STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM:	BOARD MEETING:	PROJECT NUMBER:
A-07	August 6, 2019	17-072
PERMIT HOLDERS(S): Nephrology Associates of Northern Illinois, Ltd. (NANI) Illinois Vascular Care		
FACILITY NAME and LOCATION: Illinois Vascular Care, Schaumburg		

STATE BOARD STAFF REPORT
PERMIT RENEWAL REQUEST

I. Background

On April 17, 2018, the State Board approved Project #17-072. The permit authorized the establishment of a single-specialty Ambulatory Surgery Treatment Center (ASTC), in Schaumburg. The State Agency notes the project is obligated, and the current project completion date is August 3, 2019. Project cost: $3,106,690.

State Board Staff notes the permit holders submitted a **second** permit renewal request on July 31, 2019. This submittal was not in accordance with 77 IAC 1130.740(d), which states that the State Board must receive renewal requests at least 45 days prior to the permit expiration date. A $500.00 permit renewal fee and a $500.00 late fee accompanied the renewal request.

II. Findings

State Board Staff notes this is the second renewal request for this project and the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal.

The first permit renewal request was approved on June 18, 2018. This renewal extended the project completion date from July 1, 2018, to August 3, 2019 (13 months).

III. The Permit Renewal Request

A. Requested Completion Date: The permit holders request a project completion date of May 1, 2020. This would extend the project's completion date nine months, from August 3, 2019 to May 1, 2020.

B. Status of the Project and Components Yet to be Finished: The permit holders state the project is proceeding with due diligence. Financial commitment has occurred through the execution of a contract with the general contractor, and architectural plans have been submitted to IDPH for review. The permit holders state lease negotiations on the existing location have not been resolved to the satisfaction of both parties, and this remains an issue. Construction/modernization has not commenced, and is a major remaining component.

C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state unanticipated issues resulting from lease negotiations with the property owner have prohibited the project from moving through the construction/modernization phase. Once resolved, construction will commence.

D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate that $228,258 (7.3% of the overall project cost of $3,106,690) has been expended to date, and can attest to the existence of sufficient financial resources to complete the project.

E. Anticipated Final Cost of the Project: The permit holders estimate the project will not deviate from the original permit amount of $3,106,690.

IV. Project Description & Other Background Information

The permit authorized the establishment of a single-specialty ASTC in Schaumburg. Project cost: $3,106,690.

Permit Issuance Date:	April 17, 2018
Project Obligation Date:	April 25, 2018
Original Project Completion Date: (Submittal of Final Cost Report)	July 1, 2018
Proposed Project Completion Date: (1st request, 13 months)	August 3, 2019

Proposed Project Completion Date: May 1, 2020
(2nd Request, 9 months)

V. Applicable Rules for Permit Renewal Requests

77 IAC 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 IAC 1130.230(h)(5) states that failure to complete a project or to renew a permit within the prescribed timeframes will subject the permit holders to the sanctions and penalties provided in the Act and this Subpart.

77 IAC 1130.740(b) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(c) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date; 3) a statement as to the reasons why the project has not been completed; and 4) confirmatory evidence by the permit holders' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(d) states the State Board staff will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFSRB criteria, and if this is the first request for this project, then the request, staff's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, will approve, deny or refer the request to the HFSRB for action. If staff finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFSRB for action, then HFSRB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFSRB's Notice of Intent to revoke a permit and the permit holders will be afforded an opportunity for an administrative hearing.

VI. Other Information

Appended to this report are the following: the permit holders' documents for a permit renewal.

Benesch

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July 31, 2019

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AUG 1 2019
HEALTH FACILITIES &
SERVICES REVIEW BOARD

VIA FEDEX

Courtney Avery
Board Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Permit Renewal Request- Illinois Vascular Care, Project #17-072

Dear Ms. Avery:

On April 17, 2018, the Illinois Health Facilities and Services Review Board ("HFSRB") approved Project #17-072 to establish a single specialty Ambulatory Surgical Treatment Center ("ASTC") at 846 East Algonquin Road, Suite 103, Schaumburg, Illinois. On June 18, 2018, the HFSRB approved our first permit renewal request to extend our project completion date to August 3, 2019. The purpose of this letter is to request a Permit Renewal pursuant to Ill. Admin. Code 1130.740. Enclosed you will find a check with the permit renewal fee. This is our second permit renewal.

Request Project Completion Date

The permit holder requests that the HFSRB grant a permit renewal and establish May 1, 2020 as the project completion date for this project.

Status of the Project

Since our approval at the April 17, 2018 HFSRB meeting, the permit holders have attempted to move the project forward but have experienced unexpected delays. Our commitment to this project and meeting the needs of this patient population remain unchanged, but there have been unexpected obstacles and we are ensuring that this project be undertaking in the most prudent manner possible and consistent with the commitments made to this Board. The project was financially committed by execution of a contract with general contractor for the project and architectural plans for the facility were prepared and submitted to the Illinois Department of Public Health ("IDPH") Design and Construction Section, Division of Life Safety and Construction for review. However, since that time we have run into unexpected issues with the property owner of the physical space where the facility will be located. The existing building owner has taken positions with regards to our lease negotiations that are not acceptable and, if unable to be resolved, could challenge the viability of this project, as proposed and approved. We

continue our discussions with the ultimate goal being the execution of the lease as described in the application via a letter of intent we submitted with this project. In the event that we are unable to come to an agreement we understand that we will need to relinquish this permit and will need to submit another Certificate of Need application for a different physical location. To date $228,257.75 of the original $3,106,690 designated for the project has been spent, and the balance designated for this project remains available and will be used to pay expenses related to Project #17-072.

Statement Regarding Project Completion

This project calls for the permit holder to modernize space in an existing structure consistent with IDPH ASTC building standards. The construction work can commence immediately after approval from IDPH is received. Additionally, the permit holder has prepared the IDPH ASTC License application and once submitted the permit holder will be required to pass a survey of the facility before the license will be issued.

This permit renewal is being sought to allow for enough time for lease negotiations to finish, IDPH to approve the construction plans, and allow the construction work to commence, and once construction is complete the permit holder will schedule a survey with IDPH. Once the survey has been successfully completed, IDPH will issue the facility an ASTC license. At this time if we are able to complete the lease negotiations we anticipate that the project will be completed in accordance with the permit letter issued by the HFSRB, and we do not anticipate the need to alter the project in any way.

Confirmatory Evidence of Permit Compliance

Attached is a verified statement from William Brennan that confirms the permit holders are complying with the scope, costs, and conditions of the project approved by the HFSRB, pursuant to the permit letter issued for this project. Additionally, the aforementioned verified statement confirms that there are sufficient financial resources available to complete this project.

If you have any questions or need any additional information regarding the project or this permit renewal request, please feel free to contact me at 312-212-4967.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP

Juan Morado, Jr.

JM:
Enclosure

cc: Mike Constantino, Senior Project Reviewer (via email)

State of Illinois
County of Cook

Verification

I, William Brennan, being first duly sworn, on oath, depose and state as follows:

1. I serve as the Special Project Manager for Nephrology Associates of Northern Illinois and Indiana, LTD ("NANI").

2. The construction plans for Illinois Vascular Care ("IVC") located at 846 East Algonquin Road, Suite 103, Schaumburg, Illinois 60173, has been submitted to the Illinois Department of Public Health ("IDPH").

3. The project was financially committed through an agreement with the general contractor for the project.

4. Construction has not commenced because we have been unable to reach terms with the property owner and we are awaiting approval by IDPH of our construction plans.

5. Our project cost for IVC will be in accordance with the permit issued by the Illinois Health Facilities and Services Review Board as Project #17-072.

6. All funding expended for the IVC facility will be in accordance with the permit issued by the Health Facilities and Services Review Board as Project # 17-072.

7. NANI has sufficient financial resources available to complete Project #17-072.

8. NANI has complied with the conditions associated with the permit issued for Project #17-072, and will continue to do so.

Under penalties as provided by law pursuant to § 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true.

William Brennan (signature)

7/11/19 (date)

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