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150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

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APR 05 2017

HEALTH FACILITIES &
SERVICES REVIEW BOARD

April 4, 2017

Anne M. Cooper
(312) 873-3606
(312) 276-4317 Direct Fax
acooper@polsinelli.com

VIA FEDERAL EXPRESS
VIA E-MAIL
Mike Constantino
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Additional Information Requested
Project No. 16-046 – New Lenox Endoscopy Center

Dear Mr. Constantino:

This letter is in response to your January 3, 2017 letter in which the Illinois Health Facilities and Services Review Board ("HFSRB") requested additional information for the application for permit for New Lenox Endoscopy Center (Project No. 16-046). Please note the following:

1. Projected financial statements for New Lenox Endoscopy Center, LLC for the three years following project completion are attached as **Attachment – 1**.

2. Three years of historical ratios for Southwest Gastroenterology are attached as **Attachment – 2**.

3. The names and the members of SGNL, LLC and their percentage of ownership are provided in the table below:

Name	Address	Ownership Interest
Jeffrey Port, M.D.	111 West Vernon Park Place #3 Chicago, Illinois 60607	14.28%
Charles Berkelhammer, M.D.	1922 South Prairie Avenue Chicago, Illinois 60616	14.28%
Douglas Lee, M.D.	1040 South Plymouth Court Chicago, Illinois 60605	14.28%

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Name	Address	Ownership Interest
Mihir Majmundar, M.D.	1607 Midwest Club Parkway Oak Brook, Illinois 60523	14.28%
Kamran Ayub, M.D.	22 Luthin Road Oak Brook, Illinois 60523	14.28%
Zahid Afzal, M.D.	6 Concord Drive Oak Brook, Illinois 60523	14.28%
Lola Kwan, M.D.	6421 Waterford Court Willowbrook, Illinois 60527	14.28%

4. The proposed payor mix of the surgery center is proved in the table below:

New Lenox Endoscopy Center		
Payor	**Patients**	**Percentage of Volume**
Medicare	1,372	27.20%
Medicaid	196	8.30%
Private Pay	1,862	62.50%
Self Pay	35	1%
Charity Care	35	1%
Total	3,500	100.00%

5. A letter from Dr. Mihir Majmundar, M.D., Manager, New Lenox Endoscopy, LLC attesting that New Lenox Endoscopy Center will accept all patients regardless of ability to pay is attached at **Attachment – 3**.

6. A schematic drawing of the proposed endoscopy center is attached at **Attachment – 4**.

7. The number of anticipated referrals from the seven (7) facilities listed in the referral letter for the proposed endoscopy center is provided in the table below:

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New Lenox Endoscopy Center Projected Referrals			
Facility	City	Historical Cases	Projected Referrals
Advocate Christ Medical Center	Oak Lawn	4,141	50
Fullerton ASTC	Chicago	231	0
Advocate Good Samaritan	Downers Grove	103	0
Little Company of Mary	Evergreen Park	659	0
Presence St. Joseph	Elgin	1,679	401
Oak Lawn Endoscopy ASTC	Oak Lawn	3,807	556
Silver Cross Hospital	New Lenox	7,539	2,493
Total		**18,159**	**3,500**

8. Southwest Gastroenterology, S.C. recently constructed a new medical office building, which will house both the endoscopy center as well as the affiliated medical practice. SGNL, LLC owns the building and is also a co-applicant on the New Lenox Endoscopy Center CON application. New Lenox Endoscopy, LLC will lease the endoscopy center from SGNL, LLC. The lease rate for the endoscopy center is based on the full amortization of the capitalized costs to construct the endoscopy center with a reasonable rate of return. The construction and architectural and engineering costs are captured in the lease rate, and therefore, they were not separately included in the project cost schedule.

9. As discussed above, the fair market value of the leased space is based on the full amortization of the capitalized costs to construct the endoscopy center with a reasonable rate of return.

If you have any questions or need additional information regarding this application for permit, please feel free to contact me.

Sincerely,

Anne M. Cooper

Anne M. Cooper

Attachments

Income Statement
New Lenox Endoscopy Center

	Year 1
Volume	
Endoscopy Cases	3,500
Total Cases	3,500
Operating Revenue	
Facility Fee Revenue	1,890,000
Total Operating Revenue	1,890,000
Operating Expenses	
Salaries and wages	602,000
Benefits	150,500
Medical Supplies	395,000
Other Expenses	192,000
Operating Leases	197,430
Principal Payments	157,168
Interest Expense	78,038
Depreciation	92,505
Total Operating Expenses	1,864,641
Income (Loss) from Operations	25,359

Income Statement
New Lenox Endoscopy Center

	Year 2 (After Open)
Volume	
Endoscopy Cases	3,640
Total Cases	3,640
Operating Revenue	
Facility Fee Revenue	1,965,600
Total Operating Revenue	1,965,600
Operating Expenses	
Salaries and wages	620,060
Benefits	155,015
Medical Supplies	406,850
Other Expenses	197,760
Operating Leases	203,352
Principal Payments	161,883
Interest Expense	80,379
Depreciation	92,505
Total Operating Expenses	1,917,804
Income (Loss) from Operations	47,796

Income Statement
New Lenox Endoscopy Center

	Year 3 (After Open)
Volume	
Endoscopy Cases	3,750
Total Cases	3,750
Operating Revenue	
Facility Fee Revenue	2,025,000
Total Operating Revenue	2,025,000
Operating Expenses	
Salaries and wages	638,662
Benefits	159,666
Medical Supplies	419,055
Other Expenses	203,692
Operating Leases	209,452
Principal Payments	166,739
Interest Expense	82,790
Depreciation	92,505
Total Operating Expenses	1,972,561
Income (Loss) from Operations	52,440

Southwest Gastroenterology, S.C.
Finanical Viability Ratios
2014-2016

	Standard	2014		Standard Met
Current Ratio				
Current Assets / Current Liabilities	>1.5	$37,715 / $345,628	0.1	No
Net Margin Percentage				
Net Income / Net Revenue	>3.5%	$27,406 / $8,738,731	0.3%	No
Long Term Debt to Capitalization				
Long-Term Debt / Long-Term Debt + Net Assets	<80%	$0 / ($110,919)	0%	N/A
Projected Debt Service Coverage				
Net Income + Depreciation + Interest + Amortization / Principal Payments + Interest	>1.75	$68,646 / $0	N/A	N/A
Days Cash on Hand				
Cash + Investments + Board Designated Funds / Operating Expenses - Depreciation	>45 days	$37,515 / $3,922,820	3.5	No
Cushion Ratio				
Cash + Investments + Board Desiganted Funds / Principal Payments + Interest	>3.0	$37,515 / $0	N/A	N/A

Southwest Gastroenterology, S.C.
Finanical Viability Ratios
2014-2016

	2015		Standard Met
Current Ratio			
Current Assets / Current Liabilities	$28,968 / $1,018,208	0.0	No
Net Margin Percentage			
Net Income / Net Revenue	($9,254) / $8,022,296	-0.1%	Yes
Long Term Debt to Capitalization			
Long-Term Debt / Long-Term Debt + Net Assets	$0 / ($83,513)	0%	Yes
Projected Debt Service Coverage			
Net Income + Depreciation + Interest + Amortization / Principal Payments + Interest	$62,209 / $0	N/A	N/A
Days Cash on Hand			
Cash + Investments + Board Designated Funds / Operating Expenses - Depreciation	$28,768 / $3,766,365	2.8	No
Cushion Ratio			
Cash + Investments + Board Desiganted Funds / Principal Payments + Interest	$28,768 / $0	N/A	N/A

Southwest Gastroenterology, S.C.
Finanical Viability Ratios
2014-2016

	2016		Standard Met
Current Ratio			
Current Assets / Current Liabilities	($50,307) / $797,415	(0.1)	No
Net Margin Percentage			
Net Income / Net Revenue	$697,839 / $8,908,537	8%	Yes
Long Term Debt to Capitalization			
Long-Term Debt / Long-Term Debt + Net Assets	$0 / ($92,767)	N/A	N/A
Projected Debt Service Coverage			
Net Income + Depreciation + Interest + Amortization / Principal Payments + Interest	$709,304 / $0	N/A	N/A
Days Cash on Hand			
Cash + Investments + Board Designated Funds / Operating Expenses - Depreciation	($50,307) / $4,425,913	(4.1)	No
Cushion Ratio			
Cash + Investments + Board Desiganted Funds / Principal Payments + Interest	($50,307) / $0	N/A	N/A

SouthwestGastroenterology

A division of GIPARTNERS of ILLINOIS, LLC

Jeffrey Port, MD, FACG
Charles Berkelhammer, MD, FACG
Douglas Lee, MD
Mihir Majmundar, MD
Kamran Ayub, MD, MRCP
Zahid Afzal, MD
Lola Kwan, MD
Tarek Almouradi, MD

Debbie Leung, PA-C
Fahmida Khatoon, PA-C
Taylor Aldridge, PA-C
Sandra Bernklau, APN

March 29, 2017

Mr. Michael Constantino
Illinois Health Facilities and Services
Review Board
525 West Jefferson Street, Second
Floor
Springfield, Illinois 62761

Re: New Lenox Endoscopy Center Admission Policy

Dear Mr. Constantino:

I am writing to inform you of New Lenox Endoscopy Center's patient admission policy. New Lenox Endoscopy, LLC is committed to operating the proposed endoscopy center in a manner that will maintain the financial viability of the s facility while at the same time operating for the benefit of the community by promoting health care access for a broad cross-section of the community. To this this end, New Lenox Endoscopy Center will accept all patients who are clinically appropriate for outpatient endoscopy, regardless of their ability to pay, and will not discriminate against individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin.

New Lenox Endoscopy, LLC's commitment to charity care will be in line with other Illinois ambulatory surgical treatment centers.

Please let me know if you have any questions or would like additional information regarding New Lenox Endoscopy Center's admissions policy or charity care commitment.

Sincerely,

Mihir Majmundar, M.D.
Manager
New Lenox Endoscopy, LLC

Attachment - 3

www.southwestgastro.com

9921 Southwest Highway
Oak Lawn, Illinois 60453 8033800.1
708-499-5678 (tel) • 708-499-5685 (fax)

678 Cedar Crossing Drive
New Lenox, Illinois 60451
815-723-9278 (tel) • 815-723-9819 (fax)

301 N. Madison, Suite 302
Joliet, Illinois 60435
815-723-9278 (tel) • 815-723-9819 (fax)

LIFE SAFETY PLAN LEGEND

- 1 HOUR FIRE BARRIER
- 2 HOUR FIRE BARRIER
- SMOKE PARTITION (NON-RATED)
- TRAVEL DISTANCE FROM MOST REMOTE POINT TO AN EXIT
- EXISTING CORRIDOR
- EQUIP — W DENOTES NEW EXIT SIGN OR EXISTING EXIT SIGN TO BE REPLACED WITH NEW; 'E' DENOTES EXISTING EXIT SIGN TO REMAIN
- EQUIP — W DENOTES NEW FIRE EXTINGUISHER OR EXISTING FIRE EXTINGUISHER TO BE REPLACED WITH NEW; 'E' DENOTES EXISTING FIRE EXTINGUISHER TO REMAIN

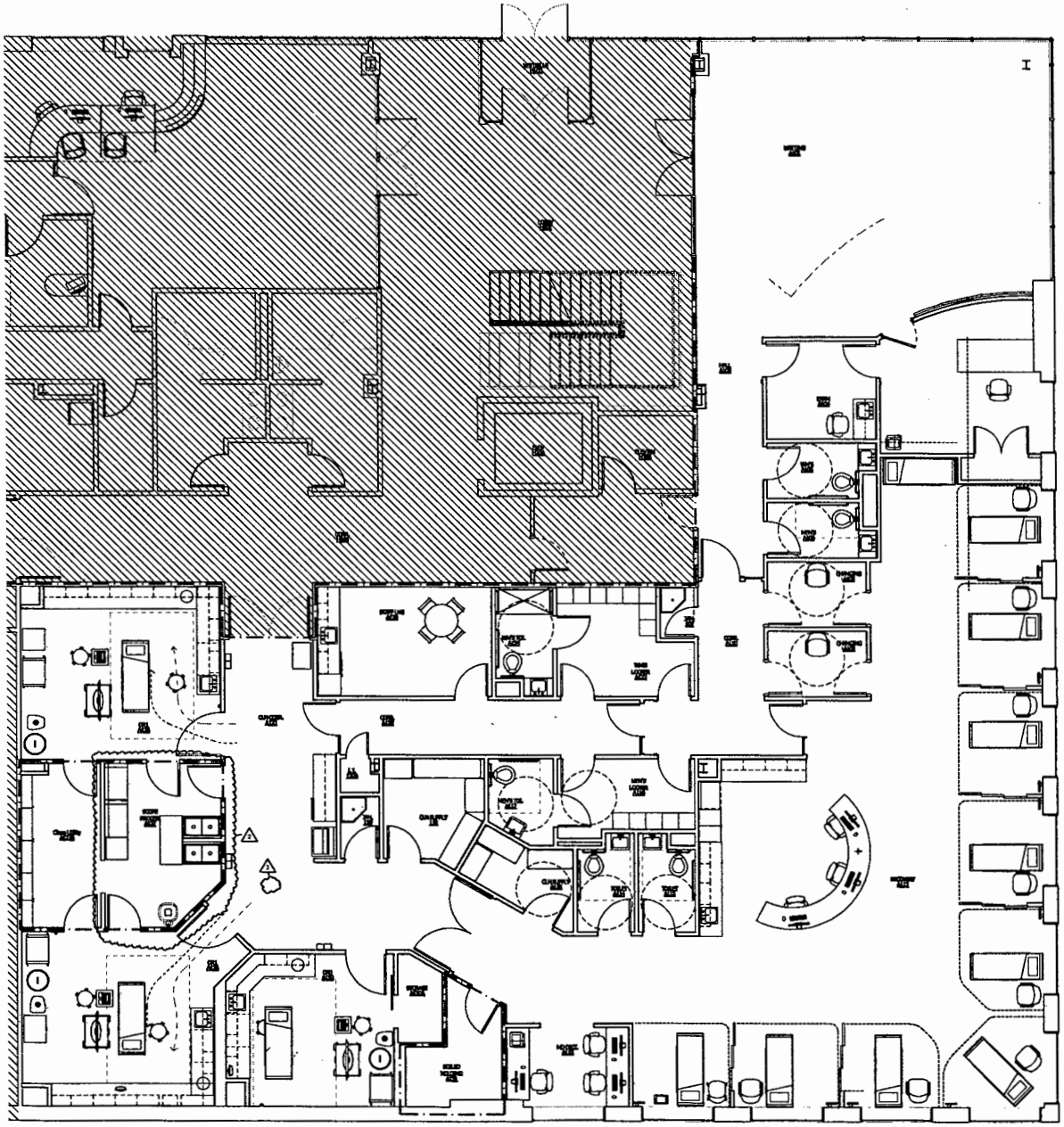
NOTE: SEE LIFE SAFETY PLAN

WALL TAG	1HF-GYP.B. — DENOTES HOUR RATING; 'S' DENOTES SMOKE BARRIER; DENOTES UL ASSEMBLY

NOTE: SEE INTERIOR PARTITION TYPES / BUILDING SECTIONS FOR ADDITIONAL WALL / FLOOR / ROOF & SEPARATION INFORMATION

Keynote Legend

Key Value	Keynote Text
1	NURSE CALL - SINGLE PATIENT STATION
2	SINGLE OXYGEN PORT



1 A3.2 1ST FLOOR PLAN
1/4" = 1'-0"

APPROVED FOR CONSTRUCTION ON 2/23/2016

2401 OKMOAT

Architect
[illegible]
Chicago IL 60604
P: 312 663 0549
E: [illegible]

Structural Engineer

Civil Engineer

M.E.P. Engineer

Interior Designer

Attachment - 4

TENANT BUILDOUT- SOUTHWEST GASTROENTEROLOGY

678 CEDAR CROSSINGS DR., SUITE 102, NEW LENOX, IL.

REVISIONS		
Mark	Date	Description
1	01.31.2017	New Lenox Rev 1
2	01.06.2016	Owner Revision 1

DATE OF PRINT
3/23/2017 2:42:44 PM

PROJECT STATUS
CONSTRUCTION DRAWINGS

SHEET TITLE
FLOOR PLAN ENLARGEMENT

SHEET NO.
A3.2