the lowest level of significant inputs. Assets and liabilities that are measured at fair value are disclosed and classified in one of three categories. Category inputs are defined as follows:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date.

Level 2 — Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs that are unobservable for the asset or liability for which there is little or no market data.

The following section describes the valuation methodologies used by the System to measure financial assets and liabilities at fair value. In general, where applicable, the System uses quoted prices in active markets for identical assets and liabilities to determine fair value. This pricing methodology applies to Level 1 investments such as domestic and international equities, exchange-traded funds and agency securities.

If quoted prices in active markets for identical assets and liabilities are not available to determine fair value, then quoted prices for similar assets and liabilities or inputs other than quoted prices that are observable either directly or indirectly are used. These investments are included in Level 2 and consist primarily of corporate notes and bonds, foreign government bonds, mortgage-backed securities, fixed-income securities, including fixed-income government obligations, commercial paper and certain agency, United States and international equities, which are not traded on an active exchange. The fair value for the obligations under swap agreements included in Level 2 is estimated using industry standard valuation models. These models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves. The fair values of the obligation under swap agreements include adjustments related to the System's credit risk.

Investments owned by the System are exposed to various kinds and levels of risk. Equity securities and equity funds expose the entity to market risk, performance risk and liquidity risk for both domestic and international investments. Market risk is the risk associated with major movements of the equity markets. Performance risk is that risk associated with a company's operating performance. Fixed-income securities and fixed-income mutual funds expose the System to interest rate risk, credit risk and liquidity risk. As interest rates change, the value of many fixed-income securities is affected, including those with fixed interest rates. Credit risk is the risk that the obligor of the security will not fulfill its obligations. Liquidity risk is affected by the willingness of market participants to buy and sell particular securities. Liquidity risk tends to be higher for equities related to small capitalization companies and certain alternative investments. Due to the volatility in the capital markets, there is a reasonable possibility of subsequent changes in fair value resulting in additional gains and losses in the near term.

The carrying values of cash and cash equivalents, accounts receivable and payable, other current assets and accrued liabilities are reasonable estimates of their fair values due to the short-term nature of these financial instruments.

The fair values of financial assets and liabilities that are measured at fair value on a recurring basis at December 31, 2018, are as follows:

	December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Cash and short-term investments	$ 807,549	$ 430,889	$ 376,660	$ —
Corporate bonds and other debt securities	577,406	—	577,406	—
United States government obligations	609,160	—	609,160	—
Bond and other debt security funds	578,088	102,552	475,536	—
Non-government fixed-income obligations	26,328	—	26,328	—
Equity securities	1,164,533	1,164,533	—	—
Equity funds	933,104	185,247	747,857	—
	4,696,168	$ 1,883,221	$ 2,812,947	—
Investments at net asset value				
Hedge funds	2,593,506			
Private equity limited partnerships	1,113,544			
Total investments	$ 8,403,218			
Collateral proceeds received under securities lending program	$ 18,869		$ 18,869	
Liabilities				
Obligations under swap agreements	$ (65,376)		$ (65,376)	
Obligations to return capital under securities lending program	$ (18,869)		$ (18,869)	

8. PROPERTY AND EQUIPMENT, NET

The components of property and equipment at December 31, 2018, are summarized as follows:

Land and improvements	$ 473,862
Buildings and fixed equipment	7,102,622
Movable equipment and computer software	2,956,722
Construction-in-progress	306,531
Total property and equipment	10,839,737
Accumulated depreciation and amortization	(5,213,262)
Property and equipment, net	$ 5,626,475

Property and equipment include net assets under capitalized leases and other financing arrangements totaling $157,452 (gross of $232,971, accumulated amortization of $75,519) at December 31, 2018.

For the nine months ending December 31, 2018, depreciation expense was $409,950.

9. INVESTMENTS IN UNCONSOLIDATED ENTITIES

The System has a 49% interest in Bay Area Medical Center (BAMC), a 99-bed general acute care hospital located in Marinette, Wisconsin. The System's investment in BAMC is accounted for under the equity method of accounting and is presented within investments in unconsolidated entities in the accompanying consolidated balance sheet. The System's investment in BAMC at December 31, 2018, was $26,547. In January 2019, the System entered into an agreement to acquire the remaining 51% interest in BAMC. See additional discussion of this transaction in Note 21. SUBSEQUENT EVENTS.

The System has a 27% interest in Aurora Bay Area Medical Group (ABAMG), which provides inpatient, outpatient and other necessary professional medical services in Marinette, Wisconsin and its surrounding communities. BAMC owns the remaining 73% of ABAMG. The System's investment in ABAMG is accounted for under the equity method and is presented within investments in unconsolidated entities in the accompanying consolidated balance sheet. The System leases employees and buildings to ABAMG and recognized $12,888 of other revenue for the nine months ended December 31, 2018, under these leasing agreements. The System made additional capital contributions to ABAMG of $4,361 during the nine months ended December 31, 2018. The System's investment in ABAMG was $703 at December 31, 2018.

In connection with the acquisition of a medical center, the System acquired an interest in the net assets of the Masonic Family Health Foundation (MFHF), an independent organization, under the terms of an asset purchase agreement (the Agreement). The use of substantially all MFHF's net assets are designated to support the operations and/or capital needs of one of the System's medical facilities. Additionally, 90% of MFHF's investment yield, net of expenses, on substantially all MFHF's investments is designated for the

support of one of the System's medical facilities. MFHF must pay the System, annually, 90% of the investment yield or an agreed-upon percentage of the beginning of the year net assets.

The interest in the net assets of MFHF amounted to $81,865 at December 31, 2018, and is presented within investments in unconsolidated entities in the accompanying consolidated balance sheet. The System's interest in the investment income is reflected in the consolidated statement of operations and changes in net assets and amounted to $(4,270) for the nine months ended December 31, 2018. There were no cash distributions received by the System from MFHF under terms of the Agreement during the nine months ended December 31, 2018. In addition, MFHF made $354 in contributions to the System for program support during the nine months ended December 31, 2018.

At December 31, 2018, the System had a 49.5% ownership interest in RML Health Providers, L.P. (RML) that is accounted for on an equity basis. RML is an Illinois, not-for-profit limited partnership that operates a 115-bed licensed long-term acute care hospital in Hinsdale, Illinois, and 86-bed licensed long-term acute care hospital in Chicago, Illinois. The System's investment in RML was $33,883 at December 31, 2018, and is presented within investments in unconsolidated entities in the accompanying consolidated balance sheet.

RML leases the Chicago, Illinois, facility from the System. The lease has a fixed term through June 30, 2020, with a five-year renewal term remaining executable at the option of RML. The System recorded rental income of $847 for the nine months ended December 31, 2018.

The summarized financial position and results of operations for significant entities accounted for under the equity method as of and for the periods ended December 31, 2018, is as follows:

	BAMC	ABAMG	RML	MFHF
Total assets	$ 232,239	$ 4,898	$ 125,087	$ 85,533
Total liabilities	106,444	2,294	56,994	3,440
Equity	125,795	2,604	68,093	82,093
Total revenue	80,715	17,091	83,208	(3,075)
Net income (loss)	13,478	(14,942)	11,400	(5,265)

10. LONG-TERM DEBT

Long-term debt, net of unamortized original issue discount or premium and unamortized deferred bond issuance costs, consisted of the following at December 31, 2018:

Revenue bonds and revenue refunding bonds:

Series 2003A (weighted average rate of 1.38% during the nine-month period ended December 31, 2018), principal payable in varying annual installments through November 2022; interest based on prevailing market conditions at time of remarketing	$ 10,153

Series 2003C (weighted average rate of 1.60% during the nine-month period ended December 31, 2018), principal payable in varying annual installments through November 2022; interest based on prevailing market conditions at time of remarketing	10,169
Series 2008A (weighted average rate of 5.00% during the nine-month period ended December 31, 2018), principal payable in varying annual installments through November 2030; interest based on prevailing market conditions at time of remarketing	123,078
Series 2008C (weighted average rate of 1.43% during the nine-month period ended December 31, 2018), principal payable in varying annual installments through November 2038; interest based on prevailing market conditions at time of remarketing	320,718
Series 2010D, 5.00%, principal payable in annual installments through April 2019	15,014
Series 2011A, 4.00% to 5.00%, principal payable in annual installments through April 2041	32,378
Series 2011B (weighted average rate of 1.78% during the nine-month period ended December 31, 2018), principal payable in varying annual installments through April 2051, subject to a put provision that provides for a cumulative seven-month notice and remarketing period; interest tied to a market index plus a spread	69,274
Series 2011C (weighted average rate of 2.31% during the nine-month period ended December 31, 2018), principal payable in varying annual installments through April 2049, subject to a put provision on September 3, 2024; interest tied to a market index plus a spread	49,722
Series 2011D (weighted average rate of 2.31% during the nine-month period ended December 31, 2018), principal payable in varying annual installments through April 2049, subject to a put provision on September 3, 2024; interest tied to a market index plus a spread	49,722
Series 2012, 4.00% to 5.00%, principal payable in varying annual installments through June 2047	147,826
Series 2013A, 5.00%, principal payable in varying annual installments through June 2031	93,356
Series 2014, 4.00% to 5.00%, principal payable in varying annual installments through August 2038	330,682
Series 2015, 4.13% to 5.00%, principal payable in varying annual installments through May 2045	102,705
Series 2015B, 4.00% to 5.00%, principal payable in varying annual installments through May 2044	72,428
Series 2018A, 4.00% to 5.00%, principal payable in varying annual installments through August 2044	106,345
Series 2018B (weighted average rate of 5.00% during the period August 16, 2018 through December 31, 2018), principal payable in varying annual installments through August 2054; interest based on prevailing market conditions at time of remarketing	211,196

Series 2018C (weighted average rate of 2.09% during the period August 16,2018 through December 31, 2018), principal payable in varying annual installments through August 2054; interest tied to a market index plus a spread	198,182
	1,942,948
Taxable bonds:	
Taxable Bond Series 2018, 3.83% to 4.27%, principal payable in varying annual installments through August 2048	709,392
	709,392
Capital lease obligations and financing arrangements	241,677
Taxable Term Loan, (weighted average rate of 2.61% during the nine-month period ended December 31, 2018), principal payable in varying annual installments through September 2024	114,841
	3,008,858
Less amounts classified as current:	
Current portion of long-term debt	(49,927)
Long-term debt subject to short-term financing arrangements	(162,025)
	(211,952)
	$ 2,796,906

Maturities of long-term debt, capital leases, and sinking fund requirements, assuming remarketing of the variable rate demand revenue refunding bonds, for the five years ending December 31, 2023, are as follows: 2019 – $49,927; 2020 – $53,631; 2021 – $53,333; 2022 – $56,603; and 2023 – $58,164.

The System's outstanding bonds are secured by obligations issued under the Second Amended and Restated Master Trust Indenture dated as of August 1, 2018, as the same may be amended from time to time, between Advocate Aurora Health, Inc., the other affiliates identified therein as the Members of the Obligated Group and U.S. Bank National Association, as master trustee (the System Master Indenture). Under the terms of the bond indentures and other arrangements, various amounts are to be on deposit with trustees, and certain specified payments are required for bond redemption and interest payments. The System Master Indenture and other debt agreements, including a bank credit agreement, also place restrictions on the System and require the System to maintain certain financial ratios.

The System's unsecured variable rate revenue bonds, Series 2008A-3 of $42,795 and Series 2011B of $70,000, while subject to a long-term amortization period, may be put to the System at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after December 31, 2018, the principal amount of such

bonds has been classified as a current obligation in the accompanying consolidated balance sheet. Management believes the likelihood of a material amount of bonds being put to the System is remote. However, to address this possibility, the System has taken steps to provide various sources of liquidity, including assessing alternate sources of financing, including lines of credit and/or net assets without donor restrictions as a source of self-liquidity.

The System has standby bond purchase agreements with banks to provide liquidity support for substantially all of the Series 2008C Bonds. In the event of a failed remarketing of the supported Series 2008C Bond upon its tender by an existing holder and subject to compliance with the terms of the standby bond purchase agreement, the standby bank would provide the funds for the purchase of such tendered bonds, and the System would be obligated to repay the bank for the funds it provided for such bond purchase (if such bond is not subsequently remarketed), with the first installment of such repayment commencing on the date one year and one day after the bank purchases the bond. As of December 31, 2018, there were no bank-purchased bonds outstanding. To the extent that the standby bond purchase agreement expiration date is within 12 months after December 31, 2018, the principal amount of such bonds has been classified as a current obligation in the accompanying consolidated balance sheet. The standby bond purchase agreements expire as follows: $49,829 in August 2019; $129,456 in August 2020; and $145,919 in August 2021.

In August 2018, the Wisconsin Health and Educational Facilities Authority (WHEFA), for the benefit of the System, issued its Revenue Bonds, Series 2018ABC, in the amount of $487,895 and the System issued Taxable Bonds, Series 2018 in the amount of $714,500. The proceeds of the Series 2018ABC Bonds and the Series 2018 Taxable Bonds were used to refund certain WHEFA Bonds previously issued for the benefit of Aurora, refinance Aurora's taxable bonds, the drawn portion of an Aurora line of credit and to pay certain financing costs. In connection with this transaction, the System recognized a loss on refinancing in the amount of $29,859.

The System maintains an interest rate swap program on certain of its variable rate debt as described in Note 11. INTEREST RATE SWAP PROGRAM.

The System's interest paid, net of capitalized interest, amounted to $80,559 for the nine months ended December 31, 2018. The System capitalized interest of $1,207 for the nine months ended December 31, 2018.

At December 31, 2018, the System had lines of credit with banks aggregating to $585,000. These lines of credit provide for various interest rates and payment terms and expire as follows: $100,000 in December 2019, $275,000 in August 2020, $50,000 in September 2020 and $160,000 in August 2021. These lines of credit may be used to redeem bonded indebtedness, to pay costs related to such redemptions, for capital expenditures or for general working capital purposes. At December 31, 2018, under a line of credit there were three letters of credit issued totaling $40,947. At December 31, 2018, no amounts were outstanding on these lines or letters of credit.

11. INTEREST RATE SWAP PROGRAM

The System has interest rate-related derivative instruments to manage exposure of its variable rate debt instruments. By using derivative financial instruments to manage the risk of changes in interest rates, the System exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes the System, which creates credit risk for the System. When the fair value of a derivative contract is negative, the System owes the counterparty, and therefore, it does not possess credit risk. The System minimizes the credit risk in derivative instruments by entering into transactions that may require the counterparty to post collateral for the benefit of the System based on the credit rating of the counterparty and the fair value of the derivative contract. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. The System also mitigates risk through periodic reviews of its derivative positions in the context of its total blended cost of capital.

At December 31, 2018, the System maintains an interest rate swap program on its Series 2008C variable rate demand revenue bonds. These bonds expose the System to variability in interest payments due to changes in interest rates. The System believes that it is prudent to limit the variability of its interest payments. To meet this objective and to take advantage of low interest rates, the System entered into various interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. These swaps convert the variable rate cash flow exposure on the variable rate demand revenue bonds to synthetically fixed cash flows. The notional amount under each interest rate swap agreement is reduced over the term of the respective agreement to correspond with reductions in the principal outstanding under various bond series. The following is a summary of the outstanding positions under these interest rate swap agreements at December 31, 2018:

Bond Series	Notional Amount	Maturity Date	Rate Received	Rate Paid
2008C-1	$ 129,900	November 1, 2038	61.7% of LIBOR + 26 bps	3.605%
2008C-2	108,425	November 1, 2038	61.7% of LIBOR + 26 bps	3.605%
2008C-3	88,000	November 1, 2038	61.7% of LIBOR + 26 bps	3.605%

The swaps are not designated as hedging instruments, and therefore, hedge accounting has not been applied. As such, unrealized changes in fair value of the swaps are classified as changes in fair value of interest rate swaps in the consolidated statement of operations and changes in net assets. The net cash settlement payments, representing the realized changes in fair value of the swaps, are included as interest expense in the consolidated statement of operations and changes in net assets.

The fair value of the interest rate swap agreements was a liability of $65,376 and no collateral was posted under these swap agreements at December 31, 2018.

Amounts recorded in the consolidated statement of operations and changes in net assets for the swap agreements for the nine months ended December 31, 2018, are as follows:

Net cash payments on interest rate swap agreements (interest expense)	$ 4,850
Change in fair value of interest rate swaps	$ 993

The interest rate swap instruments contain provisions that require the System to maintain an investment grade credit rating on its tax-exempt bonds from certain major credit rating agencies. If the System's tax-exempt bonds were to fall below investment grade on the valuation date, it would be in violation of these provisions and the counterparty to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions.

12. RETIREMENT PLANS

The System maintains various employee retirement benefit plans available to qualifying employees and retirees.

Advocate maintains defined benefit pension plans that cover substantially all its employees. The consolidated balance sheet contains an other noncurrent liability related to the Advocate Health Care Network Pension Plan (Advocate Plan) totaling $45,570 at December 31, 2018. In addition, the consolidated balance sheet contains an other noncurrent asset related to the Condell Health Network Retirement Plan (Condell Plan) of $1,424 at December 31, 2018. The Condell Plan was frozen effective January 1, 2008, to new participants and participants ceased to accrue additional pension benefits. During the nine months ended December 31, 2018, no contributions were made to the Advocate or Condell Plans.

The consolidated balance sheet contains an other noncurrent liability related to the Aurora defined benefit pension plan (Aurora Plan) of $104,979 at December 31, 2018. The Aurora Plan covers substantially all of its employees, hired before January 1, 2013, with at least 1,000 hours of work in a calendar year. The Aurora Plan was frozen on December 31, 2012. During the nine months ended December 31, 2018, cash contributions of $22,200 were made to the Aurora Plan.

A summary of changes in the plan assets, projected benefit obligation and the resulting funded status of the plans for the nine months ended December 31, 2018, is as follows:

	Advocate	Condell	Aurora	Total
Change in plan assets:				
Plan assets at fair value at beginning of period	$ 1,008,843	$ 66,731	$ 1,511,225	$ 2,586,799
Actual return on plan assets	(23,256)	(3,956)	(119,447)	(146,659)
Employer contributions	—	—	22,200	22,200
Benefits paid	(56,222)	(4,545)	(86,612)	(147,379)
Plan assets at fair value at end of period	$ 929,365	$ 58,230	$ 1,327,366	$ 2,314,961
Change in projected benefit obligation:				
Projected benefit obligation at beginning of period	$ 960,935	$ 70,993	$ 1,622,605	$ 2,654,533
Service cost	41,279	—	—	41,279
Interest cost	26,332	1,877	45,375	73,584
Actuarial loss (gain)	2,611	(11,520)	(149,023)	(157,932)
Benefits paid	(56,222)	(4,544)	(86,612)	(147,378)
Projected benefit obligation at end of period	$ 974,935	$ 56,806	$ 1,432,345	$ 2,464,086
Plan assets (less) greater than projected benefit obligation	$ (45,570)	$ 1,424	$ (104,979)	$ (149,125)
Accumulated benefit obligation at end of period	$ 907,526	$ 56,806	$ 1,432,345	$ 2,396,677

The Condell Plan paid lump sums totaling $3,854 in 2018. The amount in 2018 was greater than the sum of the Condell Plan's service cost and interest cost resulting in a settlement charge in the amount of $787.

Pension plan expense (income) included in the consolidated statement of operations and changes in net assets is as follows for the nine months ended December 31, 2018:

	Advocate	Condell	Aurora	Total
Service cost	$ 41,279	$ —	$ —	$ 41,279
Interest cost	26,332	1,877	45,375	73,584
Expected return on plan assets	(49,884)	(2,124)	(57,426)	(109,434)
Amortization of:				
Actuarial loss	3,974	1,259	8,816	14,049
Prior service cost	(2,987)	—	2	(2,985)
Settlement/curtailment	—	787	—	787
Net pension expense (income)	$ 18,714	$ 1,799	$ (3,233)	$ 17,280

The components of net periodic benefit costs other than the service cost component are included in other nonoperating income, net in the consolidated statement of operations and changes in net assets.

The net change recognized in net assets without donor restrictions as a component of pension-related changes other than net periodic pension cost was as follows:

	Advocate	Condell	Aurora	Total
Net change recognized	$ 74,763	$ (7,486)	$ 19,033	$ 86,310

Included in net assets without donor restrictions at December 31, 2018, are the following amounts that have not yet been recognized in net pension expense:

	Advocate	Condell	Aurora	Total
Unrecognized prior credit	$ (143)	$ —	$ 105	$ (38)
Unrecognized actuarial loss	198,918	11,609	460,317	670,844
	$ 198,775	$ 11,609	$ 460,422	$ 670,806

The expected amortization amount to be included in the net periodic pension cost in 2019 is as follows:

	Advocate	Condell	Aurora	Total
Net actuarial loss	$ 7,268	$ 108	$ 7,631	$ 15,007
Prior service (credit) cost	(143)	—	3	(140)
	$ 7,125	$ 108	$ 7,634	$ 14,867

Expected employee benefit payments are as follows:

	Advocate	Condell	Aurora	Total
2019	$ 79,786	$ 6,739	$ 62,238	$ 148,763
2020	66,794	4,310	66,384	137,488
2021	71,046	4,087	70,097	145,230
2022	75,632	3,865	73,191	152,688
2023	75,410	4,982	76,022	156,414
2024-2028	409,915	18,761	413,823	842,499
Total	$ 778,583	$ 42,744	$ 761,755	$ 1,583,082

Expected contributions to the pension plans employee benefit payments are as follows:

	Advocate	Condell	Aurora	Total
2019	$ 42,400	$ —	$ 57,200	$ 99,600

Employer contributions were paid from employer assets. No plan assets are expected to be returned to the employer. All benefits paid under the plans were paid from the plans' assets.

The System's asset allocation and investment strategies are designed to earn returns on plan assets consistent with a reasonable and prudent level of risk. Investments are diversified across classes, economic

sectors and manager style to minimize the risk of loss. The System utilizes investment managers specializing in each asset category and, where appropriate, provides the investment manager with specific guidelines that include allowable and/or prohibited investment types. The System regularly monitors manager performance and compliance with investment guidelines.

The System's target and actual pension asset allocations for the plans at December 31, 2018, are as follows:

Asset Category – Advocate Plan	Target	Actual
Domestic and international equity securities	35%	34%
Alternative investments	45	46
Cash and fixed-income securities	20	20
	100%	100%

Asset Category – Condell Plan	Target	Actual
Domestic and international equity securities	15%	15%
Cash and fixed-income securities	85	85
	100%	100%

Asset Category – Aurora Plan	Target	Actual
Domestic and international equity securities	33%	33%
Real estate	3	3
Cash and fixed-income securities	64	64
	100%	100%

At December 31, 2018, the Advocate Plan had commitments to fund private equity limited partnerships, including recallable distributions of $107,305 over the next six years.

In the normal course of operations and within established investment policy guidelines, the Advocate Plan may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, options and forward contracts. These instruments are used primarily to maintain the Advocate Plan's strategic asset allocation. These instruments require the Advocate Plan to deposit cash collateral with the broker or custodian.

At December 31, 2018, the collateral provided was as follows:

	Advocate	Aurora	Total
Collateral provided	$ 6,239	$ 10,357	$ 16,596
Notional value – long position	45,061	65,053	110,114
Notional value – short position	(2,610)	(46,656)	(49,266)

By using derivative financial instruments, the System exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes the System, which creates credit risk for the System. When the fair value of a derivative contract is negative, the System owes the counterparty, and therefore, it does not possess credit risk. The System minimizes the credit risk in derivative instruments by entering into transactions that may require the counterparty to post collateral for the benefit of the System based on the credit rating of the counterparty and the fair value of the derivative contract. Market risk is the adverse effect on the value of a financial instrument that results from a change in the underlying reference security. The market risk associated with market changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Receivables and payables for investment trades not settled are presented within Advocate Plan assets. Unsettled sales resulted in receivables due from brokers of $4,105 at December 31, 2018. Unsettled purchases resulted in payables of $9,825 at December 31, 2018.

Receivables and payables for investment trades not settled are presented within Aurora Plan assets. Unsettled sales resulted in receivables due from brokers of $1,360 at December 31, 2018. Unsettled purchases resulted in payables of $3,174 at December 31, 2018.

Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in Note 4. Real estate commingled funds for which an active market exists are included in Level 2. The System opted to use the net asset value per share, or its equivalent, as a practical expedient for fair value of the plans' interest in hedge funds, private equity limited partnerships and real estate commingled funds for which there is not an active market. There is inherent uncertainty in such valuations and the estimated fair values may differ from the values that would have been used had a ready market for these investments existed. Private equity limited partnerships and real estate commingled funds typically have finite lives ranging from five to ten years, at the end of which all invested capital is returned. For hedge funds, the typical lockup period is one year, after which invested capital can be redeemed on a quarterly basis with at least 30 days' but no more than 90 days' notice. The plans' investment assets are exposed to the same kinds and levels of risk as described in Note 7.

The following are the plans' financial instruments at December 31, 2018, measured at fair value on a recurring basis by the valuation hierarchy defined in Note 7 FAIR VALUE:

Description		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and short-term investments	$ 86,131	$ 36,453	$ 49,678	$ —
Corporate bonds and other debt securities	647,429	—	647,429	—
United States government obligations	221,420	—	221,420	—
Non-government fixed-income obligations	571	—	571	—
Bond and other debt security funds	176,550	97,562	78,988	—
Equity securities	229,057	229,057	—	—
Equity funds	398,881	248,639	150,242	—
Real estate funds	19,302	2,516	16,786	—
Assets at net asset value:				
Hedge funds	264,726			
Private equity limited partnerships and real estate funds	270,894			
Total	$ 2,314,961			

Assumptions used to determine benefit obligations at December 31, 2018, are as follows:

Discount rate – Advocate and Condell Plans	4.38%
Discount rate – Aurora Plan	4.48%
Assumed rate of return on assets – Advocate Plan	7.00%
Assumed rate of return on assets – Condell Plan	4.25%
Assumed rate of return on assets – Aurora Plan	5.50%
Weighted average rate of increase in future compensation (age-based table) – Advocate Plan	3.77%

Assumptions used to determine net pension expense are as follows:

Discount rate – Advocate and Condell Plans	3.60%
Discount rate – Aurora Plan	3.79%
Assumed rate of return on assets – Advocate Plan	7.00%
Assumed rate of return on assets – Condell Plan	5.00%
Assumed rate of return on assets – Aurora Plan	5.50%
Weighted average rate of increase in future compensation (age-based table) – Advocate Plan	3.61%

The assumed rate of return on Advocate and Condell Plans assets is based on historical and projected rates of return for asset classes in which the portfolio is invested. The expected return for each asset class was then weighted based on the target asset allocation to develop the overall expected rate of return on assets for the portfolio. The Aurora Plan's expected long-term rate of return is based on the asset allocation of the total portfolio considering capital return assumptions from various sources.

The 2018 mortality assumption for the Advocate and Condell Plans was the RP-2014 no-collar adjustment with improvements projected generationally using Scale MP-2018. The 2018 mortality assumption for the Aurora Plan was the RP-2014 100% white-collar adjustment with improvements projected generationally using Scale MP-2018.

In addition to these plans, the System sponsors various defined contribution plans for its employees. Contributions to these plans, which are included in salaries, wages and benefits expense in the consolidated statement of operations and changes in net assets, were $140,381 for the nine months ended December 31, 2018.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2018:

Purchases of property and equipment	$ 22,767
Medical education and other health care programs	201,024
	$ 223,791

14. FUNCTIONAL OPERATING EXPENSES

Operating expenses directly attributable to a specific functional area of the System are reported as expenses of those functional areas. Expenses other than interest expense are directly allocated to functional departments at the time they are incurred. Interest expense that relates to debt financing is allocated based on the use of the related funds. General and administrative expenses primarily include legal, finance,

purchasing and human resources. A majority of fundraising costs are reported as other nonoperating items, net in the consolidated statement of operations and changes in net assets.

Functional operating expenses for the nine months ended December 31, 2018, are as follows:

	Health Care Services	General and Administrative	Consolidated
Salaries, wages and benefits	$ 4,634,289	$ 381,527	$ 5,015,816
Supplies and purchased services	2,037,979	223,058	2,261,037
Contract medical services	478,393	—	478,393
Depreciation and amortization	346,655	64,380	411,035
Interest	81,385	—	81,385
Other	293,970	312,903	606,873
Total operating expenses	$ 7,872,671	$ 981,868	$ 8,854,539

15. LIQUIDITY

The System maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the System invests cash in excess of daily requirements in various investments.

As more fully described in Note 10. LONG-TERM DEBT, the System had lines of credit with banks aggregating to $585,000. These lines of credit may be used to redeem bonded indebtedness, to pay costs related to such redemptions, for capital expenditures or for general working capital purposes.

The System's financial assets available within one year of the consolidated balance sheet date for general expenditures are as follows:

Current assets:	
Cash and cash equivalents	$ 584,887
Assets limited as to use	106,244
Patient accounts receivable	1,486,260
Third-party payors receivables	17,793
Collateral proceeds under securities lending program	18,869
Total current assets	2,214,053
Asset limited as to use:	
Internally designated for capital and other	6,941,646
Held for self-insurance	632,372
Donor restricted	119,759
Investments under securities lending program	18,310
Total assets limited as to use	7,712,087
Total financial assets	$ 9,926,140
Less:	
Amounts unavailable for general expenditures:	
Private equity	$ (1,113,544)
Hedge funds	(343,603)
Total amounts unavailable for general expenditure	(1,457,147)
Amounts unavailable to management without approval:	
Held for self-insurance	(738,616)
Donor restricted	(119,759)
Investments under securities lending program	(18,310)
Total amounts unavailable to management without approval	(876,685)
Total financial assets available to management for general expenditure within one year	$ 7,592,308

16. COMMITMENTS AND CONTINGENCIES

The System has various noncancelable operating lease agreements, primarily for medical support buildings and equipment. Some leases contain renewal options, fair value purchase options and escalation clauses.

Net future minimum lease payments under non-cancelable operating leases with initial or remaining lease terms in excess of one year at December 31, 2018, are as follows:

	Lease Payments
2019	$ 91,870
2020	86,204
2021	78,659
2022	67,928
2023	58,784
Thereafter	139,111
Total	$ 522,556

Aurora West Allis Medical Center has the right to operate the hospital under the terms of a lease agreement with the City of West Allis (the City). In accordance with the lease agreement, the City has title to all assets and any subsequent additions (with the exception of certain equipment used by Aurora for laboratory services). Aurora West Allis Medical Center has exclusive right to the use of the assets and the obligation to maintain and replace them. The historical cost to the System of the leased facilities is included within the System's property and equipment, net. The agreement provides for annual payments of less than $100 in lieu of annual lease payments and includes payment escalations each subsequent year. The lease expires in 2063.

Rent expense, which is included in other expenses, amounted to $94,821 for the nine months ended December 31, 2018.

The System is committed to constructing additions and renovations to its medical facilities that are expected to be completed in future years. The estimated cost of these commitments is $455,188, of which $365,262 has been incurred as of December 31, 2018.

The System entered into agreements for information technology services provided by a third parties. The maximum amount of future payments that the System could be required to make under these agreements is approximately $250,000 over the next twelve years and approximately $40,000 is included in accrued liabilities in the consolidated balance sheet at December 31, 2018. The System has also entered into various other agreements. The future commitments under these agreements is $38,894 over the next seven years.

17. GENERAL AND PROFESSIONAL LIABILITY RISKS

The System is self-insured for substantially all general and professional liability risks. The self-insurance programs combine various levels of self-insured retention with excess commercial insurance coverage. Aurora's hospitals, clinics, surgery centers, physicians and certified registered nurse anesthetist providers that provide health care in Wisconsin are qualified health care providers that are fully covered for losses in excess of statutory limits through mandatory participation in the State of Wisconsin Injured Patients and Families Compensation Fund. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Revocable trust funds, administered by a trustee and a captive insurance company, have been established for the self-insurance programs. Actuarial consultants have been retained to determine the estimated cost of claims, as well as to determine the amount to fund into the irrevocable trust and captive insurance company.

The estimated cost of claims is actuarially determined based on past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. Accrued insurance liabilities and contributions to the trust were determined using a discount rate of 3.00% as of December 31, 2018. Total accrued insurance liabilities would have been $76,620 greater at December 31, 2018, had these liabilities not been discounted.

The System entities are defendants in certain litigation related to professional and general liability risks, and other matters. Although the outcome of the litigations cannot be determined with certainty, management believes, after consultation with legal counsel, that the ultimate resolution of the litigations will not have a material adverse effect on the System's operations or financial condition.

18. LEGAL, REGULATORY AND OTHER CONTINGENCIES

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. During the last few years, due to nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, exclusion from the Medicare and Medicaid programs and revocation of federal or state tax-exempt status. Moreover, the System expects that the level of review and audit to which it and other health care providers are subject will increase.

Various federal and state agencies have initiated investigations, which are in various stages of discovery, relating to reimbursement, billing practices and other matters of the System. There can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations, and

it is not possible to determine the impact, if any, such claims or penalties would have on the System. To foster compliance with applicable laws and regulations, the System maintains a compliance program designed to detect and correct potential violations of laws and regulations related to its programs.

19. INCOME TAXES AND TAX STATUS

The affiliates and subsidiaries of the System are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) and their related income is exempt from federal income tax. Accordingly, no income taxes are provided for the majority of the income in the accompanying consolidated financial statements for these entities. Unrelated business income is generated by certain of these entities through the provision of services or other activities not directly related to the provision of patient care.

At December 31, 2018, the System had $40,338 of federal and $60,481 of state net operating loss carryforward with unutilized amounts expiring between 2021 and 2037.

The System calculated income taxes for its taxable subsidiaries and affiliates. Taxable income differs from pretax book income primarily due to certain income and deductions for tax purposes being recorded in the consolidated financial statements in different periods. Deferred income tax assets and liabilities are recorded for the tax effect of these differences using enacted tax rates for the years in which the differences are expected to reverse.

In assessing the realizability of deferred tax assets, management considers whether it is more likely that not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible.

At December 31, 2018, the System had deferred tax assets of $34,812, including $13,167 related to net operating loss carryforwards. These deferred tax assets are partially offset by a valuation allowance of $12,748, which was recorded due to the uncertainty regarding the use of the deferred tax assets.

Provisions for federal, state and deferred income taxes of $(3,480) for the nine months ended December 31, 2018, are included in other nonoperating income, net in the consolidated statement of operations and changes in net assets.

20. AFFILIATION

On April 1, 2018, Advocate Aurora Health, Inc. became the sole corporate member of Advocate Health Care Network and Aurora Health Care, Inc. The System was formed in furtherance of the parties' common and unifying charitable health care mission to promote and improve the quality and expand the scope and accessibility of affordable health care and health care-related services for the communities they serve.

The Affiliation was accounted for as a merger in accordance with accounting principles generally accepted in the United States; therefore, the System has accounted for the merger by applying the carryover method.

The following pro forma financial information is prepared on a consolidated basis utilizing accounting records of Advocate and Aurora as if the System had been operating for the twelve-month period ended December 31, 2018 as a combined company. The System's pro forma revenues have been adjusted to include a previously non-consolidated lab joint venture (A2CL) as well as associated eliminations of activity and balances due between Advocate and Aurora. Additionally, certain accounting policies have been adjusted to align Advocate and Aurora within the pro forma information presented. Management believes the assumptions underlying the pro forma financial information presented, including the assumptions regarding the elimination of inter-company activity and accounting policy changes are reasonable. Nevertheless, the pro forma information may not reflect the results of operations and financial position had the System been a combined company and is not intended to project the System's results of operations for any future periods.

Total revenue	$	12,155,979
Increase in net assets without donor restrictions - attributable to controlling interest	$	74,009
Increase in net assets without donor restrictions - noncontrolling interest	$	2,166
Decrease in net assets with donor restrictions	$	(10,597)

ADVOCATE AURORA HEALTH, INC. AND ITS AFFILIATES AND SUBSIDIARIES
PROFORMA CONSOLIDATED BALANCE SHEET
(dollars in thousands)

	April 1, 2018				
	Aurora	Advocate	A2CL	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 171,402	$ 235,425	$ 1,278	$ —	$ 408,105
Assets limited as to use	4,523	104,543	—	—	109,066
Patient accounts receivable	744,668	726,045	—	—	1,470,713
Other current assets	193,669	348,921	12,317	(21,510)	533,397
Total current assets	1,114,262	1,414,934	13,595	(21,510)	2,521,281
Assets limited as to use	1,737,381	6,187,437	—	—	7,924,818
Property and equipment, net	2,445,763	2,987,734	—	—	5,433,497
Total other assets	273,788	498,605	1,579	(10,075)	763,897
TOTAL	$ 5,571,194	$ 11,088,710	$ 15,174	$ (31,585)	$ 16,643,493
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Current portion of long term-debt	$ 136,239	$ 120,901	$ —	$ —	$ 257,140
Accounts payable and accrued liabilities	623,687	829,635	18,127	(21,510)	1,449,939
Other current liabilities	31,653	425,468	—	—	457,121
Total current liabilities	791,579	1,376,004	18,127	(21,510)	2,164,200
NONCURRENT LIABILITES:					
Long-term debt, less current portion	1,266,070	1,539,105	—	—	2,805,175
Accrued insurance and claims costs, less current portion	27,381	636,856	—	—	664,237
Other long-term liabilities	382,919	359,597	—	(13,028)	729,488
Total noncurrent liabilities	1,676,370	2,535,558	—	(13,028)	4,198,900
Total liabilities	2,467,949	3,911,562	18,127	(34,538)	6,363,100
NET ASSETS:					
Without donor restrictions:					
Controlling interest	2,934,281	7,009,528	(2,953)	2,953	9,943,809
Noncontrolling interest in subsidiaries	104,168	570	—	—	104,738
Total net assets without donor restrictions	3,038,449	7,010,098	(2,953)	2,953	10,048,547
Net assets with donor restrictions	64,796	167,050	—	—	231,846
Total net assets	3,103,245	7,177,148	(2,953)	2,953	10,280,393
TOTAL	$ 5,571,194	$ 11,088,710	$ 15,174	$ (31,585)	$ 16,643,493

21. SUBSEQUENT EVENTS

In January 2019, Advocate Aurora Health, Inc., entered into a definitive agreement to acquire the remaining 51% interest in BAMC in exchange for a donation to a foundation to benefit BAMC. Upon completion of the transaction, BAMC and ABAMG will be fully consolidated within the consolidated financial statements of Aurora. This transaction is expected to close on April 1, 2019 pending regulatory approval. As of the issuance date of this report, management is unable to estimate the impact of this transaction to the consolidated financial statements.

On March 5, 2019, the System issued commercial paper in the amount of $50,000. The proceeds of the commercial paper were used to redeem the Series 2008C-2A bonds of $49,230 plus accrued interest, and certain costs related to the issuance of the commercial paper. The remaining proceeds were used for general corporate purposes. The standby bond purchase agreement related to the Series 2008C-2A bonds was canceled effective March 5, 2019.

The System evaluated events and transactions subsequent to December 31, 2018 through March 27, 2019, the date of financial statement issuance.

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Supplementary Information

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Report of Independent Auditors on Supplementary Information

The Board of Directors
Advocate Aurora Health, Inc. and its Affiliates and Subsidiaries

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating balance sheet and consolidating statement of operations are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst + Young LLP

March 27, 2019

A member firm of Ernst & Young Global Limited

ADVOCATE AURORA HEALTH, INC AND ITS AFFILIATES AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2018

Assets	Credit Group	Noncredit Group	Eliminations	Consolidated
Current assets:				
Cash and cash equivalents	$ 220,354	$ 377,503	$ (12,970)	$ 584,887
Assets limited as to use	102,003	4,241	–	106,244
Patient accounts receivable	1,275,630	210,630	–	1,486,260
Other current assets	436,189	116,691	(40,324)	512,556
Third-party payors receivables	17,165	628	–	17,793
Receivable from affiliate	75,953	226,679	(302,632)	–
Collateral proceeds received under securities lending program	18,869	–	–	18,869
Total current assets	2,146,163	936,372	(355,926)	2,726,609
Assets limited as to use:				
Internally designated for capital and other	6,902,505	39,141	–	6,941,646
Held for self-insurance	585,605	46,767	–	632,372
Donor restricted	61,239	58,520	–	119,759
Investments under securities lending program	18,310	–	–	18,310
Total assets limited as to use	7,567,659	144,428	–	7,712,087
Note receivable from affiliate	74,023	–	(74,023)	–
Property and equipment, net	5,088,044	530,144	8,287	5,626,475
Other assets:				
Intangible asset and goodwill, net	56,740	34,030	(1,441)	89,329
Investment in subsidiaries/affiliates	266,519	–	(266,519)	–
Investments in unconsolidated entities	201,948	25,107	(24,724)	202,331
Reinsurance receivable	60,741	–	–	60,741
Other noncurrent assets	592,025	37,190	(313,998)	315,217
Total other assets	1,177,973	96,327	(606,682)	667,618
Total assets	$ 16,053,862	$ 1,707,271	$ (1,028,344)	$ 16,732,789

ADVOCATE AURORA HEALTH, INC AND ITS AFFILIATES AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2018

Liabilities and net assets	Credit Group	Noncredit Group	Eliminations	Consolidated
Current liabilities:				
Current portion of long-term debt	$ 48,558	$ 21,035	$ (19,666)	$ 49,927
Long-term debt subject to short-term financing arrangements	162,025	–	–	162,025
Accounts payable and accrued liabilities	1,391,277	304,710	(24,863	1,671,124
Third-party payors payables	301,444	2,189	–	303,633
Current portion of accrued insurance and claims costs	117,815	4,546	–	122,361
Accounts payable to affiliate	226,830	75,06	(301,892)	–
Collateral under securities lending program	18,869	–	–	18,869
Total current liabilities	2,266,818	407,542	(346,421)	2,327,939
Noncurrent liabilities:				
Long-term debt, less current portion	2,789,699	99,172	(91,965)	2,796,906
Accrued insurance and claims cost, less current portion	558,859	34,437	–	593,296
Accrued losses subject to reinsurance recovery	60,741	–	–	60,741
Obligations under swap agreements	65,376	–	–	65,376
Due to affiliate	178,109	(104,086)	(74,023)	–
Other noncurrent liabilities	618,118	28,320	(884)	645,554
Total noncurrent liabilities	4,270,902	57,843	(166,872)	4,161,873
Total liabilities	6,537,720	465,385	(513,293)	6,489,812
Net assets:				
Without donor restrictions:				
Controlling interest	9,146,236	1,140,677	(386,195)	9,900,718
Noncontrolling interest in subsidiaries	37	2,308	116,123	118,468
Total net assets without donor restrictions	9,146,273	1,142,985	(270,072)	10,019,186
With donor restrictions	369,869	87,099	(233,177)	223,791
Common stock	–	1,863	(1,863)	–
Additional paid-in capital	–	84,672	(84,672)	–
Retained (deficit) earnings/partnership losses	–	(74,733)	74,733	–
Total net assets	9,516,142	1,241,886	(515,051)	10,242,977
Total liabilities and net assets	$ 16,053,862	$ 1,707,271	$ (1,028,344)	$ 16,732,789

ADVOCATE AURORA HEALTH, INC AND ITS AFFILIATES AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
Nine Months Ended December 31, 2018

	Credit Group	Noncredit Group	Eliminations	Consolidated
Revenue:				
Patient service revenue	$ 6,609,409	$ 1,210,444	$ $(286,385)	$ 7,533,468
Capitation revenue	479,970	570,112	(14,087)	1,035,995
Other revenue	433,244	521,400	(310,701)	643,943
Total revenue	7,522,623	2,301,956	(611,173)	9,213,406
Expenses:				
Salaries, wages and benefits	4,253,713	763,311	(24,010)	4,993,014
Supplies and purchased services	1,912,984	423,576	(103,453)	2,233,107
Contract medical services	188,767	631,580	(341,954)	478,393
Depreciation and amortization	374,296	38,216	(1,722)	410,790
Interest	79,303	5,748	(3,666)	81,385
Other	353,156	344,509	(94,997)	602,668
Total expenses	7,162,219	2,206,940	(569,802)	8,799,357
Operating income (loss) before nonrecurring expenses	360,404	95,016	(41,371)	414,049
Nonrecurring expenses	55,182	–	–	55,182
Operating income (loss)	305,222	95,016	(41,371)	358,867
Nonoperating income (loss)				
Investment loss, net	(253,683)	(4,435)	–	(258,118)
Loss on debt refinancing	(29,859)	–	–	(29,859)
Change in fair value of interest rate swaps	993	–	–	993
Other nonoperating income, net	4,809	(4,163)	–	646
Total nonoperating loss, net	(277,740)	(8,598)	–	(286,338)
Excess of revenue over expenses	27,482	86,418	(41,371)	72,529
Less noncontrolling interest	(610)	(355)	(33,418)	(34,383)
Excess of revenue over expenses - attributable to controlling interest	$ 26,872	$ 86,063	$ (74,789)	$ 38,146