

ORIGINAL

13-026

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT

RECEIVED

MAY 17 2013

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	Advocate Lutheran General Hospital-Surgery/Emergency Department Expansion				
Street Address:	1775 Dempster Street				
City and Zip Code:	Park Ridge, Illinois			60068	
County:	Cook	Health Service Area	7	Health Planning Area:	A-07

Applicant /Co-Applicant Identification (See next page for additional applicants)

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

Exact Legal Name:	Advocate Health and Hospitals Corporation dba Advocate Lutheran General Hospital				
Address:	2025 Windsor Drive, Oak Brook, Illinois 60523				
Name of Registered Agent:	Gail D. Hasbrouck				
Name of Chief Executive Officer:	Anthony Armada - President, Advocate Lutheran General Hospital				
CEO Address:	1775 Dempster Street, Park Ridge, Illinois 60068				
Telephone Number:	847-723-8446				

Type of Ownership of Applicant/Co-Applicant

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

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

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

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

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

Additional Contact

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

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

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

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION****This Section must be completed for all projects.****Facility/Project Identification**

Facility Name:	Advocate Lutheran General Hospital–Surgery/Emergency Department Expansion				
Street Address:	1775 Dempster Street				
City and Zip Code:	Park Ridge			60068	
County:	Cook	Health Service Area	7	Health Planning Area:	A-07

**Applicant /Co-Applicant Identification (See next page for additional applicants)****[Provide for each co-applicant [refer to Part 1130.220].**

Exact Legal Name:	Advocate Health Care Network				
Address:	2025 Windsor Drive, Oak Brook, Illinois 60523				
Name of Registered Agent:	Gail D. Hasbrouck				
Name of Chief Executive Officer:	James H. Skogsbergh				
CEO Address:	2025 Windsor Drive, Oak Brook, Illinois 60523				
Telephone Number:	(630) 990-5008				

**Type of Ownership of Applicant/Co-Applicant**

<input checked="" type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership		
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental		
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship	<input type="checkbox"/>	Other
<ul style="list-style-type: none"> <li>○ Corporations and limited liability companies must provide an <b>Illinois certificate of good standing</b>.</li> <li>○ Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li> </ul>					
<b>APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>					

**Primary Contact**

[Person to receive all correspondence or inquiries during the review period]

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

**Additional Contact**

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

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

**Additional Contact**

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

Name: Jeffrey So
Title: Director, Business Development/Community Relations
Company Name: Advocate Christ Medical Center
Address: 9401 S. Pulaski, Suite 201, Evergreen Park, IL 60805
Telephone Number: (708) 684-5763
E-mail Address: Jeffrey.So@advocatehealth.com
Fax Number: (708) 684-5707

**Additional Contact**

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

Name: Joe Ourth
Title: Attorney
Company Name: Arnstein & Lehr, LLP
Address: 120 S. Riverside Plaza, Suite 1200, Chicago, IL 60606-3910
Telephone Number: (312) 876-7815
E-mail Address: jourth@arnstein.com
Fax Number: (312) 876-6215

**Post Permit Contact**

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

Name:	Albert Manshum
Title:	Vice President, Facilities and Construction
Company Name:	Advocate Health Care
Address:	2025 Windsor Drive, Oak Brook, Illinois 60523
Telephone Number:	630-990-5546
E-mail Address:	Albert.Manshum@advocatenhealth.com
Fax Number:	630-990-4798

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Advocate Health and Hospitals Corporation
Address of Site Owner:	2025 Windsor Drive, Oak Brook, Illinois 60523
Street Address or Legal Description of Site:	2320 East 93 <sup>rd</sup> Street, Chicago, Illinois 60617
<b>Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.</b>	
<b>APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>	

**Operating Identity/Licensee**

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

Exact Legal Name:	Advocate Health and Hospitals Corporation dba Advocate Lutheran General Hospital		
Address:	1775 Dempster Street, Park Ridge, Illinois 60068		
<input checked="" type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li> <li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul>			
<b>APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

**Organizational Relationships**

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

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

**Flood Plain Requirements**

[Refer to application instructions.]

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

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

**Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

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

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

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

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

<p>Part 1110 Classification:</p> <p><input type="checkbox"/> Substantive</p> <p><input checked="" type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input type="checkbox"/> Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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## 2. Narrative Description

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

Advocate Lutheran General Hospital (“ALGH,” “Hospital”) was founded in 1896 and moved to its current site at 1775 Dempster Street in Park Ridge in 1959. Over the next decades the Hospital added new or more advanced clinical services to meet the needs of the growing community; for example, in 1986, the Hospital was designated as a Level I Trauma Center. In 1995, ALGH joined Advocate Health Care.

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

Within the last year, the Hospital updated its Strategic Facility Master Plan that includes the second major phase of redevelopment of the original 1959 structure. This second major phase includes a multi-year plan to expand and modernize several key services including the Level I Trauma Center/Emergency Department, Surgery, other Interventional Services and Imaging. The currently proposed Project is the initial phase in the new multi-year plan.

In addition to clinical services – more specifically Level I Trauma/Emergency Services and Surgery, this initial phase also includes investment in infrastructure in anticipation of future phases of development as capital becomes available and certificate of need approvals are granted. This infrastructure includes a new loading dock, a materials management support function, and mechanical upgrades.

Today the number of patients seeking care at the Level I Trauma Center/Emergency Department exceeds the capacity of the Department. In order to improve access and provide a safe and efficient environment, the Hospital is proposing to increase the number of treatment areas (trauma rooms and treatment stations) from 33 to 40. The 3 existing trauma rooms and 12 adult treatment rooms will remain “as is.” Nine (9) pediatric treatment stations and administrative/teaching space will be developed in existing modernized space. The remainder of the department will be in new construction and will include a new entry and drop off area, reception/registration, adult patient waiting and 16 additional adult treatment stations and an

Observation Unit.. A dedicated parking lot with from 60 to 70 parking spaces for emergency patients will also be developed.

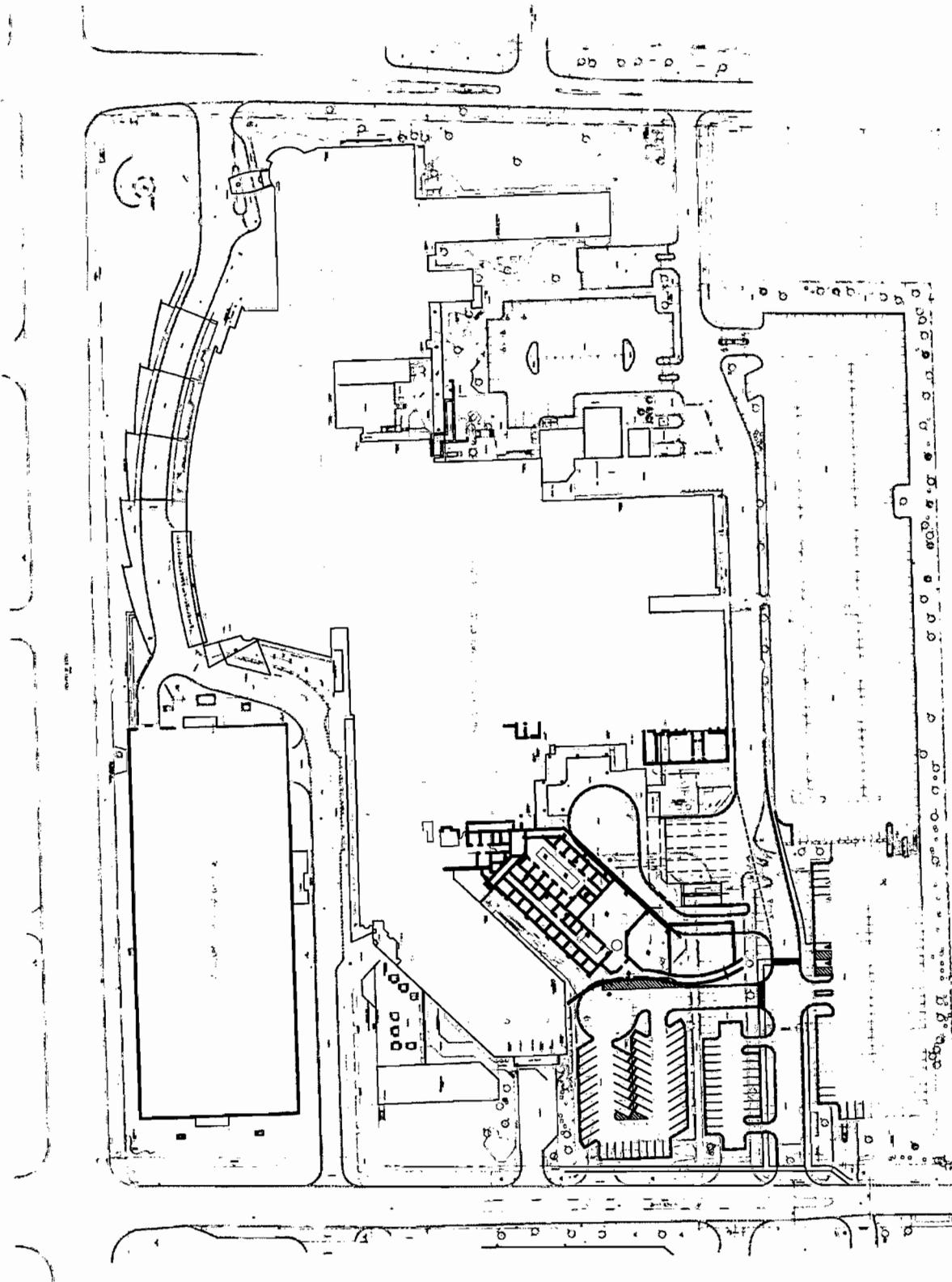
The number of surgery patients also exceeds the capacity of the Surgery Department. Today, the Hospital's Advanced Surgical Services Institute is a national leader of minimally invasive surgery and robotics in a number of specialties. Many of the existing operating rooms are too small to accommodate the number of staff and the large equipment that is needed for these procedures. Further, the existing operating rooms are being utilized at substantially higher rates than the State Guidelines. To address these shortfalls, the Hospital is proposing to add 2 operating rooms in new construction and 2 Phase I recovery stations in modernized space. Further expansion of surgery is part of the Hospital's future development (and not part of this application).

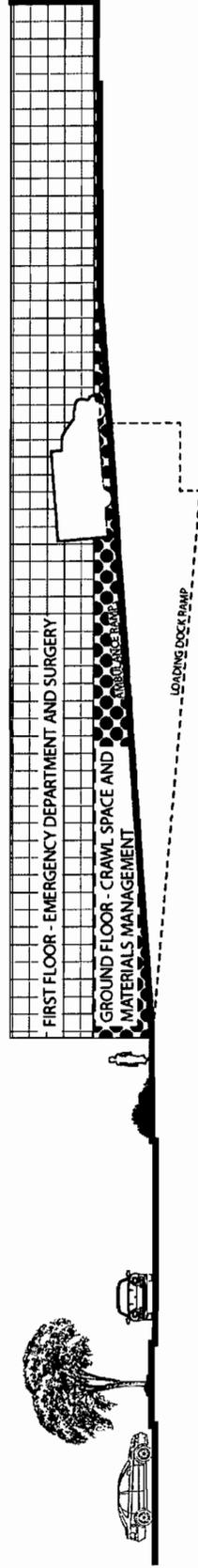
The Hospital is targeting LEED Silver for Healthcare certification for the Project. A site plan showing the locations of new construction on the campus and a stacking diagram showing the location of the new loading dock are included as Narrative, Exhibits 1 and 2.

Of the total Project square footage, 66,211 DGSF will be clinical space (13,911 DGSF new construction, 1,327 DGSF in modernization, and 50,973 DGSF "as is") and 61,932 DGSF will be non clinical for a total of 128,143 GSF. Total project cost is \$39,642,456. The expected Project completion date is September 30, 2016.

The Project has received strong community support; letters of support are included as Narrative, Exhibit 3.

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





**SITE SECTION/STACKING DIAGRAM**  
 ADVOCATE LUTHERAN GENERAL HOSPITAL

Support Letter

City of Park Ridge  
Fire Department

Michael Zywanski, Fire Chief

City of Park Ridge  
Police Department

Frank J. Kaminski, Chief of Police

Advocate Lutheran General Hospital  
Park Ridge, Illinois

Douglas A. Proop, MD, FACEP, FACPE  
Medical Director and Chair  
Department of Emergency Medicine

Advocate Lutheran General Hospital  
Park Ridge, Illinois

John White, MD  
Chief, Department of Surgery



**CITY OF PARK RIDGE  
FIRE DEPARTMENT**

901 W. DEVON AVE  
PARK RIDGE, IL 60068  
TEL: 847/318-5283  
FAX: 847/318-5314  
TDD: 847/318-5252  
www.parkridgefd.org

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MICHAEL A. ZYWANSKI  
FIRE CHIEF

April 11, 2013

Mr. Dale Galassie, Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Dear Mr. Galassie,

Advocate Lutheran General Hospital (ALGH) is undergoing a project to improve access to the Surgical and Emergency Room services. ALGH is proposing this expansion to add capacity, ultimately improving efficiency and patient flow over the next 10 years.

With the increasing utilization of the emergency department, ALGH is in need of additional space to accommodate the increasing patient volume. These additions will greatly enhance our capability as a Fire Department Advanced Life Support Ambulance Service. With the additional patient treatment capacity in the Emergency Department, our paramedics will be able to more quickly and efficiently transfer patient care to the ALGH Emergency Department staff, thereby increasing our paramedic's ability to be available for additional responses in our community. This is a critical need for our Fire Department, as we are experiencing an eighteen percent (18%) increase in simultaneous calls since January 1 of 2013.

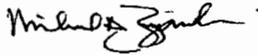
The project will also include the expansion of Operating Room (OR) capacity and room size. Having additional OR capacity is also a critical need for a Level 1 Trauma Center such as ALGH. The increased OR capacity will be a significant benefit to our community and to the quality of Trauma Care that is provided by the partnership of ALGH and the Park Ridge Fire Department.



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

In summary, I feel very strongly that this project is necessary to address the efficiency concerns with the configuration and sizing of the existing treatment areas. Moreover, as I have already stated, I believe these additions will better service our community, our patients and improve their safety. I would appreciate your support for this project and look forward to better servicing the needs of the community.

Sincerely,



Michael A. Zywanski  
Fire Chief  
City of Park Ridge Fire Department  
901 Devon Avenue  
Park Ridge, Illinois 60068  
Direct: 847-318-5259  
Fax: 847-318-5314  
[mzywansk@parkridgefd.org](mailto:mzywansk@parkridgefd.org)



**CITY OF PARK RIDGE  
POLICE DEPARTMENT**

200 S. VINE AVE  
PARK RIDGE, IL 60068  
TEL: 847/318-5252  
FAX: 847/318-5308  
TDD: 847/318-5252  
www.parkridgepolice.org

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FRANK J. KAMINSKI  
CHIEF OF POLICE

April 9, 2013

Mr. Dale Galassie, Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Dear Mr. Galassie:

Advocate Lutheran General Hospital (ALGH) is recognized as a Level I Trauma Center serving north and northwestern parts of Illinois. It also is designated as the "Presidential Hospital" by the Secret Service when the President is in the area. As a result, ALGH's emergency room receives a high volume of patients.

Unfortunately, its current ER facility is totally inadequate to meet their demanding needs as a Level I Trauma Center. Since the Park Ridge Police Department works closely with LGH Security, it has been brought to my attention by my staff how at times the ER is overcrowded. This overcrowding creates a public safety hazard for patients and staff.

This new renovation will address the overcrowding issue and make the space more conducive to public safety. Therefore, I support Phase I renovation and look forward to seeing these improvements.

Sincerely,

Frank Kaminski  
Chief of Police

Fk/kh



**Advocate  
Lutheran General Hospital  
Lutheran General Children's Hospital**

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

May 7, 2013

Mr. Dale Galassie, Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Dear Mr. Galassie,

As you may be aware, Advocate Lutheran General Hospital plans to expand our Emergency Department and Surgical Services. The intent is to improve service to our patient population and match our services to the growing number and complexity of patients we see in the Emergency Department. Given our increased utilization, higher acuity, consistent with our demographics, as well as a desire to be most cost effective, additional space to accomplish this is necessary. Much like other Emergency Departments in the country, we are challenged at times to accommodate patients in a timely fashion.

I am confident that with the enhancements we are planning we will be able to serve the needs of our community better. On behalf of the Department of Emergency Medicine, we appreciate your support.

Sincerely,

Douglas A. Propp, MD, FACEP, FACPE  
Medical Director and Chair  
Department of Emergency Medicine  
Clinical Associate Professor  
Department of Internal Medicine/Emergency Medicine  
University of Chicago

DAP/jmh  
g:\emmed\winword\propp\letters\galassiedale.doc

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

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





**Advocate  
Lutheran General Hospital  
Lutheran General Children's Hospital**

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

May 9, 2013

Mr. Dale Galassie, Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

Dear Mr. Galassie,

Advocate Lutheran General Hospital (ALGH) is undergoing a project to expand our emergency department and surgical services. The project includes the addition of two operating rooms to meet the need of our increasing surgical volumes at the hospital as well as an expansion and modernization of our emergency department. In both areas, ALGH has been challenged by higher numbers and complexity of patients which require different physical accommodations to meet their care needs.

Advocate Lutheran General Hospital has consistently achieved excellent patient outcomes in surgery as documented by the National Surgical Quality Improvement Program of the American College of Surgeons. The excellent outcomes have been achieved through our safe incorporation of surgical technology.

We currently have safety and efficiency concerns with the configuration and sizing of our existing operating rooms for the addition of new technology needed to handle our growing volume of patients with complex surgical problems. The construction of these operating rooms will address these space limitations and will allow us to better serve our community and our patients.

On behalf of the Department of Surgery, we appreciate the opportunity to present this needed project before the Board.

Sincerely,

John White, M.D.  
Chair, Department of Surgery

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

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



**Project Costs and Sources of Funds**

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

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL Reviewable</b>	<b>NONCLINICAL Non-Reviewable</b>	<b>TOTAL</b>
Preplanning Costs	\$ 31,692	\$ 81,493	\$ 113,185
Site Survey and Soil Investigation	\$ 27,000	\$ 123,000	\$ 150,000
Site Preparation	\$ 315,540	\$ 1,437,460	\$ 1,753,000
Off Site Work	\$ -	\$ -	\$ -
New Construction Contracts	\$ 6,053,744	\$ 16,276,020	\$ 22,329,764
Modernization Contracts	\$ 393,378	\$ 162,698	\$ 556,076
Contingencies	\$ 661,158	\$ 2,457,588	\$ 3,118,746
Architectural/Engineering Fees	\$ 617,274	\$ 1,587,276	\$ 2,204,550
Consulting and Other Fees	\$ 355,663	\$ 914,563	\$ 1,270,226
Movable or Other Equipment (not in construction contracts)	\$ 2,101,000	\$ 1,298,974	\$ 3,399,974
Bond Issuance Expense (project related)	\$ 100,737	\$ 259,038	\$ 359,775
Net Interest Expense During Construction (project related)	\$ 559,919	\$ 1,439,792	\$ 1,999,711
Fair Market Value of Leased Space or Equipment			\$ -
Other Costs To Be Capitalized <sup>1</sup>	\$ 668,486	\$ 1,718,963	\$ 2,387,449
Acquisition of Building or Other Property (excluding land)			\$ -
<b>TOTAL USES OF FUNDS</b>	<b>\$ 11,885,591</b>	<b>\$ 27,756,865</b>	<b>\$ 39,642,456</b>
<b>SOURCE OF FUNDS</b>	<b>CLINICAL Reviewable</b>	<b>NONCLINICAL Non-Reviewable</b>	<b>TOTAL</b>
Cash and Securities			\$ 10,860,460
Pledges			
Gifts and Bequests			
Bond Issues (project related)			\$ 28,781,996
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,642,456</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

<sup>1</sup> Includes a temporary structure, see page 42

**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: \$ 225,000  
 Fair Market Value: \$ 225,000  
 Purchase Agreement \$ \*

\* A letter describing the fair market value of the land to be purchased as well as a letter of intent to purchase the land are included in Appendix 1. The signed purchase agreement will be provide to the HFSRB as soon as it has been executed.

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 \$ NA.

**Project Status and Completion Schedules**

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): September 30, 2016

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

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

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

**State Agency Submittals**

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

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

This attachment is included on the following page.



**Facility Bed Capacity and Utilization**

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

<b>FACILITY NAME: Advocate Lutheran General Hospital</b>		<b>CITY: Park Ridge, Illinois</b>			
<b>REPORTING PERIOD DATES: From: December 31, 2010</b>		<b>To: December 31, 2011</b>			
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days<sup>1</sup></b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical	313	17,480	82,118	-	313
Obstetrics	62	4,113	12,387		62
Pediatrics	48	2,209	9,400	-	48
Intensive Care	61	3,035 <sup>2</sup>	13,593		61
Comprehensive Physical Rehabilitation	45	905	12,332		45
Acute/Chronic Mental Illness	55	1,393	11,557		55
Neonatal Intensive Care	54	451	12,658		54
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
<b>TOTALS:</b>	<b>638</b>	<b>29,586</b>	<b>154,045</b>	<b>0</b>	<b>638</b>

<sup>1</sup> Includes observation days

<sup>2</sup> Excludes patients transferred from another unit of the hospital

**Facility Bed Capacity and Utilization**

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

<b>FACILITY NAME: Advocate Lutheran General Hospital</b>		<b>CITY: Park Ridge, Illinois</b>			
<b>REPORTING PERIOD DATES: From: December 31, 2011 To: December 31, 2012</b>					
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days<sup>1</sup></b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical	313	17,124	79,351		313
Obstetrics	62	4,243	13,144		62
Pediatrics	48	1,979	9,879		48
Intensive Care	61	3,036 <sup>2</sup>	13,243		61
Comprehensive Physical Rehabilitation	45	930	12,285		45
Acute/Chronic Mental Illness	55	1,265	10,536		55
Neonatal Intensive Care	54	448	13,405		54
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
<b>TOTALS:</b>	<b>638</b>	<b>29,025</b>	<b>151,843</b>	<b>0</b>	<b>638</b>

<sup>1</sup> Includes observation days

<sup>2</sup> Excludes patients transferred from another unit of the hospital

**CERTIFICATION**

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

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

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

*William Santulli*  
 SIGNATURE  
William Santulli  
 PRINTED NAME  
Executive VP/COO  
 PRINTED TITLE

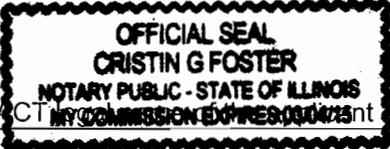
*Anthony A. Armada*  
 SIGNATURE  
Anthony A. Armada  
 PRINTED NAME  
President  
 PRINTED TITLE

Notarization:  
 Subscribed and sworn to before me  
 this 3 day of May 2013

Notarization:  
 Subscribed and sworn to before me  
 this 29th day of April 2013

*Cristin G. Foster*  
 Signature of Notary

*Susan M. Lafin*  
 Signature of Notary

Seal  
  
 \*Insert EX/CT

Seal  


**CERTIFICATION**

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

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

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

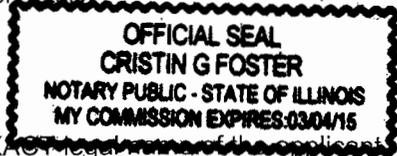
*William Santolli*  
SIGNATURE  
William Santolli  
PRINTED NAME  
Exec VP/COO  
PRINTED TITLE

*Dominic Nalis*  
SIGNATURE  
Dominic Nalis  
PRINTED NAME  
Sr VP/CFO  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 3 day of May 2013

*Cristin G Foster*  
Signature of Notary

Seal

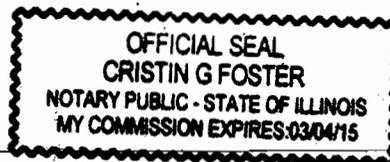


\*Insert EXACT legal name of the applicant

Notarization:  
Subscribed and sworn to before me  
this 3 day of May 2013

*Cristin G Foster*  
Signature of Notary

Seal



After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

<b>INDEX OF ATTACHMENTS</b>		
<b>ATTACHMENT NO.</b>		<b>PAGES</b>
1	Applicant/Co-applicant Identification including Certificate of Good Standing	25 – 27
2	Site Ownership	28 – 29
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	30 – 32
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	33 – 35
5	Flood Plain Requirements	36 – 38
6	Historic Preservation Act Requirements	39 – 40
7	Project and Sources of Funds Itemization	41 – 43
8	Obligation Document if required	44
9	Cost Space Requirements	45 – 46
10	Discontinuation	NA
11	Background of the Applicant	47 – 52
12	Purpose of the Project	53 – 70
13	Alternatives to the Project	71 – 84
14	Size of the Project	85 – 97
15	Project Service Utilization	98 – 100
16	Unfinished or Shell Space	NA
17	Assurances for Unfinished/Shell Space	NA
18	Master Design Project	NA
19	Mergers, Consolidations and Acquisitions	NA
	<b>Service Specific:</b>	
20	Medical Surgical Pediatrics, Obstetrics, ICU	NA
21	Comprehensive Physical Rehabilitation	NA
22	Acute Mental Illness	NA
23	Neonatal Intensive Care	NA
24	Open Heart Surgery	NA
25	Cardiac Catheterization	NA
26	In-Center Hemodialysis	NA
27	Non-Hospital Based Ambulatory Surgery	NA
28	General Long Term Care	NA
29	Specialized Long Term Care	NA
30	Selected Organ Transplantation	NA
31	Kidney Transplantation	NA
32	Subacute Care Hospital Model	NA
33	Post Surgical Recovery Care Center	NA
34	Children's Community-Based Health Care Center	NA
35	Community-Based Residential Rehabilitation Center	NA
36	Long Term Acute Care Hospital	NA
37	Clinical Service Areas Other than Categories of Service	101 – 140
38	Freestanding Emergency Center Medical Services	NA
	<b>Financial and Economic Feasibility:</b>	
39	Availability of Funds	141
40	Financial Waiver	142
41	Financial Viability	143
42	Economic Feasibility	144 – 147
43	Safety Net Impact Statement	148 – 156
44	Charity Care Information	157 – 164
Appendix 1	Fair Market Value Report / Letter of Intent to Purchase	165 – 173
Appendix 2	Rating Agency Letters	174 – 196

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

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

**Type of Ownership of Applicant/Co-Applicant**

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

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

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

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



**To all to whom these Presents Shall Come, Greeting:**

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

ADVOCATE HEALTH 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.



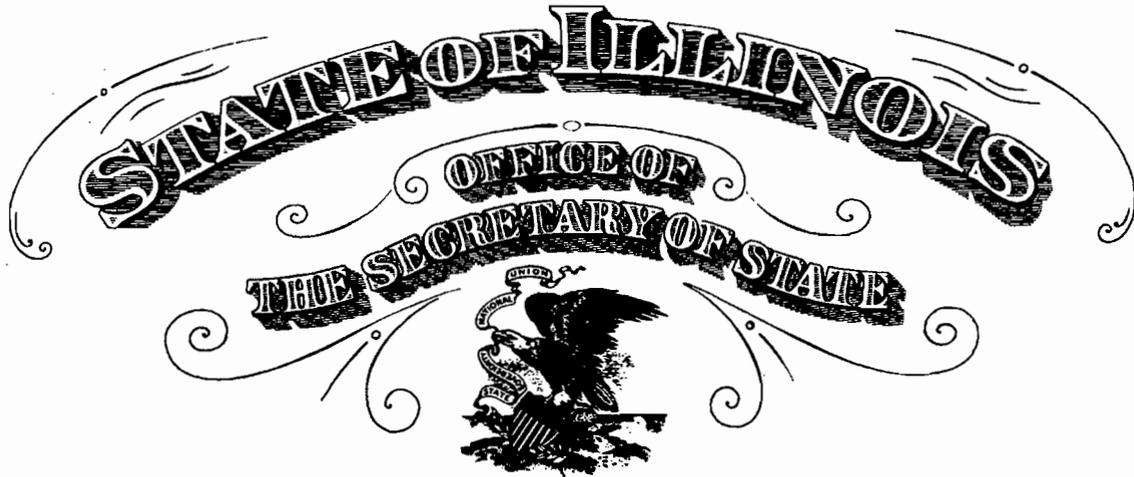
Authentication #: 1308801454

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 29TH day of MARCH A.D. 2013 .***

*Jesse White*

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

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

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



Authentication #: 1308801466  
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 29TH day of MARCH A.D. 2013 .

Jesse White

SECRETARY OF STATE

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

### Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Advocate Health and Hospitals Corporation
Address of Site Owner:	2025 Windsor Drive, Oak Lawn, Illinois 60523
Street Address or Legal Description of Site:	2320 East 93 <sup>rd</sup> Street, Chicago, Illinois 60617
<b>Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.</b>	
<b>APPEND DOCUMENTATION AS <u>ATTACHMENT-2</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>	

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

April 29, 2013

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

Re: Advocate Lutheran General Hospital  
Hospital Modernization Project

Dear Ms. Avery:

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

We trust this attestation complies with the State Agency Proof of Ownership requirement indicated in the May 2010 Permit Application Edition.

Respectfully,



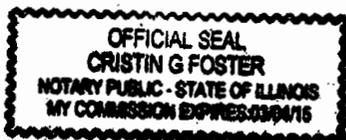
William Santulli  
Executive Vice President/COO  
Advocate Health Care

Notarization:

Subscribed and sworn to before me  
This 3 day of May 2013

Signature of Notary

(Seal of Notary)



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

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

**Operating Identity/Licensee**

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

Exact Legal Name:	Advocate Health and Hospitals Corporation dba Advocate Lutheran General Hospital		
Address:	1775 Dempster Street, Park Ridge, Illinois 60068		
<input checked="" type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
		<input type="checkbox"/>	Other
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li> <li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul>			
<p><b>APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b></p>			

Illinois Certificates of Good Standing for Advocate Health Care Network and Advocate Health and Hospitals Corporation are appended as Attachment 3, Exhibits 1 and 2.



**To all to whom these Presents Shall Come, Greeting:**

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

ADVOCATE HEALTH 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.



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*Jesse White*

SECRETARY OF STATE

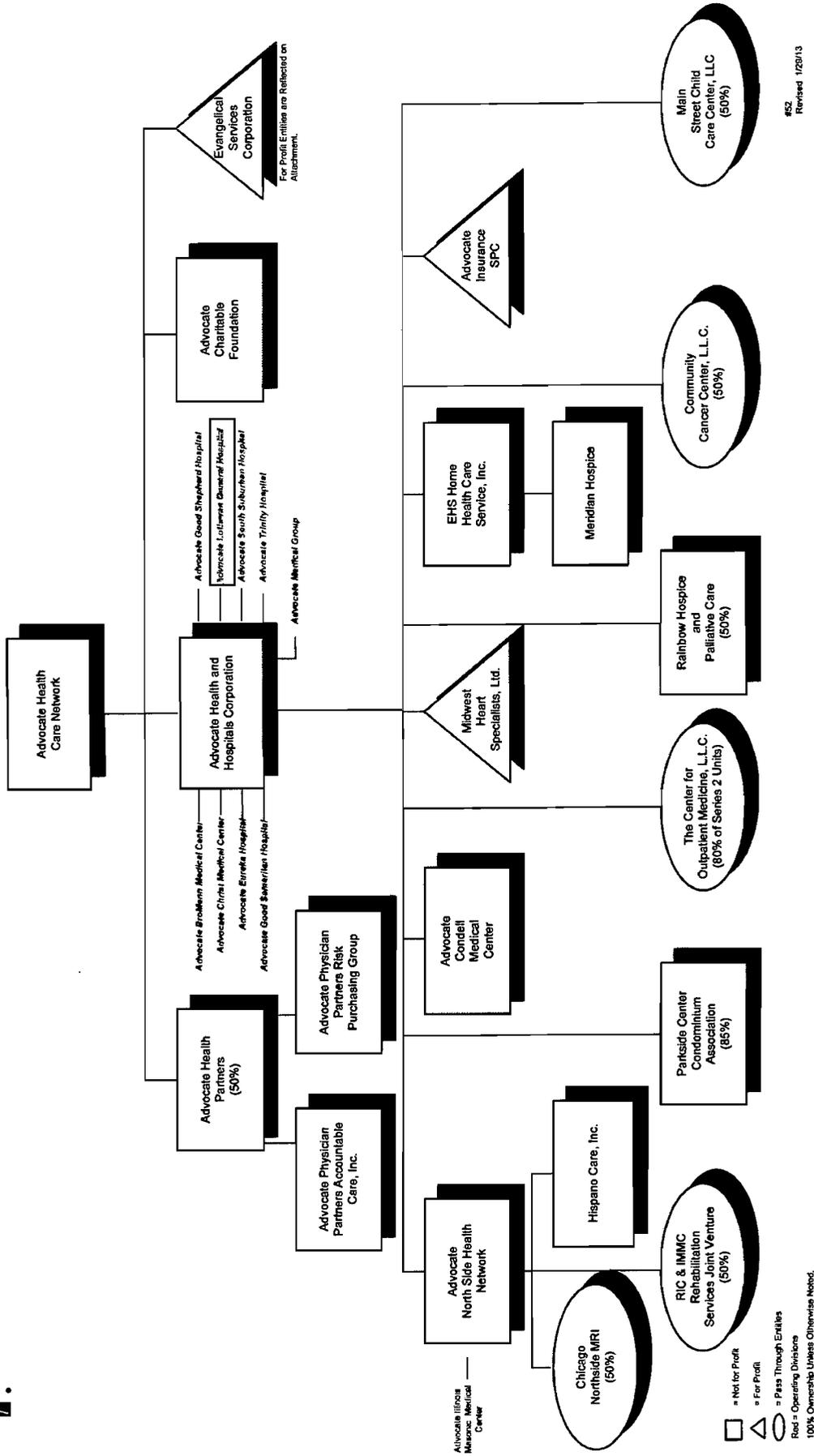
## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

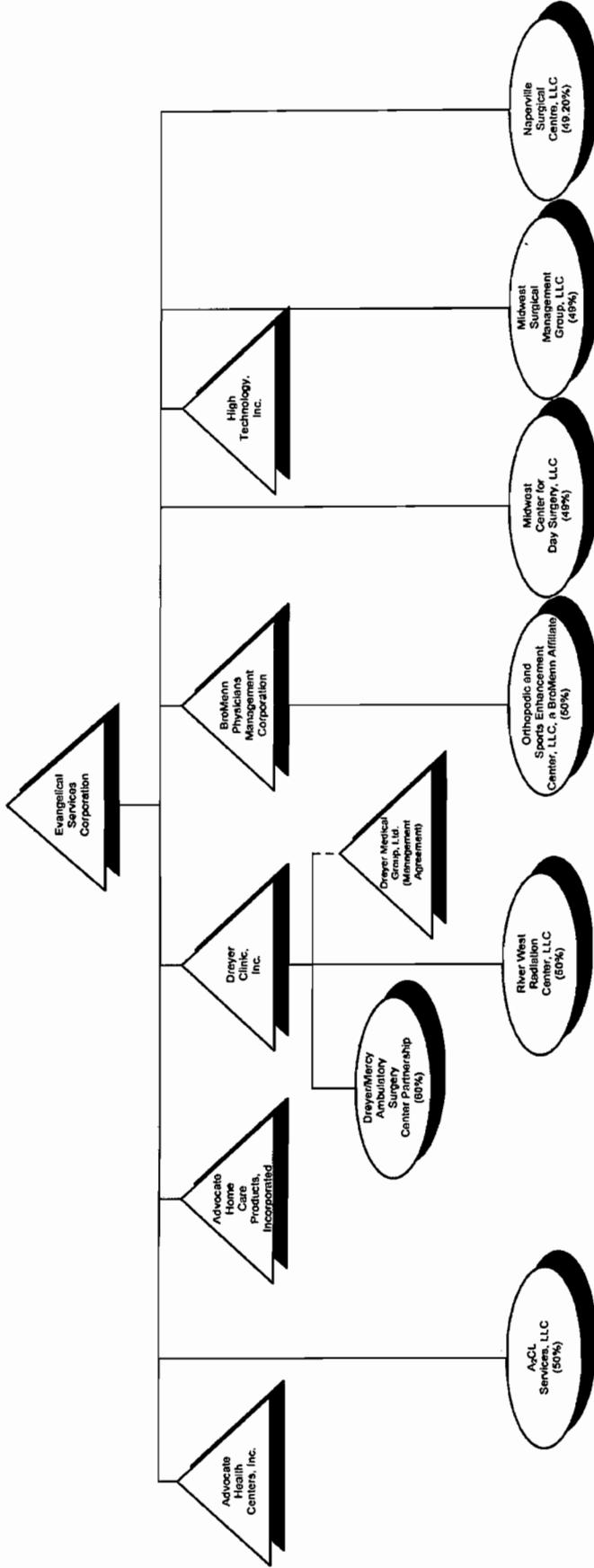
### Organizational Relationships

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

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

Attachment 4, Exhibit 1, is an organizational chart of Advocate Health Care Network. It shows all of the organizations relevant to this Project including Advocate Health Care Network, Advocate Health and Hospitals Corporation and Advocate Lutheran General Hospital. Detail pertaining to Evangelical Services Corporation is included as Attachment 4, Exhibit 2.





▲ = For Profit Corporation  
 ○ = Pass Through Entities  
 ○ = 100% Ownership Unless Otherwise Noted

#52 Revised 2/23/10

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

### Flood Plain Requirements

[Refer to application instructions.]

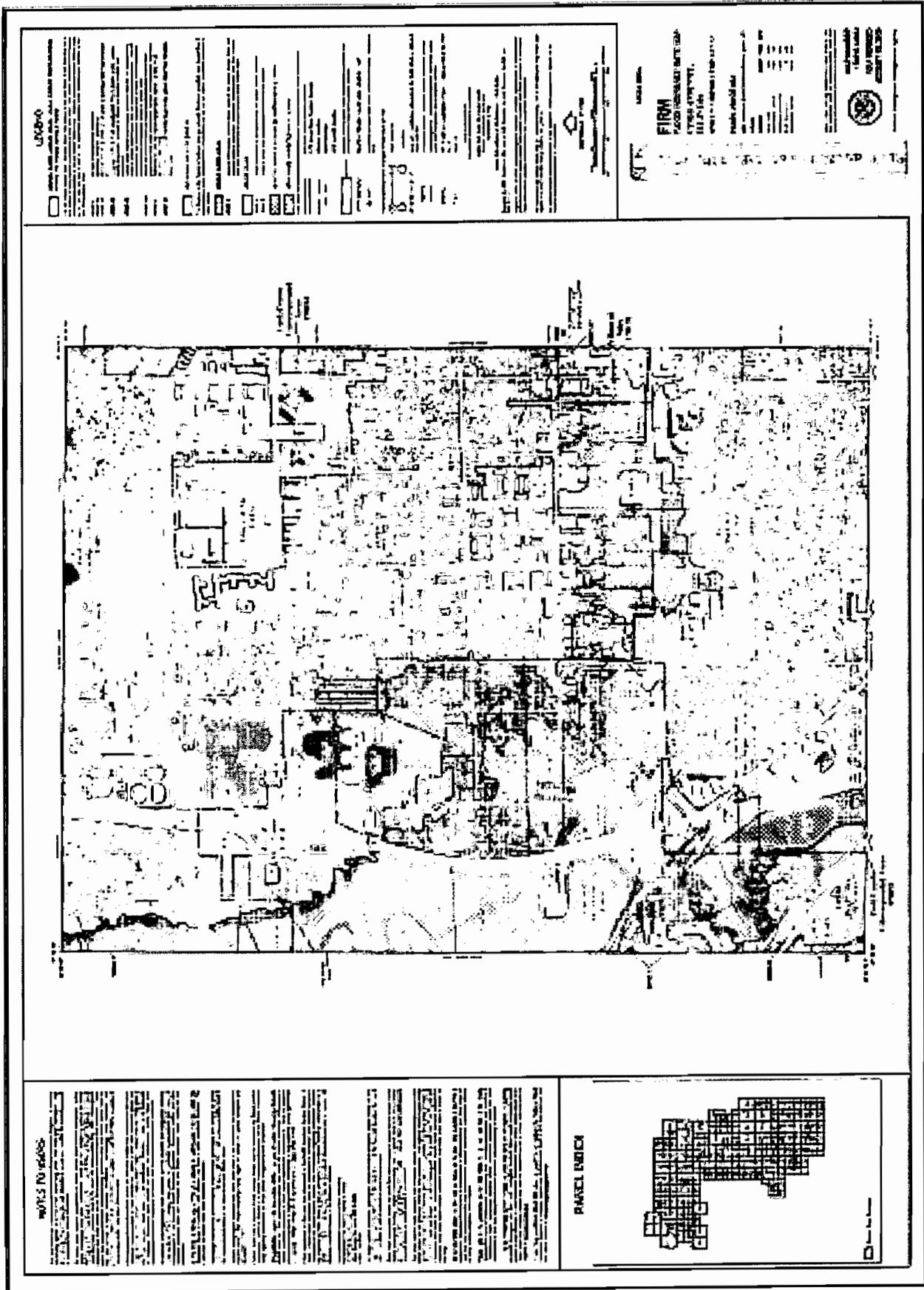
Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain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

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

In accordance with the Flood Plain Requirements in the May 10, 2010 Edition of the Certificate of Need application and Illinois Executive Order #2005-5, and by the signatures on this application, Advocate Health and Hospitals Corporation submits the following.

Advocate Health and Hospitals Corporation dba Advocate Lutheran General Hospital attests that the proposed modernization of Surgery, Phase I Recovery, Level I Trauma/Emergency Department, and Observation Unit is not in a flood plain and that the location complies with Flood Plain Rule under Executive Order #2005-5.

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



**NOTES TO BEANS**

1. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE CITY OF CHICAGO ORDINANCES AND THE ILLINOIS CONSTRUCTION CODE.

2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF CHICAGO AND THE ILLINOIS DEPARTMENT OF TRANSPORTATION.

3. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT PROPERTIES AND PUBLIC UTILITIES AT ALL TIMES.

4. THE CONTRACTOR SHALL PROTECT ALL EXISTING UTILITIES AND STRUCTURES TO REMAIN.

5. THE CONTRACTOR SHALL MAINTAIN ADEQUATE DRAINAGE AND EROSION CONTROL MEASURES THROUGHOUT THE CONSTRUCTION PROCESS.

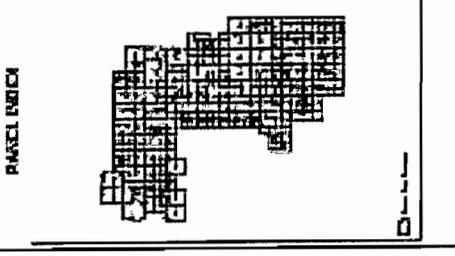
6. THE CONTRACTOR SHALL MAINTAIN ADEQUATE SAFETY AND SECURITY MEASURES ON THE CONSTRUCTION SITE.

7. THE CONTRACTOR SHALL MAINTAIN ADEQUATE RECORDS OF ALL CONSTRUCTION ACTIVITIES AND MATERIALS USED.

8. THE CONTRACTOR SHALL MAINTAIN ADEQUATE COMMUNICATIONS WITH ALL STAKEHOLDERS AND THE PUBLIC.

9. THE CONTRACTOR SHALL MAINTAIN ADEQUATE RECORDS OF ALL CONSTRUCTION ACTIVITIES AND MATERIALS USED.

10. THE CONTRACTOR SHALL MAINTAIN ADEQUATE COMMUNICATIONS WITH ALL STAKEHOLDERS AND THE PUBLIC.



**UNIFORM**

1. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE CITY OF CHICAGO ORDINANCES AND THE ILLINOIS CONSTRUCTION CODE.

2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF CHICAGO AND THE ILLINOIS DEPARTMENT OF TRANSPORTATION.

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10. THE CONTRACTOR SHALL MAINTAIN ADEQUATE COMMUNICATIONS WITH ALL STAKEHOLDERS AND THE PUBLIC.

**FIRM**

ARCHITECT

1234 N. STATE ST.

CHICAGO, IL 60610

PHONE: (312) 555-1234

FAX: (312) 555-5678

WWW: WWW.FIRM.COM

**SCALE**

1" = 10'

**DATE**

5/16/2013

**PROJECT**

80E ALGH SURGERY AND ED CON

**DESIGNER**

ARCHITECT

**DATE**

5/16/2013



# Illinois State Water Survey

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



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

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

### Site description of determination:

Site address: Advocate Lutheran General Hospital (main campus + west pavilion), 1775 Dempster St.  
City, state, zip: Park Ridge, IL  
County: Cook Sec¼: N½ of N½ Section: 22 T. 41 N. R. 12 E. PM: 3rd  
Subject area: Within area bounded by Dempster St. on the north, Vernon Ave. on the west, Western Ave. on the east, and Farrell Ave. extended (the S line of the N½ N½ Sec. 22) on the south.

### The property described above IS NOT located in a Special Flood Hazard Area (SFHA).

Floodway mapped: Yes Floodway on property: No  
Source used: FEMA Flood Insurance Rate Map (FIRM). An annotated copy is attached.  
Community name: City of Park Ridge, IL Community number: 170146  
Panel/map number: 17031C0236 F Effective Date: November 6, 2000  
Flood zone: X [unshaded] Base flood elevation: N/A ft NGVD 1929

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

### The primary structure on the property:

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

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

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

William Saylor  
William Saylor, Illinois State Water Survey

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

Printed on recycled paper

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

### Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

Attachment 6, Exhibit 1, is a letter from the Illinois Historic Resources Preservation Agency which documents that no historic, architectural, or archeological sites exist within Advocate Lutheran General Hospital's proposed construction site.



**Illinois Historic  
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • [www.illinois-history.gov](http://www.illinois-history.gov)

Cook County  
Park Ridge

CON - Expansion of Emergency and Surgery Departments, Advocate Lutheran General  
Hospital  
1775 Dempster St.  
IHPA Log #006032713

April 10, 2013

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

Dear Ms. Scheuerman:

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

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

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

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker  
Deputy State Historic  
Preservation Officer

*A teletypewriter for the speech/hearing impaired is available at 217-524-7128. It is not a voice or fax line.*

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

### Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL Reviewable	NONCLINICAL Non-Reviewable	TOTAL
Preplanning Costs	\$ 31,692	\$ 81,493	\$ 113,185
Site Survey and Soil Investigation	\$ 27,000	\$ 123,000	\$ 150,000
Site Preparation	\$ 315,540	\$ 1,437,460	\$ 1,753,000
Off Site Work	\$ -	\$ -	\$ -
New Construction Contracts	\$ 6,053,744	\$ 16,276,020	\$ 22,329,764
Modernization Contracts	\$ 393,378	\$ 162,698	\$ 556,076
Contingencies	\$ 661,158	\$ 2,457,588	\$ 3,118,746
Architectural/Engineering Fees	\$ 617,274	\$ 1,587,276	\$ 2,204,550
Consulting and Other Fees	\$ 355,663	\$ 914,563	\$ 1,270,226
Movable or Other Equipment (not in construction contracts)	\$ 2,101,000	\$ 1,298,974	\$ 3,399,974
Bond Issuance Expense (project related)	\$ 100,737	\$ 259,038	\$ 359,775
Net Interest Expense During Construction (project related)	\$ 559,919	\$ 1,439,792	\$ 1,999,711
Fair Market Value of Leased Space or Equipment			\$ -
Other Costs To Be Capitalized <sup>1</sup>	\$ 668,486	\$ 1,718,963	\$ 2,387,449
Acquisition of Building or Other Property (excluding land)			\$ -
<b>TOTAL USES OF FUNDS</b>	<b>\$ 11,885,591</b>	<b>\$ 27,756,865</b>	<b>\$ 39,642,456</b>
SOURCE OF FUNDS	CLINICAL Reviewable	NONCLINICAL Non-Reviewable	TOTAL
Cash and Securities			\$ 10,860,460
Pledges			
Gifts and Bequests			
Bond Issues (project related)			\$ 28,781,996
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,642,456</b>
NOTE ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT - 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

<sup>1</sup> Includes a temporary structure, see page 42

## Description of Temporary Structure

The expansion of the Level I Trauma Center/Emergency Department at Advocate Lutheran General Hospital (“ALGH,” “Hospital”) requires that the existing emergency waiting room be demolished to make way for the construction of new treatment stations and an Observation Unit.

The project team including ALGH leadership, the architects and the representatives of the construction company reviewed several possible options for keeping the existing waiting room operational during construction, but because of the construction requirements and the limitations of the site, they were all rejected.

However, the team identified a vacated kitchen and dining room located in space adjacent to the Emergency Department. With a limited amount of modernization, this space can be made code and life safety compliant and be suitable for patient waiting at a feasible cost. The team determined that the alternative of choice is to reuse the vacated kitchen and dining room as a temporary structure for Emergency Department support. At the completion of the Project, the temporary structure will remain as is, but not for clinical occupation until some future phase of Master Plan implementation.

The cost of modernizing has been included in “Other Costs To Be Capitalized.”

**PROJECT COSTS**

Items	Cost
Pre-Planning	\$ 113,185
Site and Facility Planning	15,000
Programming thru Conceptual Planning	98,185
Site survey (investigation, traffic)	150,000
Site Preparation	1,753,000
Prep Work (Clearing, grading, shoring, lots and utilities)	943,000
Earthwork, drainage, stone, foundation prep	810,000
Architect/Eng. Fees	2,204,550
Consulting and Other Fees	1,270,226
Const. Admin & Misc. Consultants	195,776
A/E RFI + Operational Consultants / Misc. Analysis	224,600
Reimbursables/ Renderings / Misc. support	117,502
MEP /Envelope, LEED Commissioning	225,000
Peer Review, Equipment planner	145,776
Miscellaneous	361,572
Movable / Equipment	3,399,974
Surgical	2,101,000
ED Misc. Equipment	520,092
PACS Hardware / Server / Station Equipment	195,000
General Equip.	96,000
Miscellaneous equipment	487,882
Other Costs to be Capitalized	2,387,449
FF&E	558,250
Utilities / Taps	1,123,971
Data Infrastructure, wireless, telecom	331,800
Miscellaneous other costs	373,428

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

**Project Status and Completion Schedules**

Indicate the stage of the project's architectural drawings:

- |   |  |
|---|--|
| <input type="checkbox"/> None or not applicable | <input type="checkbox"/> Preliminary   |
| <input checked="" type="checkbox"/> Schematics  | <input type="checkbox"/> Final Working |

Anticipated project completion date (refer to Part 1130.140): September 30, 2016

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

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

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

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

**Space Requirements**

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

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

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



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

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

**Criterion 1110.230 – Background, Purpose of the Project, and Alternatives**

READ THE REVIEW CRITERION and provide the following required information:

<p><b>BACKGROUND OF APPLICANT</b></p> <ol style="list-style-type: none"> <li>1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.</li> <li>2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.</li> <li>3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. <b>Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.</b></li> <li>4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.</li> </ol>
<p><b>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.</b></p>

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

. Attachment 11, Table 1  
Current License and Joint Commission Identification Numbers

Applicant Facility	Location	License	Joint Commission Accreditation No.	DNV Accreditation No.
Advocate Lutheran General Hospital	1775 Dempster Park Ridge, IL	0004796	NA	117368-2012-AHC-USA-NIAHO 114412-2012-PSCC Primary Stroke Center

The Advocate Lutheran General Hospital Illinois license is included as Attachment 11, Exhibit 1. The Hospital's Certificate of Accreditation is included as Attachment 11, Exhibit 2. Advocate Lutheran General Hospital participates in Medicaid and Medicare.

Additional hospitals owned and operated as part of Advocate Health and Hospitals Corporation include:

<b>Facility</b>	<b>Location</b>	<b>License</b>	<b>Joint Commission Accreditation No.</b>	<b>DNV Accreditation No.</b>
Advocate BroMenn Medical Center	1304 Franklin Ave. Normal, IL	0005645	NA	127532-2012-AHC-USA-NIAHO
Advocate Christ Medical Center	4440 W. 95 <sup>th</sup> St. Oak Lawn, IL	0000315	7397	NA
Advocate Condell Medical Center	801 S. Milwaukee Ave. Libertyville, IL	0005579	7372	NA
Advocate Eureka Hospital	101 S. Major Eureka, IL	0005652	NA	127988-2012-AHC-USA-NIAHO
Advocate Good Samaritan Hospital	3815 Highland Ave. Downers Grove, IL	0003384	NA	115804-2012-AHC-USA-NIAHO
Advocate Good Shepherd Hospital	450 W. Highway, #22 Barrington, IL	0003475	NA	114892-2012-AHC-USA-NIAHO
Advocate Illinois Masonic Medical Center	836 W. Wellington Chicago, IL	0005165	4068	NA
Advocate South Suburban Hospital	17800 S. Kedzie Ave Hazel Crest, IL	0004697	NA	127995-2012-AHC-USA-NIAHO
Advocate Trinity Hospital	2320 East 95 <sup>th</sup> Street Chicago, Illinois	0004176 Illinois	NA	120735-2012-AHC-USA-NIAHO

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

Certified Listing of Adverse Action Against Any Facility Owned and Operated by the Applicants in Illinois

By the signatures on this application, Advocate Health and Hospitals Corporation attests there have been no adverse actions against any facility owned and/or operated by Advocate Health and Hospitals Corporations by any regulatory agency which would affect its ability to operate as a licensed entity during the three years prior to the filing of this application.

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

Authorization Permitting HFSRB and IDPH to Access Necessary Documentation

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

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

Exception for Filing Multiple Certificates of Need in One Year

Not applicable. This is the first certificate of need application filed in 2013 by Advocate Lutheran General Hospital. However, it is the third application filed by Advocate Health and Hospitals Corporation.



**State of Illinois 2114558**  
**Department of Public Health**

**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.

**LA MAR HASBROUCK, MD, MPH** Issued under the authority of the State of Illinois Department of Public Health  
**DIRECTOR**

EXPIRATION DATE	CATEGORY	ID NUMBER
12/31/13	BGBD	0004796
<b>FULL LICENSE</b>		
<b>GENERAL HOSPITAL</b>		
<b>EFFECTIVE: 01/01/13</b>		

BUSINESS ADDRESS

LUTHERAN GENERAL HOSPITAL - ADVOCATE  
 1775 DEMPSTER STREET  
 PARK RIDGE IL 60068

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •



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# DNV HEALTHCARE INC.

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## CERTIFICATE OF ACCREDITATION

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Certificate No. 117368-2012-AHC-USA-NIAHO

*This is to certify that*

### **Advocate Lutheran General Hospital**

1775 Dempster Street, Park Ridge, IL 60068

*Complies with the requirements of the:*

### **NIAHO<sup>®</sup> Hospital Accreditation Program**

Pursuant to the authority granted to Det Norske Veritas Healthcare, 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.

*Effective Date of Accreditation:*

May 31, 2012

*for the Accreditation Body:*

DET NORSKE VERITAS  
HEALTHCARE, INC.  
HOUSTON, TEXAS

*Patrick Horine*  
Executive Vice President, Accreditation



*Yehuda Dror*  
President

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

ACCREDITED UNIT: DNV HEALTHCARE INC., 400 TECHNECENTER DRIVE, SUITE 100 MILFORD, OHIO 45150, OH, UNITED STATES, TEL: 513-947-8334  
WWW.DNVACCREDITATION.COM



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# DNV HEALTHCARE INC.

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## PRIMARY STROKE CENTER

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Certificate No. 114412-2012-PSCC

*This is to certify that*

### **Advocate Lutheran General Hospital**

1775 Dempster Street, Park Ridge, IL 60068

*Complies with the requirements of the:*

### **Primary Stroke Center Certification Program**

The Primary Stroke Center Certification Program of DNV Healthcare Inc. integrates certain requirements of the DNV NIAHO<sup>®</sup> Hospital Accreditation Program, CMS Conditions of Participation for Hospitals, ISO 9001:2008 Quality Management System, Guidelines of the Brain Attack Coalition and Recommendations of the American Stroke Association<sup>®</sup>.

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

*Effective Date of Certification:*

May 31, 2012

*for the Accreditation Body:*

DET NORSKE VERITAS  
HEALTHCARE, INC.  
KATY, TEXAS

Patrick Horine  
Executive Vice President, Accreditation



Yehuda Dror  
President

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

DET NORSKE VERITAS HEALTHCARE, INC., 1400 RAVELLO DRIVE, KATY, TX 77449, TEL: 281-396-1000 - WWW.DNVACCREDITATION.COM

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

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

#### Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

##### PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

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

**NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency 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. *Document that the project will provide health services that improve the health care or well-being of the market area population to be served.*

#### Introduction

Increasingly, the concept of improving the health care and well-being of the market area population is termed population health. The goals of population health are not only to keep the population healthy, but also to care for them when they face life-threatening illnesses or injuries. Population health captures the dual concepts of concurrently delivering patient-centered care and providing excellent health outcomes while lowering the cost of care.

Advocate Lutheran General Hospital is committed to accomplishing these dual goals throughout the organization, including the services provided in the Level I Trauma Center/Emergency Department and Surgery.

Advocate Lutheran General Hospital (“ALGH,” “Hospital”) has multiple roles in improving the health of the community and meeting its needs in time of severe illness or trauma. First, the Hospital very aggressively determines community health needs and responds with new programs and services. (See Attachment 43, Safety Net). Second, ALGH provides a wide range of tertiary/quaternary programs that are necessary in times of severe illness or trauma. The Hospital is a Level I Trauma Center; only 8 percent of hospitals are designated as Level I Trauma Centers because of the extensive range of clinical expertise, technology and facilities that must be available at all times to treat life-threatening trauma. The Hospital’s Surgery Department including the Advanced Surgical Services Institute also has very advanced capabilities to successfully perform very complex surgical procedures. The two core elements of the proposed Project, the expansion of the Level I Trauma Center/Emergency Department and of the Surgery Department, are directly related to population health initiatives at the most acute segment of the continuum of care spectrum and will improve the health care and well-being of the marketplace population.

Advocate Lutheran General Hospital is a 638-bed teaching, research and referral hospital; the Hospital’s service area reaches from the northwest side of Chicago and O’Hare Airport to Aurora, Rockford and the Wisconsin border; to the south/southeast to the Logan Square and North Center neighborhoods of Chicago; to the east to just east of I90/I94. The Hospital provides a wide range of advanced medical and surgical services for adults. It is also home to Advocate Children’s Hospital – Park Ridge. For the purposes of this application, it is most important to note the Hospital’s unique roles in emergency care and surgery.

The Hospital’s Level I Trauma Center is capable of handling the most complex life-threatening injuries and illnesses. All of the ALGH emergency physicians are board certified and serve as faculty for the University of Illinois Emergency Medicine Resident Program at ALGH. The Hospital was one of the first emergency departments designated by the Illinois Department for Children as being specially equipped to care for pediatric patients.

The Emergency Department currently has 3 trauma rooms and 30 general adult and pediatric treatment stations. Because of the high census, patients are often treated in hallways or other available spaces. Emergency department overcrowding may place current and future patients at risk; decrease quality and satisfaction with care; strain limited Emergency Department resources and especially staff; increase ambulance delays or diversions; and decrease the

department's surge capacity. Further, overcrowding detracts from patient dignity and privacy and makes HIPAA compliance very difficult.

The Hospital's Surgery Department currently has 24 operating rooms; the rooms are undersized to support required equipment and staff, especially for the increasing volume of very complex procedures.

The Hospital's Advanced Surgical Services Institute is uniquely oriented to the provision of complex surgical services for adults and children. Areas of differentiation include orthopedic/spine, cardiovascular, neurosurgery, and cancer surgery. The Hospital's surgery program includes leading-edge capabilities in minimally invasive (robotic) surgery. Advocate is only one of 30 hospitals in the nation to achieve exemplary outcomes for surgical patient care as determined by the American College of Surgeons Quality Improvement Program.

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

The Hospital is proposing to increase the number of trauma rooms/emergency treatment stations from 33 to 40. These additional stations are needed for adult as well as dedicated pediatric emergency services.

The proposed expansion of trauma and surgical capacity will improve the health care and well-being of the service area population by:

- Enhancing the ability to provide patient-centered care supporting the goals of population health – improving outcomes while reducing cost
- Addressing the shortage of operating rooms to improve access for high complexity surgical cases
- Addressing the shortage of trauma/emergency stations to improve access, and
- Allowing new life-saving technology to be implemented to improve quality outcomes.

2. *Define the planning area or market area, or other, per the applicant's definition.*

Advocate Lutheran General Hospital is located in Health Service Area 7 and Health Planning Area A-07 in Cook County.

The Hospital defines its primary service area as the geographic area that accounts for 75 percent of total inpatient admissions (excluding normal newborn) and its secondary service area as the area that accounts for an additional 10 percent of total patients. The following table is a summary of ALGH's service area. As shown in Attachment 12, Table 1, approximately 15 percent of the Hospital's patients reside beyond this extensive defined service area into other parts of Illinois and beyond.

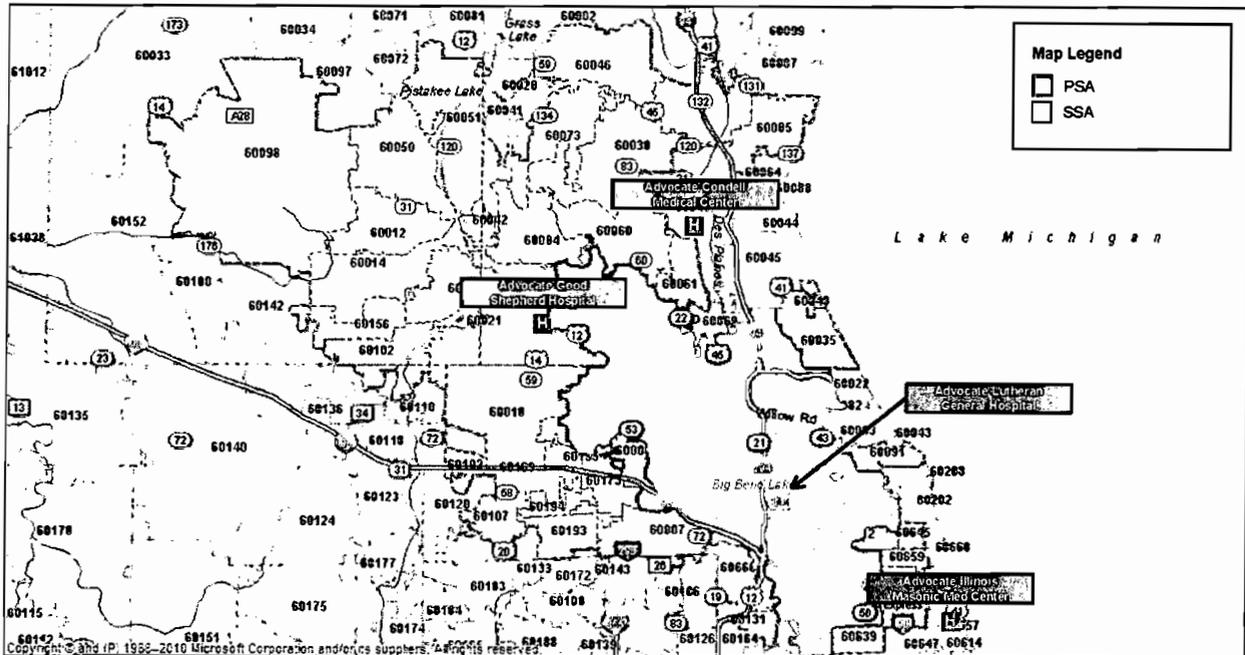
Attachment 12, Table 1  
Inpatient Admissions to Advocate Lutheran General Hospital, 2011

Patient Location	Number of Inpatients	Percent of Total
Primary Service Area	22,222	74.40
Secondary Service Area	3,445	11.53
Subtotal	25,667	85.93
Other Illinois	3,773	12.63
Other States	356	1.19
Other (Unknown)	73	.24
Total	29,869	100.00

Additional detail on the primary and secondary service areas is included as Attachment 12, Exhibits 1 and 2.

Attachment 12, Table 2 is a map showing the broad geographic reach of the Hospital's primary and secondary service areas.

Attachment 12, Table 2  
 Advocate Lutheran General Hospital  
 Primary and Secondary Service Area



Attachment 12, Exhibits 3, 4, 5, and 6 include detailed age-specific historic and projected population of the primary and secondary services areas. The following is a summary of the population data. Population is based on the U.S. Census data.

Attachment 12, Table 3  
 Population Change in Advocate Lutheran General Hospital's Service Area.

Year	0-14	15-44	45-64	65+	Total
2010	473,412	964,692	633,020	280,991	2,350,195
2020	516,400	889,414	591,165	325,137	2,323,775
Percent Change	+9.1	-8.5	-7.1	+15.7	-1.1

Sources: The Nielsen Company and Truven Health Analytics, Inc.

Hence, the service area population is expected to remain stable with strong growth in the 0 to 14 and 65+ age groups offset by declines in the 15 to 44 and 45 to 64 year age groups.

The National Ambulatory Medical Care Survey: 2010 Emergency Department Summary Tables show the 0-14 and 65+ age groups are among those with the highest per 100 population emergency use rates.

Attachment 12, Table 4  
Emergency Visits per 100 Persons by Age Group

Year	0-14	15-44	45-64	65+	Total
2010	41.2	47.0	34.9	50.0	42.8

Source: National Ambulatory Medical Care Survey, 2010 Emergency Department Summary Tables, 2010.

In a May 2013 publication by the American Hospital Association entitled, “Sicker, More Complex Patients are Driving Up Intensity of ED Care,” special attention is given to the factors contributing to this trend. They include:

- Rising severity of illness among Medicare fee-for-service patients receiving emergency department services. Between 2006 and 2010, average severity of illness increased 9 percent based on Hierarchical Condition Category scores.
- An increase in the number and frequency of emergency department visits by this group of patients. The average number of emergency department visits per 1,000 Medicare fee-for service beneficiaries rose by 12 percent between 2006 and 2010, reflecting both the increase in this population and their rising emergency department use.
- Increasing numbers of emergency department visits that include outpatient observation services due to mounting pressure to shift care from the inpatient to the outpatient setting. The number of emergency department visits that included outpatient observation services in an emergency department increased by 72 percent from 2006 to 2010. Heightened scrutiny of short-stay inpatient admissions is a key driver in this trend.
- Greater use of the emergency department by patients who are eligible for Medicare and Medicaid (dual eligible) are among the sickest and the poorest of Medicare beneficiaries. They are three times more likely to be disabled and have higher rates of diabetes, pulmonary disease, stroke, behavior health disorders and Alzheimer’s disease. The number of emergency visits by dual eligible beneficiaries increased by 23.3 percent between 2006 and 2010 and nationally account for 40 percent of all Medicare fee-for-service visits.

- Increasing use of the emergency department by Medicare fee-for-service beneficiaries with behavioral health diagnoses who require a higher intensive of services. Patients with behavioral health diagnoses present many treatment challenges. For patients needing inpatient or follow-up behavioral health care, both community and inpatient capacity has declined, resulting in boarding in the emergency department until a more suitable treatment setting can be found. Between 2006 and 2010, the number of emergency visits by Medicare fee-for-service beneficiaries increased by close to 50 percent.

These utilization trends reflecting and the strong growth of the senior population in the Hospital's service area support the need for more emergency department capacity to provide access to essential care for these patients.

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

Emergency Department

Shortage of Treatment Rooms and Stations

The ALGH Level I Trauma Center/Emergency Department has 3 trauma rooms and 30 general treatment stations, or a total of 33 treatment spaces. The trauma rooms are special use rooms and are used primarily by trauma patients and occasionally by selected others such as Stroke Alert and Cardiac Cath Alert patients. The general treatment stations are operating at 2,073 general visits per room or higher than the State Utilization Guideline of 2,000 visits per room.

2012 total visits – trauma visits = general emergency visits

63,307 total visits – 1,118 trauma visits = 62,189 general visits

33 total rooms – 3 trauma rooms = 30 general rooms

62,189 general visits ÷ 30 general rooms = 2,073 general visits per room.

2,073 general visits per room > 2,000 visits per room State Utilization Guideline

This utilization profile confirms that the Hospital can justify additional general emergency stations.

Shortage of Space

The current Emergency Department was constructed a decade ago. As part of the Project, the applicants propose to enlarge the department from 33 to 40 total trauma rooms and emergency stations. The Project envisions building an addition to the current emergency service. The existing area will continue to house the trauma rooms and adult and pediatric treatment stations. The new construction will house additional adult treatment stations and needed support spaces including registration, waiting, and an Observation Unit. The existing department is 15,552 DGSF or 472 DGSF per treatment station or less than the State Agency Guideline of 900 DGSF per station. Hence, in addition to having too few treatment stations, the area is also severely undersized.

## Surgery

### Shortage of Operating Rooms

The Surgery Department at Advocate Lutheran General Hospital has 24 operating rooms. In 2012, the Hospital reported 43,031 hours of surgery. On average, the 24 rooms are being utilized at the rate of 1,831 hours per year per room compared to the State Agency Utilization Guideline of 1,500 hours per room, or 22.1 percent higher. Based on the State Agency Utilization Guideline, the Hospital can justify 30 operating rooms.

$$43,031 \text{ hours} \div 24 \text{ rooms} = 1,793 \text{ hours per room}$$

$$1,793 \text{ hours per room} > 1,500 \text{ hours per room, or higher by 19.5 percent}$$

$$43,031 \text{ hours} \div 1,500 \text{ hours per room} = 28.7 \text{ or } 29 \text{ rooms}$$

As shown by these calculations, the operating rooms at ALGH are operating substantially over the State Agency Utilization Guideline.

### Shortage of Square Footage

In addition to having a shortage of rooms, the available departmental gross square footage (DGSF) is less than the State Agency Guidelines.

$$34,540 \text{ existing DGSF} \div 24 \text{ rooms} = 1,440 \text{ DGSF per room}$$

$$1,440 \text{ DGSF per room} < \text{State Agency Guideline of } 2,750 \text{ DGSF per room}$$

Not only is the DGSF of the surgical suite substantially under the State Agency Guideline, the net square foot (NSF) of many ambulatory surgery rooms is between 400 NSF and 425 NSF or less than the minimum recommended industry standard for inpatient surgery rooms of 600 NSF per room or greater.

Since code requires one Phase I recovery room for each operating room, as part of this project, the Hospital will be required to add 2 Phase I recovery rooms.

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

The following sources of information were used in the preparing the responses in this application

- Advocate Health and Hospitals Corporation and Advocate Lutheran General Hospital clinical, administrative, and financial data
- National and State of Illinois demographic reports
- IDPH's *Hospital Profiles*
- HFSRB Rules and Standards/Guidelines
- Technical Assistance from State Staff
- IHA COMPdata
- Truven Health Analytics, Inc. and The Nielsen Company
- Special studies performed by external planners, architects and engineers
- Health care literature related to trends in emergency and surgical care
- Health Care literature related to the implications of national and state health reforms on emergency and surgery care
- Illinois Department of Public Health Licensure Code

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

Advocate Lutheran General Hospital has severe deficits of Class C operating rooms and emergency department treatment stations and a shortage of space. The proposed modernization Project will address these deficits of key rooms and shortages of space.

Emergency Department

Shortage of Treatment Rooms Reduced

At the completion of the proposed Project, the total number of trauma rooms and treatment stations will be increased from 33 to 40. This increase will improve access to the Emergency Department so that patients will be seen in a more timely way and the number of patients who leave without being seen will be reduced. Patients no longer will be treated in hallways and other available spaces; patient privacy and dignity will be ensured.

### Shortage of Square Footage Improved

At the completion of the Project, the Emergency Department space will be increased from 15,552 DGSF to 19,680 DGSF or by 26.5 percent. This will result in 492 DGSF per room / station. While this is less than the State Agency Guideline, it represents a substantial increase that will accommodate additional treatment stations and support spaces as well as reduce the current level of stress for patients and staff in the department.

The proposed increase in total emergency treatment key rooms and the related square footage will provide the facilities necessary to support the growing volume in the Level I Trauma Center/Emergency Department. It will improve patient privacy and provide discreet facilities for adult and pediatric patients. By providing the needed number of treatment stations, as well as increasing space and operational efficiency, the Project will improve the health status and well-being of the community by providing better access to more timely treatment, by reducing unnecessary admissions, and thereby reducing cost.

### Surgery

#### Shortage of Operating Room Reduced

At the completion of the proposed Project, the Hospital will have 26 operating rooms or 2 more than are currently available. These rooms will be sized to accommodate the new technology and staff required for orthopedic/spine and minimally invasive (robotic) and other complex cases. This modest addition will help support the projected growth in number of cases and average time per case.

#### Shortage of Square Footage Improved

At the completion of the proposed Project, the surgery space will be increased from 34,540 DGSF to 37,202 DGSF. Finally, the Project increases the number of Phase I recovery stations to meet Illinois code.

The proposed increase in operating rooms and Phase I recovery stations and related square footage will provide immediate additional capacity to support the growing surgical program at the Hospital, and especially the complex surgery that is only provided at tertiary/quaternary providers. Improved surgical capacity and operational efficiency will improve access and outcomes as well as reduce operating cost.

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

#### Overriding Goal

Advocate Lutheran General Hospital's overriding goal for the Surgery/Emergency Department project is to increase access to trauma, emergency and surgical care, as well as to improve clinical outcomes in a clinically excellent, patient-centered manner to the residents of the Hospital's service area and beyond.

#### Objective 1

Increase the size of the current Hospital campus to provide space for the proposed Emergency Department expansion and related parking. This involves purchasing a small parcel of land from Parkside Center Condominium Association. This land acquisition is expected to be completed by July 10, 2013.

#### Objective 2

Increase the number of Emergency Department treatment stations and add an Observation Unit to accommodate the Hospital's essential trauma and emergency services. This will be the first phase of construction and will be completed by January 31, 2015.

#### Objective 3

Increase the number of operating rooms from 24 to 26 and add 2 Phase I recovery stations to meet code. These additional rooms will support the Hospital's complex inpatient surgery program. This expansion will be the second phase of the construction project and will be completed by October 31, 2015.

#### Objective 4

When the services in the new construction become operational, when the Hospital accepts the first patient, the vacated areas will be remodeled. Based on expected time to complete the remodeling, as well as to complete all IDPH inspections and HFSRB filings, the final project completion date is expected to be September 30, 2016.

**Advocate Lutheran General Hospital**

2011 Patient Origin - Primary Service Area Zip Codes

Inpatient Cases (Excluding Normal Newborns)

Source: IHA COMPdata

Zip	City	Cases
60004	Arlington Heights	517
60005	Arlington Heights	250
60015	Deerfield	163
60016	Des Plaines	4,188
60018	Des Plaines	1,598
60025	Glenview	930
60026	Glenview	226
60047	Lake Zurich	170
60053	Morton Grove	1,181
60056	Mount Prospect	1,089
60062	Northbrook	503
60067	Palatine	223
60068	Park Ridge	2,200
60070	Prospect Heights	423
60074	Palatine	229
60076	Skokie	273
60077	Skokie	303
60089	Buffalo Grove	446
60090	Wheeling	639
60630	Chicago	599
60631	Chicago	846
60634	Chicago	656
60641	Chicago	263
60646	Chicago	481
60656	Chicago	533
60706	Harwood Heights	423
60707	Elmwood Park	201
60714	Niles	2,669
<b>Total</b>		<b>22,222</b>

**Advocate Lutheran General Hospital**

2011 Patient Origin - Secondary Service Area Zip Codes

Inpatient Cases (Excluding Normal Newborns)

Source: IHA COMPdata

Zip	City	Cases
60007	Elk Grove Village	145
60008	Rolling Meadows	100
60010	Barrington	146
60012	Crystal Lake	24
60013	Cary	53
60014	Crystal Lake	109
60021	Fox River Grove	8
60030	Grayslake	106
60031	Gurnee	104
60035	Highland Park	104
60042	Island Lake	33
60046	Lake Villa	94
60050	McHenry	88
60051	McHenry	105
60060	Mundelein	112
60061	Vernon Hills	113
60073	Round Lake	164
60084	Wauconda	58
60085	Waukegan	87
60091	Wilmette	79
60098	Woodstock	91
60102	Algonquin	86
60107	Streamwood	81
60131	Franklin Park	97
60156	Lake in the Hills	56
60169	Hoffman Estates	109
60173	Schaumburg	60
60176	Schiller Park	137
60192	Hoffman Estates	60
60193	Schaumburg	129
60194	Schaumburg	59
60195	Schaumburg	17
60618	Chicago	136
60625	Chicago	84
60639	Chicago	92
60645	Chicago	91
60659	Chicago	128
60712	Lincolnwood	100
<b>Total</b>		<b>3,445</b>

Population for Specific Age Groupings  
 Area: LGH TSA 2012  
 Select Populations Estimated Based on Compound  
 Average Annual Growth Rate (CAAGR)

ZIP Code	LGH Service Area	Post Office City Name	2000 Census Total Population	2000 Ages 0-14	2000 15-44	2000 45-64	2000 65+
60004	psa	Arlington Heights	52,017	10,559	20,794	13,041	7,623
60005	psa	Arlington Heights	29,358	5,279	12,259	6,822	4,998
60007	ssa	Elk Grove Village	35,295	7,139	15,293	8,629	4,234
60008	ssa	Rolling Meadows	22,830	4,718	10,783	4,748	2,581
60010	ssa	Barrington	41,835	9,924	14,379	13,160	4,372
60012	ssa	Crystal Lake	10,240	2,543	4,238	2,607	852
60013	ssa	Cary	23,949	6,739	10,580	5,055	1,575
60014	ssa	Crystal Lake	43,712	11,346	19,515	9,282	3,569
60015	psa	Deerfield	26,348	6,413	9,970	7,060	2,905
60016	psa	Des Plaines	58,775	10,374	25,561	13,949	8,891
60018	psa	Des Plaines	29,551	6,016	12,760	6,468	4,307
60021	ssa	Fox River Grove	5,868	1,422	2,620	1,369	457
60025	psa	Glenview	38,856	7,993	13,826	10,282	6,755
60026	psa	Glenview	10,503	2,244	4,010	2,939	1,310
60030	ssa	Grayslake	33,257	9,086	15,477	6,267	2,427
60031	ssa	Gurnee	35,264	9,353	16,281	7,249	2,381
60035	ssa	Highland Park	31,714	7,320	11,013	8,686	4,695
60042	ssa	Island Lake	8,427	2,325	4,310	1,356	436
60046	ssa	Lake Villa	29,567	7,696	13,937	5,978	1,956
60047	psa	Lake Zurich	36,823	10,164	14,793	9,463	2,403
60050	ssa	McHenry	26,274	6,167	11,787	5,568	2,752
60051	ssa	McHenry	21,752	5,099	9,666	5,223	1,764
60053	psa	Morton Grove	22,154	3,747	7,632	6,155	4,620
60056	psa	Mount Prospect	56,989	11,060	24,924	12,863	8,142
60060	ssa	Mundelein	35,838	9,406	17,035	6,982	2,415
60061	ssa	Vernon Hills	22,198	5,461	10,371	4,957	1,409
60062	psa	Northbrook	40,436	8,078	12,764	11,528	8,066
60067	psa	Palatine	37,037	7,469	16,013	9,815	3,740
60068	psa	Park Ridge	37,959	7,744	13,079	9,822	7,314
60070	psa	Prospect Heights	15,656	3,004	7,283	3,343	2,026
60073	ssa	Round Lake	41,196	11,588	20,472	8,890	2,246
60074	psa	Palatine	39,364	8,568	19,914	7,782	3,100
60076	psa	Skokie	33,990	6,569	12,569	8,781	6,071
60077	psa	Skokie	24,658	3,924	9,134	6,068	5,532
60084	ssa	Wauconda	11,267	2,360	5,064	2,526	1,317
60085	ssa	Waukegan	72,677	18,845	37,153	11,158	5,521
60089	psa	Buffalo Grove	43,727	10,218	18,299	11,243	3,867
60090	psa	Wheeling	36,970	7,306	17,672	8,043	3,949
60091	ssa	Wilmette	27,566	6,864	8,346	7,653	4,703
60098	ssa	Woodstock	27,592	6,246	12,384	6,105	2,857
60102	ssa	Algonquin	25,274	6,950	11,672	5,221	1,431
60107	ssa	Streamwood	35,985	8,460	17,771	7,336	2,418
60131	ssa	Franklin Park	19,205	4,148	8,718	3,786	2,553
60156	ssa	Lake in the Hills	21,574	6,568	11,092	3,116	800
60169	ssa	Hoffman Estates	33,441	7,206	16,520	7,004	2,711
60173	ssa	Schaumburg	11,552	1,705	6,846	2,291	710
60176	ssa	Schiller Park	11,690	2,303	5,667	2,508	1,212
60182	ssa	Hoffman Estates	14,051	3,557	6,116	3,677	701
60183	ssa	Schaumburg	41,515	7,933	18,558	10,823	4,201
60194	ssa	Schaumburg	22,274	4,800	10,319	5,206	1,949
60195	ssa	Schaumburg	4,546	653	2,980	887	246
60618	ssa	Chicago	99,151	20,951	51,993	18,296	7,911
60625	ssa	Chicago	89,821	18,722	47,266	16,331	7,502
60630	psa	Chicago	53,901	9,633	23,470	12,372	8,426
60631	psa	Chicago	29,375	4,859	10,940	7,099	6,477
60634	psa	Chicago	74,335	13,120	31,650	17,733	11,832
60639	ssa	Chicago	94,288	26,103	46,379	15,913	5,893
60641	psa	Chicago	74,190	15,436	35,086	16,310	7,358
60645	ssa	Chicago	44,993	9,730	19,261	9,398	6,604
60646	psa	Chicago	26,824	4,891	9,874	8,902	5,257
60656	psa	Chicago	26,945	3,805	11,355	6,378	5,407
60659	ssa	Chicago	40,103	8,550	18,145	8,666	4,742
60706	psa	Harwood Heights	22,026	3,045	8,074	5,308	5,599
60707	psa	Elmwood Park	42,696	8,177	18,526	9,545	6,448
60712	ssa	Lincolnwood	12,359	2,316	3,788	3,302	2,953
60714	psa	Niles	30,281	4,101	10,350	7,443	8,387
Total			2,281,884	496,096	1,006,356	509,566	269,866

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Population for Specific Age Groupings  
 Area: LGH TSA 2012  
 Select Populations Estimated Based on Compound  
 Average Annual Growth Rate (CAAGR)

ZIP Code	LGH Service Area	Post Office City Name	2010 Total Population	2010 Ages 0-14	2010 15-44	2010 45-64	2010 65+
60004	psa	Arlington Heights	50,487	9,264	19,703	14,451	7,069
60005	psa	Arlington Heights	29,600	6,243	11,801	8,223	4,634
60007	ssa	Elk Grove Village	33,854	5,771	13,733	10,067	4,137
60008	ssa	Rolling Meadows	22,854	4,401	9,886	5,909	2,492
60010	ssa	Barrington	44,296	8,697	15,231	16,026	6,374
60012	ssa	Crystal Lake	11,240	2,113	4,284	3,489	1,367
60013	ssa	Cary	27,144	6,275	10,378	8,112	2,411
60014	ssa	Crystal Lake	48,709	10,597	19,388	13,746	5,028
60015	psa	Deerfield	26,449	6,895	9,141	8,323	3,091
60016	psa	Des Plaines	59,860	10,473	24,372	16,342	8,703
60018	psa	Des Plaines	29,919	5,587	12,528	7,795	3,931
60021	ssa	Fox River Grove	6,472	1,065	2,089	1,743	603
60025	psa	Glenview	39,270	7,427	14,184	11,503	6,134
60026	psa	Glenview	13,723	2,797	5,993	3,540	1,415
60030	ssa	Grayslake	39,363	9,236	16,224	10,752	4,163
60031	ssa	Gurnee	38,700	9,195	15,404	11,031	3,123
60035	ssa	Highland Park	29,843	6,777	9,679	8,883	4,458
60042	ssa	Island Lake	8,329	1,976	3,612	2,181	576
60046	ssa	Lake Villa	35,658	8,443	14,532	9,868	2,866
60047	psa	Lake Zurich	41,415	9,629	14,441	13,400	3,975
60050	ssa	McHenry	32,277	6,324	13,018	8,946	4,013
60051	ssa	McHenry	26,035	4,885	10,342	7,874	2,972
60053	psa	Morton Grove	23,205	3,385	8,407	6,900	4,494
60056	psa	Mount Prospect	55,279	10,515	22,731	14,512	7,544
60060	ssa	Mundelein	37,906	8,895	15,497	10,405	3,160
60061	ssa	Vernon Hills	26,024	5,744	10,217	7,882	2,216
60062	psa	Northbrook	39,831	6,815	13,574	12,117	7,278
60067	psa	Palatine	39,419	7,038	15,902	12,232	4,324
60068	psa	Park Ridge	37,602	6,675	13,420	10,829	6,637
60070	psa	Prospect Heights	15,062	2,881	6,374	3,848	1,969
60073	ssa	Round Lake	59,980	14,839	25,927	14,844	4,455
60074	psa	Palatine	39,241	8,280	17,869	9,678	3,491
60076	psa	Skokie	33,530	5,526	13,172	9,327	5,503
60077	psa	Skokie	26,922	3,692	10,081	7,425	5,689
60084	ssa	Wauconda	16,770	3,366	6,357	4,979	2,078
60085	ssa	Waukegan	71,558	17,918	33,450	14,995	5,298
60089	psa	Buffalo Grove	42,108	8,155	15,848	13,680	4,490
60090	psa	Wheeling	38,305	7,200	17,045	10,075	4,059
60091	ssa	Willmette	27,097	5,915	9,085	7,888	4,171
60098	ssa	Woodstock	33,180	6,695	13,606	8,835	4,066
60102	ssa	Algonquin	32,817	8,085	13,103	9,039	2,626
60107	ssa	Streamwood	39,165	8,808	17,220	9,876	3,326
60131	ssa	Franklin Park	17,974	3,577	7,990	4,322	2,104
60156	ssa	Lake in the Hills	29,222	7,812	12,636	7,088	1,728
60169	ssa	Hoffman Estates	32,818	6,481	14,843	8,501	3,066
60173	ssa	Schaumburg	12,119	1,705	6,208	3,322	943
60176	ssa	Schiller Park	11,763	2,249	5,418	2,900	1,218
60182	ssa	Hoffman Estates	15,987	3,428	6,523	4,843	1,228
60183	ssa	Schaumburg	40,334	6,970	16,814	12,125	4,509
60184	ssa	Schaumburg	21,080	4,017	9,088	5,916	2,084
60185	ssa	Schaumburg	4,961	853	2,814	1,039	280
60618	ssa	Chicago	91,692	19,032	44,079	21,180	7,622
60625	ssa	Chicago	77,807	15,873	37,101	17,573	7,413
60630	psa	Chicago	63,877	9,857	21,618	14,884	7,640
60631	psa	Chicago	28,997	5,008	10,073	8,196	6,689
60634	psa	Chicago	74,888	13,336	30,606	20,008	10,964
60639	ssa	Chicago	89,669	22,396	43,474	17,919	6,040
60641	psa	Chicago	71,412	14,614	31,735	17,995	7,185
60645	ssa	Chicago	45,107	9,752	18,451	10,871	6,021
60646	psa	Chicago	26,745	5,108	9,119	7,825	4,655
60656	psa	Chicago	28,067	4,319	10,909	7,689	5,136
60659	ssa	Chicago	38,326	8,197	16,518	9,226	4,412
60706	psa	Harwood Heights	22,225	2,682	8,187	6,004	5,308
60707	psa	Elmwood Park	43,249	7,873	17,991	11,613	5,806
60712	ssa	Lincolnwood	12,643	2,137	4,487	3,258	2,728
60714	psa	Niles	30,155	3,641	10,381	8,139	7,901
Total			2,350,195	473,412	964,692	633,020	280,991

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**Population for Specific Age Groupings**  
 Area: LGH TSA 2012  
 Select Populations Estimated Based on Compound  
 Average Annual Growth Rate (CAAGR)

ZIP Code	LGH Service Area	Post Office City Name	2015	2015	2015	2015	2015
			Total Population	Ages 0-14	15-44	45-64	65+
60004	psa	Arlington Heights	50,202	9,677	18,919	13,968	7,628
60005	psa	Arlington Heights	29,433	5,477	11,140	7,947	4,878
60007	ssa	Eik Grove Village	33,484	6,028	13,187	9,729	4,451
60008	ssa	Rolling Meadows	22,526	4,597	9,493	5,710	2,682
60010	ssa	Barrington	44,046	9,084	14,626	14,521	5,782
60012	ssa	Crystal Lake	11,177	2,207	4,113	3,372	1,471
60013	ssa	Cary	26,991	6,554	9,966	7,839	2,594
60014	ssa	Crystal Lake	48,434	11,068	18,618	13,284	5,408
60015	psa	Deerfield	26,300	6,157	8,778	8,044	3,326
60016	psa	Des Plaines	59,523	10,939	23,404	15,783	9,364
60018	psa	Des Plaines	29,651	5,836	12,030	7,534	4,230
60021	ssa	Fox River Grove	5,442	1,113	1,987	1,684	649
60025	psa	Glenview	39,048	7,757	13,620	11,117	6,600
60026	psa	Glenview	13,646	2,921	5,755	3,421	1,522
60030	ssa	Grayslake	39,141	9,647	14,619	10,391	4,479
60031	ssa	Gurnee	38,482	9,604	14,791	10,661	3,361
60035	ssa	Highland Park	28,675	7,079	9,294	8,585	4,797
60042	ssa	Island Lake	8,282	2,064	3,468	2,108	619
60046	ssa	Lake Villa	35,458	8,819	13,964	9,537	3,084
60047	psa	Lake Zurich	41,182	10,057	13,867	12,950	4,277
60050	ssa	McHenry	32,095	6,606	12,501	8,645	4,317
60051	ssa	McHenry	25,888	5,102	9,931	7,610	3,198
60053	psa	Morton Grove	23,075	3,536	8,072	6,669	4,836
60056	psa	Mount Prospect	54,967	10,983	21,828	14,025	8,117
60060	ssa	Mundelein	37,692	9,291	14,891	10,055	3,400
60061	ssa	Vernon Hills	25,877	5,999	9,811	7,627	2,384
60062	psa	Northbrook	39,606	7,118	13,035	11,710	7,830
60067	psa	Palatine	39,197	7,351	15,270	11,822	4,653
60068	psa	Park Ridge	37,390	6,872	12,887	10,466	7,141
60070	psa	Prospect Heights	14,977	3,009	6,121	3,719	2,118
60073	ssa	Round Lake	59,642	15,499	24,897	14,345	4,794
60074	psa	Palatine	39,019	8,648	17,159	9,353	3,756
60076	psa	Skokie	33,341	5,772	12,648	9,014	5,921
60077	psa	Skokie	26,770	3,856	9,681	7,176	6,120
60084	ssa	Wauconda	18,675	3,515	6,104	4,812	2,235
60085	ssa	Waukegan	71,155	18,715	32,120	14,491	5,700
60089	psa	Buffalo Grove	41,871	8,518	15,218	13,221	4,831
60090	psa	Wheeling	38,090	7,520	16,367	9,737	4,368
60091	ssa	Wilmette	26,944	6,178	8,724	7,623	4,488
60098	ssa	Woodstock	32,993	6,993	13,085	8,539	4,375
60102	ssa	Algonquin	32,632	8,445	12,682	8,736	2,826
60107	ssa	Streamwood	38,945	9,200	16,535	9,545	3,579
60131	ssa	Franklin Park	17,872	3,736	7,672	4,177	2,284
60156	ssa	Lake in the Hills	29,057	8,160	12,134	6,850	1,859
60169	ssa	Hoffman Estates	32,633	6,769	14,253	8,215	3,299
60173	ssa	Schaumburg	12,051	1,781	5,962	3,210	1,014
60176	ssa	Schiller Park	11,896	2,349	5,202	2,803	1,311
60192	ssa	Hoffman Estates	15,897	3,581	6,264	4,681	1,321
60193	ssa	Schaumburg	40,107	7,280	16,146	11,718	4,851
60194	ssa	Schaumburg	20,941	4,196	8,726	5,717	2,242
60195	ssa	Schaumburg	4,933	891	2,702	1,004	301
60618	ssa	Chicago	91,175	19,879	42,327	20,469	8,200
60625	ssa	Chicago	77,368	16,579	35,627	16,983	7,976
60630	psa	Chicago	53,673	10,296	20,759	14,384	8,220
60631	psa	Chicago	28,834	5,230	9,673	7,921	6,100
60634	psa	Chicago	74,466	13,930	29,390	19,337	11,797
60639	ssa	Chicago	89,164	23,392	41,746	17,317	6,499
60641	psa	Chicago	71,010	15,264	30,474	17,391	7,730
60645	ssa	Chicago	44,853	10,186	17,718	10,506	6,478
60646	psa	Chicago	26,595	5,335	8,757	7,562	5,009
60656	psa	Chicago	27,909	4,511	10,475	7,431	5,526
60659	ssa	Chicago	38,110	8,562	15,861	8,916	4,747
60706	psa	Harwood Heights	22,100	2,801	7,862	5,803	5,711
60707	psa	Elmwood Park	43,005	8,223	17,276	11,223	6,247
60712	ssa	Lincolnwood	12,571	2,232	4,309	3,149	2,935
60714	psa	Niles	28,985	3,803	9,969	7,866	5,501
<b>Total</b>			<b>2,336,951</b>	<b>494,477</b>	<b>926,349</b>	<b>611,763</b>	<b>302,324</b>

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Population for Specific Age Groupings  
 Area: LGH TSA 2012  
 Select Populations Estimated Based on Compound  
 Average Annual Growth Rate (CAAGR)

ZIP Code	LGH Service Area	Post Office City Name	2020 Total Population	2020 Ages 0-14	2020 15-44	2020 45-64	2020 65+
60004	psa	Arlington Heights	49,919	10,106	18,165	13,496	8,203
60005	psa	Arlington Heights	29,267	5,720	10,698	7,679	5,248
60007	ssa	Elk Grove Village	33,276	6,295	12,661	9,401	4,787
60008	ssa	Rolling Meadows	22,399	4,801	9,115	5,518	2,884
60010	ssa	Barrington	43,798	9,487	14,042	14,033	6,218
60012	ssa	Crystal Lake	11,114	2,305	3,949	3,258	1,582
60013	ssa	Cary	26,639	6,845	9,568	7,575	2,790
60014	ssa	Crystal Lake	48,161	11,559	17,876	12,837	5,816
60015	psa	Deerfield	26,151	6,430	8,428	7,773	3,577
60016	psa	Des Plaines	59,187	11,424	22,470	15,261	10,071
60018	psa	Des Plaines	29,484	6,095	11,550	7,280	4,549
60021	ssa	Fox River Grove	5,411	1,162	1,808	1,627	698
60025	psa	Glenview	38,628	8,101	13,077	10,743	7,098
60026	psa	Glenview	13,589	3,051	5,525	3,306	1,637
60030	ssa	Grayslake	38,920	10,075	14,036	10,041	4,817
60031	ssa	Gurnee	38,265	10,030	14,202	10,302	3,614
60035	ssa	Highland Park	29,508	7,393	8,924	8,296	6,159
60042	ssa	Island Lake	8,235	2,156	3,330	2,037	666
60046	ssa	Lake Villa	35,258	9,210	13,398	9,216	3,316
60047	psa	Lake Zurich	40,950	10,503	13,314	12,514	4,699
60050	ssa	McHenry	31,914	6,899	12,003	8,354	4,843
60051	ssa	McHenry	25,742	5,328	9,535	7,354	3,439
60053	psa	Morton Grove	22,944	3,693	7,751	6,444	6,200
60056	psa	Mount Prospect	54,657	11,470	20,957	13,553	8,729
60060	ssa	Mundelein	37,479	9,703	14,288	9,717	3,657
60061	ssa	Vernon Hills	25,731	6,265	9,419	7,370	2,564
60062	psa	Northbrook	39,383	7,433	12,515	11,316	8,421
60067	psa	Palatine	38,976	7,677	14,661	11,424	5,004
60068	psa	Park Ridge	37,178	7,281	12,373	10,113	7,680
60070	psa	Prospect Heights	14,693	3,143	5,877	3,594	2,278
60073	ssa	Round Lake	59,306	16,186	23,904	13,862	5,155
60074	psa	Palatine	38,799	9,032	16,475	9,038	4,040
60076	psa	Skokie	33,153	6,028	12,144	8,710	6,368
60077	psa	Skokie	26,619	4,027	9,295	6,934	6,582
60084	ssa	Wauconda	16,581	3,671	5,861	4,850	2,404
60085	ssa	Waukegan	70,754	19,545	30,939	14,003	6,131
60089	psa	Buffalo Grove	41,635	8,895	14,611	12,775	5,196
60090	psa	Wheeling	37,875	7,854	15,715	9,409	4,697
60091	ssa	Wilmette	26,793	6,452	8,377	7,366	4,826
60098	ssa	Woodstock	32,807	7,303	12,544	8,251	4,705
60102	ssa	Algonquin	32,448	8,819	12,080	8,441	3,039
60107	ssa	Streamwood	38,725	9,608	15,876	9,223	3,849
60131	ssa	Franklin Park	17,772	3,902	7,366	4,037	2,434
60156	ssa	Lake in the Hills	28,693	8,521	11,650	6,619	2,000
60169	ssa	Hoffman Estates	32,449	7,069	13,684	7,939	3,548
60173	ssa	Schaumburg	11,983	1,880	5,724	3,102	1,091
60176	ssa	Schiller Park	11,630	2,454	4,995	2,708	1,410
60192	ssa	Hoffman Estates	15,807	3,740	6,014	4,523	1,421
60193	ssa	Schaumburg	39,881	7,603	15,502	11,323	5,217
60194	ssa	Schaumburg	20,623	4,382	8,378	5,525	2,411
60195	ssa	Schaumburg	4,905	930	2,584	970	324
60618	ssa	Chicago	90,661	20,760	40,639	19,780	8,819
60625	ssa	Chicago	76,932	17,314	34,206	16,412	8,577
60630	psa	Chicago	53,370	10,752	19,931	13,900	8,840
60631	psa	Chicago	28,671	5,462	9,287	7,654	6,580
60634	psa	Chicago	74,046	14,547	28,218	18,685	12,687
60639	ssa	Chicago	88,661	24,429	40,082	16,734	6,989
60641	psa	Chicago	70,609	15,941	29,259	16,805	8,313
60645	ssa	Chicago	44,600	10,637	17,012	10,152	6,966
60646	psa	Chicago	26,445	5,572	8,407	7,307	5,387
60656	psa	Chicago	27,752	4,711	10,057	7,181	5,943
60659	ssa	Chicago	37,696	8,942	15,229	8,616	5,105
60706	psa	Harwood Heights	21,975	2,925	7,548	5,607	6,142
60707	psa	Elmwood Park	42,762	8,588	16,587	10,845	6,718
60712	ssa	Lincolnwood	12,500	2,331	4,137	3,043	3,157
60714	psa	Niles	29,816	3,971	9,571	7,601	9,143
<b>Total</b>			<b>2,323,775</b>	<b>516,400</b>	<b>889,414</b>	<b>581,165</b>	<b>325,137</b>

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

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

#### Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

#### 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.**

#### Introduction

Since being established in the northwest Chicago suburbs in 1897, Advocate Lutheran General Hospital's ("ALGH," "Hospital") role as a tertiary/quaternary care provider continues to evolve as the Hospital provides increasingly acute clinical services; expands its role in teaching medical residents, medical students, nurses and EMTs; and engages in research. The development of Advocate Children's Hospital – Park Ridge on the campus exemplifies the Hospital's essential and unique role in pediatric care to the broad geographic area that it serves.

This Project proposes the expansion of two of the Hospital's high acuity services. The first is the Level I Trauma Center/Emergency Department; the second is Surgery.

ALGH is a Level I Trauma Center and treats patients with complex, life-threatening injuries and illnesses. It is the Response Hospital for 12 other Level II hospitals in the regional Emergency Medical Services program. Trauma services and emergency services are available for both adults and children at ALGH. The current Level I Trauma Center/Emergency has a severe shortage of treatment stations and square footage. On an average day, the number of patients being treated and awaiting treatment exceeds the number of treatment stations 50 percent of the time. ALGH is proposing to increase the number of treatment stations from 33 to 40.

ALGH is also a center for advanced surgery. The Hospital provides a comprehensive range of inpatient and outpatient surgery for adults and children. The Surgery Department specializes in complex surgeries, especially in the disciplines of orthopedics/spine, cardiovascular, cancer surgery, and neurosurgery. The Hospital is continually adding new technology as it transitions from the research setting to operating rooms in quaternary/tertiary hospitals like ALGH. Robotic surgery is an important technology at the Hospital; robotic procedures are lengthy and take additional space because of the amount of equipment and staff that must be in the operating room for these cases. The Hospital is proposing to increase the number of operating rooms from 24 to 26 to accommodate the mounting surgery volume. These rooms will be sized to accommodate very complex surgical cases.

In late 2011, the leadership of Advocate Health and Hospitals Corporation and Advocate Lutheran General Hospital initiated a comprehensive process to identify and evaluate alternative facility expansion options to resolve the shortage of key rooms and inadequate square footage. The following is a discussion of the 4 major alternatives that were considered and the rationale for their either being accepted or rejected.

#### 1) and 2) Identification and Documentation of Alternatives

Advocate Lutheran General Hospital considered the following alternatives, including Alternative 4, the currently proposed Project.

Alternative 1 Utilize Other Health Resources or Joint Ventures with Other Providers

Alternative 2 Develop a Project of Greater Scope and Cost

Alternative 3 Develop a Project of Lesser Scope and Cost, and

Alternative 4 Develop the Project of Choice.

## Alternative 1 Utilize Other Health Resources or Joint Ventures with Other Providers

Advocate Lutheran General Hospital is a 638-bed tertiary/quaternary care, teaching and research hospital for adults and children. The Hospital rejected using other local hospitals for the following reasons:

1. Other local hospitals have neither the Level I Trauma capabilities nor do they have the same advanced surgical competence that is available at ALGH. At the Hospital, highly trained staff and technology are always in readiness to accept patients.
2. In some instances when an emergency patient could be transferred, that transfer is undesirable because referral to another facility separates them from their primary care and specialist physicians, disrupts continuity of care, and introduces risk of error during transition from one facility to another.
3. The Hospital supports large graduate medical and other clinical education programs. These students and the continuation of these programs depend on having patients with certain injury/disease status present to meet the educational requirements of their respective specialties. If current and future patients were to be referred to other facilities, the extensive and needed educational programs at the Hospital would be compromised.
4. ALGH is involved in research in the Emergency Department including a study related to brain injury patients. There is also research related to the Surgery Department including a study related to surgically implanted devices to monitor patients for cardiac arrest and neuroendocrine response – robotic assisted surgery vs. laparoscopic surgery. The Hospital's patients would not be a part of these studies if they were referred to other facilities.
5. The Hospital rejected joint venturing because the proposed modernized facilities will be operated as part of the premises licensed under The Illinois Hospital Licensing Act. Consequently, a joint venture would necessarily involve a joint venture with the entire Hospital; this is not a feasible option.

## Alternative 2 Develop a Project of Greater Scope and Cost

The updated Strategic Facility Master Plan was completed in the Spring of 2012 and included a 4-phase plan including:

1. Phase 1 – Expansion of the Emergency Department, Surgery and Phase I Recovery and relocation of clinical service areas, including Class B procedure rooms
2. Phase 2 – Additional limited expansion of Surgery and relocation of some imaging services
3. Phase 3 – Further expansion of Surgery as well as of Phase I and II Recovery, and
4. Phase 4 – Further consolidation of interventional services.

The project cost for this multi-phase undertaking was estimated to be \$44.6 million. Although this project had many merits including meeting current and projected need, enhancing outcomes, and potentially reducing operating costs, the price tag exceeded the budget for the Project. For that reason, the greater project was rejected and phased approaches to implementing the Strategic Master Facility Plan were investigated.

## Alternative 3 Develop a Project of Lesser Scope and Cost

The next alternative focused on a multi-phase project that could be developed with a first phase that would address the most pressing issues – the shortage of key rooms and square footage in Surgery and the Emergency Department.

The third alternative envisioned increasing surgery with a minimum number of large operating rooms to accommodate the growth in orthopedic/spine and robotic surgery. It was determined that two rooms would meet short-term requirements. It was also determined that low acuity emergency patients might be treated in another setting on the campus. This low acuity fast track/immediate care function would be developed in a new structure. The new facility was to relieve the main Trauma Center/Emergency Department by relocating appropriate low acuity patients to the new building and enabling faster treatment for more acutely ill patients in the Hospital. A proposed site was chosen; the fast track/immediate care function would be connected to the Nessel Pavilion (outpatient building) on the North Campus.

However, this remote fast-track/immediate care building was rejected for the following reasons.

1. Experience at other providers that have tested this 2-site emergency department concept has proven that it is very confusing for patients and leads to moving patients across the campus to the proper level of care and in the process delaying treatment and adding cost.
2. Multiple locations would result in higher operating costs.

#### Alternative 4 Develop the Project of Choice

The project of choice is the subject of this application and includes constructing 2 new operating rooms and modernizing space for 2 Phase I recovery rooms. It also includes expanding the Emergency Department from 33 to 40 trauma rooms/treatment stations, developing a new Observation Unit in the Emergency Department, providing a new drop off, and parking for emergency patients. Much of the existing emergency department and the ambulance canopy will remain “as is”.

Alternative 4 is the Project of choice for the following reasons:

1. Alternative 4 meets the needs of Advocate Lutheran General Hospital’s high acuity trauma and emergency service as well as its highly specialized surgery program.
2. By being integrated with the current Emergency Department, Surgery Department, and PACU, the new spaces will contribute to continuity of care.
3. The expansion of the existing Level I Trauma Center/Emergency Department and Surgery provides space to continue to train health professionals and benefits more patients who will be part of the Hospital’s research initiatives.
4. The new space is being constructed so that future phases of the Master Plan can be implemented over time as capital funds become available.
5. With only 1 access point, emergency patients will not be confused when they arrive at the Advocate Lutheran General Hospital campus seeking emergency services
6. This alternative will not require concurrent major construction on two different sites on the ALGH campus (which the fast track/immediate care center would). Multiple construction sites on a hospital campus are very disruptive for inpatients, outpatients, staff and visitors.
7. The proposed project will allow patients to stay in the community with their primary care physician and specialists as well as with their families and support groups.

Summary of Alternatives

Alternative	Total Project Cost	Rationale
Alternative 1 – Utilize Other Health Resources or Joint Venture with Other Providers	NA	<p>Rejected because:</p> <ul style="list-style-type: none"> <li>• Other healthcare providers do not have the same highly trained staff or technology to support the needs of patients with life-threatening injuries or illnesses.</li> <li>• Transferring patients would disrupt continuity of care and take patients away from primary care physicians and specialists.</li> <li>• Reducing the patient volume would detract from ALGH's educational and research initiatives.</li> <li>• Joint venturing would necessarily involve a joint venture with the whole hospital; this is not a feasible option.</li> </ul>
Alternative 2 – Develop a Project of Greater Scope and Cost Full implementation of the Strategic Master Facility Plan	\$44.6 million	<p>Rejected because:</p> <ul style="list-style-type: none"> <li>• This alternative meets the Strategic Master Facility Plan goals; however the cost to implement it exceeds the budget. Therefore it was revised.</li> </ul>
Alternative 3 – Develop a Project of Lesser Scope and Cost Develop 2 new large ORs and 2 new PACUs and an immediate care center on the campus but remote from the current Level I Trauma Center/Emergency Department	\$10.2 million	<p>Rejected because:</p> <ul style="list-style-type: none"> <li>• Having both an immediate care center and a hospital-based Trauma Center and Emergency Service on the same site would be confusing for patients.</li> <li>• Multiple sites would result in higher operating costs.</li> </ul>

Alternative	Total Project Cost	Rationale
Alternative 4 – Project of Choice	\$39.6 Million	<p>Alternative of Choice because:</p> <ul style="list-style-type: none"> <li>• Meets the intermediate term expansion goals for both Surgery and the Emergency Department.</li> <li>• Supports the development of the Strategic Master Facility Plan as funds become available.</li> <li>• Enhances continuity of care and keeps patients near their primary care physicians and specialists, as well as family and support groups.</li> <li>• Supports graduate medical education and research initiatives at the Hospital.</li> <li>• Simplifies way finding compared to Alternative 3.</li> <li>• Requires only a single area of construction on the Hospital site resulting in less disruption for inpatients, outpatients, staff, and visitors.</li> <li>• The total Project cost is within allowable budget.</li> </ul>

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

Advocate Lutheran General Hospital (“ALGH”, “Hospital”) is committed to providing patients with the best possible place to heal. ALGH’s success in achieving safe, high quality outcomes as well as exceptional customer service has been publicly recognized. Below are a few of the most recent awards that ALGH has received.

2013 Truven Health 100 Top Hospitals

National recognition for high performance in mortality, complications, patient safety, average days stayed in the hospital, expenses, profitability, patient satisfaction, readmissions, and adherence to evidence-based medicine.

2013 100 Top Hospitals Everest Award

An honor for a special group of high performers for both long-term improvement over 5 years, and top 1-year performance.

2012 Illinois Performance Excellence Silver Award for Progress Towards Performance Excellence

Top Hospital in 10 Specialties in *U.S. News & World Report*, 2012-2013:

Best Hospital rankings in cancer, diabetes, and endocrinology; ENT; gastroenterology; geriatrics; gynecology; nephrology; neurology and neurosurgery; orthopedics; and urology. This is a national recognition that only elite hospitals achieve.

American College of Cardiology Foundation’s NCDR Action Registry:

“Get with the Guidelines” Gold Performance Achievement Award - based on risk-adjusted, outcomes-based quality program that focuses on high risk cardiovascular patients.

American Heart Association Mission: Lifeline Silver Award:

National recognition for excellence in quality of care for heart attack patients.

## Performance Excellence and Patient Safety Structure

ALGH has a comprehensive organizational structure to promote high reliability of evidence-based care, continual improvement, and a sustained patient focus to ensure all patients receive the best care possible.

*Advocate Health Care Board of Directors* assumes the ultimate accountability for the quality of patient care and patient safety provided in Advocate hospitals.

*Advocate Lutheran General Hospital (ALGH) Governing Council* provides the primary oversight for the objective evaluation of the organization's strategic goals and performance objectives.

*ALGH Senior Leadership Team and Medical Executive Committee* are responsible for:

- Ensuring the creation of strategies, systems, and methods for achieving performance excellence, and
- Ensuring organizational sustainability as well as providing direction for the allocation of resources for performance improvement and patient safety initiatives.

This is accomplished through the actions of the councils described below:

Health Outcomes Council - focuses on achieving performance excellence on health outcomes, such as mortality and complications, as well as publicly reported initiatives.

Quality Management Committee - focuses on achieving performance excellence by continually improving the medical practice of the physicians.

Physical Environment Committee - improves safety through the monitoring and management of the physical environment, including safety, security, hazardous waste, emergency preparedness, fire safety, medical equipment, and utility systems.

Patient Safety Committee - focuses on the implementation of risk reduction strategies to reduce harm to patients and employees and promote a culture of patient safety.

Service Excellence Council - focuses on providing patients and families with the best service experience, and enhancing patient perceptions of care.

Performance Improvement (PI) Showcase - allows front-line associates to focus on continually improving key work processes and patient care.

## Key Quality Objectives 2013

The following are ALGH's key quality objections for 2013:

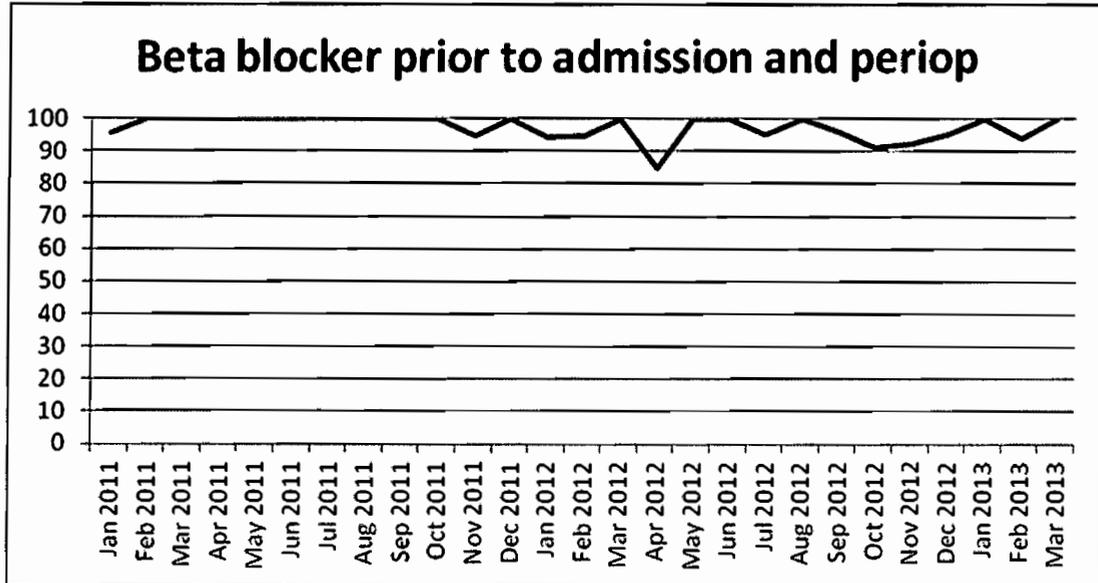
- Reducing Central Line Bloodstream Infections
- Reducing Patient Falls
- Reducing Readmissions
- Reducing Length of Stay in the Hospital
- Reducing Time on a Ventilator
- Agency for Healthcare Research and Quality Culture of Safety Survey Percentile Ranking
- Surgery

To enhance patient safety in the high-risk areas of surgical services, the department has implemented national best practices from inside and outside the healthcare industry.

Safer Surgery is an interdisciplinary initiative that is focused on decreasing unintended harm for surgical patients by improving reliability in the surgical care processes. Innovations that have been implemented include:

1. Critical Safeguards Checklist to ensure compliance with evidence-based practices that promote the prevention of errors and surgical complications. ALGH has maintained 100 percent compliance with timely antibiotic administration to reduce surgical site infection for over 2 years.
2. Crew Management Training to improve teamwork in operating rooms, enhancing culture of safety.
3. Pre-anesthesia Guidelines for surgical preparation to ensure patients receive evidence-based medicine before surgery, i.e., patients with a cardiac history receiving heart protecting medication (beta blocker) before surgery.

Attachment 13, Table 1  
Beta Block Utilization, 2011 to 2013



- Standard Surgical Scheduling Fax Form to ensure that the surgical team has necessary patient information.

Success of this initiative also is ascertained by outcomes as measured by the American College of Surgeons National Surgical Quality Improvement Program (ACS NSQIP).

American College of Surgeons National Surgical Quality Improvement Program is a data-driven, risk-adjusted, outcomes-based program to measure and improve the quality of surgical care. The program uses clinical, not administrative data, to monitor for outcome assessment at 30 days after surgery.

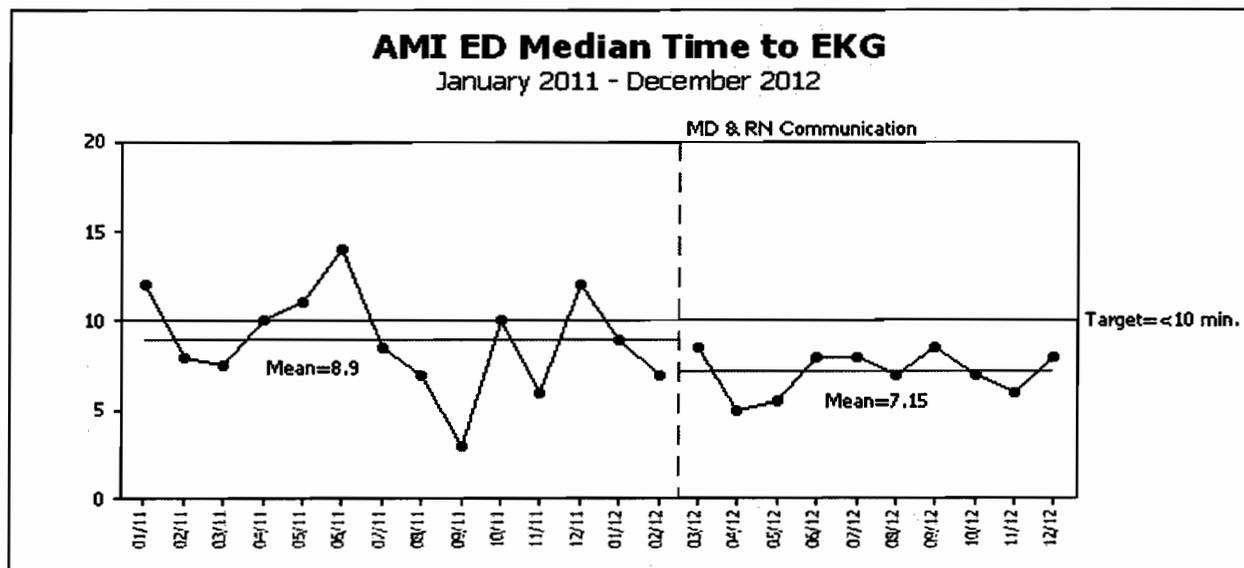
ALGH consistently achieves top decile levels of performance described as exemplary for general vascular and general surgery for mortality, morbidity, cardiac complications, pneumonia, unplanned intubations, use of ventilator for greater than 48 hours, renal failure, surgical site infections, and return to the operating room.

## Emergency Department

The Emergency Department patient safety/performance improvement program is dedicated to providing exceptional safety, quality and service to patients. Performance is assessed by metrics related to compliance with evidence-based medicine protocols and patient satisfaction.

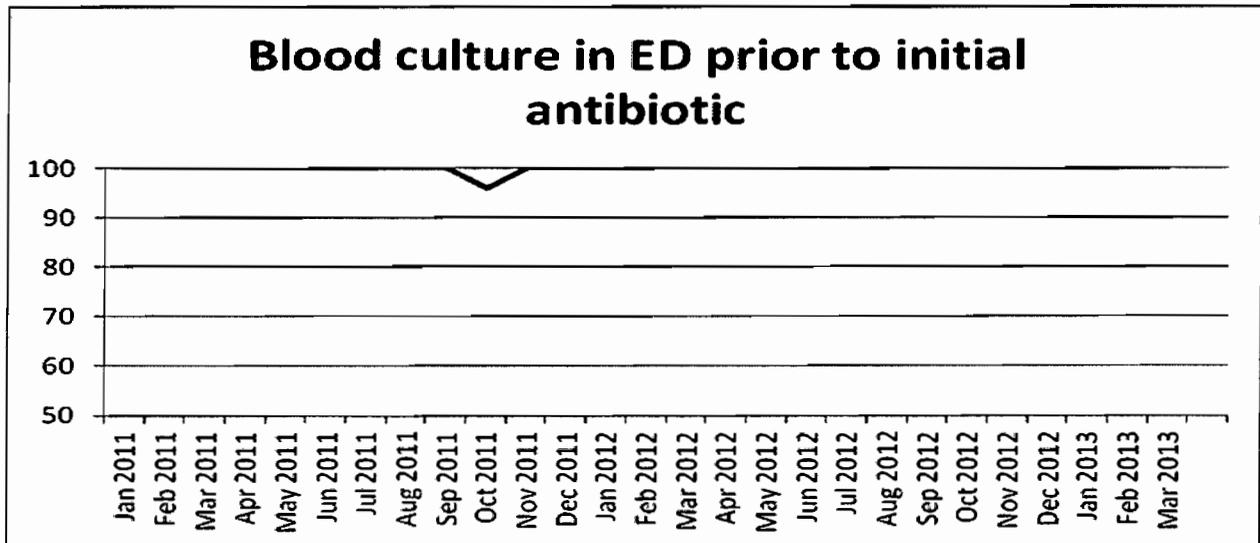
In 2012-2013, the Emergency Department is focusing on ensuring that patients who present with a potential heart attack receive an EKG within 10 minutes of arrival. An interdisciplinary team reviews the EKG process and determines that outliers occurred when patients presented with symptoms that typically are not associated with heart attack. They created an EKG Alert Tool listing typical and atypical symptoms of heart attack. These patients receive an EKG prior to registration. As a result, there was a 60.5 percent to 82.4 percent improvement in the percentage of patients receiving an EKG within 10 minutes of arrival.

Attachment 13, Table 2  
Median Time to EKG, 2011 to 2012



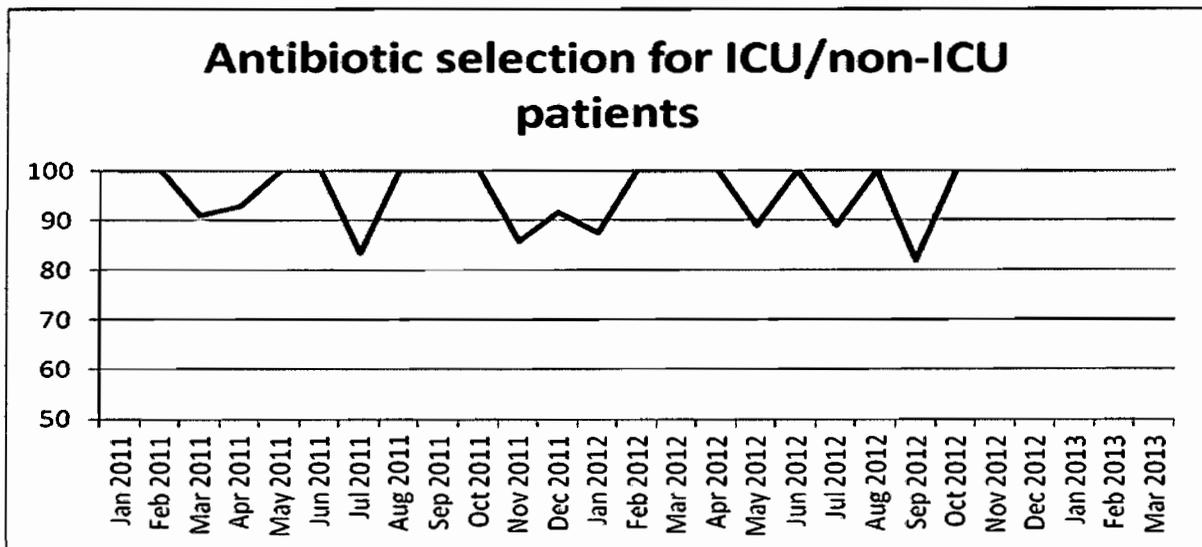
The Center for Medicare and Medicaid Services has published evidence-based recommendations for pneumonia patients that include appropriate selection of antibiotics following blood cultures. The Emergency Department has consistently achieved high compliance with blood cultures as shown on the following page:

Attachment 13, Table 3  
 Blood Culture in ED, 2011 to 2013



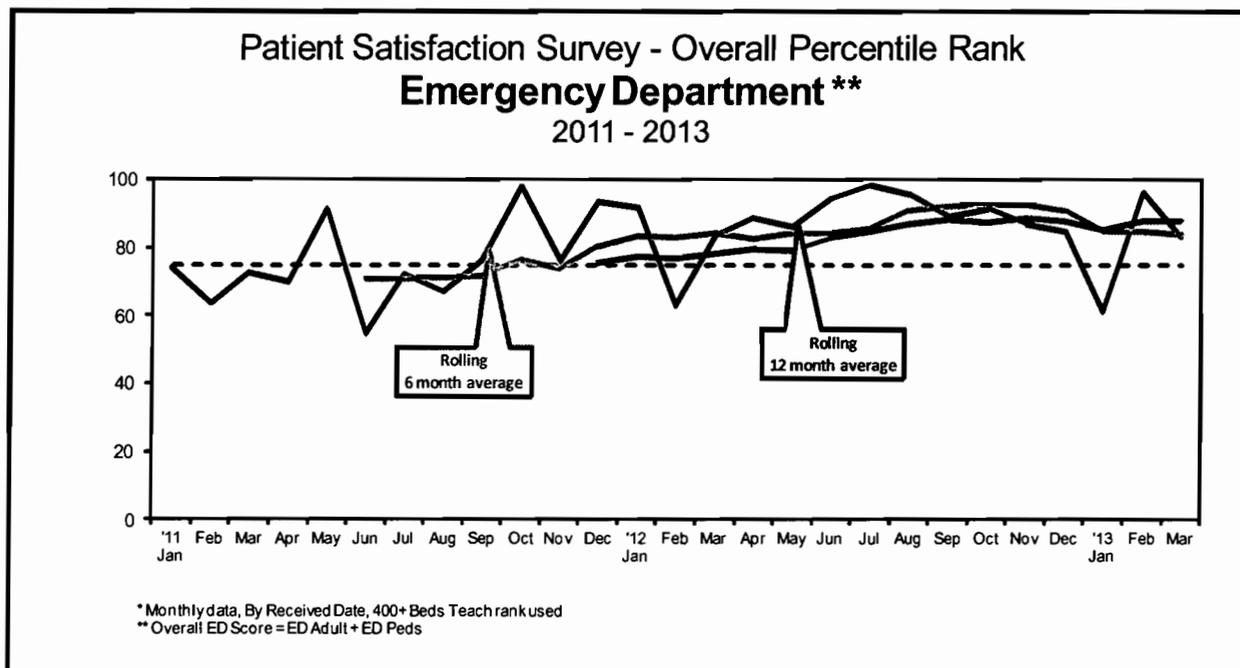
The department recognized the need to improve the selection of the appropriate antibiotic. Selection of the antibiotic was problematic when patients were allergic to the first choice antibiotics. Revisions to medication order sets and physician education have resulted in improvement with 100 percent compliance in recent months.

Attachment 13, Table 4  
 Antibiotic Selection, 2011 – 2013



ALGH partners with Press Ganey to benchmark patient satisfaction. The Emergency Department continually seeks to improve their patients' experience. The graph below demonstrates the department's consistent achievement of greater than the 80<sup>th</sup> percentile ranking (performance is better than 80 percent of the hospitals reported to Press Ganey). The rolling 6- and 12-month trends demonstrate the Emergency Department's continuous improvement in patient satisfaction:

Attachment 37, Table 5  
 Patient Satisfaction in the Emergency Department, 2011 – 2013



**SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**

**Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

**SIZE OF PROJECT:**

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::
  - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
  - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
  - c. The project involves the conversion of existing space that results in excess square footage.

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

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Level 1 Trauma Center/Emergency Department				
Observation Unit				
Surgery				
Phase I Recovery (PACU)				
<i>Pharmacy</i>				

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

See Attachment 14, Exhibit 1

Size of the Project

The amount of total physical space programmed for the proposed Project is necessary and conservative compared to the State Standards in Appendix B. The only apparent exception to the State Standard is the square footage for the Phase I recovery stations; this exceeds the State Standard due to existing conditions. The following narrative describes the proposed square footage of each department or area and compares it to the State Standard where applicable.

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**

Clinical

Emergency Department

The proposed Level I Trauma Center/Emergency Department at Advocate Lutheran General Hospital (“ALGH,” “Hospital”) will be located in “as is” space, in modernized space and in new construction. The area will have 40 key rooms including 3 trauma rooms (to be used by both pediatric and adult patients), 9 pediatric treatment stations and 28 adult treatment stations. The 3 trauma rooms and 12 adult treatment stations will remain “as is” in existing space; the 9 pediatric treatment stations and a dedicated pediatric waiting room will be in modernized space, and the remaining 16 adult treatment stations will be in new construction. New construction will also include a new entry, registration area, waiting room for adults, care team stations, clean and soiled utilities, meds room, nourishment alcove, and storage. The remainder of the existing space will be remodeled for offices and conference rooms for staff and teaching.

The State Standard for clinical emergency space is 900 DGSF per treatment space. The proposed Level I Trauma Center/Emergency Department will be 492 DGSF per treatment space or less than the State Agency Standard of 900 DGSF per treatment space. In part, this reflects the existing spaces that are only 472 DGSF per treatment space. A portion of the satellite pharmacy space is included in the total proposed DGSF for the Emergency Department.

Attachment 14, Table 1  
Level I Trauma/Emergency Department

Department/Service	Number of Key Rooms	Proposed BGSF/DGSF	Proposed BGSF/DGSF per Room	State Standard/Allowable	Difference	Met Standard?
Emergency Department	40 <sup>1</sup>	19,680 DGSF	492 DGSF per treatment room/treatment station	900 DGSF per room/treatment station	-408 DGSF per room/treatment station	Yes

<sup>1</sup> Includes 3 trauma rooms and 37 emergency treatment stations

The amount of physical space proposed for Level I Trauma/Emergency Department is necessary and not excessive.

## Observation Unit

ALGH currently does not have an Observation Unit associated with the Emergency Department. This new program will be located in an 8-room unit in close proximity to the trauma rooms and treatment stations to allow for rapid communication and easy movement of the Emergency Department physicians who will manage and assure continuity of care in both emergency and observation areas.

Attachment 14, Table 2  
Observation Unit

Department/Service	Number of Key Rooms	Proposed BGSF/DGSF	Proposed BGSF/DGSF per Room	State Standard/Allowable	Difference	Met Standard?
Observation Unit	8	4,242 DGSF	531 DGSF per room	NA	NA	NA

The amount of physical space proposed for the Observation Unit is necessary and not excessive.

## Surgery – Class C

The Hospital currently has 24 operating rooms. As part of the proposed Project, the number of rooms will be increased from 24 to 26 to accommodate the increasing volume and complexity of surgical cases at the Hospital. The new operating rooms will be located in close proximity to the existing operating rooms and will share support spaces. The new construction will include a clean core, a scrub alcove, and a stretcher alcove in addition to the two operating rooms. There will also be a viewing room adjacent to the new operating rooms for observation by surgeons, residents and surgical staff; this viewing room will serve as an infection control mechanism by limiting the number of clinicians in the operating rooms, while also allowing for an educational environment to take place.

The State Standard for Surgery-Class C operating rooms is 2,750 DGSF per operating room. The proposed 26 operating rooms will be in 37,202 DGSF or 1,431 DGSF per room. The proposed square footage is less than the State Agency Standard. In part, this reflects the existing spaces that are to remain “as is” are 1,440 DGSF per operating room. Of the total operating rooms, 7 were designed and built for ambulatory surgery cases and are therefore smaller than rooms used for more complex inpatient cases.

Attachment 37, Table 3  
Surgery – Class C

Department/Service	Number of Key Rooms	Proposed BGSF/DGSF	Proposed BGSF/DGSF per Room	State Standard/Allowable	Difference	Met Standard?
Class C Surgery	26	37,202 DGSF per room	1,431 DGSF per room	2,750 DGSF per room	-1,319 DGSF per room	Yes

## Phase I Recovery Rooms

The proposed surgery expansion plan also includes the addition of 2 new Phase I recovery (PACU) stations. The number of Phase I recovery stations at the Hospital will increase from 25 to 27.

The new Phase I recovery stations will be located in 200 DGSF of remodeled space adjacent to the existing 25 Phase I recovery stations and will share support space with them and surgery. At project completion, the total 27 Phase I recovery stations will be located in 5,087 DGSF or 188 DGSF per station. This is 8 DGSF per station more than the State Standard of 180 DGSF per treatment station. The existing 25 recovery stations are located in 4,887 DGSF per recovery station or 196 DGSF per bed. Since this existing Phase I recovery station size and configuration are already in place and the number of additional stations is small, there is no prudent alternative except to leave the existing Phase I recovery stations "as is".

The existing and proposed operating rooms and recovery stations are collocated and share support space. When considered together, the proposed square footage of the 2 departments is less than the allowable square footage.

### Allowable Square Footage

Number of operating rooms x State Standard square footage = allowable square footage

26 operating rooms x 2,750 DGSF per operating room = 71,500 allowable DGSF

27 Phase I recovery stations x 180 DGSF per recovery station = 4,860 allowable DGSF

71,500 allowable operating rooms DGSF + 4,860 allowable Phase I Recovery DGSF =

76,360 total allowable DGSF

### Proposed Square Footage

37,202 DGSF proposed operating room DGSF + 5,087 DGSF proposed Phase I

Recovery station DGSF = 42,289 total proposed DGSF

42,289 proposed total DGSF < 76,360 allowable DGSF

Based on this rationale, the combined surgery and Phase I Recovery DGSF is less than the State Standard.

## Non Clinical Square Footage

In addition to the clinical square footage, the Advocate Lutheran General Hospital Project will include non clinical space. In reporting the non clinical square footage, ALGH used the Health Facilities and Services Review Board's definitions of Administrative, Non Clinical Storage, Public Amenities, and Building Components. The Hospital also included crawl space.

The following is a brief summary of the functions in each category of square footage.

Administrative – 3,901 DGSF of new construction and 5,502 DGSF of modernization

- New Construction
  - Emergency Department administrative spaces
  - Emergency Department staff lockers and lounge
- Modernization
  - Surgery administrative offices
  - Surgery staff lockers and lounge

Non Clinical Storage, Processing and Distribution – 6,670 DGSF of new construction

- New construction
  - Materials Management support spaces
    - Soiled linen holding
    - Red bag waste holding
    - Mail Room
    - Cart wash room
    - Clean linen

Public Amenities – 7,640 DGSF of new construction

- New Construction
  - Corridor
  - Emergency Department waiting rooms

Building Components – 4,313 DGSF of new construction

- New Construction
  - Mechanical, electrical and information technology rooms
  - Loading doc, external truck base

Crawl space – 23,200 DGSF of new construction

Due to the challenging configuration of the site and the amount of grade, it will be necessary to build a crawl space under the Emergency Department expansion in order for the new construction to be on the same level as the existing department. The crawl space will have a gravel floor, unfinished walls, exposed ceiling and be minimally heated to prevent pipes from freezing in adjacent parts of the building.

Exhibits

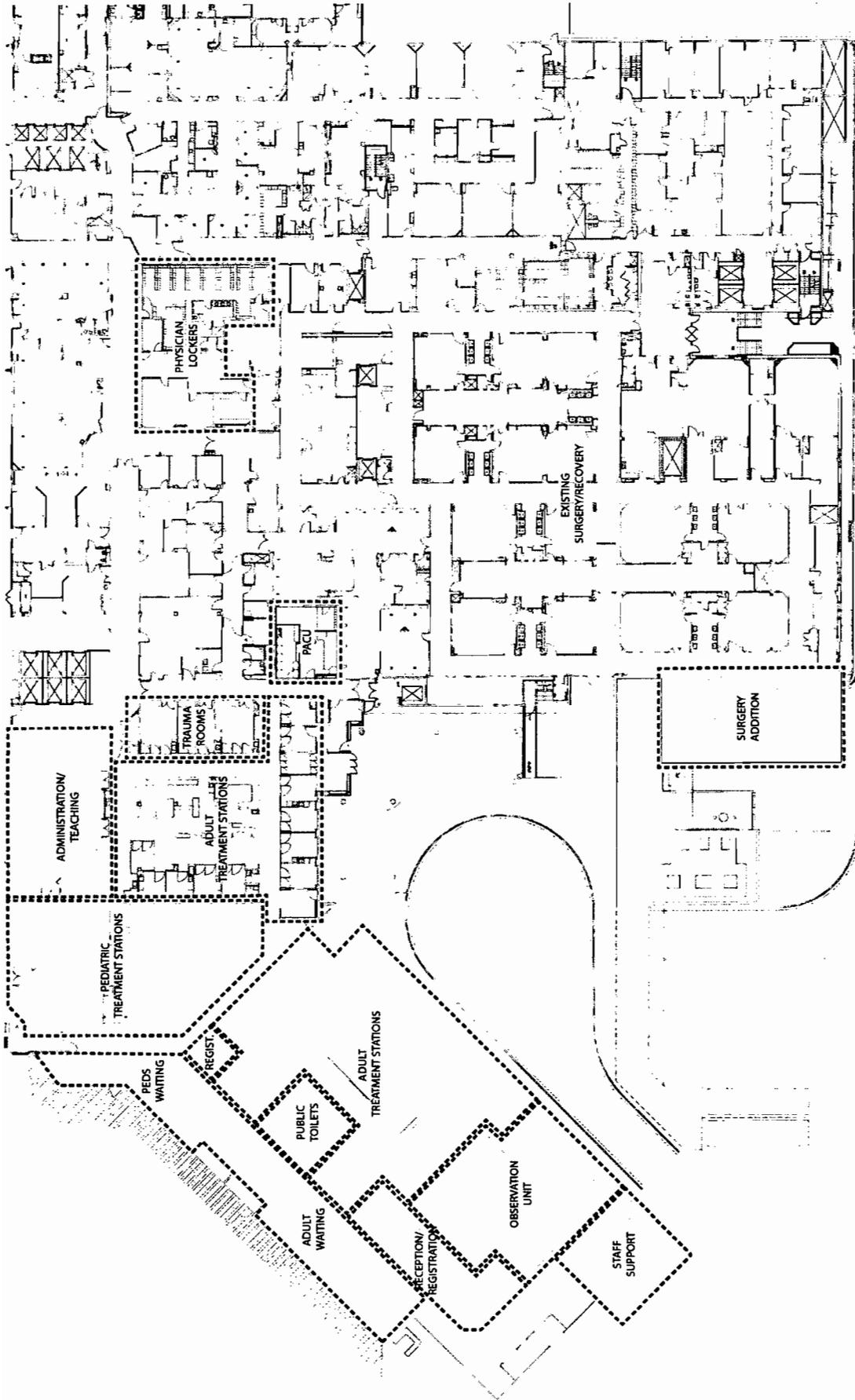
The “Size of Project” exhibit described on the first page of this attachment is included as Attachment 14, Exhibit 1.

Attachment 14, Exhibit 2 includes architectural drawings of each level of the project.

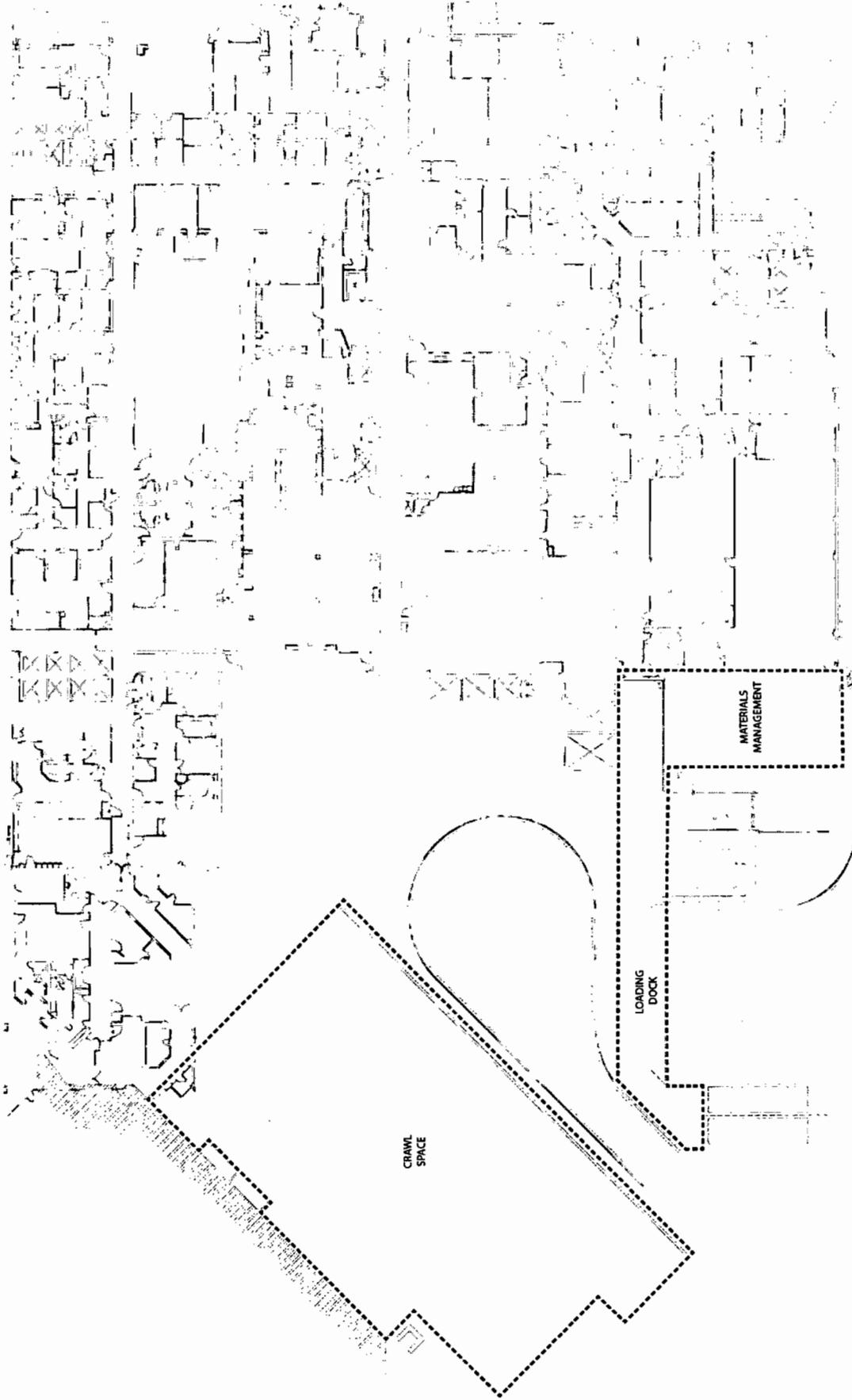
Attachment 14, Exhibit 3 includes letters from Turner Construction Company and SmithGroupJJR describing the design and construction impediments related to the project.

Size of the Project						
Department/Service	Number of Key Rooms	Proposed BGSF/DGSF	Proposed BGSF/DGSF per Room	State Standard/Allowable	Difference	Met Standard ?
Emergency Department	40 <sup>1</sup>	19,680 DGSF	492 DGSF per treatment room/treatment station	900 DGSF per room/treatment station	-408 DGSF per room/treatment station	Yes
Observation Unit	8	4,242 DGSF	531 DGSF per room	NA	NA	NA
Class C Surgery	26	37,202 DGSF per room	1,431 DGSF per room	2,750 DGSF per room	-1,319 DGSF per room	Yes
Phase I Recovery	27	5,087 DGSF	189 DGSF per room	180 DGSF per room	+9 DGSF per room	No

<sup>1</sup> The 40 rooms include 3 trauma rooms, 28 adult treatment stations and 9 pediatric treatment stations.



**CLINICAL SPACE DIAGRAM | FIRST FLOOR**  
**ADVOCATE LUTHERAN GENERAL HOSPITAL**



**CLINICAL SPACE DIAGRAM | FIRST FLOOR**  
**ADVOCATE LUTHERAN GENERAL HOSPITAL**

# SMITHGROUP JJR

18 April 2013

Mr. Roberto Orozco  
Planning and Design Manager  
Planning, Design and Construction  
Advocate Healthcare  
2025 Windsor Drive  
Oak Brook, IL 60523

**RE: Advocate Lutheran General Hospital – The emergency department, surgery and loading dock expansion project  
Architectural Impediments  
SGJJR Project No. 44024.002**

Dear Roberto:

During the course of pre-design and planning for the Advocate Lutheran General Hospital Emergency Department (ED), Surgery, and Loading Dock expansion project, SmithGroupJJR (SGJJR), the architect of record, has encountered some architectural impediments that affect planning construction efficiencies. These architectural challenges are primarily due to the nature of expansion and renovation within existing and limited site areas. Furthermore, this project is challenged by the grade differences between first floor ED and the southwest campus site where the expansion occurs. The following accounts represent the significantly affected the project design.

- Project site is triangular in shape, and the expansion design accommodates the convergence of two structural grids. (90 degree and 45 degree structural grid). This creates irregular room shapes and reduces efficiency.
- The ground plane adjacent to the ED is at a much lower elevation and will require site and parking modifications for direct access into the ED.
- Adjacent foundations do not align.
- Emergency department circulation corridor routes need to align with existing to maximize operational efficiencies and patient safety.
- The Surgery expansion requires adjacent access to the restricted corridor within the existing surgery suite. Due to existing circulation pathways, entries, vertical mechanical shafts, plumbing risers, and elevator shafts, the expansion is located on the southwest corner of the existing suite. This available area is located above the existing loading dock. This expansion will include a new air handling unit to provide code required air changes for operating rooms.
- Post anesthesia care unit (PACU) will expand two bays to accommodate the increase in operating rooms. The existing PACU is located adjacent to satellite pharmacy that will be reworked to accommodate expansion. Ductwork, telecommunications, and electrical must be maintained.
- The ground plane adjacent to the available expandable area for the Surgery Suite is at a much lower elevation and will accommodate program spaces for other departments below this addition.

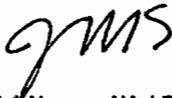
SMITHGROUPJJR 35 EAST WACKER DRIVE, SUITE 2200, CHICAGO, IL 60601 T 312.641.0770 F 312.641.6728

# SMITHGROUP JJR

- Expansion project will accommodate neighboring buildings egress pathways, utility company electrical transformers and area well access. This imposed restrictions on the planning.
- Existing electrical transformer yard that serves the main hospital lies within the project boundary and needs to be maintained. This causes inefficiencies in contiguous program space allocations.

We believe that the project has been design to successfully accommodate these impediments and will meet the current and future needs of Advocate Lutheran General Hospital. If you have any questions, comments or concerns, please don't hesitate to contact me.

Sincerely,



Jeff Neaves, AIA, LEED GA  
SmithGroupJJR

# Turner Healthcare

Turner Construction  
Company  
55 East Monroe Street  
Suite 3100  
Chicago, Illinois 60603  
phone: 312.327.2770  
fax: 312.327.2800  
www.turnerconstruction.com

April 22, 2013

Mr. Roberto Orozco  
Planning and Design Manager  
Planning, Design and Construction  
Advocate Healthcare  
2025 Windsor Drive  
Oak Brook, IL 60523

**Re: Advocate Lutheran General Hospital – Emergency Department, Surgery and Loading Dock Expansion Project  
Construction Impediments**

Dear Roberto:

During the course of pre-design and planning, Turner has been working with SmithGroup JJR (architect of record), and has encountered some construction impediments that affect the Emergency Department (ED), Surgery and Loading Dock Expansion project. This project will require a thought out execution plan to maintain adjacent operations and integrity of existing systems. The following outlines the specific areas to address:

- The existing ED will be partially demolished to accommodate the expansion. A temporary rated partition to provide weather protection and minimize sound disruption to ongoing operations will be required.
- Proper separation for construction activities from site emergency, vehicular and pedestrian traffic is required.
- Building demolition will require fencing and dust control plan. Vibration analysis for adjacent operations will also be reviewed.
- The ambulance bay located to the east of the ED expansion must remain open. Logistics plans for emergency vehicle access will be maintained for the duration of construction.
- The existing ED is on a slab on grade condition at a higher elevation than the expansion. Earth retention systems will be required. Footing grades at the Parkside tower are being evaluated for potential earth retention as well.
- The emergency generator for the Surgery Expansion will require relocation to allow for construction of the new tunnel. Temporary generator power is assumed for the duration of relocation and new tie-in of feeders.
- ComEd power for the adjacent Parkside building is fed through the existing MRI building. This feeder will need to be removed prior to building demolition.
- Site utilities are under review for any interferences with the new building and/or the tunnel. Design for rerouting of exiting utilities is pending.

*Building the Future*

- Proper phasing of the work is required to ensure the new loading dock is constructed and open prior to expanding the surgery department. This will also require completion of the tunnel linking the new ED addition to the existing dock area.
- All renovation work will require:
  - Protection of existing spaces from construction activities utilizing temporary rated partitions as required
  - Maintaining building egress pathways in accordance with project ICRA's and Disruption Avoidance plans
  - Maintenance of Life Safety systems including Fire Alarm and Fire Protection
  - Maintenance of HVAC systems
  - Maintenance of Medical Gas systems
  - Maintenance of Security systems
  - Maintenance of Electrical systems including emergency generator system

We look forward to continuing work on the project and development of the plans as noted above. Please feel free to contact me with any questions or concerns.

Respectfully,



Andrew Pilipczuk  
Senior Project Manager  
Turner Construction Company

*Building the Future*

**SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**  
**Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

**PROJECT SERVICES UTILIZATION:**

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

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

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

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

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

Attachment 15, Exhibit 1 is the required utilization table. As indicated on the table, all clinical areas meet existing utilization State Standards.

Of the total trauma/emergency visits projected for 2018, Advocate Lutheran General Hospital assumed that the ratio of general visits to trauma visits would remain consistent with 2012 experience, or 98 percent general visits.

$$70,299 \text{ total visits} \times 98 \text{ percent general visits} = 68,893 \text{ general visits}$$

At the completion of the project, the Hospital will have 37 general rooms. The utilization of these projected rooms is expected to be 1,861 visits per room by 2018.

$$68,893 \text{ general visits} \div 37 \text{ general rooms} = 1,862 \text{ visits per general room.}$$

This utilization rate is appropriate based on factors that affect emergency department utilization such as high percentages of pediatric and 65+ age patients, patients with behavioral health problems, and patients that are admitted. Further, the case mix of the emergency service includes a substantially higher proportion of immediate, emergency, and urgent (high acuity) cases than non urgent cases. The justification of the rate is described in detail in Attachment 37.

The proposed utilization of the Level I Trauma Center/Emergency Department within 2 years of opening will be 93.7 percent of the State Agency Guideline. This will allow modest capacity for the expecting continuing increase in the number of emergency patients treated at ALGH.

Surgery hours for 2018 are based on the average of three trend line analyses. At Project completion, surgery hours per room will exceed the State Standards.

49,479 hours ÷ 26 rooms = 1,903 hours per room  
1,903 hours per room > State Standard of 1,500 hours per room

Summary of Utilization

Summary of Utilization Department/Service	Historical Utilization		Projected Utilization – 2018	State Standard	Number of Key Rooms		Met Standard?
	2011	2012			Current	Proposed	
Level I Trauma Center	61,114 visits	63,307 visits	70,299 total visits	2,000 visits per room			
Emergency Department	60,426 treated	62,544 treated	per general room		33	40	Yes
Observation Unit	NA	NA	2,240 days	NA	0	8	NA
Surgery Class C	42,164 hours	43,931 hours	1,903 hours per room	1,500 hours per room	24	26	Yes
Phase I Recovery	NA	NA	NA	NA	25	27	NA

Source: Hospital Records

**R. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service**

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
<input checked="" type="checkbox"/> <b>Emergency Department</b>	<b>33</b>	<b>40</b>
<input checked="" type="checkbox"/> <b>Observation</b>	<b>0</b>	<b>8</b>
<input checked="" type="checkbox"/> <b>Surgery Department</b>	<b>24</b>	<b>26</b>
<input checked="" type="checkbox"/> <b>Phase I Recovery</b>	<b>25</b>	<b>27</b>

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

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) -	Need Determination - Establishment
Service Modernization	(c)(1) -	Deteriorated Facilities
		and/or
	(c)(2) -	Necessary Expansion
		PLUS
	(c)(3)(A) -	Utilization - Major Medical Equipment
		Or
	(c)(3)(B) -	Utilization - Service or Facility
<b>APPEND DOCUMENTATION AS <u>ATTACHMENT-37</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>		

Level I Trauma Center and Comprehensive Emergency Department at Advocate Lutheran General Hospital

**Introduction**

Advocate Lutheran General Hospital (“ALGH,” “Hospital”) is committed to patient-centered and value-based care throughout the Hospital including the high volume Level I Trauma Center/ Emergency Department. Patient-centered care involves respect for patient values, preferences, and expressed needs; coordination and integration of care and information; as well as communication and education provided to patients and caregivers. Value-based care demands that the Emergency Department provide patients with improved value such as excellent health

outcomes with fewer visits and less cost. In planning for the Level I Trauma Center/Emergency Department's future environment, the highest priorities included reducing today's chaotic and stressful surroundings in which staff must ensure prevention of medication errors, fall prevention, timely laboratory and imaging results, procedural verification as well as accommodating patient expectations.

Care delivered in the Hospital's Trauma Center/Emergency Department includes managing adult and pediatric patients with acute traumatic events, acute strokes, acute myocardial infarctions, and sepsis with fever as well as those with less urgent needs such as upset stomachs. To provide this wide range of service consistent with patient-centered/value-based principles, the Emergency Department must have the right number of appropriately sized and designed trauma rooms and general treatment stations as well as all necessary support space in a configuration that enables rapid communication, facilitates work flow, provides patient and family privacy and a calming and reassuring environment. The expansion and reorganization of the current Emergency Department will contribute to these goals.

Clinical Service Area  
Emergency Department  
Service Modernization

c) Service Modernization

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

Advocate Lutheran General Hospital (“ALGH,” “Hospital”) will respond to 1) Deteriorated Equipment or Facilities and 2) Necessary Expansion

*1) Deteriorated Equipment of 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 without service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.*

NA. The proposed Project does not replace any deteriorated facilities or equipment. The current area was constructed a decade ago and was not part of the more recent bed replacement project. Its current space does not have any code or life safety deficiencies. However, the current space is severely undersized to support the volume of trauma and general emergency activity that occurs in the department. As part of the Project, the trauma rooms, 12 of the adult treatment stations and the ambulance court will remain “as is”. The proposed 9 pediatric treatment stations and the pediatric waiting room as well as administrative and teaching space will be in modernized space. The drop off area, reception/registration area and the adult waiting room as well as the remaining 16 adult treatment stations will be in new construction that will have a seamless connection to the “as is” and modernized areas of the Level I Trauma Center/Emergency Department. Finally, a designated parking lot will be part of the project.

The proposed project design will resolve the suboptimal design issues in the current unit; it will provide the additional space that is required by the severity of injury or illness of the cases treated now and in the future in the area.

## Designation of Emergency and Trauma Services

The Illinois Department of Public Health (“IDPH”) categorizes emergency services as standby, basic, and comprehensive. IDPH also designates trauma centers as either Level I or Level II and develops Emergency Medical Systems (EMS) across the State to coordinate the provision of emergency care in the event of disasters or mass casualties. Each EMS region has a resource hospital as well as associate and participating hospitals.

IDPH also recognizes a hospital’s special certification as a Primary Stroke Center as well as an Emergency Stroke Ready Hospital.

The following definitions of standby, basic and comprehensive emergency services as well as Level I and Level II Trauma Centers illustrate the complexity of emergency care delivery – from a standby emergency service to a Level I Trauma Center.

### Definitions of Standby, Basic and Comprehensive Emergency Services

The following are requirements for standby, basic, and comprehensive emergency services.

#### Standby Emergency Services

A standby emergency service requires that one of the nurses on duty at the hospital be available for emergency services at all times. A licensed physician must be on call to the emergency department at all times. A standby emergency service must be able to provide immediate first aid and emergency care to people requiring such treatment on arrival at the hospital.

#### Basic Emergency Services

A basic emergency service requires that at least one licensed physician be in the emergency department at all times. Physicians representing the specialties of medicine, surgery, pediatrics and maternity must be available within minutes. Ancillary services such as laboratory, x-ray and pharmacy must be staffed or on call at all times.

#### Comprehensive Emergency Services

A comprehensive emergency service requires that at least one licensed physician be in the emergency department at all times. Physicians representing the major specialties (medicine, surgery, pediatrics and maternity) as well as sub-specialties such as plastic surgery, dermatology, and ophthalmology, etc. must be available within minutes. Ancillary services including laboratory and x-ray must be staffed at all times. The pharmacy must be staffed or on call at all times.

In addition, according to IDPH, all emergency services must have adequate facilities for the provision of immediate life-saving measures, and supplies and equipment must be available and in readiness for use. Each hospital must also have and maintain a disaster or mass casualty program that is worked out in cooperation with other hospitals in the area and with all agencies concerned.

#### Definitions of Trauma I and Trauma II Centers

The following definitions describe Level I and Level II Trauma Centers

#### Trauma I

##### Level I Trauma Center

A Level I Trauma Center must admit at least 1,200 trauma patients yearly or 240 admissions with an Injury Severity Score (ISS) of more than 15 or an average of 35 patients with an ISS of more than 15 for the trauma panel surgeons (general surgeons) who take trauma call.

A general surgeon or appropriate substitute (PGY 4 or 5 resident) must be in house 24 hours a day to participate in major resuscitations, therapeutic decisions and operations. Emergency physicians must be present in the emergency department at all times. A neurosurgeon must be designated as the liaison. Plastic surgery, hand surgery, and spinal injury care capabilities must be present.

Further, anesthesia services must be available in-house 24 hours a day.

A full spectrum of physician specialties must be available including orthopedic surgery, neurosurgery, cardiac surgery, thoracic surgery, hand surgery, microvascular surgery, plastic surgery, obstetric and gynecologic surgery, ophthalmology, otolaryngology and urology.

A Level I Center must have an adequately staffed operating room that is immediately available and a complete operating team in the hospital at all times, with individuals who are dedicated only to the operating room.

In addition, a CT tech must be available around the clock and there must be in-house physician coverage of the intensive care unit at all times.

Finally, there must be a continuous rotation in trauma surgery for senior residents (PGY 4 or higher) that is part of an Accreditation Council for Graduate Medical Education. The Trauma Center must be accredited in any of the following disciplines: general surgery, orthopedic surgery, or neurosurgery, or it must support an acute care surgery fellowship consistent with the educational requirements of the American Association for the Surgery of Trauma.

## Trauma II

The requirements for a Level II Trauma Center are more limited than those for Level I Trauma Centers.

## Conclusion

Based on these definitions, there is undeniably a vast difference between standby, basic and comprehensive emergency departments, as well as between Level I and Level II Trauma Centers.

Although these definitions differentiate between levels of care, physician staffing and availability of support services as well as prescribe other attributes of these services, the State Agency has only one Utilization Guideline and only one Square Footage Guideline to determine the need and size for emergency treatment stations regardless of the emergency services' designation or the complexity of care that is provided. The State Guideline for utilization of an Emergency Department is 2,000 visits per year per treatment station; the Guideline for square footage is 900 DGSF per treatment station.

## Necessary Expansion

Advocate Lutheran General Hospital is a Level I Trauma Center/comprehensive emergency service providing the highest level of trauma/emergency services to children and adults 24 hours a day. Able to handle the most complex life-threatening traumatic events, all of the Hospital's 27 emergency physicians are board certified by the American College of Emergency Physicians; 22 are certified in EM/ABEM; 3 are certified in Peds EM and 2 in Peds. The attendings also serve as faculty for the University of Illinois Emergency Resident Program at ALGH. ALGH has 84 nurses on the Emergency Department staff with certifications in CPR (BLS), PALS, ACLS, TNCC/TNS, and ENPC for new ED RN staff. All RN's are also required to be certified in Pediatric EDAP/PCCC and Stroke Center skills.

The Hospital was one of the first emergency services designated by the Illinois Department of Emergency Services for Children as being specially staffed and equipped to treat pediatric emergency patients. Except for trauma, pediatric patients are treated in an area separate from the adult treatment area.

ALGH serves as a Resource Hospital to the 12 Level II Trauma Centers in the region.

Current Volume as Indicator of Need for Emergency Treatment Stations

As shown in Attachment 37, Exhibit 1 and summarized on Attachment 37, Table 1, Advocate Lutheran General Hospital’s Level I Trauma Center/Emergency Department experienced an overall increase of 11.3 percent in total visits and 12.9 percent in treated patients between 2006 and 2012. Growth was not consistent through the period. For example, average annual growth for treated patients was 2.1 percent per year. During the early years, volume was relatively stable because of disruption on the campus due to extensive construction. Growth between 2010 and 2011 was 9.3 percent or 4.7 percent per year due in part to the closing of Holy Family Hospital and its Emergency Department and the completion of construction on the Hospital campus.

Attachment 37, Table 1

Utilization of Level I Trauma/Emergency Department, 2006 to 2012

	2006	2007	2008	2009	2010	2011	2012	Percent Change
Total Visits <sup>1</sup>	56,880	58,514	57,010	58,036	57,743	61,114	63,307	11.3
Total Treated Patients	55,552	57,439	55,629	57,237	57,225	60,426	62,544	12.9

1. Includes patients who left without being seen, often because of long wait times.

Source: Hospital Records

Currently the Hospital has 33 treatment rooms in the Level I Trauma Center/Emergency Department. Thirty of the rooms are used for general emergency visits, 3 are designated for trauma patients. Trauma rooms must be ready for incoming trauma cases; occasionally they are used for other patients such as Stroke Alerts or Cardiac Cath Alerts. The Hospital reports the utilization of the rooms by general patients and trauma patients. In 2012, the total 63,307 total visits and 62,544 treated patients included 1,118 trauma patients.

$$33 \text{ total rooms} - 3 \text{ trauma rooms} = 30 \text{ general rooms}$$

2011 – Total Visits

$$61,114 \text{ total visits} - 977 \text{ trauma visits} = 60,137 \text{ general visits}$$

$$60,137 \text{ general visits} \div 30 \text{ rooms} = 2,005 \text{ visits per room}$$

2011 – Treated Patients

$$60,426 \text{ treated patients} - 977 \text{ trauma visits} = 59,449 \text{ general visits}$$

$$59,449 \text{ general visits} \div 30 \text{ rooms} = 1,982 \text{ visits per room}$$

2012 – Total Visits

$63,307$  total visits –  $1,118$  trauma visits =  $62,189$  general visits

$62,189$  general visits ÷  $30$  rooms =  $2,073$  visits per room

2012 – Treated Patients

$62,544$  treated patients -  $1,118$  trauma patients =  $61,426$  general visits

$61,426$  general visits ÷  $30$  rooms =  $2,048$

Hence during the latest 2 years, the Level I Trauma Center/Emergency Department's general emergency patients used the general emergency treatment stations at a rate higher than the State Utilization Guideline of 2,000 visits per room. The Project proposes to increase the number of general treatment stations from 30 to 37; the number of trauma rooms will remain unchanged at 3.

Alternative Need Methodologies

Trend Lines

Advocate Lutheran General Hospital developed two sets of trend lines to determine expected future volume if historic trend lines were extended into the future. The second full year of utilization will be 2018. Two trend lines are provided as Attachment 37, Exhibit 2 and Attachment 37, Exhibit 3. The first is based on visits to a treatment area. The second is based on total visits including treated patients as well as patients who registered and left without being seen (LWBS). The Hospital assumed that if adequate facilities had been available, the number of LWBS patients would have been reduced.

As shown on Attachment 37, Table 2 these trend lines show that by 2018 the Hospital's emergency department volume would increase from 10.2 to 13.3 percent.

Attachment 37, Table 2  
Outcomes of Trend Line Analyses

Treated Patients	2012	2018	Percent Change	Number of Rooms Justified at 2,000 Visits per Room
Absolute Growth	62,544	69,536	+11.2	35
Percentage Growth	62,544	70,841	+13.3	36
Compound Average Growth Rate	62,544	70,416	+12.6	36
Average	62,544	70,265	+12.3	36
Treated Plus LWBS Patients				
Absolute Growth	63,307	69,734	+10.2	35
Percentage Growth	63,307	70,806	+11.8	36
Compound Average Growth Rate	63,307	70,460	+11.3	36

Source: Hospital records

Although these trend lines showed a 10 to 13 percent increase in demand, ALGH determined that it was necessary to investigate other emergency services need methodologies because the trend lines do not fully reflect the implications of being a Level I Trauma Center with 3 dedicated trauma rooms.

## American College of Emergency Physicians Methodologies

The American College of Emergency Physicians (ACEP) <sup>1</sup> has published two methodologies for determining need for emergency treatment stations. The first is based on the census in an emergency department and the second is based on a range of operational indicators. Based on these methodologies, the number of visits per room could range from 1,250 to 1,875, depending on annual visits, peak census and the operational situation.

### Emergency Census-Methodology 1

The ACEP's census-based methodology examines the flow of patients through the Trauma Center/ Emergency Department. As shown on Attachment 37, Table 3, this patient flow varies substantially by hour of the day and day of the week. As shown on the following table, ALGH averages 7.3 visits per hour; however the range is from 2.0 to 11.9 visits per hour. These wide swings in patient arrivals must be considered in planning for treatment areas in the emergency service.

Attachment 37, Table 3  
Utilization of ALGH's Emergency Department  
per Day, per Hour, and Peak Utilization 2012

Day of the Week	Total	Average Per Day	Average Per Hour	Range of Visits Per Hour
Sunday	9,680	182.6	7.6	3.0 – 11.6
Monday	9,827	185.4	7.7	2.5 – 11.9
Tuesday	9,021	173.5	7.2	2.6 – 11.7
Wednesday	8,791	169.1	7.0	2.2 – 11.0
Thursday	8,819	169.6	7.1	2.0 – 11.3
Friday	8,873	170.7	7.1	2.1 – 10.9
Saturday	9,117	175.3	7.3	2.3 – 11.0
Total	63,308	175.7	7.3	2.0 – 11.9

Source: Hospital Records

In order to account for the uneven flow of patients through the Trauma Center/Emergency Department, the Hospital first determined that Saturday was the day of the week with the number of average daily visits most like the annual rate, or 175.3 for Saturday, 175.7 for the year.

<sup>1</sup> *American College of Emergency Physicians: Emergency Department Design (2002)*,

Edited by Jon Huddy, AIA

Next the Hospital determined the average length of stay in the Emergency Department. They found that the average stay of 3.7 days was understated because it did not include the time admitted patients occupied a treatment area before they were taken to an inpatient room. Because 26.3 percent of emergency patients are admitted, the Hospital conservatively used a total average length of stay of 4 hours.

Based on known hourly visits for the current hour and the 3 previous hours, the Hospital calculated hourly census. Attachment 37, Exhibit 4 shows that during the hours from noon until 11 PM, the number of patients being treated and awaiting treatment exceeds the number of treatment areas by as many as 10 patients. This analysis clearly demonstrates why the existing department is seriously overcrowded and must use hallways to care for patients. At periods of high census, wait times at the Hospital range from 2 to 6 hours (rather than the 20 minutes recommended by the ACEP). Of course, patients with life-threatening conditions are seen first.

This overcrowding strains limited Emergency Department resources, and especially staff; increases ambulance delays and diversions; decreases the department's ability to handle unexpected surges in utilization; and, decreases quality and patient satisfaction. Further overcrowding detracts from patient privacy and dignity and makes HIPAA compliance very difficult.

Attachment 37, Table 5 shows the difference by hour of available treatment stations and census for the total all patients (trauma and general emergency patients) and for only general patients. For example, at 2:00 to 3:00 in the afternoon, the census of general patients is more than 42 or 12 more than the number of general treatment stations available to accommodate them.

Attachment 37, Table 5  
Implication of Census in Excess of Available Stations  
2012

Hour	Average Total Census	Available Rooms/Stations	Difference Average Census – Available Rooms/Stations	Estimated General Census	Available General Stations <sup>1</sup>	Difference General Census – General Stations
Noon	37.9	33	4.9	37.1	30	7.1
1 PM	41.2	33	8.2	40.4	30	10.4
2 PM	43.2	33	10.2	42.3	30	12.3
3 PM	43.1	33	10.1	42.2	30	12.2
4 PM	42.2	33	9.2	41.4	30	11.4
5 PM	41.4	33	8.1	40.6	30	10.6
6 PM	40.4	33	7.1	39.6	30	9.6
7 PM	37.2	33	6.2	38.4	30	8.4
8 PM	38.7	33	5.9	38.1	30	8.1
9 PM	37.9	33	4.7	37.1	30	7.1
10 PM	37.0	33	4.0	36.3	30	6.3
11 PM	34.2	33	1.2	33.5	30	3.5

Source: Attachment 37, Exhibit 4

1 Assumes general visits are 98 percent of total volume.

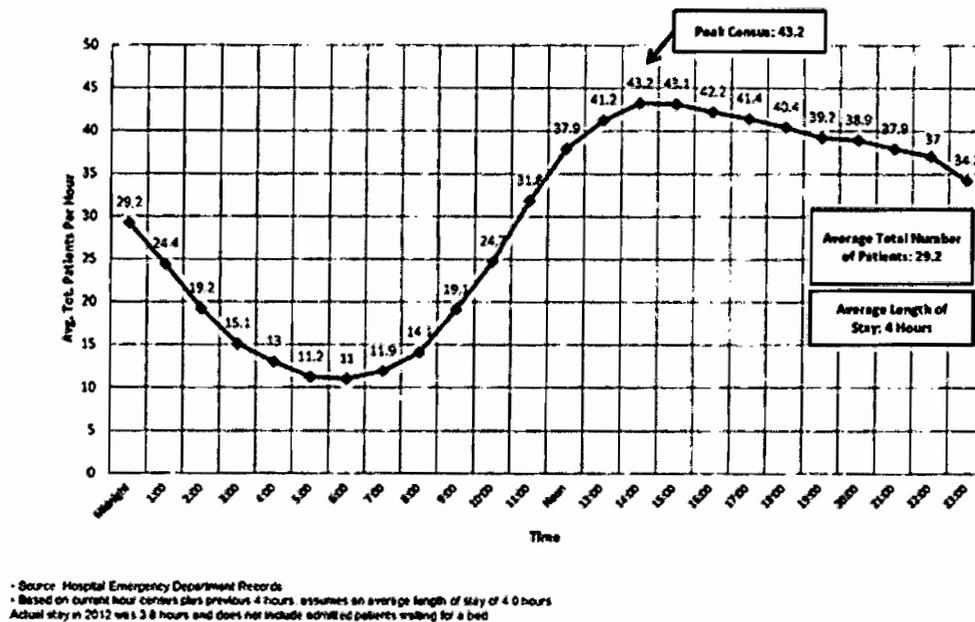
Attachment 37, Table 6 shows that during the 12 busiest hours of the day, the Trauma Center/ Emergency Department at 90 percent occupancy (the high range suggested by ACEP), ALGH would need from 38 to 48 general treatment stations as well as the 3 trauma rooms, or from 41 to 51 total treatment areas.

Attachment 37, Table 6  
Total Spaces and General Treatment Stations Needed 2012

Hour	Census	Needed Stations Percent Occupancy	
		80 Percent	90 Percent
Noon	37.9	47	43
1 PM	41.2	52	46
2 PM	43.2	54	48
3 PM	43.1	54	48
4 PM	42.2	53	47
5 PM	41.4	52	46
6 PM	40.4	51	45
7 PM	37.2	49	44
8 PM	38.7	49	44
9 PM	37.9	48	43
10 PM	37.0	47	42
11 PM	34.2	43	38

Attachment 37, Table 7 graphically displays how often the census exceeds the available 33 stations. For a larger graph, see Attachment 37, Exhibit 5.

Attachment 37, Table 7  
Census per Hourly Peak, 2012



Demand for emergency treatment areas is anticipated to be greater in the future because of:

- Hospital closures and consolidations, often with attendant reductions in emergency capabilities
- Aging of the population resulting in more people living longer and developing chronic and often complex diseases with acute episodes requiring immediate care
- An increasing number of mentally ill patients; the length of stay of these patients in the Emergency Department is much longer than the average
- Lack of immediately available inpatient bed surge capacity to allow patients to be admitted during natural or manmade disasters
- Lack of timely access to primary care physicians, and
- Cumbersome preapproval admission insurance processes.

Even though this methodology justifies the need for more treatment stations, ALGH is conservatively requesting 40 treatment stations.

## Operational Indicators – Methodology 2

The ACEP's second methodology provides indicators identified as "low range" and "high range." If a hospital meets or exceeds the majority of the 11 indicators, it qualifies to use the "high range" of treatment stations, observation rooms, and square footage ACEP Guidelines. Advocate Lutheran General Hospital meets the majority of the indicators; this finding suggests that the State's Utilization Guideline of 2,000 visits per room per year may not fully address the Trauma I/comprehensive pediatric and adult emergency services at the Hospital.

Attachment 37, Exhibit 6 is a summary of the operational indicators used in this ACEP methodology. The following describes these indicators and how Advocate Lutheran General Hospital meets or exceeds 10 of the 11 ACEP operational guidelines. The final indicator, Time to Admit, is unanswered because the Hospital does not capture this information.

The following is a brief summary of ALGH's compliance with the "high range" of the indicators.

### Length of Stay

If a hospital has more than a 3.5 average length of stay in the emergency department, the hospital qualifies for the "high range". In 2012, the average length of stay in the ALGH Level I Trauma Center/Emergency Department was 3.7 hours. At the Hospital, 26.3 percent of the patients are admitted and spend additional time in the Emergency Department. This time is not included in the 3.7 hours; hence, the 3.7 hours appears to be understated. Based on this indicator, ALGH qualifies as a "high range" facility.

### Location of Holding Beds or Observation Beds

The proposed expanded Emergency Department at the Hospital will have 8 observation beds in the department. ALGH meets the "high range" of this indicator.

### Turnaround Times for Diagnostic Tests

Typically lab results need to be available before imaging exams are completed. It takes approximately 34 minutes to acquire specimens and receive lab results. An additional 87 minutes turnaround time is needed to obtain general radiology results; turnaround time for other imaging results range from 60 to 120 minutes. High range hospitals have a turnaround time of 60 minutes or more; therefore, for this operational indicator Advocate Lutheran General qualifies for the “high range.”

### Percentage of Patients Admitted

The ACEP uses 23 percent of patients being admitted as the criteria for “high range.” At the Hospital, 26.3 percent of all patients in the Emergency Department are admitted. Therefore, the Hospital meets this “high range” indicator.

### Percentage of Urgent vs. Non-Urgent Patients

ALGH uses a recognized 5-level acuity ranking scale for all emergency patients. Excluding unassigned patients, levels 1, 2 and 3, the three highest levels (immediate, emergent and urgent) account for 76.2 percent of the patients while levels 4 and 5, the two lower levels (semi-urgent and non-urgent), account for 23.8 percent of the patients. The urgent patients account for 52.4 percent more than non urgent patients. Therefore, urgent care patients outnumber non-urgent patients by more than 10 percent and qualify the Hospital as a “high range” facility.

### Age of Patients

In 2012, 25.5 percent of the trauma/emergency patients treated at the Hospital were more than 65 years of age. The ACEP indicator for a “high range” facility is 25.0 percent. Therefore, the percentage of patients over the age of 65 exceeded the indicator for the “high range.” As the population continues to age, the percentage of senior patients is expected to increase.

### Need for Administrative or Teaching Spaces

ALGH’s emergency physicians are faculty for the University of Illinois Emergency Resident Program at ALGH. In 2012, the Hospital had 28 physician students rotate through the Level I Trauma Center/Emergency Service. In 2013, there were 27 student physicians during the first 4 months of the year. There are also paramedic and nursing students. Teaching space such as consultation and conference rooms is needed for these students and faculty in the Emergency Department. The area also needs administrative space for physicians and administrative directors. The requirement for teaching and administrative space qualifies ALGH as “high range.”

### Special Components – Pediatric Care

Advocate Children’s Hospital – Park Ridge is part of the ALGH campus; pediatric emergency and trauma patients are treated in the ALGH Emergency Department. The Hospital is currently approved as a Level II Trauma Center for Pediatrics and certified by IDPH as an Emergency Department Approved for Pediatrics (EDAP). The Hospital is also a Pediatric Critical Center (PCCC,) a designation denoting that the pediatric emergency service participates in an approved EMS and is designated by IDPH as being capable of providing optimal critical care services to pediatric patients. In 2012, the Emergency Department treated more than 15,000 pediatric patients. The American College of Emergency Physicians considers a hospital with a pediatric emergency service to require more treatment stations (or to have fewer visits per station). The current Emergency Department has 7 dedicated pediatric treatment stations; pediatric trauma patients are treated in the 3 trauma/resuscitation rooms. The proposed expanded Emergency Department will have 9 dedicated and specially staffed pediatric treatment stations. Of the total emergency patients in 2012, 26.7 percent were pediatric patients. Clearly, ALGH meets the guidelines as a “high range” provider.

### Specialty Components – Psychiatric Care

ALGH has a large inpatient acute mental illness program with 55 authorized Acute Mental Illness beds. In 2012, 3.5 percent of the Hospital’s emergency patients had a psychiatric or substance abuse diagnosis. These patients typically spend several hours in the Emergency Department before required state assessments and evaluations can be completed and the patients admitted to ALGH or another inpatient or outpatient facility. This compares to the national average of 3.5 percent (*National Hospital Ambulatory Medical Care Survey: 2010 Emergency Department Summary Tables*). With the closing of chronic mental health services in Illinois, increased state and national attention to the needs of mental health patients, and additional proposed funding to care for the mentally ill, this proportion is expected to increase. Therefore, the Hospital qualifies as “high range” for the psychiatric indicator.

### Flight Services and/or Trauma Services

As a Level I Trauma Center, the Hospital has 3 trauma rooms and the related support space. It also has a helipad to accommodate incoming helicopters with trauma victims. The Level I Trauma Center will include flight communication, reporting, and storage in the department. Therefore, the Hospital meets this “high range” indicator.

## Summary

According to the American College of Emergency Physician's determination of facilities that meet or exceed the majority of the operational indicators discussed above, Advocate Lutheran General Hospital could need as many as 57 treatment stations by 2018. The Hospital is requesting 40 stations. This conservative request takes into account the expectation that the initial impact of state and national health reform, the greater use of emergency services by newly insured patients, will be moderated by the time the proposed new project opens because more primary care physicians and other non urgent caregivers will be available. This availability of alternative caregivers will result in the relocation of some non acute cases to non hospital-based services. Finally, the more conservative number takes into account that the design of the new Emergency Department includes an Observation Unit that will allow patients to be moved from the treatment stations more expeditiously, thereby enhancing patient flow through the department without compromising quality. Finally, the Project has an established budget and the need for additional treatment stations was planned prudently and with an awareness of expected changes in the marketplace.

## Conclusion

Advocate Lutheran General Hospital is an essential trauma and emergency resource to a broad geographic area in the northwest Chicago area. Its Level I Trauma Center and comprehensive adult and pediatric emergency services treated more than 62,500 patients in 2012 and that number is expected to increase based on the population growth in the age cohorts with the highest emergency services use rate and the sophisticated clinical programs available at this tertiary/quaternary referral, teaching and research Hospital.

The State Agency has a single Utilization Guideline for all trauma/emergency services regardless of the whether they are classified as standby, basic or comprehensive or designated as a Level I or Level II Trauma Center. Because of the higher patient acuity at ALGH and unique patient mix, the Hospital has described the limitations of this Guideline and other more "universal" methodologies in determining the current and future need for treatment stations at the Hospital.

The Hospital determined that two methodologies published by the American College of Emergency Physicians consider factors that justify fewer than 2,000 emergency visits per treatment room. The first relates to the census (the total number of trauma/emergency patients in the ALGH every hour of the day). That census was calculated by taking the number of admissions for the current and 3 previous hours to arrive at the hourly census. Not surprisingly, this analysis

showed that that in 2012 between noon and 11PM the census in the Trauma I Center/Emergency Department exceeded the number of available rooms by as many as 10 patients. This fully explains the stressful and often chaotic surroundings in which seriously injured and ill patients must be treated and an environment in which the staff must function for hours at a time. This methodology showed the need for 45 trauma rooms and treatment stations by 2018, the second full year of utilization. The applicants are conservatively requesting a total of 40 treatment spaces – 3 trauma rooms and 37 emergency treatment stations.

The ACEP's second methodology examines 11 operational indicators that affect the need for treatment stations. Again, the unique circumstances at ALGH clearly justify the need for even more than 45 treatment stations. Based on these methodologies and modest adjustments to account for the impact of state and federal health care reform, and the realities of a fixed Advocate budget, the ALGH leadership conservatively and prudently is requesting 40 treatment stations including 3 trauma rooms, 28 adult treatment stations, and 9 pediatric treatment stations. The expanded Emergency Department will also have a separately justified 8-bed Observation Unit. Advocate Lutheran General Hospital has met the criterion for Necessary Expansion.

### 3. Utilization

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

NA There is no major medical equipment in this Project.

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

Advocate Lutheran General Hospital has justified the need for 7 additional key rooms in subsection c) 2) Necessary Expansion.

- 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.*

There is a Utilization Guideline for emergency services. It is 2,000 visits per treatment station. The applicants have described the limitations of this Guideline and have justified the proposed expansion of the Hospital's Level I Trauma Center/Emergency Center from 33 to 40 treatment stations using two methodologies published by the American College of Emergency Physicians and adjusting them for the current care delivery environment.

The utilization of the proposed 40 treatment stations would be 1,862 visits per room per year or 93.1 percent of the State Guideline on the day the new facilities open. Although this utilization rate is 7 percent less than the State Agency Utilization Guideline of 2,000 visits per room per year, it is consistent with the complexity of the cases treated at the Hospital and the need to keep trauma rooms available for incoming patients with life-threatening injuries and illnesses. It is also prudent because emergency volume is expected to increase in ensuing years.

Attachment 37, Exhibit 1

Worksheet for Historical and Projected Utilization of the Emergency Department at Advocate Lutheran General Hospital

	2006	2007	2008	2009	2010	2011	2012
Total Visits	56,880	58,514	57,010	58,036	57,743	61,114	63,307
Left Without Being Seen	1,328	1,075	1,381	799	518	688	763
Total Treated Patients	55,552	57,439	55,629	57,237	57,225	60,426	62,544
Trauma Visits	NA	NA	1,044	1,087	997	977	1,118
Percent Trauma Visits	NA	3.1	1.9	1.9	1.7	1.6	1.8
Number of rooms justified (State Standard – 2,000 visits per room)		28	28	29	29	31	32

Source: Hospital Records

**Advocate Lutheran General Hospital - ED Visit Projections**

Projections Based on 2006-2012 Data

Baseline Data Source: Hospital Profiles and Advocate Lutheran General Hospital Annual Hospital Questionnaire, 2012

	2006	2007	2008	Actual			Projected								
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Absolute Growth<sup>1</sup></b>															
ED Visits	55,552	57,439	55,629	57,237	57,225	60,426	62,544	63,709	64,875	66,040	67,205	68,371	69,536	70,701	71,867
Annual Growth		1,887	-1,810	1,608	-12	3,201	2,118	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165
Percentage Growth		3.40%	-3.15%	2.89%	-0.02%	5.59%	3.51%	1.86%	1.83%	1.80%	1.76%	1.73%	1.70%	1.68%	1.65%
<b>Percentage Growth<sup>2</sup></b>															
ED Visits	55,552	57,439	55,629	57,237	57,225	60,426	62,544	63,856	65,196	66,563	67,959	69,385	70,841	72,327	73,844
Annual Growth		1,887	-1,810	1,608	-12	3,201	2,118	1,312	1,340	1,368	1,396	1,426	1,456	1,486	1,517
Percentage Growth		3.40%	-3.15%	2.89%	-0.02%	5.59%	3.51%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
<b>CAGR<sup>3</sup></b>															
ED Visits	55,552	57,439	55,629	57,237	57,225	60,426	62,544	63,792	65,065	66,363	67,688	69,038	70,416	71,821	73,254
Annual Growth		1,887	-1,810	1,608	-12	3,201	2,118	1,248	1,273	1,298	1,324	1,351	1,378	1,405	1,433
Percentage Growth		3.40%	-3.15%	2.89%	-0.02%	5.59%	3.51%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

	2006	2012 Change	Absolute Pctg. Growth <sup>1</sup>	Growth <sup>2</sup>	CAGR <sup>3</sup>
ED Visits	55,552	62,544	6,992	1,165	2.00%

Absolute Growth Method<sup>1</sup>

$$\frac{(\text{Ending Year Volume} - \text{Beginning Year Volume})}{(\text{Ending Year} - \text{Beginning Year})}$$

$$\frac{(62,544 - 55,552)}{(2012 - 2006)}$$

Percent Growth Method<sup>2</sup>

$$\frac{(\text{Ending Year Volume} - \text{Beginning Year Volume})}{(\text{Ending Year} - \text{Beginning Year})} / (\text{Beginning Year Volume})$$

$$\frac{((62,544 - 55,552) / (2012 - 2006))}{55,552}$$

CAGR Growth Method<sup>3</sup>

$$(\text{Ending Year Volume} / \text{Beginning Year Volume})^{(1 / (\text{Ending Year} - \text{Beginning Year})) - 1}$$

**Advocate Lutheran General Hospital - ED Visit Projections (Includes Left Without Being Seen)**

Projections Based on 2006-2012 Data

Baseline Data Source: Hospital Profiles and Advocate Lutheran General Hospital Annual Hospital Questionnaire, 2012

	Actual							Projected							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Absolute Growth<sup>1</sup></b>															
ED Visits (Incl. LWBS)	56,880	58,514	57,010	58,036	57,743	61,114	63,307	64,378	65,449	66,521	67,592	68,663	69,734	70,805	71,876
Annual Growth		1,634	-1,504	1,026	-293	3,371	2,193	1,071	1,071	1,071	1,071	1,071	1,071	1,071	1,071
Percentage Growth		2.87%	-2.57%	1.80%	-0.50%	5.84%	3.59%	1.69%	1.66%	1.64%	1.61%	1.58%	1.56%	1.54%	1.51%
<b>Percentage Growth<sup>2</sup></b>															
ED Visits (Incl. LWBS)	56,880	58,514	57,010	58,036	57,743	61,114	63,307	64,499	65,714	66,951	68,212	69,497	70,806	72,139	73,497
Annual Growth		1,634	-1,504	1,026	-293	3,371	2,193	1,192	1,215	1,238	1,261	1,285	1,309	1,333	1,359
Percentage Growth		2.87%	-2.57%	1.80%	-0.50%	5.84%	3.59%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%
<b>CAGR<sup>3</sup></b>															
ED Visits (Incl. LWBS)	56,880	58,514	57,010	58,036	57,743	61,114	63,307	64,447	65,607	66,788	67,990	69,214	70,460	71,729	73,020
Annual Growth		1,634	-1,504	1,026	-293	3,371	2,193	1,140	1,160	1,181	1,202	1,224	1,246	1,268	1,291
Percentage Growth		2.87%	-2.57%	1.80%	-0.50%	5.84%	3.59%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%

**Absolute Pctg.**

	2006	2012 Change	Growth <sup>1</sup>	Growth <sup>2</sup>	CAGR <sup>3</sup>
ED Visits (Incl. LWBS)	56,880	63,307	6,427	1,071	1.88%

Absolute Growth Method <sup>1</sup>

$$\frac{\text{Ending Year Volume} - \text{Beginning Year Volume}}{(\text{Ending Year Volume} / (\text{Ending Year} - \text{Beginning Year})) - \text{Beginning Year}}$$

Percent Growth Method <sup>2</sup>

$$\frac{\text{Ending Year Volume} - \text{Beginning Year Volume}}{((\text{Ending Year Volume} / (\text{Ending Year} - \text{Beginning Year})) / (\text{Beginning Year Volume})) - 1}$$

CAGR Growth Method <sup>3</sup>

$$\frac{\text{Ending Year Volume} / \text{Beginning Year Volume}}{(\text{Ending Year} - \text{Beginning Year})} - 1$$

Attachment 37, Exhibit 4

Average Census  
Per Hour <sup>1</sup>

Hour	Average Census Per Hour <sup>1</sup>
Midnight	29.2
1 AM	24.4
2 AM	19.2
3 AM	15.1
4 AM	13.0
5 AM	11.2
6 AM	11.0
7 AM	11.9
8 AM	14.1
9 AM	19.1
10 AM	24.7
11 AM	31.8
Noon	37.9
1 PM	41.2
2 PM	43.2
3 PM	43.1
4 PM	42.2
5 PM	41.4
6 PM	40.4
7 PM	39.2
8 PM	38.9
9 PM	37.9
10 PM	37.0
11 PM	34.2

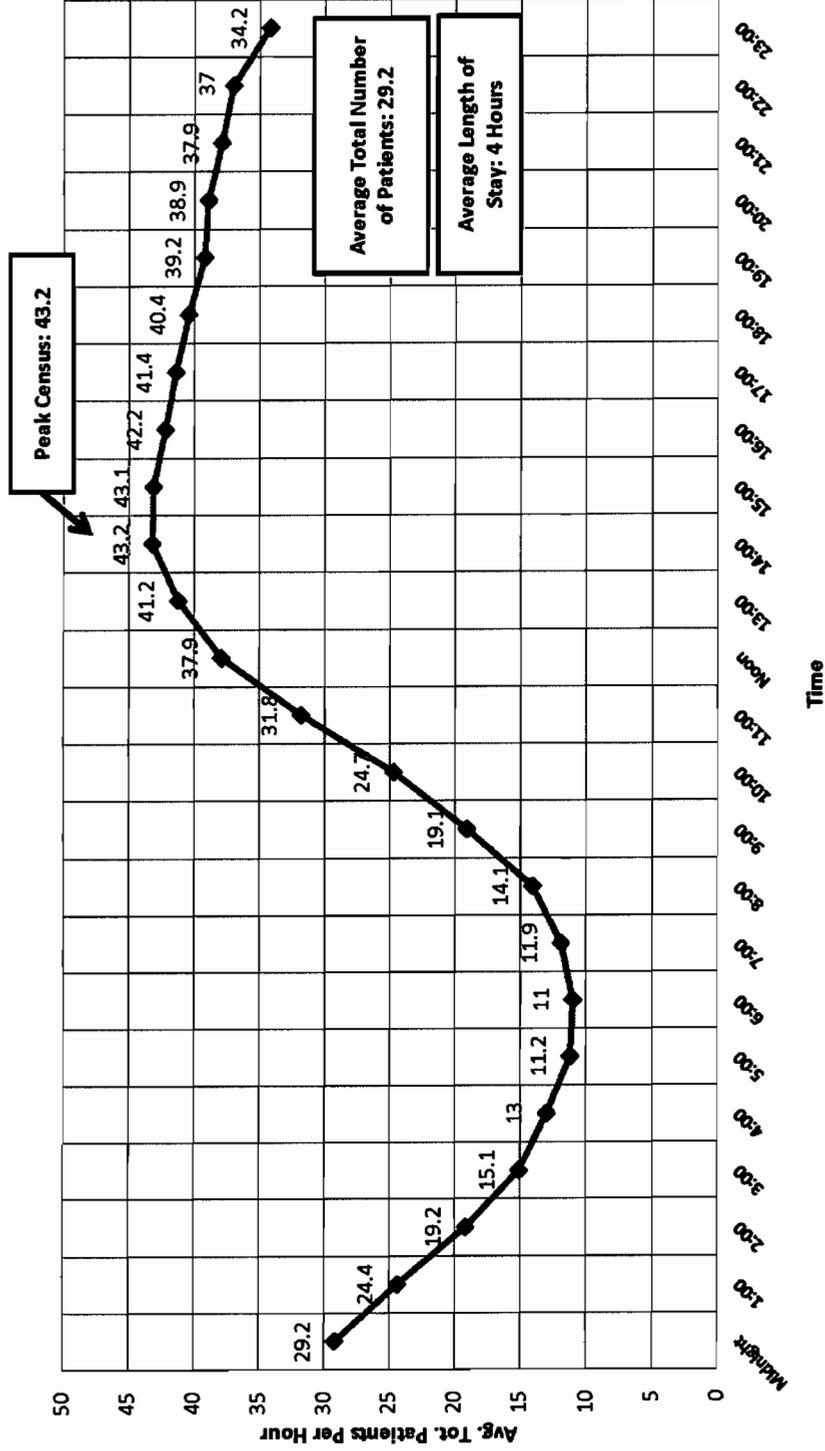
12 hours that census exceeds available trauma rooms and emergency stations

<sup>1</sup> Based on current hour census plus previous 4 hours; assumes an average length of stay of 4.0 hours. Actual stay in 2012 was 3.7 hours and does not include admitted patients waiting for a bed.

Source: Hospital Emergency Department Records

2012 Advocate Lutheran General Hospital

Emergency Department Census per Hour



• Source: Hospital Emergency Department Records  
 • Based on current hour census plus previous 4 hours; assumes an average length of stay of 4.0 hours. Actual stay in 2012 was 3.8 hours and does not include admitted patients waiting for a bed.

Indicators that Drive the Need for the Number of Emergency Department Treatment Spaces

Indicator	Low Range You can estimate that your need for patient care spaces and overall department area will be in the LOW RANGE if the majority of the following parameters match what you believe your future department will be:	High Range You can estimate that your need for patient care spaces and overall department area will be in the HIGH RANGE if the majority of the following parameters match what you believe your future department will be:	Meets of Exceeds Indicator
Length of Stay	<input type="checkbox"/> Average total length of stay for all emergency department patients will be less than 2.5 hours. Because you'll have the ability to turn patient care spaces over quickly, you'll need fewer of them.	<input checked="" type="checkbox"/> Average total length of stay for all emergency department patients will be more than 3.5 hours. Because you won't be able to turn patient care spaces over quickly, you'll need more of them and, in turn, more clinical support spaces to support a larger department.	Yes
Location of Holding or Observation Beds (treatment sp)	<input type="checkbox"/> Your observation or evaluation unit or "admit holding" beds will be located <i>outside</i> of the emergency department, which will allow you to move patients out of the department for extended observation or for "holding" until they can be moved to inpatient units. Your emergency department can be at the lower range because you don't have to include these beds in your calculations.	<input checked="" type="checkbox"/> The observation, evaluation, and "admit holding" beds will be located within the department, which increases the number of patient care spaces and support areas you'll need.	Yes

Indicator	Low Range You can estimate that your need for patient care spaces and overall department area will be in the LOW RANGE if the majority of the following parameters match what you believe your future department will be:	High Range You can estimate that your need for patient care spaces and overall department area will be in the HIGH RANGE if the majority of the following parameters match what you believe your future department will be:	Meets of Exceeds Indicator
Time to Admit	<input type="checkbox"/> Emergency department patients who are admitted to the hospital will be transported out of the department less than 60 minutes after disposition. The ability to vacate the department allows you to turn patient care spaces over more quickly, which means that fewer spaces will be needed	<input checked="" type="checkbox"/> Emergency department patients who are admitted to the hospital will remain in the department more than 90 minutes after disposition. This extended stay will limit your ability to turn patient care spaces over quickly, which means that more spaces will be needed.	NA
Turnaround time for diagnostic tests	<input type="checkbox"/> Average turnaround times for results from laboratory and imaging studies will be 30 minutes or less, which will enable you to turn patient care spaces over quickly.	<input checked="" type="checkbox"/> Average turn around times for results from laboratory and imaging studies will be more than 60 minutes, which will limit your ability to turn patient care spaces over quickly.	Yes
Percentage of Patients Admitted	<input type="checkbox"/> Less than 18 percent of your emergency department patients will be admitted to the hospital. Having a lower-acuity patient population will allow for faster turnover of patient care spaces	<input checked="" type="checkbox"/> More than 23 percent of your emergency department patients will be admitted to the hospital. Having a higher-acuity patient population will require more time for diagnosis and treatment in the emergency department	Yes

Indicator	Low Range You can estimate that your need for patient care spaces and overall department area will be in the LOW RANGE if the majority of the following parameters match what you believe your future department will be:	High Range You can estimate that your need for patient care spaces and overall department area will be in the HIGH RANGE if the majority of the following parameters match what you believe your future department will be:	Meets of Exceeds Indicator
Percentage of non urgent vs. urgent patient presentations	<input type="checkbox"/> Non-urgent patients will outnumber urgent patients by more than 10 percent, which signifies a lower-acuity patient population.	<input checked="" type="checkbox"/> Urgent patients will outnumber non-urgent patients by more than 10 percent, which signifies a higher-acuity patient population and longer lengths of stay.	Yes
Age of patients	<input type="checkbox"/> Less than 20 percent of your patients will be older than 65 years.	<input checked="" type="checkbox"/> More than 25 percent of the patients will be older than 65 years. Older patients require more time and more diagnostic testing.	Yes
Need for Administrative or Teaching Spaces	<input type="checkbox"/> Your need for offices or teaching spaces within the emergency department will be minimal.	<input checked="" type="checkbox"/> Your need for teaching areas, faculty offices, and other administrative spaces within the emergency department will be extensive, such as in a university teaching hospital.	Yes
Imaging Services included within the emergency department	<input type="checkbox"/> Imaging studies will not be performed within the department.	<input checked="" type="checkbox"/> Imaging studies will be performed within the department.	

Indicator	Low Range You can estimate that your need for patient care spaces and overall department area will be in the LOW RANGE if the majority of the following parameters match what you believe your future department will be:	High Range You can estimate that your need for patient care spaces and overall department area will be in the HIGH RANGE if the majority of the following parameters match what you believe your future department will be:	Meets of Exceeds Indicator
Specialty Components Pediatric Area	<input type="checkbox"/> You will not have a pediatric emergency department.	<input checked="" type="checkbox"/> ALGH will have a pediatric emergency department that may require additional space for playroom studies, family areas, etc.	Yes
Specialty Components Psychiatric Patient Volume	<input type="checkbox"/> You will not have a large number of psychiatric patients.	<input checked="" type="checkbox"/> ALGH's emergency case mix includes a high volume of psychiatric patients, which usually means that more patient care spaces will be needed.	Yes
Flight Services and/or Trauma services	<input type="checkbox"/> Flight services and trauma services support areas will not be included within the department.	<input checked="" type="checkbox"/> Flight services and trauma services support areas will be included within the department.	Yes

Clinical Service Area  
Observation Unit

c) Service Modernization

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

Advocate Lutheran General Hospital (“ALGH,” “Hospital”) will respond to 1) Deteriorated Equipment or Facilities and 2) Necessary Expansion.

1) Deteriorated Equipment or Facilities

*The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to: historical utilization data, downtime or time spent without service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.*

NA Advocate Lutheran General Hospital (“ALGH,” “Hospital”) currently does not have an observation unit in the Emergency Department; hence, the proposed 8-bed Observation Unit will be a new service for the Hospital and there are neither deteriorated facilities nor equipment that requires replacement.

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 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.*

Having an observation unit either in or adjacent to an emergency department is an increasingly important function in a modern hospital. The adjacency of emergency and observation functions improves physician consultations and rapid movement of emergency staff between patients. Today, more than 35 percent of U.S. hospitals have dedicated emergency department observation units.

Observation of emergency patients in an observation unit rather than on a general inpatient unit is considered “best practice” by the American College of Emergency Physicians. Patient stays on the unit are usually less than 24 hours. This allows time for further evaluation or treatment of conditions that are likely to improve in 24 hours.

The defining feature of emergency department observation services is the active management of patients by the emergency physicians following the initial emergency care to determine if there is need for admission. Hospitals are increasingly being scrutinized for inpatients whose length of stay is one day or less, or the subset of patients whose clinical needs exceed what can realistically be achieved within a typical emergency visit, but if managed actively will require less than a 24-hour hospitalization.

The most common adult conditions seen in an emergency observation unit are chest pain, asthma exacerbation, syncope, transient ischemic attack, deep vein thrombosis, acute onset of atrial fibrillation, abdominal pain, psychiatric conditions, acute congestive heart failure, head injury, uncomplicated pyelonephritis, soft tissue infections, upper GI bleeding, abdominal trauma, and stable drug overdoses.

The most common pediatric conditions seen in an emergency observation unit are asthma, dehydration, gastroenteritis, pneumonia, abdominal pain, seizures, fever, bronchiolitis, croup, poisonings, and trauma.

ALGH is proposing to introduce an Observation Unit within the Emergency Department to improve patient care and reduce health care costs. The Hospital has met the criterion for "Necessary Expansion."

### 3. Utilization

#### A) Major Medical Equipment

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

There is no major medical equipment in this Project.

#### B) Service or Facility

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

There are no utilization standards for observation units provided in Appendix B.

C) No Utilization Standards Exist

*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 following assumptions were used in determining the number of beds needed in the proposed Observation Unit in the Emergency Department at ALGH.

Advocate Lutheran General Hospital's use of observation status to admit patients from the Emergency Department to inpatient units between 2008 and 2012 shows a strong increase.

Attachment 37, Table 1  
Emergency Patients Admitted as Observation Status

Year	Number of Emergency Department Patients Admitted as Observation Status
2008	992
2009	2,006
2010	2,752
2011	3,001
2012	5,315

Based on this growth and the patients that would most likely be relocated from observation status on an inpatient unit to the Observation Unit in the Emergency Department, the Hospital assumed the following.

1. The growth in the number of observation status patients would increase at the same rate as emergency visits or by 12.4 percent between 2012 and 2018. This assumption is conservative.

5,315 patients with admissions as observation status x 12.4 percent =  
5,974 admissions as observation patients in 2018

2. Of the 5,974 patients observation status admissions, 60 percent would be admitted to the Observation Unit in the Emergency Department

5,974 observation status admissions x 60 percent =  
3,585 admissions to the Observation Unit in the Emergency Department

3. The projected observation patients would stay an average of 15 hours

$$3,585 \text{ observation patient visits} \times 15 \text{ hours per stay} = 53,775 \text{ total hours of needed observation time}$$

4. An observation room would have 8,760 available hours per year at 100 percent occupancy and 7,884 at 90 percent occupancy

$$365 \text{ days} \times 24 \text{ hours per day} = 8,760 \text{ total available hours per year at 100 percent occupancy}$$

$$8,760 \times 90 \text{ percent} = 7,884 \text{ hours per year at 90 percent occupancy}$$

5. If one room has 7,884 hours of availability, 7 rooms would be needed to support 2018 volume or 53,775 hours

$$53,055 \text{ available hours} \div 7,884 \text{ hours per room} = 6.7 \text{ or } 7 \text{ rooms}$$

6. Finally, the Hospital assumed that an efficient nurse staffing ratio on the Observation Unit would be 4:1 (four patients to 1 nurse) and there would be the need to accommodate peaks in utilization. To accommodate peaks and adjust for nurse staffing, the Hospital is proposing to develop and 8-bed Observation Unit.

The proposed size of the Observation Unit in the Emergency Department is conservative compared to the American College of Emergency Physicians' recommendation of from 11 to 14 observation rooms for a hospital with an emergency department reporting 70,000 or more annual emergency visits, such as ALGH.

Based on this methodology, Advocate Lutheran General Hospital has conservatively justified the need for 8 beds in the Observation Unit.

Clinical Service Area  
Surgery Operating Rooms (Class C)

c) Service Modernization

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

Advocate Lutheran General Hospital (“ALGH,” “Hospital”) will respond to 1)

Deteriorated Equipment or Facilities and 2) Necessary Expansion.

1) Deteriorated Equipment or Facilities

*The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to: historical utilization data, downtime or time spent without service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.*

NA The proposed project at Advocate Lutheran General Hospital (“ALGH,” “Hospital”) will not replace Class C operating rooms or equipment that has deteriorated. The Project proposes to add 2 new Class C operating in new construction adjacent to the existing operating rooms. Some modernization and reconfiguration of the existing space will occur to improve efficiency as well as patient and staff work flow. The overall goal of the Surgery Department is to standardize surgery operations and build a very high degree of reliability in the operating rooms; this is a recognized approach to improve outcomes and reduce operating cost.

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 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.*

Advocate Lutheran General Hospital provides a comprehensive range of inpatient and outpatient surgical procedures for adults and children. The Surgery Department, however, specializes in complex surgery, especially in the disciplines of orthopedics/spine, cardiovascular, cancer surgery, and neurosurgery. The Hospital is proposing expansion of the Class C surgery capacity to better meet current and future need for existing procedures and for new complex procedures and technology that are rapidly transitioning from the research setting to operating rooms in tertiary/quaternary hospitals like ALGH.

As shown on Attachment 37, Exhibit 1 and Table 1, the Hospital's Surgery Department experienced strong growth in hours of surgery between 2006 and 2012. This growth is the combined effect of additional surgery cases and longer average case times, including minimally invasive (robotic) surgery. This longer average procedure time is an indication of the increasing complexity of the surgery being performed at ALGH.

Attachment 37, Table 1  
Utilization of Surgery at ALGH, 2006-2012

	2006	2007	2008	2009	2010	2011	2012	Percent Change
Cases	18,578	18,474	17,980	18,000	18,340	18,450	19,184	+3.3
Hours	37,313	40,181	40,359	40,362	40,404	42,164	43,164	+15.7
Hours per Case	2.01	2.18	2.24	2.20	2.20	2.29	2.29	+13.9

Source: Hospital records

Attachment 37, Exhibit 2 is a trend line analysis of current and expected future utilization. As shown on this exhibit, surgery volume is expected to continue to increase. ALGH leadership believes this trend line is a valid representation of future demand. They expect volume to continue to grow as the population ages and the number of insured patients increases. They believe hours per case also will increase due to the increasing complexity of surgeries performed at the Hospital and especially the number of robotic surgeries that typically require from 2.5 to 8.0 hours. New areas of robotic surgery are expected to include pancreatic and liver procedures. Growth in surgical volume at the Hospital is expected to be from complex and minimally invasive surgeries, hence, the new operating rooms will be large enough to accommodate necessary equipment and staff for these procedures.

### 3) Utilization

#### A) Major Medical Equipment

*Proposed project 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.*

NA There is no major medical equipment in this Project.

## 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 rates for each of the latest two years, unless additional key rooms can be justified per subsection (c) (2) Necessary Expansion.*

### Current Utilization

Attachment 37, Table 2 shows that the utilization for each of the latest 2 years justifies the need for 30 operating rooms based on the State Utilization Guideline of 1,500 hours per room. In 2012, average operating room utilization was 1,793 hours per room or 19.5 percent higher than the State Utilization Guideline.

$$1,793 \text{ hours} \div 1,500 \text{ hours State Utilization Guideline} = 19.5 \text{ percent}$$

Attachment 37, Table 2  
Utilization of the Operating Rooms at ALGH, 2011 and 2012

Year	Hours	Current Rooms	Hours per Room	State Utilization Guideline – Hours per Room	Percent Difference	Rooms Justified
2011	42,164	24	1,757	1,500	+17.1	29
2012	43,031	24	1,793	1,500	+19.5	30

Source: Hospital records

In reality, the 24 Class C operating rooms operate at an even higher utilization because ALGH is a Level I Trauma Center and must keep one operating room available for incoming trauma patients at all times. Using the 2012 hours and reducing the number of current rooms by 1, the remaining 23 rooms are operating at 1,910 hours per room, or 27.3 percent higher than the State Utilization Guideline.

$$43,031 \text{ hours} \div 23 \text{ rooms} = 1,871 \text{ hours per room}$$

or 24.7 percent higher than the State Utilization Guideline

$$1,871 \text{ hours} \div 1,500 \text{ hours State Utilization Guideline} = 24.7 \text{ percent}$$

### Future Utilization

ALGH looked beyond current utilization and prepared trend lines to 2018 (the second full year of utilization) and beyond to demonstrate that surgical volume at the Hospital will continue to increase and thereby continue to support the need for 2 additional operating rooms, or a total of 26. See Attachment 37, Exhibit 2.

Based on these trend lines, the 26 proposed operating rooms will be utilized at 1,903 hours per room (the average of the 3 trend lines) by the second full year of operation of the new rooms or 26.9 percent higher than the State Utilization Guideline.

$$1,903 \text{ hours} \div 1,500 \text{ hours State Utilization Guideline} = 26.9 \text{ percent}$$

The Hospitals Strategic Master Facility Plan envisions increasing the number of operating rooms in future development phases.

#### C. No Utilization Standards Exist

*If no current 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 State does have a utilization standard for Class C operating rooms and Advocate Lutheran General Hospital has documented that current utilization justifies 6 additional operating rooms. The Hospital is conservatively requesting only 2 additional operating rooms.

Worksheet for Historical and Projected Surgery Utilization at Advocate Lutheran General Hospital

	2006	2007	2008	2009	2010	2011	2012
Inpatient Cases	7,283	7,019	6,829	6,789	7,301	7,320	7,465
Percent Inpatient Cases	39.2	38.0	38.0	37.7	39.8	39,7	38.9
Outpatient Cases	11,295	11,455	11,151	11,211	11,039	11,130	11,719
Percent Outpatient Cases	60.8	62.0	62.0	62.3	60.2	60.3	61.1
Total Surgery Cases	18,578	18,474	17,980	18,000	18,340	18,450	19,184
Total Surgery Hours	37,313	40,181	40,359	40,362	40,404	42,164	43,031
Average Hours per Case	2.01	2.18	2.24	2.20	2.200	2.29	2.29
Operating Rooms Dedicated to Trauma	NA	1	1	1	1	1	
Rooms Justified (State Standard – 1,500 Hours per Room)	25	27	27	27		29	29
Existing Rooms	22	24	24	24	24	24	24
Difference	-2	-3	-3	-3		-5	-5

**Advocate Lutheran General Hospital - Total Surgery Hours Projections**

Projections Based on 2006-2012 Data

Baseline Data Source: Hospital Profiles and Advocate Lutheran General Hospital Annual Hospital Questionnaire, 2011

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Absolute Growth<sup>1</sup></b>				<b>Actual</b>							<b>Projected</b>				
Total Surgery Hours	37,313	40,181	40,359	40,362	40,404	42,164	43,031	43,984	44,937	45,890	46,843	47,796	48,749	49,702	50,655
Annual Growth	2,868	178	178	3	42	1,760	867	953	953	953	953	953	953	953	953
Percentage Growth	7.69%	0.44%	0.44%	0.01%	0.10%	4.36%	2.06%	2.21%	2.17%	2.12%	2.08%	2.03%	1.99%	1.95%	1.92%
<b>Percentage Growth<sup>2</sup></b>															
Total Surgery Hours	37,313	40,181	40,359	40,362	40,404	42,164	43,031	44,130	45,257	46,413	47,598	48,814	50,061	51,340	52,651
Annual Growth	2,868	178	178	3	42	1,760	867	1,099	1,127	1,156	1,185	1,216	1,247	1,279	1,311
Percentage Growth	7.69%	0.44%	0.44%	0.01%	0.10%	4.36%	2.06%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%
<b>CAGR<sup>3</sup></b>															
Total Surgery Hours	37,313	40,181	40,359	40,362	40,404	42,164	43,031	44,066	45,125	46,211	47,322	48,460	49,625	50,819	52,041
Annual Growth	2,868	178	178	3	42	1,760	867	1,035	1,060	1,085	1,111	1,138	1,165	1,193	1,222
Percentage Growth	7.69%	0.44%	0.44%	0.01%	0.10%	4.36%	2.06%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%

	2006	2012 Change	Absolute Pctg. Growth <sup>1</sup>	Growth <sup>2</sup>	CAGR <sup>3</sup>
Total Surgery Hours	37,313	43,031	5,718	953	2.55%

Absolute Growth Method <sup>1</sup>

$$\frac{\text{Ending Year Volume} - \text{Beginning Year Volume}}{(\text{Ending Year} - \text{Beginning Year})} / \frac{\text{Ending Year Volume}}{(43,031 - 37,313) / (2012 - 2006)}$$

Percent Growth Method <sup>2</sup>

$$\frac{\text{Ending Year Volume} - \text{Beginning Year Volume}}{((43,031 - 37,313) / (2012 - 2006))} / \frac{\text{Beginning Year Volume}}{37,313}$$

CAGR Growth Method <sup>3</sup>

$$\frac{\text{Ending Year Volume} / \text{Beginning Year Volume}}{\text{Beginning Year Volume} \wedge (1 - (\text{Ending Year} - \text{Beginning Year})) - 1}$$

Source: Hospital Profiles and Advocate Lutheran General Hospital Annual Hospital Questionnaire, 2011

Note: One operating room dedicated to cardiovascular surgery; one operating room reserved for trauma.

Rev. 4/8/2013

Clinical Service Area –  
Phase I Recovery

c) Service Modernization

The applicant shall document that the proposed project meets one of the following:  
Advocate Lutheran General Hospital (“ALGH,” “Hospital”) will respond to 1)  
Deteriorated Equipment or Facilities and 2) Necessary Expansion.

1) Deteriorated Equipment or Facilities

*The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to: historical utilization data, downtime or time spent without service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.*

NA The proposed Project at Advocate Lutheran General Hospital will not replace Phase I recovery stations or equipment that has deteriorated. The Project will add 2 Phase I recovery stations in modernized space near the proposed new operating rooms and the existing Phase I recovery stations.

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 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.*

Advocate Lutheran General Hospital currently has 24 Class C operating rooms and 25 Phase I recovery stations. The Hospital is proposing to add 2 operating rooms for complex orthopedic/spine and minimally invasive (robotic) surgical procedures and Phase I recovery stations to bring the total to 27. A portion of existing surgery support space adjacent to the existing Phase I recovery unit will be renovated to accommodate the proposed additional Phase I recovery stations.

### 3) Utilization

#### A) Major Medical Equipment

*Proposed project 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.*

NA There is no major medical equipment in this Project.

#### 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 rates for each of the latest two years, unless additional key rooms can be justified per subsection (c) (2) Necessary Expansion.*

The State Agency does not have a Utilization Guideline for Phase I recovery stations.

#### C. No Utilization Standards Exist

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

IDPH Hospital Code Section 250.2440 Need for Recovery Positions requires a minimum of 1 post recovery room for each operating room. The Hospital has 24 operating rooms and is requesting 26; the Hospital has 25 and is requesting 27 Phase 1 recovery stations. The number of additional stations is consistent with the IDPH code requirements.

27 proposed Phase I recovery stations > 26 proposed Class C operating rooms

-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)

**A-bond letter ratings are included as Appendix A**

**VIII. - 1120.120 - Availability of Funds**

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

<p><u>\$10,860,460<sup>1</sup></u></p> <p>\$ _____</p> <p>\$ _____</p> <p><u>\$28,781,966</u></p> <p>_____</p> <p>_____</p> <p>\$ _____</p>	<p>a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <p style="margin-left: 40px;">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</p> <p style="margin-left: 40px;">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;</p> <p>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.</p> <p>c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p> <p>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:</p> <p style="margin-left: 40px;">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;</p> <p style="margin-left: 40px;">2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;</p> <p style="margin-left: 40px;">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.;</p> <p style="margin-left: 40px;">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;</p> <p style="margin-left: 40px;">5) For any option to lease, a copy of the option, including all terms and conditions.</p> <p>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;</p> <p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;</p> <p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p>
<p><u>\$39,642,456</u></p>	<p><b>TOTAL FUNDS AVAILABLE</b></p>
<p><b>APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b></p>	

<sup>1</sup>The Consolidated Financial Statements and Supplementary Information, Advocate Health Care Network and Subsidiaries Years Ended December 31, 2012 and 2011 With Reports of Independent Auditors was provided to the Health Facilities and Services Review Board as part of the Application for Permit by Advocate Trinity Hospital, Project #13-015 as Appendix B, page 250.

**IX. 1120.130 - Financial Viability**

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

**Financial Viability Waiver**

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

1. All of the projects capital expenditures are completely funded through internal sources
2. 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
3. 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-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Not applicable. Advocate Health and Hospitals has an AA bond rating.

**IX. 1120.130 - Financial Viability**

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.

<b>Provide Data for Projects Classified as:</b>	<b>Category A or Category B (last three years)</b>			<b>Category B (Projected)</b>
<b>Enter Historical and/or Projected Years:</b>				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

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

**2. Variance**

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

**APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

Not applicable. Advocate Health and Hospitals has an AA bond rating.

**X. 1120.140 - Economic Feasibility**

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

**A. Reasonableness of Financing Arrangements Not Applicable**

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 See Attachment 42, Exhibit 1**

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	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)			
Contingency											
<b>TOTALS</b>											

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



**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 -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

D. Projected Operating Costs

Operating Cost	Projected Operating Costs	
	2018	Cost Per Equivalent Patient Day
	\$688,622,866	\$2,898.91

E. Total Effect of the Project on Capital Costs

Capital Costs	Effect of Project on Capital Costs	
	2018	Cost Per Equivalent Patient Day
	\$43,326,660	\$189.42

Source: Advocate Lutheran General Hospital

Total equivalent patient days = 237,551



2025 Windsor Drive | Oak Brook, Illinois 60523 | T 630.572.9393 | www.advocatehealth.com

April 29, 2013

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

Dear Ms. Avery:

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

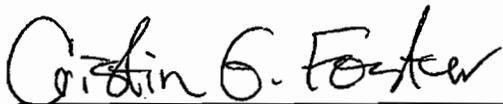
Sincerely,

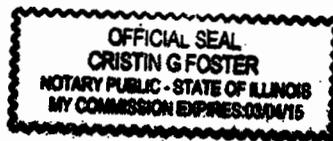
  
Dominic Nakis  
Sr. Vice President and Chief Financial Officer

Notarization:

Subscribed and sworn to before me

This 3 day of May 2013

  
Signature of Notary



Seal

**XI. Safety Net Impact Statement**

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

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

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

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

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

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

**APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## IX. Safety Net Impact Statement

1. *The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.*

Advocate Health and Hospitals Corporation provided \$571 million in charitable care and services in 2011. This contribution represents more than one-million lives touched in the communities Advocate serves throughout Chicagoland and Central Illinois.

Advocate provided \$95.3 million in free care and discounted charity care for the uninsured and underinsured, and supplied more than \$295 million in care without full reimbursement from Medicare, Medicaid or government-sponsored programs. In 2011, these benefits alone totaled \$390 million in health care service costs.

In addition to free and subsidized health care, Advocate also offers programs and services that respond to communities' unique needs. These include health and wellness screenings, behavioral health services, and school-based health care.

Also, Advocate contributed and supported other not-for-profit community-based organizations and increased the support of medical education and training programs in 2011.

Advocate Lutheran General Hospital ("ALGH", Hospital) provides a significant proportion of the System's community benefit efforts and support.

2. *The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.*

The Hospital's expansion of emergency services and surgery should not affect any other facilities' ability to cross-subsidize other safety net services. The patients expected to use the expanded services, historically, have been served by ALGH.

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

Not applicable. No facility or services are being discontinued as part of this project.

**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.*

1. and 2.

In 2011, the Advocate system provided more than \$571 million in charitable care and services. This represents a \$109 million increase over 2010.

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

Safety Net Information per PA 96-0031

CHARITY CARE

Charity (# of patients)	Year – 2009	Year – 2010	Year – 2011	Percent Change 2009 - 2011
Inpatient	683	654	825	+20.8
Outpatient	3,460	2,570	2,884	-16.6
Total	4,143	3,224	3,709	-10.5
Charity (cost in dollars)				
Inpatient	5,957,600	6,429,800	9,057,000	+52.0
Outpatient	2,862,400	2,866,600	4,395,000	+53.5
Total	8,820,000	9,295,900	13,452,000	+52.5

MEDICAID

Medicaid (# of patients)	Year – 2009	Year – 2010	Year – 2011	Percent Change 2009 - 2011
Inpatient	4,033	4,606	4,595	+13.9
Outpatient	28,732	42,195	47,038	+63.7
Total	32,765	46,801	51,633	+57.6
Medicaid (revenue)				
Inpatient	37,325,227	46,817,417	43,182,356	+15.7
Outpatient	3,970,866	5,567,901	5,775,944	+45.5
Total	41,296,093	52,385,318	48,958,300	+18.6

Source: Hospital Records

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

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

As part of the Hospital’s ongoing planning, a comprehensive community need assessment was completed in 2012 by the Advocate Lutheran General Hospital Community Health Council. The Council’s membership includes the Hospital’s Vice President of Mission and Spiritual Care, the Director of Public Affairs and Marketing, Governing Council Members, Senior Advocate/Older Adult Services staff, as well as Planning and Finance staff. The Council also includes leadership from the local school system, local city Environmental Health Office, local Faith Social Service Mental Health Services, as well as Chronic Disease Prevention & Health Promotion of the Cook County Department of Health.

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

#### Priority Setting Process

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

## Key Findings and Actions

### Seniors

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

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

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

The Council will measure the impact of the Matter of Balance program by tracking the number of trauma falls among seniors in the Emergency Department compared to a pre-program baseline number.

### Mental Health

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

Advocate Lutheran General Hospital, as chair of the Park Ridge Healthy Community Partnership, initiated and provided leadership to a coalition of over 20 partners from local government; police, fire and paramedics; faith communities; agencies; schools; and others to do a more detailed study of the mental health needs in the community. A community survey will be used to better identify what services and resources are needed locally. The survey was mailed in early 2013 and the findings will be available late summer/early fall 2013.

ALGH also has recently added a 24/7 psychiatric social worker. The Hospital has also collaborated and participated with local fire and police departments and its own Public Safety offices on programs for the first responders who bring mental health patients to the Hospital's Emergency Department.

#### Cardiovascular Disease

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

Cardiovascular disease is also a priority of the Suburban Cook WePLAN 2015. Cardiovascular disease is one of the leading diagnoses in the Hospital's Emergency Department.

ALGH has a partnership with the local Park District and is developing measurable results programs for overall health and fitness for Women and Families. It is anticipated these programs will begin in Fall 2013. ALGH also has partnered with Young Hearts for Life to do EKG screenings for any interested student at the local high school and plans to continue to rotate through the other high schools in the area. Approximately 1,500 students were screened at Maine Township South on May 2 and 3, 2013.

ALGH is also partnering with the Cook County Department of Health and the Director of Chronic Disease and Prevention and Health Promotion of the Cook County Department of Health and the Director serves on the Hospital's Community Health Council in assessing community needs and developing programs to reduce cardiovascular risk in the surrounding communities. ALGH also is exploring its partnership with the American Heart Association to further support and develop these programs to reduce cardiovascular risk. ALGH's President/CEO, Anthony Armada, serves on the Chicago Board of Directors of the American Heart Association.

#### Special Needs of Cultural Populations

Advocate Lutheran General Hospital's community is becoming more diverse. In 2008, ALGH conducted a Cultural and Linguistic Competence Self-Assessment to better determine the Hospital's strengths and weaknesses in serving its growing culturally diverse population. Based on this assessment, ALGH determined that cultural health initiatives were needed for the Korean-American, Russian, Polish, and Hispanic populations.

## South Asian and Korean

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

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

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

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

## Polish

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

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

## Level I Trauma Center/ Emergency Service

ALGH's Level I Trauma Center/Emergency Department and Surgery Department provide substantial care to the uninsured and underinsured population; these services are safety nets to the community. Of the total number of trauma and emergency patients, 31.5 percent were either Medicaid (23.1 percent), charity care (7.2 percent), or uninsured (self pay) (1.2 percent).

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

**XII. Charity Care Information**

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

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

A table in the following format must be provided for all facilities as part of Attachment 44.

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

APPEND DOCUMENTATION AS **ATTACHMENT-44**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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.*

Attachment 44, Table 1, Advocate Lutheran General Hospital Charity Care, 2009 to 2011, includes the amount of the Hospital's charity care for the last 3 audited years, the cost of charity care and the ratio of that charity care to net patient revenue.

Advocate Lutheran General Hospital Charity Care, 2009 - 2011  
Attachment 44, Table 1

CHARITY CARE				
	2009	2010	2011	Percent Change
Net Patient Revenue	626,393,509	651,033,839	667,042,998	+ 6.5
Amount of Charity Care (charges)	32,294,000	33,391,000	37,847,000	+17.2
Cost of Charity Care	8,820,000	9,295,900	13,452,000	+53.3
Cost of Charity Care as Percent of Total Net Patient Revenue	1.4	1.4	2.0	+ 0.6

Source: Hospital Records

## Charity Care/Financial Assistance Guidelines

Consistent with Advocate Health Care's values of compassion and stewardship, it is Advocate's policy to provide charity care to patients in need. Advocate is committed to assisting those individuals.

Advocate patients are encouraged to communicate with their hospital's financial counselors if they anticipate difficulty paying for their portion of the hospital bill. The counselors make every effort to help patients who are uninsured or face other financial challenges. They may assist patients in applying for a government-funded program (such as Illinois Medicaid, Kid Care, Family Care, or crime victim funds), setting up an extended payment plan, or applying for Advocate charity care.

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

Key provisions of charity care require the cooperation of the patient in providing health insurance information, willingness to apply for government programs, and the completion of an Advocate Charity Care Application and inclusion of requested supporting documentation. Given the sensitive nature of these requests, all communications with the patient or family members are handled in strict confidence and in a compassionate manner.

Advocate Health Care's Charity/Financial Assistance Guidelines and the application are included as Attachment 44, Exhibit 1. The application and guidelines as they appear on the Internet is included as Attachment, Exhibits 2 and 3. This description is available in both English and Spanish. Attachment 44, Exhibit 3 is a Summary of Advocate Health Care's Charity Care Policy. A brochure entitled "Understanding Billing and Financial Assistance" is included as Attachment 44, Exhibit 4.

- 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 net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.*

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

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

Not Applicable. Advocate Health and Hospital Corporation d/b/a Advocate Christ Medical Center is an existing facility.



## Charity/Financial Assistance Guidelines

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

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

Advocate patients are encouraged to communicate with their hospital's financial counselor if they anticipate difficulty paying their portion of the hospital bill. Our counselors make every effort to help patients who are uninsured or face other financial challenges that may prevent them from paying for the health care services we provide. Counselors may assist patients in applying for a government-funded program (such as Illinois Medicaid, Kid Care, Family Care or crime victim funds), setting up an extended payment plan or applying for Advocate charity care.

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

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

If you are interested in applying for government funding or Advocate charity care, please click on the hospital; [BroMenn](#), [Christ](#), [Condell](#), [Eureka](#), [Good Samaritan](#), [Good Shepherd](#), [Illinois Masonic](#), [Lutheran General](#), [South Suburban](#), or [Trinity](#), where you received care and follow the instructions listed. You may also obtain a charity care application at the cashier office in the hospital lobby.

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

To learn more about our charity care program in Spanish click [here](#).

View our patient brochure: Understanding Billing and Financial Assistance

- [English](#)
- [Español](#)

<http://www.advocatehealth.com/blank.cfm?print=ves&id=455&iirf=redire> 12/28/2012



Charity Care Application

Patient Account Number(s): \_\_\_\_\_

<b>INSTRUCTIONS: COMPLETE THE APPLICATION IN FULL AND SIGN THE AUTHORIZATION TO VERIFY INFORMATION.</b>						
<b>PATIENT INFORMATION</b>						
Last Name	First	M.I.	Age	Social Security Number	Family Size	
Street	Apt. #	City	State	Zip Code	Home Phone	
Employer	Address				Cell Phone	
City	State	Zip Code	Monthly Income		Work Phone	
<b>SPOUSE / (PARENT INFORMATION IF MINOR)</b>				Relationship to Patient		Age
Last Name	First	M.I.	Social Security Number	Home Phone		
Employer	Address				Cell Phone	
City	State	Zip Code	Monthly Income		Work Phone	
<b>INCOME INFORMATION</b>						
Please provide one or more of the following for each employed family member and sign the statement below.						
1) a copy of most recent tax return 2) a copy of most recent W-2 and 1099 Forms 3) a copy of most recent pay stub						
If you cannot provide any documentation relating to your income, fill out the statement below:						
I, _____ (name), certify that I have no documents that prove my family's monthly income of \$ _____. I understand that if the above information is untrue, any charity granted to me may be forfeited, future requests may be denied and I will be responsible for payment of the hospital bill.						

**OTHER INFORMATION**

If you have additional documents that may help Advocate make a determination regarding your application, such as large outstanding bills which would show financial hardship, please provide those documents (example: phone bills, electricity bills, medical bills, bank or checking statements, etc....)

**APPLICANT CERTIFICATION:** I certify that the above information is true and complete to the best of my/our knowledge. I understand that as part of the financial screening process, my/our address, employment and credit history may be verified. I authorize Advocate to obtain copies of my tax returns from the Internal Revenue Service and the Illinois Department of Revenue.

Applicant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

If you have any questions regarding your application please call the Financial Counselor at **847-723-5061**.

Return your completed application and documents to the hospital at the following address:

**Advocate Lutheran General Hospital  
 ATTN: Business Office / Financial Counselor  
 1775 Dempster Street  
 Park Ridge, IL 60068**

I am... a patient or visitor a health care professional an employer

print email

I need... - select an option - find us... - select an option - about us...

**Advocate**  
medical services

- patient financial services
- financial assistance
  - pagos para la ayuda económica o para la atención de beneficencia
- billing

**doctor quick search**

search by doctor name

OR

search by specialty

and/or

search by city/zip code

and/or

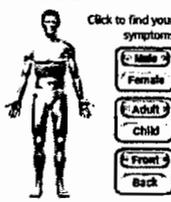
search by insurance

Search Advocate Physician Partners (what's this)

Search all

**doctor search**

**Where does it hurt?**



Home > a patient or visitor > patient services > patient financial services > financial assistance

**financial assistance**

**Charity/Financial Assistance Guidelines**

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

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

Advocate patients are encouraged to communicate with their hospital's financial counselor if they anticipate difficulty paying their portion of the hospital bill. Our counselors make every effort to help patients who are uninsured or face other financial challenges that may prevent them from paying for the health care services we provide. Counselors may assist patients in applying for a government-funded program (such as Illinois Medicaid, Kid Care, Family Care or crime victim funds), setting up an extended payment plan or applying for Advocate charity care.

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

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

If you are interested in applying for government funding or Advocate charity care, please click on the hospital: [BroMenn](#), [Christ Condell](#), [Eureka](#), [Good Samaritan](#), [Good Shepherd](#), [Illinois Masonic Lutheran General](#), [South Suburban](#), or [Trinity](#), where you received care and follow the instructions listed. You may also obtain a charity care application at the cashier office in the hospital lobby.

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

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- English
- Español

<p>quick links</p> <ul style="list-style-type: none"> <li><a href="#">Find a job</a></li> <li><a href="#">Newsroom</a></li> <li><a href="#">Green Initiatives</a></li> <li><a href="#">Research at Advocate</a></li> <li><a href="#">Map and directions</a></li> </ul>	<p>patient information</p> <ul style="list-style-type: none"> <li><a href="#">Find a doctor</a></li> <li><a href="#">Pay my bill</a></li> <li><a href="#">Health library</a></li> <li><a href="#">Medical services</a></li> <li><a href="#">Register for a class</a></li> </ul>	<p>health care professional information</p> <ul style="list-style-type: none"> <li><a href="#">Education information</a></li> <li><a href="#">Nursing information</a></li> <li><a href="#">Resident information</a></li> <li><a href="#">Advocate Medical Group</a></li> <li><a href="#">Register for event</a></li> </ul>	<p>employer information</p> <ul style="list-style-type: none"> <li><a href="#">Advocate Physician Partners</a></li> <li><a href="#">Employee health education</a></li> <li><a href="#">2012 value report</a></li> <li><a href="#">Occupational health</a></li> <li><a href="#">Wellness</a></li> </ul>	<p>connect with Advocate</p>
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**SUMMARY OF ADVOCATE HEALTH CARE'S CHARITY CARE POLICY<sup>1</sup>**

It is the policy of Advocate Health Care to provide financial assistance to patients in need. Advocate hospitals will extend medically necessary services free-of-charge, or at a reduced amount, to an individual who is eligible under the following criteria. This summary applies to patients of Advocate Hospitals (i) who have no private health insurance or public health coverage (such as Medicare, Medicaid or other government programs) or (ii) whose co-payments and deductibles equal or exceed \$5,000 in a calendar year.

Charity Care decisions are based on the family's "gross income," which means gross earnings reportable to the federal government. An uninsured patient whose family's gross income does not exceed six times the Federal Poverty Level ("FPL") may qualify for Charity Care. The FPL varies with the size of the family and is updated annually. For example, as of January 26, 2012, an uninsured family of four may be eligible for Charity Care if its household income is less than \$138,300 per year. You may also be granted Charity Care if your family income is higher than six times FPL if you can show extenuating financial circumstances (such as large outstanding medical bills).

The following table will be used to make the Charity Care determinations:

Multiple of FPL	0 - 2	2 - 3	3 - 4	4 - 6 (Uninsured Illinois residents with a balance >\$300)
Expected Payment	\$0	Hospital's Cost of Services Provided	Hospital's Cost of Services Provided	135% of the Hospital's Cost of Services
Maximum Expected Payment	\$0	5% of Family Income	10% of Family Income	25% of Family Income

To qualify for Charity Care, you must complete the attached application form and mail or deliver it to the Advocate Hospital where you were treated. All communications with the patient or family members will be handled in strict confidence and in a compassionate manner. The application requires you to certify your family's current monthly income, and provide proof in the form of W-2 forms, tax return or pay stubs if available. If you cannot provide such documents, the determination will be based on your certification of your family's income. It is your responsibility to cooperate with Advocate by filling out the application and providing the requested information if possible, and also by helping Advocate seek payment from health insurers or the government if such payment might be available. While your application for Charity Care is pending, Advocate will not try to collect the bills for which you are seeking assistance.

If you apply for Charity Care, the Advocate Hospital will notify you whether your application has been approved or denied. If you disagree with Advocate's decision, you may appeal the decision to the Ombudsperson within 45 days. The Ombudsperson can be reached at (630) 575-3446. You may also contact the Ombudsperson if you have questions about the Charity Care process, or you may contact the Advocate Hospital's financial counselors at 847-723-5061.

Return your completed application and documents to the hospital at the following address:

**Advocate Lutheran General Hospital**  
**ATTN: Business Office / Financial Counselor**  
**1775 Dempster Street**  
**Park Ridge, IL 60068**

<sup>1</sup> This is a summary created pursuant to a settlement agreement in *Cristiani v. Advocate Health Care* and applies only to patients covered by that agreement. If there are any differences between this summary and the settlement agreement, the terms of the settlement agreement control. This summary does not guarantee or grant any third party or person any rights, claims, benefits or privileges beyond those that may exist under the *Cristiani* settlement. This summary does not constitute an offer to any particular patient and creates no contractual rights or obligations.



#### Frequently Asked Questions

- Q:** How do I know if my Advocate hospital is contracted with my health plan?
- A:** To receive full insurance benefits, some health plans require patients to receive services at an "in-network" or "participating provider" hospital. Please call your health plan to verify its requirements and to be sure your Advocate hospital is in the network.
- Q:** What if my Advocate hospital is "out of network," can I still go there?
- A:** In an emergency you should go the nearest hospital. Your health plan will generally cover emergency department costs or transfer you to an "in-network" hospital, if it is safe to do so. If you elect to go to an "out of network" hospital in a non-emergency, you may be required to pay a larger deductible or a greater portion of your bill. Be sure you understand the "out of network" options of your health plan.
- Q:** How can I be sure my health plan will pay my hospital bill?
- A:** Some health plans require a patient to pre-certify certain services, or to notify them within a certain period of time after becoming hospitalized. If your hospitalization is not an emergency, we encourage you to review and understand the coverage provided by your health plan. (On elective procedures you should talk to your doctor and your health plan about coverage.) Please discuss any insurance eligibility or payment concerns with the Advocate staff member at the time of registration or with a financial counselor as soon as possible.
- Q:** How will I know how much I owe?
- A:** Advocate will verify your medical coverage with your health plan and will provide information regarding your coverage and an estimate of the amount you may owe for your hospital services. This amount may include a deductible, co-insurance, co-payment or charges for non-covered hospital services. You may be asked for payment of this amount during registration or discharge from the hospital.
- After your health plan has processed your hospital bill, it will send you an "Explanation of Benefits" notice that provides the amount that has been paid, any non-covered or denied amounts and the remaining balance that you owe. Please review this carefully and call your health plan or the hospital immediately if you have questions or concerns. The hospital also will send you a bill for any remaining amount due (deductible, co-insurance, co-payment, or non-covered charges).
- Q:** What if I don't have health insurance?
- A:** Advocate will not withhold or delay emergency services because of a patient's ability to pay. If you do not have health insurance and receive hospital services including emergency services, please call a hospital financial counselor. The counselor will review payment and funding options that may be available to you. These could include an uninsured patient discount, applying for Illinois Medicaid, AllKids, FamilyCare or Crime Victims Funds, interest free payment plans and Advocate's charity care.

## Understanding Billing and Financial Assistance

Financial Advocacy for Our Patients



Inspiring medicine. Changing lives.

2025 Windsor Drive  
Oak Brook, Illinois 60523  
[www.advocatehealth.com/billpay](http://www.advocatehealth.com/billpay)



Inspiring medicine. Changing lives.

© Advocate Health Care

4/11 MC-1760



**Thank you for choosing Advocate Health Care. Our mission is to serve the health needs of individuals, families and communities by delivering quality and compassionate care to all. Health insurance and hospital bills can be confusing. This guide should help you understand your bill and also explain how you may receive financial assistance if you are unable to pay. It is part of our commitment to provide financial advocacy for our patients. We hope this information will answer many questions about your health insurance and hospital billing. Our financial services staff is experienced and available to assist you in any way.**

**Advocate provides these services | Advocate will verify your medical coverage with your health plan and may provide information regarding your coverage and an estimate of the amount you may owe for your hospital services. This amount may include a deductible, co-insurance, co-payment or charges for non-covered hospital services.**

**We will bill your health plan for you, including Medicare and Medicaid, for payment of hospital services. If you have more than one health plan, Advocate will bill all carriers.**

**You will receive regular, easy-to-read hospital statements showing the most current balance owed by your health plan or due from you. Advocate will send you a hospital statement after your health plan has paid, which will notify you of any remaining balance owed. You may get an itemized bill by calling or requesting online.**

**You have 24-hour access to your account information through our online billing website available at [www.advocatehealth.com/billpay](http://www.advocatehealth.com/billpay) or through an automated telephone system.**

**You will have access to a financial counselor who can answer billing questions or help with payment issues. Counselors can assist you or family members with questions concerning insurance benefits, hospital charges, payment options and applying for financial assistance programs. Please let us know if you are unable to pay for your hospital services. We will work with you to determine if you qualify for Advocate's own financial assistance program. The financial assistance program can help patients earning up to 800 percent of the federal poverty level receive a discount of 50-100 percent of the hospital bill.**

**What you can do to help us | Advocate asks that you provide your complete health plan information when you register. This includes presenting a driver's license or other form of identification, all insurance cards and authorization forms. We will ask you to sign a release of information and assign insurance benefits to the hospital.**

**Please understand and comply with the requirements of your health plan by knowing your benefits, obtaining proper authorization for services, submitting referral or claim forms, or completing a**

coordination of benefits form as your health plan may require. If you are scheduled for outpatient services, please bring your physician's order and diagnosis with you, or be sure your physician has provided it to the hospital before your arrival.

**Please respond promptly to requests you receive from your health plan. While we will attempt to provide all information and paperwork to your health plan, sometimes they require a response from you to resolve issues related to your account or insurance coverage. If your health plan has not made payment within a reasonable period of time (usually 60 days after billing) and has not responded to our attempts to resolve payment matters for you, the balance owed may become your responsibility.**

**Please make timely payment on your portion of the hospital bill. Payment for your hospital bill is ultimately your responsibility, with the exception of approved Medicare, Medicaid, TriCare and HMO services. You may be asked to pay at the time of service or at discharge if you have a deductible, co-insurance, co-payment or you do not have insurance coverage for your hospital services. Advocate Health Care accepts: cash, personal check, debit card, money order, Visa, MasterCard, Discover and American Express. Interest free payment plans also are available and may be arranged through a financial counselor.**

**Please call us if you have any questions or concerns about a hospital bill as soon as possible. The best number to call is always the one on the bill you are inquiring about. If your hospital bill shows tests or procedures ordered by your physician that your health plan does not cover, it is important to check your health plan handbook or call the telephone number on your insurance card for more information.**

**Please let us know if you may have problems paying your portion of your hospital bill as soon as possible. As a faith-based organization, Advocate is committed to assist those in need in a dignified and respectful way. If you are having financial difficulties, please let us know. A financial counselor will talk with you about payment options that may be available including payment plans, government programs or charity care.**

**Please help us determine whether you qualify for government or third-party funding for your hospital bill. If you need financial assistance to pay all or a portion of your bill, we may ask you to help the financial counselor complete applications for programs such as Illinois Medicaid, All Kids or Family Care. If your hospitalization results from an accident for which another party is responsible, you may be asked to provide additional information. Please cooperate with us and provide any information or other assistance requested to allow these resources to be used to pay your bill.**

**Your Doctor Bill | Advocate's hospital bills do not include fees for any physician, surgeon or other health care professional's services. If your treatment includes the services of a radiologist, pathologist, anesthesiologist or other physician specialist, you will receive a separate bill from these physicians. As doctors are not employees of the hospital, they may not be participating providers in the same insurance plans and networks as the hospital. As a result, you may have a greater financial responsibility for services provided by physicians and health care professionals who are not under contract with your health plan. Questions about coverage or benefit levels should be directed to your doctor or health care plan.**

Physician and other professional services provided at the hospital are not covered by Advocate's charity care program or other financial assistance. You must check with your doctor directly about financial assistance and payment plans that may be available to you for these services.

If you have questions regarding any of your physician bills, please call the telephone number printed on the physician's bill.

**For Medicare Patients | If you are Medicare-eligible and scheduled for outpatient services, please bring your physician's order and diagnosis with you, or be sure that your physician has provided it to the hospital before you arrive. If Medicare does not cover the services ordered, you may be asked to sign a Medicare Advance Beneficiary Notice to confirm that you have been informed of your payment responsibility.**

Appendix 1  
Fair Market Value Report  
Letter of Intent to Purchase



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

May 6, 2013

Attn: Anthony Armada, President  
Parkside Center Condominium Association  
1775 Dempster Street  
Park Ridge, IL 60068

**Re: Proposal to Purchase Property Commonly Known As:  
Property at 1875 Dempster, Park Ridge, IL**

The purpose of this letter (this "Letter") is to set forth certain nonbinding understandings and certain binding agreements between Advocate Health and Hospitals Corporation d/b/a Advocate Lutheran General Hospital ("AHHC") and Parkside Center Condominium Association ("PCCA") with respect to the acquisition of property commonly known as vacant property adjacent to the PCCA building ("Property") which is legally described as:

That part of Lot 1 in Lutheran General Hospital Subdivision, No. 1, being a Resubdivision of parts of Lots 1 and 2 in Henry C. Senne's Estate Division of the North  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  and of the North 55 rods of the East Half of the Northwest Quarter of Section 22, Township 41 North, Range 12 East of the 3<sup>rd</sup> Principal Meridian the plat of said Lutheran General Hospital Subdivision, No. 1, having been recorded January 26, 1968 as Document No. 20389600, bounded by a line described as follows: Commencing at the intersection of the West line of said Lot 1 with a line 478.0 feet South, measured at right angles, and parallel with the North line of said Lot 1; thence North 90 degrees 00 minutes 00 seconds East along said parallel line, 195.60 feet for a place of beginning, said point being also on the South line of the Parkside Center Condominium recorded June 30, 1983 as Document No. 26667817 and 10.86 feet West of a corner of said condominium parcel; thence continuing along the line of said Parkside Center Condominium North 90 degrees 00 minutes 00 East, 3.43 feet; thence South 00 degrees 00 minutes 00 seconds West, 100.58 feet; thence South 45 degrees 00 minutes 00 seconds East, 37.01 feet; thence South 90 degrees 00 minutes 00 seconds East, 67.66 feet; thence North 45 degrees 00 minutes 00 seconds East, 29.94 feet; thence North 00 degrees 00 minutes 00 seconds East, 119.91 feet; thence South 90 degrees 00 minutes 00 seconds West, 9.55 feet rec., 9.52 feet meas. to that corner shown as North 9486.33 feet and East 11782.80 feet; thence North 00 degrees 00 minutes 00 seconds East,

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

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



45.25 feet; thence North 90 degrees 00 minutes 00 seconds East, 72.65 feet; thence North 00 degrees 00 minutes 00 seconds East, 18.50 feet; thence North 90 degrees 00 minutes 00 seconds East, 3.00 feet; thence North 00 degrees 00 minutes 00 seconds East, 3.00 feet to an intersection with a line 396.92 feet South of as measured at right angles and parallel with the North line of said Lot 1; thence North 90 degrees 00 minutes 00 seconds West along said last described line, 59.65 feet; thence South 00 degrees 00 minutes 00 seconds West, 18.50 feet to an intersection with a line 415.42 feet South of as measured at right angles and parallel with the North line of said Lot 1; thence North 90 degrees 00 minutes 00 seconds West along said last described line, 10.54 feet to the Westerly face of an existing brick building; thence North 00 degrees 00 minutes 18 seconds West along said building face, 18.50 feet; thence North 90 degrees 00 minutes 00 seconds West, 14.52 feet to an intersection with the Southwesterly face of an existing concrete wall; thence North 45 degrees 00 minutes 11 seconds West along said last described wall, 17.76 feet to an intersection with the Southeasterly face of an existing brick building; thence South 44 degrees 59 minutes 49 seconds West along said building face 17.21 feet to the Northeasterly face of a concrete area well; (the following three (3) calls being along the exterior face of said area well) thence South 45 degrees 00 minutes 11 seconds East, 5.88 feet; thence South 44 degrees 59 minutes 49 seconds West, 35.01 feet; thence North 45 degrees 00 minutes 11 seconds West, 5.88 feet to the Southeasterly face of said existing brick building; thence South 44 degrees 59 minutes 49 seconds West along said building face, 71.25 feet to the corner of said building; thence South 00 degrees 00 minutes 00 seconds West, 6.32 feet to the point of beginning, in Cook County, Illinois. Containing 21511.599 sq. ft./0.494 Acres.

**PART ONE - NONBINDING PROVISIONS.**

The following numbered paragraphs of this Letter (collectively, the "Nonbinding Provisions") reflect our mutual understanding of the matters described in them, but each party acknowledges that the Nonbinding Provisions are not intended to create or constitute any legally binding obligation between AHHC and PCCA, and neither AHHC nor PCCA shall have any liability to the other party with respect to the Nonbinding Provisions until a fully integrated, definitive agreement (the "Definitive Agreement"), and other related documents, are prepared, authorized, executed and delivered by and between all parties. If the Definitive Agreement is not prepared, authorized, executed or delivered for any reason, no party to this Letter shall have any liability to any other party to this Letter based upon, arising from, or relating to the Nonbinding Provisions.

1. **Basic Transaction.** AHHC would acquire the Property. The parties intend that the closing of the proposed transaction would occur on or about 30 days, or sooner as agreed between the parties, after a Definitive Agreement is entered into between AHHC & PCCA (the "Closing").

2. **Proposed Purchase Price.** Based on the information known to AHHC on the date hereof, the total consideration for the Property would be \$225,000.00.

3. **Proposed form of Agreement.** AHHC and PCCA intend promptly to begin negotiating to reach a written Definitive Agreement.

4. **Conditions to Proposed Transaction.** The parties do not intend to be bound to the Nonbinding Provisions or any provisions covering the same subject matter until the execution and delivery of the Definitive Agreement, which, if successfully negotiated, would provide that the proposed transaction would be subject to customary terms and conditions, including the following:

- (a) A commitment for an ALTA Form B Owner's Title Insurance Policy ("Title Policy") from Chicago Title Insurance Company agreeing to insure AHHC's title to the Property in the full amount of the Purchase Price, subject only to matters acceptable to AHHC. A preliminary commitment and copies of recorded documents, which affect the property, shall be provided to AHHC upon execution of the Definitive Agreement as contemplated herein.
- (b) written approval from each of the unit owners of PCCA.
- (c) delivery of customary documentation, including but not limited to Warranty/Trustee's Deed, Affidavit of Title, FIRPTA, ALTA Statement and Transfer Declarations.
- (d) PCCA amending the Condominium Declaration to remove the Property and Unit MRI from the Association and the Illinois Condominium Property Act.

5. **Closing Costs.** AHHC shall be responsible for the cost of the Title Policy, Survey, State, County and Local Transfer Stamps and its attorneys' fees.

#### **PART TWO - BINDING PROVISIONS**

Upon execution by PCCA of this Letter or counterparts thereof, the following lettered paragraphs of this Letter (collectively, the "Binding Provisions") will constitute the legally binding and enforceable agreement of AHHC and PCCA (in recognition of the significant costs to be borne by AHHC and PCCA in pursuing this proposed transaction and further in consideration of their mutual undertakings as to the matters described herein).

**A. Nonbinding Provisions Not Enforceable.** The Nonbinding Provisions do not create or constitute any legally binding obligations between AHHC and PCCA, and neither AHHC nor PCCA shall have any liability to the other party with respect to the Nonbinding Provisions until the Definitive Agreement, if one is successfully negotiated, is executed and delivered by and between all parties. If the Definitive Agreement is not prepared, authorized, executed or delivered for any reason, no party to this Letter shall have any liability to any other party to this Letter based upon, arising from, or relating to the Nonbinding Provisions.

**B. Definitive Agreement.** AHHC and its counsel shall be responsible for preparing the initial draft of the Definitive Agreement. Subject to the initial sentence of Paragraph C below, AHHC and PCCA shall negotiate in good faith to arrive at a mutually acceptable Definitive Agreement for approval, execution and delivery on the earliest reasonably practicable date.

**C. Access.** PCCA shall provide to AHHC complete access to its records of the Property including but not limited to a copy of the previous title policy and to cooperate fully with AHHC and AHHC's Representatives in connection with AHHC's due diligence investigation of the Property. AHHC's due diligence investigation shall be conducted in a reasonable manner.

**D. Exclusive Dealing.** PCCA shall not directly or indirectly, through agents, representatives or otherwise, solicit or entertain offers from, negotiate with or in any manner encourage, discuss, accept or consider any proposal of any person or entity other than AHHC relating to the acquisition of the Property, in whole or in part, whether through direct purchase, merger, consolidation or other business combination.

**E. Conduct of Property.** Until the Definitive Agreement has been duly executed and delivered by all of the parties or the Binding Provisions have been terminated pursuant to Paragraph H below, PCCA shall cause the Property to be kept in its current condition.

**F. Costs.** AHHC and each PCCA shall be responsible for and bear all of its own costs and expenses incurred in connection with the proposed transaction, including expenses of its representatives, incurred at any time in connection with pursuing or consummating the proposed transaction.

**G. Consents.** AHHC and PCCA shall cooperate with each other and proceed, as promptly as is reasonably practicable, to seek to obtain all necessary consents and approvals from lenders, landlords and other third parties, and to endeavor to comply with all other legal or contractual requirements for or preconditions to the execution and consummation of the Definitive Agreement.

**H. Termination.** The Binding Provisions may be terminated:

- (i) by mutual written consent of AHHC and PCCA; or
- (ii) upon written notice by any party to the other party if the Definitive Agreement has not been executed by July 1, 2013, 2013;

provided however, that the termination of the Binding Provisions shall not affect the liability of a party for breach of any of the Binding Provisions prior to the termination. Upon termination of the Binding Provisions, the parties shall have no further obligations hereunder, except as stated in Paragraphs A, E, and F which shall survive any such termination.

\*\*\*\*

Please sign and date this Letter in the space provided below to confirm the mutual agreements set forth in the Binding Provisions and return a signed copy to the undersigned.

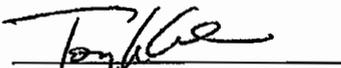
Very truly yours,



William P. Santulli  
Executive Vice President, Chief Operating Officer  
Advocate Health Care  
2025 Windsor Drive  
Oak Brook, IL 60523

5/7/13  
Date

Acknowledged and agreed as to the Binding Provisions:



Anthony A. Armada, FACHE  
President, Parkside Condominium Association  
1775 Dempster Street  
Park Ridge, IL 60068

5/6/13  
Date

**APPRAISAL REPORT  
OF  
UNDERLYING LAND  
LOCATED NEAR  
1875 DEMPSTER STREET  
PARK RIDGE, ILLINOIS 60068  
MAINE TOWNSHIP  
PERMANENT INDEX NUMBER  
PORTION OF 09-22-200-028-1003 THROUGH -1104**

**PREPARED FOR:**

**MR. H. JAMES SLINKMAN  
ASSOCIATE GENERAL COUNSEL  
ADVOCATE HEALTH CARE  
2025 WINDSOR DRIVE  
OAK BROOK, ILLINOIS 60523**

**MARKET VALUE AS OF  
MARCH 22, 2013**

**DATE OF REPORT  
APRIL 30, 2013**

MP VALUATIONS  
PO BOX 824  
ORLAND PARK, ILLINOIS 60462

April 30, 2013

Mr. H. James Slinkman  
Associate General Counsel  
Advocate Health Care  
2025 Windsor Drive  
Oak Brook, Illinois 60523

RE: 1875 Dempster Street  
Park Ridge, Illinois 60068  
PIN: Portion of 09-22-200-028-1003 through -1104

Dear Mr. Slinkman:

Pursuant to your request, I have inspected and appraised the above captioned property for the purpose of estimating the Market Value of the underlying land value of said parcel 1, at its highest and best use, for possible acquisition as of March 22, 2013. This summary appraisal report was prepared under the requirements and guidelines as established by the Code of Professional Ethics and the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute and FIRREA.

The subject of this report consists of an irregular shaped, 21,511.6 square foot parcel (21,512 square feet, rounded). The subject site is currently zoned H, Hospital Special Purpose District by the City of Park Ridge Zoning Department. It is improved with a six-story office condominium with the client occupying a majority of the building and the remainder owned by independent/individual users. The basis of this appraisal is to derive the underlying land value as if vacant. Therefore, no consideration will be given to the building or landscaping improvements.

Based upon the following analysis, which has been considered in regards to this report, it is our opinion that the Market Value "as if vacant", of the fee simple interest of the subject property, as of March 22, 2013, was \$200,000 to \$225,000. The value is based on the analysis which is contained in the following sections of this appraisal report. This transmittal letter must be considered as part of the appraisal and the value stated herein is expressed in the context of the entire report.

MP VALUATIONS

Mr. Slinkman  
April 30, 2013  
Page Two

I have valued the subject property guided by the pertinent Illinois law and case precedents; further I have discounted for Investment Sales such as Syndication Sales and Foreign Investment Sales being guided by the Guide Note 1 to the Standards of Professional Practice of the Appraisal Institute and other appropriate professional real estate valuation concepts.

I certify that we have no present or prospective interest in the property under appraisal; that our employment is in no way contingent upon the amount of value reported; that we have personally inspected the property and surrounding area; that the statements made and the information contained in this report are true to the best of our knowledge and belief; and that this appraisal has been made in accordance with the Code of Professional Ethics of the Appraisal Institute.

Respectfully submitted,



Patrick Maher  
Certified General Real Estate Appraiser - Illinois  
License No. 553.001374  
Exp. Date 09/30/13

1875dempster.ahc

Appendix 2

Rating Agency Letters

Standard & Poor's Rating

Moody's Investor Service

Fitch Ratings

**STANDARD  
& POOR'S**  
RATINGS SERVICES

130 East Randolph Street  
Suite 2900  
Chicago, IL 60601  
tel 312 233-7001  
reference no.: 1234950

November 5, 2012

Advocate Health Care  
2025 Windsor Drive  
Oak Brook, IL 60523  
Attention: Mr. Dominic J. Nakis, Senior Vice President/Chief Financial Officer

Re: *US\$135,935,000 Illinois Finance Authority (Advocate Health Care Network) Hospital Revenue Bonds, Series 2012, dated: Date of delivery, due: June 01, 2047*

Dear Mr. Nakis:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

STANDARD  
& POOR'S

Page | 2

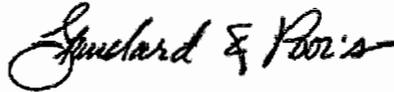
facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services  
Public Finance Department  
55 Water Street  
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please call or contact us at [nypublicfinance@standardandpoors.com](mailto:nypublicfinance@standardandpoors.com). Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

The logo for Standard & Poor's, featuring the company name in a stylized, cursive script.

Standard & Poor's Ratings Services  
a Standard & Poor's Financial Services LLC business.

sp  
enclosures

cc: Mr. Jim Doheny  
Ms. Pamela A. Lenane  
Mr. Ryan E. Freel

**STANDARD  
& POOR'S**  
RATINGS SERVICES

**Standard & Poor's Ratings Services**  
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## Summary:

### Illinois Finance Authority Advocate Health Care Network; System

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## Table Of Contents

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Rationale

Outlook

Related Criteria And Research

Summary:

## Illinois Finance Authority Advocate Health Care Network; System

**Rating Profile**

US\$135.935 mil hosp rev bonds (Advocate Health Care Network) ser 2012 due 06/01/2047

Long Term Rating

AA/Stable

New

### Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating to the Illinois Finance Authority's \$135.9 million series 2012 fixed-rate bonds issued for Advocate Health Care Network (AHCN). Standard & Poor's also affirmed its 'AA' long-term rating and, where applicable, its 'AA/A-1+' and 'AA/A-1' ratings on various other series of bonds issued by the authority on behalf of AHCN. The outlook on all ratings is stable. The series 2012 issuance could go up to \$150 million, depending on the premium structure and pricing.

The 'A-1+' short-term component of the rating on the series 2003A, 2003C, 2008A-1, 2008A-2, 2008A-3, 2008C-3B, and 2011B Windows bonds reflects the credit strength inherent in the 'AA' long-term rating on AHCN's debt and the sufficiency of AHCN's unrestricted assets to provide liquidity support for the aforementioned bonds. Standard & Poor's Fund Ratings and Evaluations Group assesses the liquidity of AHCN's unrestricted investment portfolio to determine the adequacy and availability of these funds to guarantee the timely purchase of the bonds tendered in the event of a failed remarketing. Standard & Poor's monitors the liquidity and sufficiency of AHCN's investment portfolio on a monthly basis.

The 'A-1+' short-term component of the rating on the issuer's series 2008C-2A and 2008C-3A bonds and the 'A-1' short-term component of the rating on the series 2008C-1 and 2008C-2B bonds reflect the standby bond purchase agreements (SBPAs) in effect from various financial institutions. The short-term component of the ratings assigned represents the likelihood of payment of tenders and reflects liquidity facilities that cover all of the bond series.

The providers of the liquidity facilities are as follows:

- Series 2008C-1: JPMorgan Chase Bank N.A. (A-1), expiration Aug. 1, 2016
- Series 2008C-2A: Wells Fargo Bank N.A. (A-1+), expiration Aug. 1, 2015
- Series 2008C-2B: JPMorgan Chase Bank, expiration Aug. 1, 2017
- Series 2008C-3A: Northern Trust Corp. (A-1+), expiration Aug. 1, 2017

The 'AA' long-term rating reflects our view of AHCN's strength as the Chicago area's largest health system (with total operating revenue of \$4.6 billion in 2011 and a balance sheet with \$7.1 billion of total assets) as well as its good operating performance, strong and consistent coverage, and stable and healthy unrestricted liquidity with fairly light debt. In addition, AHCN's strong physician relationships and practice in managing care under capitated risk and through shared savings programs, including the Medicare ACO demonstration project, are credit strengths in light of

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NOVEMBER 7, 2012 2

1032730 | 301372630

*Summary: Illinois Finance Authority - Advocate Health Care Network; System*

some of the anticipated changes related to health care reform. Although we do anticipate some declines in operational liquidity given the heightened capital spending during the next few years, we do anticipate such declines to be temporary and that operational liquidity (days' cash on hand) will return to the mid-200s during the medium term. During the short term, however, we do anticipate continued strong cash flow and healthy coverage to support the rating as AHCN focuses on expense management and backfilling volumes that may be lost as a result of lower utilization (linked to both better care management and fewer readmissions).

Standard & Poor's affirmed its ratings on AHCN in July 2012. Since then, we've received two additional quarters of unaudited financials that are in line with expectations. Although the series 2012 transaction was unanticipated, management had reported in July 2012 that some additional debt was likely during the next three to four years because it had forecast higher capital spending at our previous review. Given the interest rate environment and some other key timing factors, management and the board decided to accelerate the debt issuance. And with operations and the balance sheet remaining sound, and with Advocate's market presence remaining strong, we believe the debt is absorbable at the current rating. Also, we anticipate no additional new money debt during the next one or two years.

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

- Good financial profile, with operating margins of more than 4% for the past four years and an unaudited operating margin of 4.25% through the first nine months of fiscal 2012, and consistently strong maximum annual debt service (MADS) of more than 6x for the past several years;
- Robust balance sheet measures, as demonstrated by still light pro forma leverage of 25% and by solid liquidity and cash to pro-forma debt equal to 285 days' cash on hand and 257%, respectively, as of Sept. 30, 2012;
- Continued leading 15.8% market share through the second quarter of 2012; and
- Position as Chicago's largest and most successfully integrated health delivery system, with approximately 3,200 licensed beds and more than 5,600 physicians, 4,150 of whom are affiliated with Advocate Physician Partners, a joint venture between Advocate and clinically and financially aligned physicians with the purpose of providing cost-effective health care to patients in the communities Advocate serves.

Partly offsetting the above strengths, in our view, are:

- AHCN's very strong competition in the greater Chicago market of both other systems and large academic medical centers;
- A market consolidation that could affect AHCN as an acquirer or with new ownership at a competing facility (AHCN recently announced a non-binding letter of intent, or LOI, to acquire Sherman Health System in Elgin); and
- AHCN's heightened capital spending during the next few years as a few major projects are started and completed, which could dampen unrestricted liquidity growth during the short term.

Total long-term debt at Dec. 31, 2011 was \$1.221 billion. This includes debt classified on the audited financial statements as a current liability subject to short-term remarketing agreements, which Standard & Poor's treats as long-term debt for the purpose of our debt-related ratios. The rated bonds are the general, unsecured joint, and several obligations of the obligated group, which consists of the parent, AHCN; Advocate Health and Hospitals Corp., which includes most of Advocate's acute care facilities; Advocate North Side Health Network, which includes Advocate Illinois Masonic Center, and Advocate Condell Medical Center. However, this analysis reflects the system as a whole.

The series 2012 proceeds (along with any premium) will primarily pay a portion of the capital costs associated with the

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NOVEMBER 7, 2012 3

1022730 | 301 372650

projects at Advocate Christ Medical Center (total project costs for the patient bed tower project are about \$256 million) and at Advocate Illinois Masonic Hospital (total costs for the Center for Advanced Care, focused on cancer and digestive diseases, are about \$96 million). Both of these projects were included in Advocate's capital forecasts for the next three years. Project completion for these key projects is estimated at fall 2016 for Christ Medical Center and at spring 2015 for Illinois Masonic Hospital.

Since our latest review, operating performance (excluding joint venture income, unrestricted contributions, and investment income) has continued to be strong at an unaudited 4.27% margin (\$151.8 million), compared with a 2.6% margin at the end of the first unaudited quarter of fiscal 2012. Good outpatient volume growth, a focus on general expense management, and some improvement in insurance expenses have contributed to good performance in the current year. Management anticipates ending the year with an approximate 5% operating margin, and fiscal 2013 will likely be a bit lighter at about 3% given that AHCN budgeted for the Medicare sequestration cuts as well as the full year of recent Medicaid cuts. The balance sheet on a pro forma basis remains quite strong despite the increase in debt. Unrestricted cash is at a solid 285 days' cash on hand and cash to pro forma debt and leverage are strong at 257% and 25%, respectively. Capital spending through the first nine months of fiscal 2012 was \$209 million, with a little less than \$300 million anticipated to be spent through the calendar year (down from the budgeted \$500 million because of changes in start dates of certain projects). We continue to anticipate capital spending to proceed at a steady clip of in 2013, 2014, and 2015 before returning to more stable levels as discussed in our prior report. The new bed tower at the Christ Medical Center will provide some additional beds, primarily critical care beds, which will help with throughput from the emergency room. Management anticipates that the ambulatory center at the Illinois Masonic Center facility will enhance and consolidate outpatient services related to oncology and digestive diseases.

AHCN's primary service area is quite broad, covering six counties, but is also quite fragmented. AHCN's market share, however, remains strong, at a leading 15.8%, while Presence Health's market share is second at a stabilized 10.4% and Northwestern Memorial Hospital's is at a stable 5.7%. AHCN and Sherman Health (BBB) recently announced a non-binding LOI to merge, and we anticipate that a final definitive agreement will be executed in mid-calendar 2013. We will more fully incorporate the impact of Sherman into AHCN's credit profile once plans are finalized and once we receive details on how Sherman Health would be incorporated into the network. We believe that overall competition in the market could increase because Presence Health is restructuring its organization and because Centegra Health System (A-/Stable) has plans to build a new hospital about 16 miles from Advocate Good Shepherd (and about 10 miles from Sherman) during the next few years.

For more detailed information regarding the credit, please see our most recent report on AHCN published July 24, 2012 on Ratings Direct on the Global Credit Portal.

## Outlook

The stable outlook reflects our view of AHCN's continued market leadership, extensive physician network, and solid financial profile. Given the heightened capital spending during the next few years, a higher rating is unlikely. However, we could consider raising the rating in response to continued strong operations and a sustained improvement in unrestricted liquidity to roughly 325 days' cash on hand (as the service area is highly competitive and given the recent

*Summary: Illinois Finance Authority Advocate Health Care Network System*

Chicago-area market trend of consolidation). Given our view of AHCN's strong market position, consistent financial profile, and good financial flexibility, we are also unlikely to lower the rating during the next year or two. However, we could consider lowering the rating if AHCN's debt service coverage declines to and remains at approximately 4x or if operational liquidity decreases to and stabilizes at about 200 days' cash. Although we believe that AHCN could absorb Sherman Health into its credit profile, we will more fully evaluate that transaction as it is finalized. We do not anticipate any additional new money debt issuances during the next one to two years.

**Related Criteria And Research**

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- USPF Criteria: Contingent Liquidity Risks, March 5, 2012
- USPF Criteria: Commercial Paper, VRDO, And Self-Liquidity, July 3, 2007
- USPF Criteria: Bank Liquidity Facilities, June 22, 2007

**Ratings Detail (As of November 7, 2012)**

<b>Illinois Fin Auth, Illinois</b>		
Advocate Hlth Care Network, Illinois		
Illinois Finance Authority (Advocate Health Care Network)		
Long Term Rating	AA/Stable	Affirmed
Illinois Finance Authority (Advocate Health Care Network) hosp VRDB ser 2006C-1		
Long Term Rating	AA/A-1/Stable	Affirmed
Illinois Finance Authority (Advocate Health Care Network) hosp VRDB ser 2006C-2A		
Long Term Rating	AA/A-1+/Stable	Affirmed
Illinois Finance Authority (Advocate Health Care Network) hosp VRDB ser 2006C-2B		
Long Term Rating	AA/A-1/Stable	Affirmed
Illinois Finance Authority (Advocate Health Care Network) hosp VRDB ser 2006C-3A		
Long Term Rating	AA/A-1+/Stable	Affirmed
Illinois Finance Authority (Advocate Health Care Network) hosp VRDB ser 2006C-3B		
Long Term Rating	AA/A-1+/Stable	Affirmed
Illinois Fin Auth (Advocate Hlth Care Network) rev bonds		
Long Term Rating	AA/A-1+/Stable	Affirmed

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NOVEMBER 7, 2012 6

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# Moody's

## INVESTORS SERVICE

**New Issue: Moody's assigns Aa2 rating to Advocate Health Care Network's \$150 million of Series 2012 bonds; Outlook is stable**

Global Credit Research - 29 Oct 2012

**Aa2, Aa2/VMIG 1, and Aa2/P-1 ratings on \$1.1 billion of outstanding debt affirmed**

ILLINOIS FINANCE AUTHORITY  
Hospitals & Health Service Providers  
IL

Moody's Rating

ISSUE	RATING
Revenue Bonds, Series 2012 (Fixed Rate)	Aa2
Sale Amount	\$150,000,000
Expected Sale Date	11/15/12
Rating Description: Revenue \$01c3 Unsecured General Obligation	

Moody's Outlook STA

Opinion

NEW YORK, October 29, 2012--Moody's Investors Service has assigned an Aa2 rating to Advocate Health Care Network's (Advocate) \$150 million of Series 2012 fixed rate bonds. The rating outlook is stable. At this time, we are affirming the the Aa2, Aa2/VMIG 1 and Aa2/P-1 ratings on Advocate's outstanding bonds as listed at the conclusion of this report. The rating outlook is stable.

**SUMMARY RATINGS RATIONALE:**

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

**STRENGTHS**

\*Leading market position in greater Chicagoland with good geographic coverage and individual hospitals that maintain leading or premium market shares in their local markets; geographic reach and diversification expanding with strategy to extend further statewide

\*Consistent margins over the last several years with operating cashflow margins in the 9-10% range; in 2011, most hospitals improved or were relatively stable compared with the prior year; through nine months of fiscal year 2012, operating performance is consistent with previous levels with 5.8% operating and 10.8% operating cashflow margins

\*Conservative and balanced approach to financing capital needs; preferential debt measures based on nine months of fiscal year 2012 annualized are strong with a low 30% debt-to-operating revenue, exceptional Moody's adjusted peak debt service coverage of over 10 times, and favorably low Moody's adjusted debt-to-cashflow of 1.9 times

\*Strong and growing balance sheet position with 301 days of cash on hand as of September 30, 2012, providing a strong 251% coverage of preferred debt

\*Debt structure risks are manageable relative to cash and investments with over 400% cash-to-demand debt and over 300% monthly liquidity-to-demand debt based on fiscal year end 2011

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

#### CHALLENGES

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

\*An increasingly competitive market for a number of Advocate's hospitals, with competitors expanding facilities, growing consolidation with several large mergers or new entrants into the market, and increasing competition for physicians

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

\*Changes in investment strategy with an increased allocation to alternative investments, resulting in a less liquid portfolio relative to historically conservative practices (based on fiscal year 2011, 74% of unrestricted investments can be liquidated within a month, compared with 79% median for the Aa2 rating category)

\*Comprehensive debt (including pension and operating lease obligations) is almost 50% higher than direct debt, primarily as a result of sizable operating leases; however, cash-to-comprehensive debt at fiscal year end 2011 is still good at 172%, compared with a median of 162% for the Aa2 category

#### DETAILED CREDIT DISCUSSION

USE OF PROCEEDS: Proceeds from the Series 2012 bonds will be used to fund capital projects.

LEGAL SECURITY: Obligated group includes the Advocate Health Care Network (system parent), Advocate Health and Hospitals Corporation (operates most of the system's hospitals), Advocate North Side Health Network, and Advocate Condell Medical Center. Security is a general, unsecured obligation of the obligated group. No additional indebtedness tests.

INTEREST RATE DERIVATIVES: Advocate has interest rate swaps associated with the Series 2008C bonds. There is a total of \$326 million of swaps associated with the Series 2008C bonds for which Advocate pays a fixed rate of 3.6% and receives 61.7% of LIBOR plus 26 basis points. The swaps mature in 2038 and the counterparties are Wells Fargo and PNC. As of September 30, 2012 the mark-to-market on the swaps was a negative \$90.6 million and collateral of \$5.7 million was posted.

#### RECENT DEVELOPMENTS/RESULTS

Please refer to Moody's report dated July 19, 2012 for more details. Since the July rating review, Advocate's operating performance is solid and consistent with recent trends. Admissions through the nine months of fiscal year 2012 (ended September 30) are down 1%, which is generally better than trends in the broader market. Including observation cases, total cases are flat to the prior year. Both inpatient and outpatient surgeries increased by a strong 4-5% as a result of physician recruitment and alignment strategies. Through the nine months, Advocate's operating cashflow was \$373 million (10.8%), compared with \$365 million (11.1%) in the prior year. Unrestricted cash and investments increased to \$3.4 billion (\$91 days cash on hand) as of September 30, 2012, compared with \$3.1 billion as of December 31, 2011. As indicated in the ratios below, the incremental \$150 million in new debt does not affect materially Advocate's strong measures.

On October 23, 2012, Advocate announced plans to sign a non-binding letter of intent to pursue a partnership with Sherman Health Systems (rated Baa2). The organizations will begin a due diligence phase with a formal closing date expected between May and July of 2013. Moody's will evaluate the effect of a partnership with Sherman upon receipt of further details related to the structure, security for the debt, governance and management, and strategic plans. Based on Advocate's current financial profile and Sherman's fiscal year 2012 performance, our preliminary assessment is that a combination with Sherman would not significantly affect Advocate's overall credit profile. Advocate's relatively low leverage affords the health system the ability to absorb the high leverage that Sherman

would bring with a moderately negative effect to key debt measures.

#### OUTLOOK

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

#### WHAT COULD MAKE THE RATING GO UP

Sustained improvement in operating margins, further strengthening of balance sheet, and growth in the system's size to provide significantly greater geographic diversity

#### WHAT COULD MAKE THE RATING GO DOWN

Significantly greater than expected increase in debt or unexpected and prolonged decline in operating performance; material weakening of balance sheet strength

#### KEY INDICATORS

##### Assumptions & Adjustments:

-Based on financial statements for Advocate Health Care Network and Subsidiaries

-First number reflects audit year ended December 31, 2011

-Second number reflects nine-month unaudited results ended September 30, 2012, annualized and proforma including \$150 million in additional debt

-Investment returns normalized at 6% unless otherwise noted

-Comprehensive debt includes direct debt, operating leases, and pension obligation, if applicable

-Monthly liquidity to demand debt ratio is not included if demand debt is de minimis

\*Inpatient admissions: 166,756; 166,669

\*Observation stays: 39,648; 41,853

\*Medicare % of gross revenues: 40%; N/A

\*Medicaid % of gross revenues: 18%; N/A

\*Total operating revenues (\$): \$4.6 billion; \$4.6 billion (bad debt as reduction to revenue)

\*Revenue growth rate (%) (3 yr CAGR): 7.6%; N/A

\*Operating margin (%): 5.3%; 5.8%

\*Operating cash flow margin (%): 10.0%; 10.8%

\*Debt to cash flow (x): 1.9 times; 1.9 times

\*Days cash on hand: 269 days; 301 days

\*Maximum annual debt service (MADS) (\$): \$66 million; \$73 million

\*MADS coverage with reported investment income (x): 6.9 times; N/A

\*Moody's-adjusted MADS Coverage with normalized investment income (x): 10.5 times; 10.4 times

\*Direct debt (\$): \$1.2 billion; \$1.4 billion

\*Cash to direct debt (%): 252%; 251%

\*Comprehensive debt: \$1.8 billion; N/A

\*Cash to comprehensive debt (%): 170%; N/A

\*Monthly liquidity to demand debt (%): 318%; N/A

RATED DEBT (as of December 31, 2011, updated for bank facility changes in 2012)

- Series 1993C (\$22 million), Series 2006D (\$167 million), Series 2010A (\$37 million), Series 2010B (\$52 million), Series 2010C (\$26 million), Series 2010D (\$112 million), Series 2011A-1 (\$9 million), Series 2011A-2 (\$33 million) fixed rate bonds: Aa2

- Series 2003A (\$26 million), Series 2003C (\$26 million), Series 2006A (\$137 million), Series 2008C-3B (\$22 million) variable rate annual and multi-annual put bonds, supported by self-liquidity: Aa2/VMG 1

- Series 2008C-1 (\$128 million), Series 2008C-2B (\$58 million) variable rate bonds supported with SBPAs from JPMorgan Chase (expire August 1, 2016 and August 1, 2017 respectively): Aa2/VMG 1

- Series 2008C-3A (\$67 million) variable rate bonds supported by SBPAs from Northern Trust Company (expires August 1, 2017): Aa2/VMG 1

- Series 2008C-2A (\$49 million) variable rate bonds supported by SBPA from Wells Fargo Bank (expires August 1, 2015): Aa2/VMG 1

- Series 2011B Windows variable rate bonds (\$70 million): Aa2/P-1

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#### RATING METHODOLOGY

The principal methodology used in this rating was Not-For-Profit Health care Rating Methodology published in March 2012. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

#### REGULATORY DISCLOSURES

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# FitchRatings

## Fitch Rates Advocate Health Care's (IL) Series 2012 Bonds 'AA'; Outlook Stable

Ratings Endorsement Policy  
05 Nov 2012 9:54 AM (EST)

Fitch Ratings-Chicago-05 November 2012: Fitch Ratings has assigned an 'AA' rating to the following Illinois Finance Authority revenue bonds issued on behalf of Advocate Health Care (Advocate)

—\$150 million revenue bonds, series 2012.

In addition, Fitch affirms the 'AA' rating on approximately \$1.06 billion of revenue bonds issued by the Illinois Health Facilities Authority and the Illinois Finance Authority on behalf of Advocate. Fitch also affirms the 'F1+' short-term ratings on the following Illinois Finance Authority bonds based upon self-liquidity provided by Advocate.

—\$51.9 million put bonds, series 2003A&C;

—\$137.2 million put bonds, series 2008A-1,2&3.

—\$21.9 million put bonds, series 2008C-3B;

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

The series 2012 bonds are expected to be fixed rate and will price the week of Nov. 12, 2012 via negotiated sale. Bond proceeds will be used for various capital projects, reimbursement for prior capital expenditures, and to pay costs of issuance.

The Rating Outlook is Stable.

### SECURITY

The bonds are unsecured obligations of the obligated group. They are not secured by a pledge of, mortgage on, or security interest in any obligated group assets.

### KEY RATING DRIVERS

**LIGHT DEBT BURDEN:** The additional debt will not impact Advocate's relatively low burden. The system's strong profitability combined with light debt burden generates robust coverage of pro forma maximum annual debt service (MADS) by EBITDA of 8.9x through the nine month interim period ended Sept. 30, 2012, which well exceeds Fitch's 'AA' category median of 4.8x. Pro forma debt to capitalization remains a manageable 25.5% while pro-forma MADS equates to a low 1.6% of fiscal 2011 (Dec. 31 year end) revenues.

**CONSISTENT PROFITABILITY SUPPORTS LIQUIDITY:** Advocate's strong operating cash flow generation has resulted in substantial balance sheet strength, with liquidity indicators that exceed Fitch's 'AA' category median ratios. Further, Advocate consistently maintains ample liquidity to meet Fitch's criteria for the 'F1+' short term rating against its mandatory put exposure.

**LEADING MARKET SHARE POSITION:** Advocate maintains a leading market share in the Chicago metropolitan area that is more than double its nearest competitor and remains the largest provider in the state. Still, Fitch notes the service area remains highly competitive, and the regulatory environment remains challenging.

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

### CREDIT PROFILE

The 'AA' rating is supported by Advocate's light pro forma debt level, consistent cash flow and strong coverage levels, strong market position, and well integrated care delivery model.

[http://www.fitchratings.com/creditdcsk/press\\_releases/detail.cfm?print=1&pr\\_id=767589](http://www.fitchratings.com/creditdcsk/press_releases/detail.cfm?print=1&pr_id=767589)

11/6/2012

Following the series 2012 issuance, Advocate's debt will total nearly \$1.3 billion of which \$608.3 million is fixed, \$324.3 million are variable rate demand bonds supported by SBPAs, \$281 million are put bonds supported by self-liquidity (of which \$119.9 million is subject to tender within 13 months), and \$100 million are non-rated variable rate direct bank placements. Pro forma MADS is estimated at \$72.6 million per the underwriter. While Advocate faces sizable put, renewal, and interest rate exposure, its SBPAs were recently renewed through 2015-2017, and its balance sheet strength further mitigates these risks.

Robust operating profitability has resulted in operating EBITDA of over \$500 million (12.1% and 11.1% operating EBITDA margins in 2010 and 2011, respectively) and net EBITDA over \$600 million (EBITDA margins of 15% and 13.2% in 2010 and 2011, respectively). Strong performance continued through September 2012, with a 10.3% operating EBITDA and 14.2% EBITDA margins. The series 2012 bonds will be used to finance some of Advocate's capital plans, which are notably sizeable through 2015 and will require continued strength in cash flow and perhaps additional debt issuance. Further, Advocate's defined benefit pension is well funded.

At Sept. 30, 2012, Advocate's unrestricted cash and investments totaled nearly \$3.4 billion compared \$3.1 billion at fiscal 2011. Liquidity metrics at Sept. 30, 2012 were robust with 295.4 DCOH, pro forma cushion ratio of 46.2x and cash and investments equating to 246.7% of pro forma long-term debt; all of which exceed Fitch's respective 'AA' category medians of 241.1, 24.1x and 189.4%.

Advocate's well integrated clinical platform coupled with its position as market leader and largest system in the state provide some buffer against competitive and regulatory challenges. Through June 30, 2012 Advocate's share was 15.8% against its closest competitor the newly-aligned Presence Health system with 10.4% market share. However, the presence of several well regarded academic medical centers and community hospitals and the recent merger activity by large multi-state systems present some credit risk. Fitch expects that Advocate's high level of physician integration and continued growth of the system should sustain its strong market position. The most recent expected addition to the system is Sherman Health, which announced it is pursuing a partnership with Advocate with a letter of intent signed in October 2012. The closing is expected in mid-2013.

The F1+ rating reflects Advocate's availability of highly liquid resources to cover the mandatory tender on its put bonds. At Sept. 30, 2012, Advocate's eligible cash and investment position available for same-day settlement would cover the cost of the maximum mandatory put on any given date well in excess of Fitch's criteria of 1.25x. Advocate provided Fitch with an internal procedures letter outlining the procedures to meet any un-remarketed puts. In addition, Advocate provides monthly liquidity reports to Fitch to monitor the sufficiency of Advocate's cash and investment position relative to its mandatory put exposure.

The Stable Outlook is supported by Fitch's expectation that Advocate will remain the market leader, allowing for consistent cash flow in support of its capital and debt service needs, while maintaining solid liquidity against the risks associated with its capital structure. Fitch believes Advocate's experienced management team and effective management practices should also ensure strong relative performance over the longer term.

Advocate is counter-party to three floating to fixed rate swaps with a total notional value of \$326.3 million against its series 2008C VRDBs. The mark to market on the swaps at Sept. 30, 2012 was approximately negative \$86.2 million requiring \$5.7 million in collateral be posted.

Advocate is an integrated health care system composed of 10 acute care hospitals and an integrated children's hospital (totaling approximately 3,200 licensed beds), primary and specialty physician services, home health, hospice, outpatient centers, via over 250 sites serving the Chicago metropolitan area and central Illinois. Total revenues in audited fiscal 2011 were \$4.05 billion (reflects Fitch's reclassification of bad debt to an expense).

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

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In addition to the sources of information identified in Fitch's Revenue Supported Rating Criteria, this action was informed by information from Citigroup as Underwriter.

**Applicable Criteria and Related Research:**  
--'Revenue-Supported Rating Criteria', dated Jun. 12, 2012;  
--'Nonprofit Hospitals and Health Systems Rating Criteria', dated July 23, 2012.  
--'Criteria for Assigning Short-Term Ratings Based on Internal Liquidity', dated June 15, 2012.

**Applicable Criteria and Related Research:**  
Revenue-Supported Rating Criteria  
Nonprofit Hospitals and Health Systems Rating Criteria  
Criteria for Assigning Short-Term Ratings Based on Internal Liquidity

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