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YOUR SMART HEALTHCARE CONSULTANTS

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

February 6, 2020

Courtney Avery, Administrator
Illinois Health Facilities and Service Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Ms. Avery,

On behalf of the applicant The Advanced Surgical Institute LLC, please find enclosed with this cover letter a submission of additional information for Project #19-031. This filing is to establish an Ambulatory Surgical Treatment Center ("ASTC") to be located at 3523 W. 95th Street, Evergreen Park, IL 60805.

The applicants are including Attachment 22 in response to the category of service requirements for cardiac catheterization services. The applicants are also including additional updates to Application pages 4/5/6, Attachments 7/9/12/15/24/35/36/38, and the physician referral letter.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions regarding the updates or project.

Sincerely,

Bryan Niehaus

Bryan Niehaus, JD
Vice President
Advis

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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

This Application is filed on the behalf of The Advanced Surgical Institute LLC* 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 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 fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

Dr. Nouri Al-Khaled
PRINTED NAME

Manager Managing Partner
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 30th day of January, 2020

Signature of Notary

Seal

OFFICIAL SEAL
LISA MARIE JANOSEK
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:12/08/23

SIGNATURE

Dr. John Burke
PRINTED NAME

Member
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 30th day of January 2020

Signature of Notary

Seal

OFFICIAL SEAL
LISA MARIE JANOSEK
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:12/08/23

*Insert the EXACT legal name of the applicant

2. Narrative Description

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

The Advanced Surgical Institute, LLC ("Applicant") proposes the establishment of an Ambulatory Surgical Treatment Center ("ASTC") with two operating rooms and seven recovery bays. The ASTC will be located in a building that is adjacent to the Applicant's "Heart, Vein, and Vascular Clinic" at 3523 W. 95th St. Evergreen Park, IL 60805.

The Project will require the modernization of existing space and the construction of a 750sqft addition. The total size of the proposed ASTC will be 6,500 departmental gross square feet (dgsf). The project does require the purchase of major medical equipment associated with cardiology services.

The Applicant is seeking approval for one ASTC category of service for cardiovascular. The Applicant is also seeking approval for the cardiac catheterization category of service.

The Applicant is proposing the establishment of a new health care facility; therefore, this is a substantive project.

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$10,584.62	$5,415.38	$16,000.00
Site Survey and Soil Investigation			
Site Preparation	$62,846.15	$32,153.85	$95,000.00
Off Site Work			
New Construction Contracts	$193,500.00	$99,000.00	$292,500.00
Modernization Contracts	$1,000,411.54	$511,838.46	$1,512,250.00
Contingencies	$100,041.15	$51,183.85	$151,225.00
Architectural/Engineering Fees	$80,032.92	$40,947.08	$120,980.00
Consulting and Other Fees	$25,827.46	$14,172.54	$40,000.00
Movable or Other Equipment (not in construction contracts)	$1,004,761.20	$75,791.40	$1,080,552.60
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	$1,419,000.00	$726,000.00	$2,145,000.00
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	**$3,897,005.04**	**$1,556,502.56**	**$5,453,507.60**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	$1,419,000.00	$726,000.00	$2,145,000.00
Governmental Appropriations			
Grants			
Other Funds and Sources	$2,478,005.04	$830,502.56	$3,308,507.60
TOTAL SOURCES OF FUNDS	**$3,897,005.04**	**$1,556,502.56**	**$5,453,507.60**
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

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

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

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

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

Estimated start-up costs and operating deficit cost is $ 8,709,865.00 (no deficit).

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): 08/31/2021

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

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

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

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:
☐ Cancer Registry *< NOT APPLICABLE TO ASTC PROJECT*
☐ APORS *<NOT APPLICABLE TO ASTC PROJECT*
☒ 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.

Section I, Identification, General Information, and Certification
Project Costs and Sources of Funds

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$10,584.62	$5,415.38	$16,000.00
Site Survey and Soil Investigation			
Site Preparation	$62,846.15	$32,153.85	$95,000.00
Off Site Work			
New Construction Contracts (Base Building Upgrades)	$193,500.00	$99,000.00	$292,500.00
Modernization Contracts	$1,000,411.54	$511,838.46	$1,512,250.00
Contingencies (10%)	$100,041.15	$51,183.85	$151,225.00
Architectural/Engineering Fees	$80,032.92	$40,947.08	$120,980.00
Consulting and Other Fees (Equipment Planning) any other consultants?	$25,827.46	$14,172.54	$40,000.00
Movable or Other Equipment (not in construction contracts) (Itemized below)	$1,004,761.20	$75,791.40	$1,080,552.60
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	$1,419,000.00	$726,000.00	$2,145,000.00
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	**$3,897,005.04**	**$1,556,502.56**	**$5,453,507.60**

SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	$1,419,000.00	$726,000.00	$2,145,000.00
Governmental Appropriations			
Debt Financing	$2,478,005.04	$830,502.56	$3,308,507.60
TOTAL SOURCES OF FUNDS	**$3,897,005.04**	**$1,556,502.56**	**$5,453,507.60**

Equipment Itemization

OR Lights and Booms	2	$25,200.00	OR
OR Tables	2	$25,200.00	OR
Side Tables	6	$5,760.00	OR
Double Ring Stands	2	$387.60	OR
Electrosurgical Unit, Bipolar	2	$7,110.00	OR
Kick Buckets	2	$191.82	OR
Mayo Stands	2	$706.96	OR
Mayo Stands (Large)	1	$438.96	OR
IV Poles	2	$383.16	OR
Light Boxes	2	$2,400.00	OR
Surgeon Stools	2	$3,000.00	OR
Anesthesia Stools	3	$1,800.00	OR
Allura Xper FD20	1	$585,000.00	OR
Blanket Fluid Warmer	2	$10,248.00	OR
Waste Management Suction	2	$108.00	OR
Crash Cart	1	$1,140.00	OR
Headlights	2	$1,680.00	OR
Microscope	1	$75,000.00	OR
Anesthesia Cart	2	$2,400.00	OR
Scrub Sink	2	$13,536.00	OR
IV Infusion Pumps	7	$10,920.00	Anesthesia
Anesthesia Machines/Setup	2	$46,800.00	Anesthesia
Physiological Monitors	7	$14,700.00	PACU
Computers	7	$2,520.00	OR/PACU
Phones	8	$1,440.00	OR/PACU
Equipment Carts		$0.00	PACU
Equipment Carts	7	$6,300.00	PACU
Linen Carts	2	$1,173.60	PACU
Stools PACU	7	$1,705.20	PACU
Stretcher Chairs	7	$10,500.00	PACU
OR Carts	3	$7,200.00	PACU
Patient Thermometer	7	$730.80	PACU
Glovebox Holders	8	$201.60	All
Hand Sanitizer Dispenser	10	$330.00	All
Refrigerator	1	$1,440.00	Staff Workroon
Microwave	1	$144.00	Staff Workroom
Coffeemaker	1	$107.40	Staff Workroom
Sharps Container (20 Gallon)	1	$206.40	Decontamination
Work Station	1	$3,300.00	Prep/Packaging
Sink	1	$210.00	Decontamination
Shelving	3	$6,300.00	Prep/Packaging
Sterilizer Steam	2	$46,800.00	Prep Packaging

Attachment – 7

Washer	1	$33,000.00	Decontamination
Lounge/Nourishment Equipment/ Icemaker	1	$3,300.00	Staff Workroom
Waiting Area / Office Furniture	1	$74,100.00	Waiting Area / Offices
Mobile C-arm	1	$45,433.10	OR
		$1,080,552.60	Total
		$1,004,761.20	Total Clinical
		$75,791.40	Total Non-clinical

Section I, Identification, General Information, and Certification
Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
ASTC	$1,293,952.69		4,300	496.15	3,803.85		
Total Clinical	$1,293,952.69		4,300	496.15	3,803.85		
NON REVIEWABLE							
Non-Clinical	$662,022.31		2,200	253.85	1946.15		
Total Non-clinical	$662,022.31		2,200	253.85	1946.15		
TOTAL	**$1,955,975.00**		**6,500**	**750**	**5,750**		

Section III, Background, Purpose of the Project, and Alternatives – Information Requirements

Criterion 1110.110(a) – Purpose of the Project, Safety Net Impact Statement and Alternatives

PURPOSE OF THE PROJECT

1. The applicant, The Advanced Surgical Institute LLC, herein requests HFSRB's approval to establish an Ambulatory Surgical Treatment Center ("ASTC"), to be known as known as The Advanced Surgical Institute ("ASI"). The applicant proposes to develop the facility with two (2) operating rooms and seven (7) recovery rooms, offering patients outpatient cardiac surgery and cardiac catheterization services at the facility.

   The physician investors that own equal shares in the applicant entity are currently partners in the Consultants in Cardiology & Electrophysiology ("CCE") physician practice. CCE maintains offices at three locations in Evergreen Park, Palos Heights, and Tinley Park. The ASTC will be located within retail space that is currently vacant and adjacent to their existing "Heart, Vein & Vascular Clinic" located at 3545 W 95th Street in Evergreen Park, Illinois. The physicians who will utilize the proposed ASTC are board certified interventional cardiologist and electrophysiologists who specialize in cardiology, electrophysiology, internal, vascular, and interventional medicine.

   The primary purpose of the project is to enable the applicant to meet the current and future needs of its patients by enabling the provision of non-hospital outpatient surgery that is high quality, lower cost, and accessible to the community. This ASTC will improve the health care and well-being of the patient population by offering patients requiring outpatient cardiac procedures the well-known benefits of an ASTC, including:

   - Decreased risk of infection
   - Decreased hospital stay
   - Overall decreased cost (30% less for cardiac procedures across all payers)
   - Improved outcomes with specialized staffing
   - Increased patient satisfaction
   - Increased patient comfort

   Today, the Geographic Service Area (GSA) does not have sufficient ASTC access to meet the patient demand. As documented within this application, Dr. Al-Khaled, Dr. Burke, Dr. Nouneh, Dr. Spear, and Dr. Zaidi have pledged sufficient historical volume to justify two (2) operating rooms by the second year of operation. Today, these physicians do not have an option within the Geographical Service Area (GSA) to conduct their procedures in a non-hospital ASTC.

Currently there are nine (9) licensed ASTC's within the GSA. None of these ASTCs offer cardiovascular services today.

Facility - ASC				
ASTC	**ZIP**	**Address**	**Distance to Proposed Facility**	**Offers Cardiac Surgery**
Oak Lawn Endoscopy Center	60453	9921 Southwest Highway, Oak Lawn, IL	3.45 mi	No
Magna Surgical Center	60638	7456 S State Road, Suite 300, Bedford Park, IL	3.04 mi.	No
Center for Reconstructive Surgery	60453	6311 W. 95th Street, Oak Lawn, IL	3.7 mi.	No
Palos SurgiCenter, LLC	60463	7340 W. COLLEGE DRIVE, Palos Heights, IL	5.56 mi.	No
Palos Hills Surgery Center	60465	10330 South Roberts Road, Ste 3000, Palos Hills, IL	5.64 mi.	No
Surgicore	60617	10547 S. EWING AVE., Chicago, IL	9.14 mi.	No
Forest Med-Surg Center	60458	9050 W. 81st Street, Justice, IL	7.21 mi.	No
Hyde Park Surgical Center	60615	1644 E 53rd St, Chicago, IL	8.44 mi.	No
South Loop Endoscopy & Wellness Center	60616	2340 S. Wabash, Chicago, IL	9.90 mi	No
Premier Cardiac Surgery Center ("Premier")	60803	11560 S. Kedzie Ave Ste 102, Merrionette Park, IL	2.66 mi.	Yes

An additional ASTC is located within the GSA, but is not yet licensed and operational.

ASTC	ZIP	Address	Distance to Proposed Facility	Offers Cardiac Surgery
Vascular Access Centers of Illinois ("VAC")	60643	1701 W. Monterey Ave, Chicago, IL	3.13 mi.	No (Only Vascular Access for ESRD)

Both the VAC and Premier ASTC are designed and intended to service an existing patient base. Neither the VAC or Premier ASTC is intended to or capable of servicing the surgical volume of the applicants. In fact, Premier is intended to operate as a hybrid OBL/ASTC with one operating room. This clearly restricts the ability of the facility to shoulder the volume contemplated by the applicants. Likewise, VAC is designed for dialysis vascular access for ESRD patients. It is not designed, equipped, or intended to provide the pacemaker and cardiac catheterization procedures performed by the applicants.

Given the lack of viable ASTC options within the GSA, Dr. Al-Khaled, Dr. Burke, Dr. Nouneh, Dr. Spear, and Dr. Zaidi are now pursuing the development of this surgical center to provide patients with access to the safest, most affordable site of service.

The applicants will still provide medically appropriate inpatient care within area hospitals. However, the ASTC setting has many advantages for patients, providers, and the health care system over the hospital outpatient setting. Accordingly, the applicant is seeking to move its medically appropriate patients from the higher cost and time intensive hospital setting.

Removed from the hospital setting, ASTCs allow surgeons to be more efficient due to faster room turnover, specialized focuses, and designated surgical times that are not impacted by emergent and trauma cases that can create longer wait times for patients. With easier access to facility parking, reduced wait times, dedicated staff, and optimized procedure flow, ASTC services result in higher patient satisfaction.

The proposed project is adjacent to the existing Heart, Vein, & Vascular clinic owned by the Applicant. Locating the ASTC directly next to the clinic will free up more of the physicians' time to tend to patient needs by wasting less time traveling to hospitals to meet patients for surgery. In this way, the physicians can efficiently address its patients' needs in their own dedicated surgical space, on its own schedule.

The applicants are not alone in pursuing the development of a dedicated cardiovascular surgical center. There has been a flurry of activity in the ASTC marketplace for cardiac services. In addition to commercial payer support, recent CMS payment decisions have encouraged the migration of cardiac and vascular surgeries to the ASTC setting.

CMS created uncertainty in the marketplace in 2017 when they dramatically restructured reimbursement in the office-based laboratory ("OBL") setting for vascular access services. The result was significant decreases in payment in the OBL setting and a clear incentive and direction to pursue ASTC development to provide continued access.

Most recently, CMS continued to acknowledge and support the delivery of safe, effective, and lower-cost cardiology care in a freestanding ASC in its 2019 and 2020 payment rule updates. The final 2019 CMS payment rule revised the definition of "surgery," which resulted in the addition of twelve (12) cardiac catheterization procedures to the Medicare ASC payable list, specifically for vascular, electrophysiology, and diagnostic cardiac cath procedures. Now the final 2020 CMS payment rule approved in November added six (6) angioplasty and stenting procedures to the ASC covered procedure list starting in calendar year 2020.

There are clear economic savings associated with the ASTC setting as well. Drs. Brent Fulton and Sue Kim concluded that ASTCs saved the Medicare program and its beneficiaries $7.5 billion from 2008 to 2011. The researchers noted that the study was focused upon the Medicare program, but noted that because ASTCs generally "charge private payers less than their hospital outpatient department counterparts, similar savings also exist in the commercial health market." (Medicare Savings Tied to Ambulatory Surgery Centers, University of California-Berkley School of Public Health, September 2013). Reduced costs also mean reduced co-pays and deductibles for our Medicare and Medicaid patient populations.

The proposed facility will charge ASTC rates and patients and payers will realize significant savings that can average around 30% less than the hospital setting, but which can be remarkably higher depending on the procedure.

Per the below chart, some of the more common procedures intended to be performed in the Applicant's ASTC are significantly cheaper than the Medicare's hospital reimbursement rates (i.e. "OPPS"):

ASTC vs. Hospital (OPPS) Reimbursement Examples

CPT Code	Description	2019 Medicare ASC Rate	2019 Medicare OPPS Rate	Difference ($)	Savings %
93458	L hrt artery/ventricl e angio	$1,229.12	$2,849.95	$1,620.83	56.87%
93459	L hrt art/grft angio	$1,229.12	$2,849.95	$1,620.83	56.87%
93460	R&l hrt art/ventricle angio	$1,229.12	$2,849.95	$1,620.83	56.87%
33208	Insrt heart pm atrial & vent	$7,101.73	$10,251.94	$3,150.21	30.73%
33249	Insj/rplcmt defib w/lead(s)	$24,294.76	$32,282.64	$7,987.88	24.74%
36556	Insert non-tunnel cv cath	$518.62	$1,631.13	$1,112.51	68.20%

CMS is clearly motivated to identify opportunities for added savings, both by increasing the number and type of ASC-eligible cases and by providing incentives for ASC operators to perform them. However, they are actually lagging behind commercial payers in this push to the ASC outpatient setting. Health plans are increasingly implementing policies that redirect volume

out of hospitals and into the ASC setting. For example, in October of 2016, UnitedHealthcare announced a policy that prohibits designated OP surgery procedures from being performed in the hospital outpatient department setting without authorization.

ASCs are the preferred venue for cost savings, quality outcomes, and increased patient satisfaction. The Applicant needs the Board support to provide these benefits to its affiliated surgeons and its substantial patient base. Doing so will improve the health care services available to the community and improve their overall well-being.

2. **Market Area / GSA.**

As demonstrated on Attachment 24 Exhibit 2, the applicant intends to serve primarily Chicago's Southwest and Southern metropolitan areas surrounding the proposed location at 3523 W. 95th Street, Evergreen Park, IL, 60805. Section 1110.110(b) of the HFSRB's rules states that the Geographic Service Area (GSA) includes all zip codes within a 10-mile radius. The applicants have attached a map of the areas within 10-miles at Attachment 12 – Exhibit 1.

3. **Existing Problems.**

As outlined in the above responses, the applicants are addressing the following issues through the expansion of the ASTC:

1. Need for Cardiology approved & focused ASTC Operating Rooms within the GSA
2. Need to Improve the Clinical Care Continuum for Applicant's Patients
3. Align with CMS, Payers, and Patients to Continue Transition from Hospital to ASTC Setting

4. **Source Documents.**

In addition to the below citations, the Applicant has attached relevant the articles following Attachment 12.

- MEDPAC, REPORT TO CONGRESS: MEDICARE PAYMENT POLICY 95 (Mar. 2010), *available at* http://www.medpac.gov/documents/Mar10_EntireReport.pdf.
- Cost and Benefits of Competing Healthcare Providers: Trade-Offs in the Outpatient Surgery Market, Elizabeth L. Munnich and Stephen T. Parente, University of Notre Dame, May 2013.
- Medicare Savings Tied to Ambulatory Surgery Centers, University of California-Berkley School of Public Health, Brent Fulton and Sue Kim, School of Public Health, University of California Berkely, September 2013.
- https://www.beckersasc.com/asc-transactions-and-valuation-issues/introducing-the-ambulatory-cardiovascular-center.html
- ASC at a Tipping Point: The New Reality of Surgical Service for Health Systems by ECG

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

As described above, the proposed facility will provide needed operating room capacity dedicated to cardiovascular surgeries in a low-cost, high-quality, and convenient setting. This will address the lack of viable ASTC options in the GSA, improve the continuum of care for the applicant's patients, and be responsive to the clear direction of CMS and commercial payers to transition surgical volumes from the hospital setting to the ASTC setting.

Patients are increasingly likely to seek treatment at ASTCs instead of hospital outpatient departments because of reduced costs, payer policies, and patient comfort with the setting. The Applicant will helped meet this increase in demand and reduce costs for the patient, payors, and healthcare system as a whole. With high-quality outcomes, improved satisfaction, and reduced costs, the health care and well-being of the local patient population will be improved by this project.

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

The above responses detail the goals of the project to address identified issues to improve the health and well-being of the community. The significant objectives and timeframes for completing the project are as follows:

- The first goal is to finalize the drawings and obtain the necessary permit approvals within one month of receiving HFSRB approval.
- The second goal is to hire a contractor within two months after receiving HFSRB approval.
- The third goal is to complete construction for the ASTC within twelve months of receiving HFSRB approval.
- Finally, the ultimate goal is to have the facility approved for occupancy, operational, licensed, and Medicare-certified by within eighteen months of receiving HFSRB approval.

7. **Modernization Description**

In addition to the foregoing, the project involves the modernization of existing physical space. The Applicant is creating the ASTC facility through the modernization of existing physician office space and retail space currently adjoining the physician office space. The existing building will require an approximately 750 sq. ft. building addition to accommodate the design requirements for the two operating room facility. The building's fire suppression system, HVAC, plumbing, medical gas, electric service, generator, fire alarm, and IT infrastructure will all be renovated or added to the existing space to meet required code.

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.120(a), Size of the Project

Size of Project				
Service	**Proposed DGSF**	**State Standard**	**Difference**	**Met Standard?**
ASTC w/ 2 ORs	2,150 sq. ft. (Per Room)	2,200 sq. ft. DGSF/Treatment Room	(50)	Yes
Cardiac Catheterization	1,750 sq. ft.	1,800 sq. ft. DGSF	(50)	Yes

The proposed project will incorporate 6,500 square feet, 4,300 of which is clinical space for the facility. This project meets the state standard for modernization construction of 2,200 DGSF per Treatment Room for ASTCs. Further, the space allocated for the cardiac catheterization services offered in one of the ORs is 1,750 sq. ft., which is below the State's 1,800 sq. ft. threshold.

Additional Information:

The Applicant is proposing the establishment of an ASTC with two (2) operating rooms, a control room for operating room equipment, seven (7) recovery rooms, clean and soiled processing rooms, nurse stations, decontamination space, scrub stations, and patient toilets. In addition to this clinical space, the applicant is developing non-clinical patient waiting and reception space, administrative offices, public restrooms, mechanical rooms, and staff facilities.

The ASTC will be developed through the modernization of existing space located next to an existing physician office clinic, with limited new buildout at the back of the existing building. The facility is designed to comply with State, Federal, and local building codes and requirements.

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.120(b), Project Services Utilization

This project includes a specific clinical service area: ASTC operating room (See Section 1110, Appendix B).

By the second year after project completion, the ASTC's annual utilization shall meet or exceed HFSRB's utilization standards of 1,500 hours of surgical time per room. An applicant is deemed to meet this standard for one OR when they are providing any surgical volume up to 1,500 hours. It meets the requirement for a second operating room when volume exceeds 1,500 hours, a third when it exceeds 3,000 hours, and so on.

Looking at the three most recent years of utilization, the total ASC eligible procedures have grown at an average annual rate of approximately 16%. Projecting a conservative 10% annual growth in ATSC eligible procedures (including diagnostic cardiac catheterization), the applicants predict a total caseload of 1,657 procedures to be performed in the first year (2021) the ASTC is operational, which is a discounted assumption from historical referrals to account for patient preference, co-morbidities, insurance policy restrictions, and other factors that influence place of service decisions. The total of 1,657 procedures in the first year of operation equates to approximately 60% of eligible procedures.

Broken down further, the projection assumes only 33% of cardiac catheterization procedures are ASTC eligible. As identified below, the projected procedures were multiplied by the historical time per procedure to obtain the projected utilization for the two (2) operating rooms. On average, procedures were estimated at 1.56 hours including 15 minutes for prep and 15 minutes for cleanup. As a subset, the cardiac catheterization procedures were estimated at 45 minutes, including 15 minutes for prep and 15 minutes for cleanup.

As seen below, the projected volume meets both the ASTC and Cardiac Catherization category of service volume requirements because the projection exceed the 1,500 hours requirement for 2 operating rooms.

ASTC Cases (Including Cardiac Catheterization)						
Year	**Historical Referrals**	**Projected Referral Volume**	**Projected Utilization**	**Projected Hours**	**State Standard**	**Met Standard?**
2017	1,875					
2018	2,384					
2019	2,517					
2020		2,769				
2021 **(Begin Service)**		3,046	1,657	2,585		
2022		3,350	1,823	2,843	1500 hrs /OR	YES
2023		3,685	2,005	3,128		

Cardiac Catheterization Cases Only					
Year	**Historical Referrals**	**Projected Referral Volume**	**Projected Utilization (Cases)**	**State Standard**	**Met Standard?**
2017	1,256				
2018	1,405				
2019	1,436				
2020		1,580			
2021**(Begin Service)**		1,738	584		
2022		1,911	642	200 cases	YES
2023		2,102	707		

Attachment 15

Section VII, Service Specific Review Criteria
Cardiac Catheterization Criteria
Criterion 1110.225

1. Criterion 1110.225(a), Peer Review

Any applicant proposing the establishment or modernization of a cardiac catheterization unit shall detail in its application for permit the mechanism for adequate peer review of the program. Peer review teams will evaluate the quality of studies and related morbidity and mortality of patients and also the technical aspects of providing the services such as film processing, equipment maintenance, etc.

ASI will develop a peer review program that is best on national best practices and exceeds minimum regulatory standards. The peer review program for cardiac catheterization would be in addition to the peer review process in place for the ASTC itself. ASI intends to leverage guidance and registries from both the American College of Cardiology ("ACC") and the Society for Cardiovascular Angiography & interventions ("SCAI"), amongst other resources, in developing and implementing its peer review and quality improvement programs for cardiac catheterization services.

National Cardiovascular Data Registry ("NCDR") is ACC's suite of data registries helping hospitals, health systems and practices measure and improve the quality of cardiovascular care they provide. More than just data collection, NCDR is a comprehensive network of cardiovascular care providers committed to ensuring evidence-based care, improving patient outcomes and lowering health care costs. Through the capture and reporting of trusted and reliable data, the NCDR helps participants measure, benchmark and improve cardiovascular care. Participation in the NCDR:

- Informs treatment choices and drive quality improvement at the provider and institutional level
- Assists in the evaluation of practice patterns, technologies, and devices
- Informs comparative effectiveness research
- Assists in broader dissemination of best practices
- Improves patient care worldwide

More than 2,400 hospitals and over 8,500 outpatient providers worldwide participate in one or more of the ACC's ten registries, forming a comprehensive network of cardiovascular care providers committed to ensuring evidence-based cardiovascular care, improving patient outcomes and lowering health care costs. ASI will leverage the NCDR registry(ies) for benchmarking and incorporate into our peer review program.

The following is a short descriptor of each registry maintained by the NCDR:

The **Chest Pain - MI Registry™** is a risk-adjusted, outcomes-based quality improvement program that focuses exclusively on high-risk STEMI/NSTEMI patients. It helps hospitals apply

ACC clinical guideline recommendations in their facilities and provides invaluable tools to measure care and achieve quality improvement goals.

The **AFib Ablation Registry™** assesses the prevalence, demographics, acute management and outcomes of patients undergoing atrial fibrillation (AFib) catheter ablation procedures. Its data will support the development of evidence-based guidelines for AFib treatments that will improve outcomes for patients. View the AFib Ablation Registry Data Collection Form and the Data Coder's Dictionary.

The **CathPCI Registry®** assesses the characteristics, treatments and outcomes of cardiac disease patients who receive diagnostic catheterization and/or percutaneous coronary intervention (PCI) procedures. This powerful tool captures the data that measure adherence to ACC/AHA clinical practice guideline recommendations, procedure performance standards and appropriate use criteria for coronary revascularization.

The **ICD Registry™** is your most trusted source of evidence-based data collection and reporting for ICD/CRT-D procedures. Participating in the ICD Registry is still your most reliable way to track ongoing compliance with the updated CMS National Coverage Determination (NCD). The ICD Registry plays an important role in determining the association between evidence-based treatment strategies and clinical outcomes.

The **IMPACT Registry®** assesses the prevalence, demographics, management and outcomes of pediatric and adult congenital heart disease (CHD) patients who undergo diagnostic catheterizations and catheter-based interventions. Its data support the development of evidence-based guidelines for CHD treatment that will improve outcomes for CHD patients of all ages.

The **LAAO Registry™** captures data on left atrial appendage occlusion (LAAO) procedures to assess real-world procedural outcomes, short and long-term safety, comparative effectiveness and cost effectiveness. LAAO provides a treatment option to manage stroke risk for non-valvular atrial fibrillation patients who are unable to maintain adequate anticoagulation through medication therapy. The LAAO Registry is approved by the Centers for Medicare and Medicaid Services (CMS) to meet the registry requirements outlined in the national coverage decisions for Percutaneous Left Atrial Appendage Closure.

The **PVI Registry™** assesses the prevalence, demographics, management and outcomes of patients undergoing lower extremity peripheral arterial catheter-based interventions and includes carotid artery stenting (CAS) and carotid endarterectomy (CEA). The PVI Registry provides data collection and equips clinicians with decision-making data whether care is provided in a hospital cath lab, interventional radiology department, or an outpatient vascular center.

The **STS/ACC TVT Registry™**, created by a collaboration between the Society for Thoracic Surgeons and the ACC, monitors patient safety and real-world outcomes related to transcatheter valve replacement and repair procedures – emerging treatments for valve disease patients. Employing state-of-the-art heart valve technology, transcatheter heart valve procedures provide

new treatment options for patients who are not eligible for conventional heart valve replacement or repair surgery.

In addition to the use of national registries and benchmarks to ensure quality in its peer review program, ASI will build its program around national best practices, including those put forth by the SCAI. Per their 2012 and 2016 publications on best practices for Cardiac Catheterization labs, best practices include, but are not limited to:

- **Provider Competence & Documentation**: All providers and staff must be appropriately credentialed, privileged, and up to date with ongoing professional evaluations. Physicians should participate in quarterly quality improvement and peer review meetings. Procedural outcomes, success rates and complications, should be documented and tracked against benchmarks.
- **Procedural Indications and History and Physical Examination**: Procedural indications should be well documented and reconciled with published appropriate use criteria (AUC). All patients must have an H&P examination prior to the procedure, performed by either a physician or an advanced practice professional (APP).
- **Informed Consent Process and Documentation**: A key aspect of the pre-procedure process is the legal process to obtain informed consent form the patient, ensuring consent is obtained in their native language, and key considerations such as what the procedure covers, risks, benefits, and alternative, as well as any Do Not Resuscitate (DNR) are covered with the patient. Ideally, the IC process should be performed in a neutral environment.
- **Immediate Preprocedural Checklist**: The SCAI provides a template for key pre-procedure items to check off before each case. Upon arrival to the procedure room, a nurse, technologist, APP, physician extender, or physician should review the preprocedural checklist.
- **Universal Protocol and "Time out" Procedure**: All team members should understand the intended procedure and the sequence of that procedure. This should be performed during a dedicated "Time Out" protocol, performed before vascular access or moderate sedation is initiated, when all members of the team are present. Patient identification should be confirmed with unanimous agreement on the procedure to be performed.
- **Physician to Patient Communication**: The physician should discuss the findings, interventions performed, and complications directly with the patient and family. The post procedure management plan should also be addressed. Discussions with patients should be delayed until cognitive impairment due to sedation has resolved.

4. **Criterion 1110.225(d), Modernization of Existing Cardiac Catheterization Laboratories**

Not applicable. This project is the establishment of a new service.

2. Criterion 1110. 225(b), Establishment or Expansion of Cardiac Catheterization Service

a. The planning area for this provider is defined by both the ASTC category of service of ten-miles, and Hospital Service Area (HSA) 7. Per direction from Board staff on January 17, 2020, the applicants have mapped those hospital providers within the 10-mile Geographic Service Area on the following page.

b. The number of cardiac catheterizations at the providers within the 10-mile GSA are as follows for 2018, the most recently reported year.

Year	Hospital	Cardiac Cath Labs	Cardiac Cath Procedures
2018	Advocate Christ Medical Center	6	6,738
2018	Holy Cross Hospital	1	502
2018	Ingalls Memorial Hospital	1	1,065
2018	Little Company of Mary Hospital	2	708
2018	McNeal Hospital	3	1,307
2018	Mercy Hospital & Medical Center	2	1,345
2018	Palos Community Hospital	2	2,513
2018	The University of Chicago Medical Center	6	7,937
2018	Advocate Trinity Hospital	2	661
2018	MetroSouth Medical Center **(CLOSED 2019)**	3	1,248

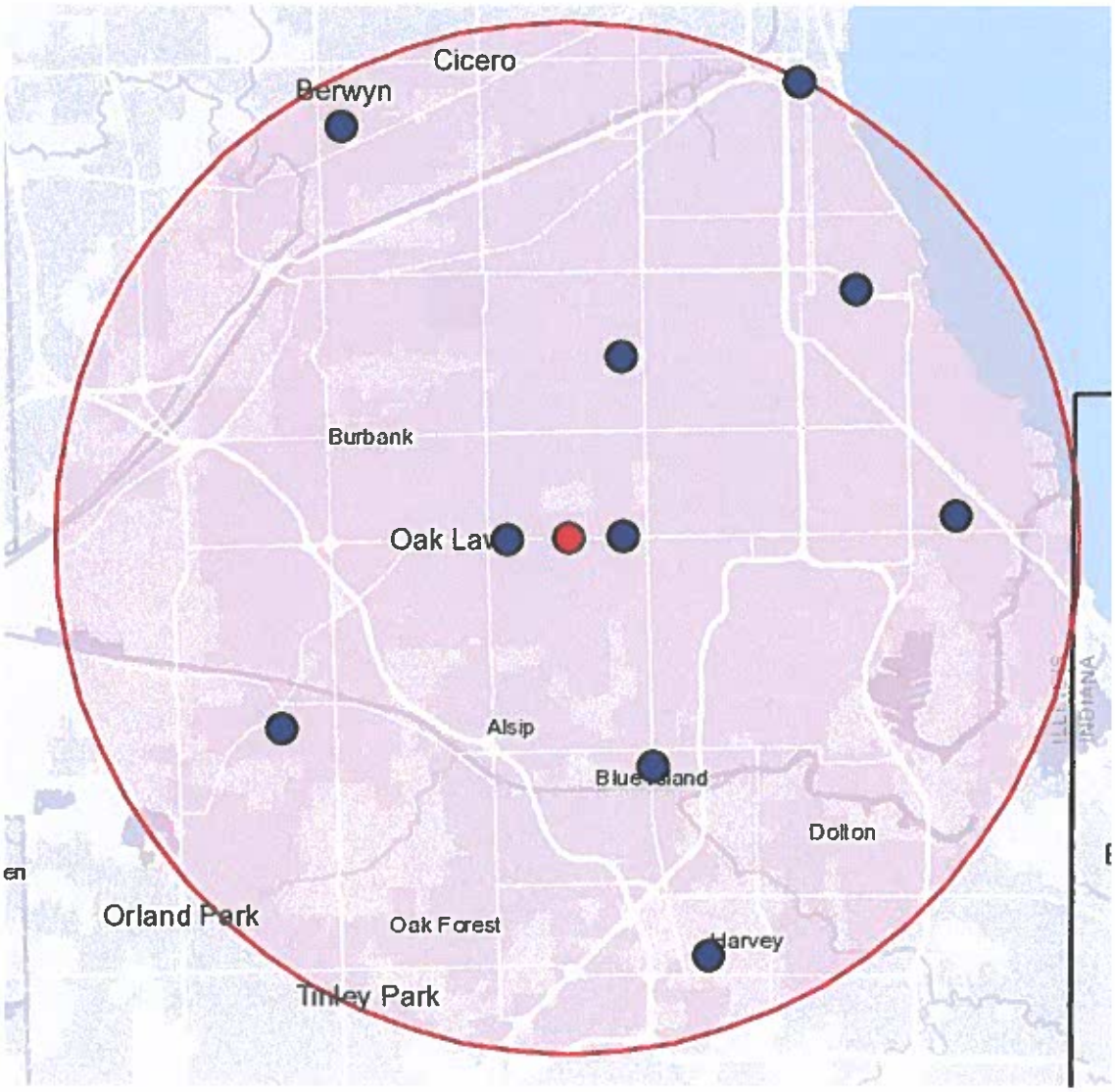
Each of these providers exceed 200 annual procedures per lab, while only Advocate Trinity Hospital and Little Company of Mary Hospital fail to exceed 400 annual procedures per lab. Regardless, the performance of these facilities is immaterial to the applicant's submission because the applicant meets the requirement of referring in excess of 400 annual cardiac catheterization procedures in each of the last 3 years (see response below), in accord with Section 1110.225(b)(2) of the regulations. The applicants further note that MetroSouth Medical Center closed in 2019, creating a need to re-distribute over 1,200 cardiac catheterization procedures on an annual basis from a provider located within the GSA. There is opportunity for cardiac catheterization providers in the service area to capture this patient volume, which is not tied to the applicant physicians or this project.

c. Over the last three years, the applicant's referrals totaled:

Year	Historical Cardiac Catheterization Referrals
2017	1,256
2018	1,405
2019	1,436

Accordingly, historic volumes meet the requirement to establish cardiac catheterization services under Section 1110.225(b)(2), as the applicants far exceed the requirement to refer at least 400 cases annually over the most recent three years.

Map of Cardiac Catheterization Providers



Cardiac Catheterization Labs

Proposed ASTC w/ Cardiac Cath

3. Criterion 1110.225(c), Unnecessary Duplication of Services

After receiving direction from Board Staff on January 17, 2019, the applicants proceeded to send letters to the facilities providing cardiac catheterization services within 10-miles of the applicant's proposed facility. Copies of the letters have been included after this page and responses will be forwarded to the State upon receipt by the applicant.

Per Section 1110.225(c)(1), any application proposing to establish cardiac catheterization services must indicate if it will reduce the volume of existing facilities below 200 catheterizations on an annual basis.

The introduction of a catherization service by ASI, with a projected volume of 584 cases in the first year of service (estimated at 2021), will not reduce the volumes of any of the existing services below 200 procedures per year. The applicants expect its case referral volume moving from the hospital setting to the ASTC setting to be to be distributed between the providers to which it currently refers patients for cardiac catherization services. Based on historical patterns, the breakdown of diverted referrals by facility are anticipated to be as follows:

	Advocate Christ Medical Center	**Little Company of Mary Hospital**	**Palos Community Hospital**	**Total 2021 Volume**
Estimated Cases Moving from Hospital to ASI ASTC	312	206	66	584

Diverting the above volume will not drop any of the labs below 200 annual cases. Per the below chart of 2018 volumes, the reduction in cases in 2021 at all three providers will keep the providers above 200 cases per lab. In addition, there are over 1,200 cases to be picked up by area providers from the closure of MetroSouth Medical Center's 3 catheterization labs.

Hospital	Cardiac Catheterization Labs	Cardiac Catheterization Procedures	Per Lab Volume
Advocate Christ Medical Center	6	6,738	1,123
Holy Cross Hospital	1	502	502
Ingalls Memorial Hospital	1	1,065	532.5
Little Company of Mary Hospital	2	708	354
McNeal Hospital	3	1,307	435.67
Mercy Hospital & Medical Center	2	1,345	672.5
Palos Community Hospital	2	2,513	1,256.5
The University of Chicago Medical Center	6	7,937	1,322.833
Advocate Trinity Hospital	2	661	330.5
MetroSouth Medical Center **(CLOSED 2019)**	3	1,248	416

January 29, 2020

Richard Heim, President
Advocate Christ Medical Center
4440 W. 95th Street
Oak Lawn, IL 60453

Dear Mr. Richard Heim,

This letter is to inform you that The Advanced Surgical Institute LLC will be submitting a Certificate of Need permit application to establish an Ambulatory Surgery Treatment Center (ASTC). The ASTC will have two (2) Operating Rooms (ORs). One of the ORs will be dedicated to cardiac catheterization service.

It is required that we notify all providers of cardiac catheterization service within the Geographic Service Area (GSA) of our proposed facility. We are sending this notice to Advocate Christ Medical Center as you are a provider of cardiac catheterization services.

At your discretion, please respond with your statement of the impact of the proposed project on your facility's cardiac catheterization services.

If you have any questions about this project, please contact me at 708-878-8646.

Thank you for your time.

Sincerely,

Nouri Al-Khaled, M.D.
The Advanced Surgical Institute, LLC

January 29, 2020

Lori Pacura, President
Holy Cross Hospital
2701 W. 68th St.
Chicago, IL 60629

Dear Ms. Lori Pacura,

This letter is to inform you that The Advanced Surgical Institute LLC will be submitting a Certificate of Need permit application to establish an Ambulatory Surgery Treatment Center (ASTC). The ASTC will have two (2) Operating Rooms (ORs). One of the ORs will be dedicated to cardiac catheterization service.

It is required that we notify all providers of cardiac catheterization service within the Geographic Service Area (GSA) of our proposed facility. We are sending this notice to Holy Cross Hospital as you are a provider of cardiac catheterization services.

At your discretion, please respond with your statement of the impact of the proposed project on your facility's cardiac catheterization services.

If you have any questions about this project, please contact me at 708-878-8646.

Thank you for your time.

Sincerely,

Nouri Al-Khaled, M.D.
The Advanced Surgical Institute, LLC

January 29, 2020

Dr. John Hanlon, CEO
Little Company of Mary Hospital
2800 W. 95th St.
Evergreen Park, IL 60805

Dear Dr. John Hanlon,

This letter is to inform you that The Advanced Surgical Institute LLC will be submitting a Certificate of Need permit application to establish an Ambulatory Surgery Treatment Center (ASTC). The ASTC will have two (2) Operating Rooms (ORs). One of the ORs will be dedicated to cardiac catheterization service.

It is required that we notify all providers of cardiac catheterization service within the Geographic Service Area (GSA) of our proposed facility. We are sending this notice to Little Company of Mary Hospital as you are a provider of cardiac catheterization services.

At your discretion, please respond with your statement of the impact of the proposed project on your facility's cardiac catheterization services.

If you have any questions about this project, please contact me at 708-878-8646.

Thank you for your time.

Sincerely,

Nouri Al-Khaled, M.D.
The Advanced Surgical Institute, LLC

January 29, 2020

Dr. Terrance Moisan, President & CEO
Palos Community Hospital
12251 South 80th Avenue
Palos Heights, IL 60463

Dear Dr. Terrance Moisan,

This letter is to inform you that The Advanced Surgical Institute LLC will be submitting a Certificate of Need permit application to establish an Ambulatory Surgery Treatment Center (ASTC). The ASTC will have two (2) Operating Rooms (ORs). One of the ORs will be dedicated to cardiac catheterization service.

It is required that we notify all providers of cardiac catheterization service within the Geographic Service Area (GSA) of our proposed facility. We are sending this notice to Palos Community Hospital as you are a provider of cardiac catheterization services.

At your discretion, please respond with your statement of the impact of the proposed project on your facility's cardiac catheterization services.

If you have any questions about this project, please contact me at 708-878-8646.

Thank you for your time.

Sincerely,

Nouri Al-Khaled, M.D.
The Advanced Surgical Institute, LLC

January 29, 2020

Sharon O'Keefe, President
The University of Chicago Medical Center
5841 S. Maryland Ave.
Chicago, IL 60637

Dear Ms. Sharon O'Keefe,

This letter is to inform you that The Advanced Surgical Institute LLC will be submitting a Certificate of Need permit application to establish an Ambulatory Surgery Treatment Center (ASTC). The ASTC will have two (2) Operating Rooms (ORs). One of the ORs will be dedicated to cardiac catheterization service.

It is required that we notify all providers of cardiac catheterization service within the Geographic Service Area (GSA) of our proposed facility. We are sending this notice to The University of Chicago Medical Center as you are a provider of cardiac catheterization services.

At your discretion, please respond with your statement of the impact of the proposed project on your facility's cardiac catheterization services.

If you have any questions about this project, please contact me at 708-878-8646.

Thank you for your time.

Sincerely,

Nouri Al-Khaled, M.D.
The Advanced Surgical Institute, LLC

January 29, 2020

Rashard Johnson, President
Advocate Trinity Hospital
2320 East 93rd Street
Chicago, IL 60617

Dear Mr. Rashard Johnson,

This letter is to inform you that The Advanced Surgical Institute LLC will be submitting a Certificate of Need permit application to establish an Ambulatory Surgery Treatment Center (ASTC). The ASTC will have two (2) Operating Rooms (ORs). One of the ORs will be dedicated to cardiac catheterization service.

It is required that we notify all providers of cardiac catheterization service within the Geographic Service Area (GSA) of our proposed facility. We are sending this notice to Advocate Trinity Hospital as you are a provider of cardiac catheterization services.

At your discretion, please respond with your statement of the impact of the proposed project on your facility's cardiac catheterization services.

If you have any questions about this project, please contact me at 708-878-8646.

Thank you for your time.

Sincerely,

Nouri Al-Khaled, M.D.
The Advanced Surgical Institute, LLC

January 29, 2020

Carol Schneider, CEO
Mercy Hospital & Medical Center
2525 South Michigan Avenue
Chicago, IL 60616

Dear Carol Schneider,

This letter is to inform you that The Advanced Surgical Institute LLC will be submitting a Certificate of Need permit application to establish an Ambulatory Surgery Treatment Center (ASTC) at 3523 W. 95th Street, Evergreen Park, IL 60805. The ASTC will have two (2) Operating Rooms (ORs). One of the ORs will be dedicated to cardiac catheterization service.

It is required that we notify all providers of cardiac catheterization service within the Geographic Service Area (GSA) of our proposed facility. We are sending this notice to Mercy Hospital & Medical Center as you are a provider of cardiac catheterization services.

At your discretion, please respond with your statement of the impact of the proposed project on your facility's cardiac catheterization services.

If you have any questions about this project, please contact me at 708-878-8646.

Thank you for your time.

Sincerely,

Nouri Al-Khaled, M.D.
The Advanced Surgical Institute, LLC

January 29, 2020

Jonathan Gobel, President
Ingalls Memorial Hospital
One Ingalls Drive
Harvey, IL 60426

Dear Jonathan Gobel,

This letter is to inform you that The Advanced Surgical Institute LLC will be submitting a Certificate of Need permit application to establish an Ambulatory Surgery Treatment Center (ASTC) at 3523 W. 95th Street, Evergreen Park, IL 60805. The ASTC will have two (2) Operating Rooms (ORs). One of the ORs will be dedicated to cardiac catheterization service.

It is required that we notify all providers of cardiac catheterization service within the Geographic Service Area (GSA) of our proposed facility. We are sending this notice to Ingalls Memorial Hospital as you are a provider of cardiac catheterization services.

At your discretion, please respond with your statement of the impact of the proposed project on your facility's cardiac catheterization services.

If you have any questions about this project, please contact me at 708-878-8646.

Thank you for your time.

Sincerely,

Nouri Al-Khaled, M.D.
The Advanced Surgical Institute, LLC

January 29, 2020

Mary E. Cleary, President
MacNeal Hospital
3249 South Oak Park Avenue
Berwyn, IL 60402

Dear Mary E. Cleary,

This letter is to inform you that The Advanced Surgical Institute LLC will be submitting a Certificate of Need permit application to establish an Ambulatory Surgery Treatment Center (ASTC) at 3523 W. 95th Street, Evergreen Park, IL 60805. The ASTC will have two (2) Operating Rooms (ORs). One of the ORs will be dedicated to cardiac catheterization service.

It is required that we notify all providers of cardiac catheterization service within the Geographic Service Area (GSA) of our proposed facility. We are sending this notice to MacNeal Hospital as you are a provider of cardiac catheterization services.

At your discretion, please respond with your statement of the impact of the proposed project on your facility's cardiac catheterization services.

If you have any questions about this project, please contact me at 708-878-8646.

Thank you for your time.

Sincerely,

Nouri Al-Khaled, M.D.
The Advanced Surgical Institute, LLC

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Richard Heim, President
Advocate Christ Med Center
4440 W 95th Street
OAK LAWN IL 60453

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OAK LAWN, IL 60453

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1. Article Addressed to:

Lori Pacura, President
Holy Cross Hospital
2701 W 68th Street
Chicago, IL 60629

9590 9402 5438 9189 1969 88

2. Article Number (Transfer from service label)

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1. Article Addressed to:

DR John Hanlon CEO
Little Company of Mary Hosp
2800 W 95th St
Evergreen Pk 60805

9590 9402 5438 9189 1969 95

2. Article Number (Transfer from service label)

7019 0700 0002 2137 9473

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Evergreen Park IL 60805

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DR Terrance Moisan President + CEO Palos
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Sharon O'Keefe President UofC MED Center
Street and Apt. No., or PO Box No.
5841 S. Maryland Ave
City, State, ZIP+4®
Chicago, IL 60637

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Sharon O'Keefe, President
the University of Chicago Med CT
5841 S Maryland Ave
Chicago, IL 60637

9590 9402 5438 9189 1969 64

2. Article Number (Transfer from service label)

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PS Form 3811, July 2015 PSN 7530-02-000-9053

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1. Article Addressed to:

Rashard Johnson, President
ADVOCATE Trinity Hospital
2320 EAST 93RD Street
Chicago, IL 60617

9590 9402 5438 9189 1969 33

2. Article Number (Transfer from service label)

7019 0700 0002 2137 9527

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B. Received by (Printed Name) KENYA GRAVES

C. Date of Delivery 2-3-2020

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5. Criterion 1110.225(e), Support Services

As required, the following support services will be available for patient care when needed:

- Nuclear medicine laboratory.
- Echocardiography service.
- Electrocardiography laboratory and services, including stress testing and continuous cardiogram monitoring.
- Pulmonary Function unit.
- Blood bank.
- Hematology laboratory-coagulation laboratory.
- Microbiology laboratory.
- Blood Gas laboratory.
- Clinical pathology laboratory with facilities for blood chemistry.

The required ancillary services will be provided through the Consultants in Cardiology and Electrophysiology's ("CCE") adjacent office space and through arrangements with local specialists. CCE's adjacent office offers the full complement of nuclear medicine laboratory, echocardiography, and electrocardiography laboratory and service, including stress testing and continuous cardiogram monitoring with Holter monitors. Blood gas laboratory services will also be provided in the CCE office space.

Pulmonary Function Unit services are to be provided through Midwest Pulmonary Critical Care & Sleep Consultants, LLC, which is a group of pulmonology providers located at 10604 Southwest Highway, Suite 107, Chicago Ridge, Illinois 60415, and located less than 15 minutes and only 5 miles down the street from the proposed facility. This will ensure the services are available when needed for patient care. Additional laboratory services will be conveniently provided in the same building through Affiliated Oncologists, LLC located at 10604 Southwest Highway, Chicago Ridge, Illinois 60415 and their AML Lab arrangements on the first floor. The laboratory services will cover hematology and microbiology services when required for patients. Finally, ASI will work with local providers to provide any required blood bank and pathology services when necessary for patient care.

6. Criterion 1110.225(f), Laboratory Location

This criterion is not applicable as this project only proposes on cath lab. The proposed facility will have one of the ASTC operating room equipped for cath lab services.

7. Criterion 1110.225(g), Staffing

ASI will staff the ASTC for cardiac catheterization services in compliance with all local, state, and federal rules and regulations. Consultants in Cardiology & Electrophysiology is composed of eleven physicians offering a comprehensive range of cardiac diagnostic and interventional services within the service area. With the senior physicians leaders for this practice investing in this ASTC, ASI will be building its ASTC operational staff, including the cardiac catheterization staffing, from a strong well of physician leadership possessing board certifications in internal medicine, cardiovascular disease, electrophysiology, nuclear cardiology, interventional cardiology, echocardiography, cardiovascular computer tomography, vascular medicine, and endovascular medicine.

The physician and operational leadership for ASI will build a strong roster of nursing and technician support staff using existing employees of the physician practice, local job postings and our network of industry contacts to meet clinical and operational requirements. Staff will possess and maintain up to date Basic Life Support and Advanced Cardiovascular Life Support certifications. The multidisciplinary staffing for the cardiac catheterization services will include adequate nurse-patient ratios.

8. Criterion 1110.225(h), Continuity of Care

The Advanced Surgical Institute, LLC has attached the required referral agreement with an area provider for the transfer of seriously ill patients.

TRANSFER AGREEMENT

This Transfer Agreement is entered into this 1st day of January, 2020 (the "**Effective Date**"), by and between **ADVOCATE HEALTH AND HOSPITALS CORPORATION d/b/a ADVOCATE CHRIST MEDICAL CENTER** ("**Hospital**"), an Illinois not-for-profit corporation, and **THE ADVANCED SURGICAL INSTITUTE, LLC** ("**Facility**").

WHEREAS, Hospital is licensed under Illinois law as an acute care hospital;

WHEREAS, Facility is licensed under Illinois law as an ambulatory surgery center;

WHEREAS, Hospital and Facility desire to cooperate in the transfer of patients from Facility to Hospital, when and if such transfer may, from time to time be deemed necessary and requested by the respective patient's physician, to facilitate appropriate patient care;

WHEREAS, the parties mutually desire to enter into a transfer agreement to provide for the medically appropriate transfer or referral of patients from Facility to Hospital, for the benefit of the community and in compliance with HHS regulations; and

WHEREAS, the parties desire to provide a full statement of their agreement in connection with the services to be provided hereunder.

NOW, THEREFORE, BE IT RESOLVED, that in consideration of the mutual covenants, obligations and agreements set forth herein, the parties agree as follows:

I. TERM

1.1 The term of this Agreement shall commence on the Effective Date and expire on **December 31, 2020**. This Agreement shall automatically renew for additional one (1) year terms unless terminated by either party as set forth herein.

II. TERMINATION

2.1 Either party may terminate this Agreement at any time with or without cause upon thirty (30) days prior written notice to the other party. Additionally, this Agreement shall automatically terminate should either party fail to maintain the licensure or certification necessary to carry out the provisions of this Agreement.

III. OBLIGATIONS OF THE PARTIES

3.1 Facility agrees:

a. That Facility shall refer and transfer patients to Hospital for medical treatment only when such transfer and referral has been determined to be medically appropriate by the patient's attending physician or, in the case of an emergency, the Medical Director for Facility, hereinafter referred to as the "Transferring Physician";

b. That the Transferring Physician shall contact Hospital's Emergency Department Nursing Coordinator prior to transport, to verify the transport and acceptance of the emergency

patient by Hospital. The decision to accept the transfer of the emergency patient shall be made by Hospital's Emergency Department physician, hereinafter referred to as the "Emergency Physician", based on consultation with the member of Hospital's Medical Staff who will serve as the accepting attending physician, hereinafter referred to as the "Accepting Physician". In the case of the non-emergency patient, the Medical Staff attending physician will act as the Accepting Physician and must indicate acceptance of the patient. Facility agrees that Hospital shall have the sole discretion to accept the transfer of patients pursuant to this Agreement subject to the availability of equipment and personnel at Hospital. The Transferring Physician shall report all patient medical information which is necessary and pertinent for transport and acceptance of the patient by Hospital to the Emergency Physician and/or Accepting Physician;

c. That Facility shall be responsible for affecting the transfer of all patients referred to Hospital under the terms of this Agreement, including arranging for appropriate transportation, financial responsibility for the transfer in the event patient fails or is unable to pay, and care for the patient during the transfer. The Transferring Physician shall determine the appropriate level of patient care during transport in consultation with the Emergency Physician and/or Accepting Physician;

d. That pre-transfer treatment guidelines, if any, will be augmented by orders obtained from the Emergency Physician and/or Accepting Physician;

e. That, prior to patient transfer, the Transferring Physician is responsible for insuring that written, informed consent to transfer is obtained from the patient, the parent or legal guardian of a minor patient, or from the legal guardian or next-of-kin of a patient who is determined by the Transferring Physician to be unable to give informed consent to transfer; and

f. To maintain and provide proof to Hospital of professional and general liability insurance coverage in the amount of One Million Dollars ($1,000,000.00) per occurrence and Three Million Dollars ($3,000,000.00) in the aggregate with respect to the actions of its employees and agents connected with or arising out of services provided under this Agreement.

3.2 Hospital agrees:

a. To accept and admit in a timely manner, subject to bed availability, Facility patients referred for medical treatment, as more fully described in Section 3.1;

b. To accept patients from Facility in need of inpatient hospital care, when such transfer and referral has been determined to be medically appropriate by the patient's Transferring Physician at Facility;

c. That Hospital will seek to facilitate referral of transfer patients to specific Accepting Physicians when this is requested by Transferring Physicians and/or transfer patients;

d. That Hospital shall provide Facility patients with medically appropriate and available treatment provided that Accepting Physician and/or Emergency Physician writes appropriate orders for such services; and

e. To maintain professional and general liability insurance coverage in the amount of One Million Dollars ($1,000,000.00) per occurrence and Three Million Dollars ($3,000,000.00) in the aggregate with respect to the actions of its employees and agents connected with or arising out of services provided under this Agreement.

IV. GENERAL COVENANTS AND CONDITIONS

4.1 Release of Medical Information. In all cases of patients transferred for the purpose of receiving medical treatment under the terms of this Agreement, Facility shall insure that copies of the patient's medical records, including X-rays and reports of all diagnostic tests, accompany the patient to Hospital, subject to the provisions of applicable State and Federal laws governing the confidentiality of such information. Information to be exchanged shall include any completed transfer and referral forms mutually agreed upon for the purpose of providing the medical and administrative information necessary to determine the appropriateness of treatment or placement, and to enable continuing care to be provided to the patient. The medical records in the care and custody of Hospital and Facility shall remain the property of each respective institution.

4.2 Personal Effects. Facility shall be responsible for the security, accountability and appropriate disposition of the personal effects of patients prior to and during transfer to Hospital. Hospital shall be responsible for the security, accountability and appropriate disposition of the personal effects of transferred patients upon arrival of the patient at Hospital.

4.3 Indemnification. The parties agree to indemnify and hold each other harmless from any liability, claim, demand, judgment and costs (including reasonable attorney's fees) arising out of or in connection with the intentional or negligent acts of their respective employees and/or agents.

4.4 Independent Contractor. Nothing contained in this Agreement shall constitute or be construed to create a partnership, joint venture, employment, or agency relationship between the parties and/or their respective successors and assigns, it being mutually understood and agreed that the parties shall provide the services and fulfill the obligations hereunder as independent contractors. Further, it is mutually understood and agreed that nothing in this Agreement shall in any way affect the independent operation of either Hospital or Facility. The governing body of Hospital and Facility shall have exclusive control of the management, assets, and affairs at their respective institutions. No party by virtue of this Agreement shall assume any liability for any debts or obligations of a financial or legal nature incurred by the other, and neither institution shall look to the other to pay for service rendered to a patient transferred by virtue of this Agreement.

4.5 Publicity and Advertising. Neither the name of Hospital nor Facility shall be used for any form of publicity or advertising by the other without the express written consent of the other.

4.6 Cooperative Efforts. The parties agree to devote their best efforts to promoting cooperation and effective communication between the parties in the performance of services hereunder, to foster the prompt and effective evaluation, treatment and continuing care of recipients of these services. Parties shall each designate a representative who shall meet as often as necessary to discuss quality improvement measures related to patient stabilization and/or treatment prior to and

subsequent to transfer and patient outcome. The parties agree to reasonably cooperate with each other to oversee performance improvement and patient safety applicable to the activities under this Agreement to the extent permissible under applicable laws. All information obtained and any materials prepared pursuant to this section and used in the course of internal quality control or for the purpose of reducing morbidity and mortality, or for improving patient care, shall be privileged and strictly confidential for use in the evaluation and improvement of patient care according to 735 ILCS 5/80-2101 et seq., as may be amended from time to time.

4.7 Nondiscrimination. The parties agree to comply with Title VI of the Civil Rights Act of 1964, all requirements imposed by regulations issued pursuant to that title, section 504 of the Rehabilitation Act of 1973, and all related regulations, to insure that neither party shall discriminate against any recipient of services hereunder on the basis of race, color, sex, creed, national origin, age or handicap, under any program or activity receiving Federal financial assistance.

4.8 Affiliation. Each party shall retain the right to affiliate or contract under similar agreements with other institutions while this Agreement is in effect.

4.9 Applicable Laws. The parties agree to fully comply with applicable federal, and state laws and regulations affecting the provision of services under the terms of this Agreement.

4.10 Governing Law. All questions concerning the validity or construction of this Agreement shall be determined in accordance with the laws of Illinois.

4.11 Writing Constitutes Full Agreement. This Agreement embodies the complete and full understanding of Hospital and Facility with respect to the services to be provided hereunder. There are no promises, terms, conditions, or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations, or agreements, either verbal or written, between the parties hereto. Neither this Agreement nor any rights hereunder may be assigned by either party without the written consent of the other party.

4.12 Written Modification. There shall be no modification of this Agreement, except in writing and exercised with the same formalities of this Agreement.

4.13 Severability. It is understood and agreed by the parties hereto that if any part, term, or provision of this Agreement is held to be illegal by the courts or in conflict with any law of the state where made, the validity of the remaining portions or provisions shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be invalid.

4.14 Notices. All notices permitted or required to be given under the terms of this Agreement shall be deemed received when delivered personally within three (3) days after it has been post-marked in the United States Mail, certified, postage prepaid and addressed as follows:

If to the Hospital: Advocate Christ Medical Center
4440 West 95th Street
Oak Lawn, IL 60453
Attention: President

With a Copy to: Advocate Health Care
3075 Highland Parkway
Suite 600
Downers Grove, IL 60515
Attention: Senior Vice President & Deputy General Counsel

If to the Facility: The Advanced Surgical Institute, LLC
3523 West 95th Street
Evergreen Park, IL 60805
Attention: Managing Partner

Any party may change the address for notice by notifying the other party, in writing, of the new address.

IN WITNESS WHEREOF, this Agreement has been executed by Hospital and Facility as of the Effective Date.

ADVOCATE HEALTH AND HOSPITALS CORPORATION d/b/a ADVOCATE CHRIST MEDICAL CENTER

By: _____
Richard J. Heim
PSA President South Chicagoland
President, Advocate Christ Medical Center

Date: 1-29-2020

THE ADVANCED SURGICAL INSTITUTE, LLC

By: _____
Name: Nouri Al-Khaled
Title: Managing Partner

Date: 1/28/2020

9. Criterion 1110.225(i), Multi-institutional Variance

Not applicable.

(c)(3) Service Demand – Establishment

A) Historical Referrals

i) The physicians associated with this project have included the attached physician referral letters which attest to the number of procures that they have performed in the latest 12-month period. As noted within the referral, the physicians anticipate referring 1,657 procedures to the ASTC within the first year of operation, which is below their historical referral volume of 2,517 surgeries from 2019. The applicants note this is even further below the projected referral volume of 3,046 for 2021, which will be the first year of operation.

Please see what has been attached as Appendix-1 regarding physician referrals to other IDPH facilities.

B) Projected Service Demand – Projected Referrals

i) Based upon the historic utilization, in Appendix-1, the projected demand is sufficient to meet the state standards for utilization. The project will meet the state standard of more than 1,500 hours of surgery by the first year of operation.

	Referral Source	**Historical 12 Months of Surgeries**	**Anticipated Referrals**	**Average Surgery Time**	**Total Hours**
Year 1 (2021)	Consultants in Cardiology & Electrophysiology	2,517 (2019)	**1,657**	1.56	2,585
Year 2 (2022)	Consultants in Cardiology & Electrophysiology	2,517 (2019)	**1,823**	1.56	2,843

(c)(5) Treatment Room Need Assessment

A) As demonstrated by the physician referrals in Appendix-1, the facility currently projects to perform 1,657 procedures totaling 2,585 hours in the first year following project completion. The facility is projecting to exceed the utilization standards for its existing two (2) treatment rooms. As such, the proposed number of operating rooms is necessary in order to service the projected patient volumes.

B) Based upon the physician referrals and the historical caseload data, the applicants project the following patient treatments and average time per patient treatment, justifying the expected utilization of the two additional treatment rooms. The average hours are based upon national statistics for like procedures averaging to 1.56 hours per procedure with 15 minutes for prep and 15 minutes for cleanup. This includes an estimate of 45 minutes, including 15 minutes for prep and 15 minutes for cleanup for diagnostic cardiac catheterization procedures.

	Specialty	Total Surgeries	Average Surgery Time	Total Surgery Hours
Year 1	**Cardiovascular**	**1,657**	**1.56 Hours**	**2,585**
Year 2	**Cardiovascular**	**1,823**	**1.56 Hours**	**2,843**

(c)(6) Service Accessibility

The proposed cardiovascular ASTC services are necessary to improve the access to care for resident of the service area, and it is clear that the services and procedures to offered are not currently available in the service area in compliance with section (c)(6)(C). Although there are ten (10) licensed ASTC's and one (1) approved but not yet operational ASTCs within the GSA, only two ASTCs are intended to offer any cardiovascular surgical services. By design and function, neither of those facilities are intended to or capable of servicing the surgical volume and procedures contemplated by this project.

As a result, the residents to be served by this proposed facility do not have an option within the Geographical Service Area (GSA) to receive treatment in a non-hospital ambulatory surgical center (ASTC).

Existing Operational ASCs in GSA			
Premier Cardiac Surgery Center ("Premier")	60803	11560 S. Kedzie Ave Ste 102, Merrionette Park, IL	2.66 mi.
Oak Lawn Endoscopy Center	60453	9921 Southwest Highway, Oak Lawn, IL	3.45 mi
Magna Surgical Center	60638	7456 S State Road, Suite 300, Bedford Park, IL	3.04 mi.
Center for Reconstructive Surgery	60453	6311 W. 95th Street, Oak Lawn, IL	3.7 mi.
Palos SurgiCenter, LLC	60463	7340 W. COLLEGE DRIVE, Palos Heights, IL	5.56 mi.
Palos Hills Surgery Center	60465	10330 South Roberts Road, Ste 3000, Palos Hills, IL	5.64 mi.
Surgicore	60617	10547 S. EWING AVE., Chicago, IL	9.14 mi.
Forest Med-Surg Center	60458	9050 W. 81st Street, Justice, IL	7.21 mi.
Hyde Park Surgical Center	60615	1644 E 53rd St, Chicago, IL	8.44 mi.
South Loop Endoscopy & Wellness Center	60616	2340 S. Wabash, Chicago, IL	9.90 mi

Another ASTC is located in the GSA, but is not yet licensed and operational.

ASCs in Development within the GSA			
Vascular Access Centers of Illinois ("VAC")	60643	1701 W. Monterey Ave, Chicago, IL	3.13 mi.

Both the VAC and Premier ASTCs are designed and intended to service an existing, different patient base from the applicants. Neither the VAC or Premier ASTC is intended to or capable of servicing the surgical volume of the applicants. In fact, Premier is intended to operate as a hybrid OBL/ASTC with one operating room, which means this one-room facility will not even be an ASC full-time. This clearly restricts the ability of the facility to shoulder the volume contemplated by the applicants. Likewise, VAC is designed for fistula access procedures for dialysis patients. It is not designed, equipped, or intended to provide the pacemaker and cardiac catheterization procedures performed by the applicants.

(c)(7) Unnecessary Duplication/Maldistribution

A) The proposed project will not result in unnecessary duplication because the only two facilities offering cardiovascular ASTC services are not designed or capable of offering surgical access to the GSA residents the proposed facility will serve:

i) A list of the total population for GSA is attached as Exhibit 2.

ii) A list of all of the existing health care facilities within the GSA that **provide the ASTC services (as defined by the State categories) that are proposed by this project** are summarized below.

Approved & Not Operational - ASTCs			
Vascular Access Centers of Illinois	60643	1701 W. Monterey Ave, Chicago, IL	3.13 mi.
Premier Cardiac Surgery Center	60803	11560 S. Kedzie Ave Ste 102, Merrionette Park, IL	2.66 mi.

B) Maldistribution does not exist within the GSA:

i) See the table below demonstrating compliance:

	Population	Rooms	Room Ratio per 1,000 Population
State	12,830,632	2,712	0.2118 X 1.5 = 0.3117
GSA	1,870,965	247	0.1321

ii) No ASTCs in the GSA offer cardiovascular services and have a historical utilization below state standards.

iii) As demonstrated in this filing, there is sufficient population within the GSA to meet the state utilization standards.

C) Impact on Area Providers

The proposed ASTC will not have a negative impact on existing providers within the GSA. As previously noted herein, the ASTCs within the market only include two (2) ASTCs with approval to provide cardiovascular services, and neither of these can accommodate the type and volume of procedures this facility will provide. Accordingly, the utilization levels of the facilities within the GSA will not be affected. The proposed project will shift some hospital volume to the ASTC setting, but the applicants will continue to offer inpatient services for medically necessary patients in the hospital setting.

(c)(8) Staffing

A) The Advanced Surgical Institute LLC will operate with sufficient staffing levels as required by applicable licensure. ASI will offer the staffing levels as necessary to provide patients with safe and effective care.
B) The services shall be performed by a physician who is board certified or board eligible by the appropriate professional standards organization or entity that credentials or certifies the health care worker for competency in that category of service.

(c)(9) Charge Commitment

1) A statement of all charges is attached as Exhibit 3.
2) Please see Exhibit 3, attached herein, which includes a commitment that the charges will not be increased for the first two years of operation.

(c)(10) Assurances

1) See Exhibit 4 for a signed statement of Assurances.
2) See Exhibit 4 for a signed statement of Assurances.

Section IX, Financial Feasibility

Criterion 1120.130(a) – Financial Viability

Please find in the projected viability ratios for The Advanced Surgical Institute LLC. As a new entity, the applicant has provided supporting schedules to support the numbers documenting how the numbers have been compiled or projected. The ratios contained therein are calculated in accordance with the requirements of Section 1120, Appendix A.

Standards

The applicant that is responsible for funding the project must provide viability ratios. This project involves expansion of an existing Ambulatory Surgical Treatment Center, as such the applicable standards indicated in Appendix A have been applied.

A copy of the projected pro forma has been attached as Exhibit 1.

Financial Viability Ratios

Viability Ratio Calculations: Current Ratio

Current Assets/Current Liabilities

State Standard	Year 1	Year 2	Year 3	Met Standard?
≥1.5	1.35	1.71	2.18	Yes

The Advanced Surgical Institute LLC is able to meet the standard for Current Ratio by Year 2.

Viability Ratio Calculations: Net Margin Percentage

(Net Income/Net Operating Revenues) X 100

State Standard	Year 1	Year 2	Year 3	Met Standard?
≥3.5%	21%	27%	32%	Yes

The Advanced Surgical Institute LLC is able to meet the standard for Net Margin Percentage.

Viability Ratio Calculations: Long Term Debt to Capitalization

(Long-Term Debt/Long-Term Debt plus Net Assets) X 100

State Standard	Year 1	Year 2	Year 3	Met Standard?
≤80%	53%	30%	18%	Yes

The Advanced Surgical Institute LLC is able to meet the standard for Percent Debt to Total Capitalization.

Viability Ratio Calculations: Projected Debt Service Coverage
Net Income plus (Depreciation plus Interest plus Amortization)/Principal Payments plus Interest Expense for the Year of Maximum Debt Service after Project Completion

State Standard	Year 1	Year 2	Year 3	Met Standard?
≥1.75	8.5	11.8	15.6	Yes

The Advanced Surgical Institute LLC is able to meet the standard for Projected Debt Service Coverage.

Viability Ratio Calculations: Days Cash on Hand
(Cash plus Investments plus Board Designated Funds)/(Operating Expense less Depreciation Expense)/365 days

State Standard	Year 1	Year 2	Year 3	Met Standard?
≥45 days	119	251	422	Yes

The Advanced Surgical Institute LLC is able to meet the standard for Days Cash on Hand

Viability Ratio Calculations: Cushion Ratio
(Cash plus Investments plus Board Designated Funds)/(Principal Payments plus Interest Expense) for the year of maximum debt service after project completion.

State Standard	Year 1	Year 2	Year 3	Met Standard?
≥3.0	8.9	19.5	34.0	Yes

The Advanced Surgical Institute LLC is able to meet the standard for Cushion Ratio.

The Advanced Surgical Institute LLC
PROJECTED BALANCE SHEET

	Year 1	Year 2	Year 3
ASSETS			
Current Assets			
Checking/Savings	2,747,269	6,022,257	10,492,461
Accounts Receivable	8,709,865	9,018,916	9,323,556
Total Current Assets	11,457,134	15,041,173	19,816,017
Fixed Assets			
Capital Expenditure	1,804,750	1,744,260	1,683,770
Furniture and Equipment	1,080,553	924,383	768,214
Depreciation	-216,659	-216,659	-216,659
Total Fixed Assets	2,668,643	2,451,984	2,235,325
TOTAL ASSETS	**14,125,777**	**17,493,157**	**22,051,342**
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities	8,493,206	8,802,257	9,106,897
Total Current Liabilities	8,493,206	8,802,257	9,106,897
Long Term Liabilities			
Loan	2,994,546	2,680,584	2,366,623
Total Long Term Liabilities	2,994,546	2,680,584	2,366,623
Total Liabilities	11,487,752	11,482,841	11,473,520
Equity			
Building & Equipment	-109,243	-11,941	85,361
Retained Earnings	2,247,269	5,522,257	9,992,461
capital contribution	500,000	500,000	500,000
Total Equity	2,638,025	6,010,316	10,577,822
TOTAL LIABILITIES & EQUITY	**14,125,777**	**17,493,157**	**22,051,342**

The Advanced Surgical Center, LLC
Projected Financial Statements

	Projected Year 1	Projected Year 2	Projected Year 3
Revenue:			
Surgeries and Injections Service (Reimbursement)	10,957,134	12,293,904	13,793,761
Procedure Volume	1,657	1823	2,005
Total Income	10,957,134	12,293,904	13,793,761
Expenses:			
Salaries	841,897	921,939	982,203
Repairs and Maintenance	50,000	51,500	53,045
Management Fees	547,857	614,695	689,688
Surgical Instruments/Supplies	4,481,566	4,504,764	4,530,281
Billing & Collections	328,714	368,817	413,813
Utilities	26,000	26,780	27,583
Rent Expense	214,500	214,500	214,500
Professional Fees	657,428	677,151	697,465
Contracted Services	150,000	154,500	159,135
Insurance	25,000	25,750	26,523
Depreciation	216,659	216,659	216,659
Employee Benefits	252,569	276,582	294,661
General Admin	200,000	206,000	212,180
Taxes and Licenses	50,000	51,500	53,045
Interest Expense & Loan	313,962	313,962	313,962
Bad Debt Expenses	328,714	368,817	413,813
Other Expenses	25,000	25,000	25,000
Total Expenses	8,709,865	9,018,916	9,323,556
Net Income	2,247,269	3,274,988	4,470,204

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(a), Reasonableness of Financing Arrangements

A. Reasonableness of Financing Arrangements:

See Attachment 36-Exhibit 1 for a signed, notarized statement from a representative of The Advanced Surgical Institute LLC that (1) 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 and (2) that the selected form of debt financing for the project will be at the lowest net cost available.

B. Conditions of Debt Financing

See Attachment 36-Exhibit 1 for a signed, notarized statement from a representative of The Advanced Surgical Institute LLC that (1) 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 and (2) that the selected form of debt financing for the project will be at the lowest net cost available.

C. Reasonableness of Project and Related Costs

Per the below tables, the applicant has met the project costs standards established by the state, with the exception of the Clinical OR equipment exceeding the State standard.

Table 1120 Appendix A			
	Application	**State Standard (Based on 2020 Construction Mid-Point)**	**Above/Below State Standard**
New Construction & Contingencies	$205,043.21	$414.90 x 496.15 sq. ft. = $205,854.23	Below State Standard
Modernization Construction & Contingencies	$1,088,909.48	$289.42 x 5,750 = $1,100,909.15	Below State Standard
OR Equipment	$1,004,761.20	$504,437.05 x 2 = $1,008,874.11	Above State Standard
Contingencies	$100,041.15	15% x $1,193,911.54= $179,086.73	Below State Standard
A/E Fees (New)	$9,234.57	14.22% x $100,041.15 = $14,225.85	Below State Standard
A/E Fees	$70,798.36	11.66% x $1,193,911.54= $139,210.09	Below State Standard
Site Survey + Site Prep	$62,846.15	5% * $1,293,952.69 = $64,697.63	Below State Standard
Pre-planning	$10,584.62	1.8% * $2,298,713.89 = $41,376.85	Below State Standard

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department	A	B	C	D	E	F	G	H	TOTAL COST
	Cost/ Sq. Ft.*		Gross Sq. Ft.		Gross Sq. Ft.		Const. $	Mod. $	(G + H)
	New	Mod.	New | Circ.		Mod. | Circ.		(A x C)	(B x E)	
Clinical	$390.00	$263.00	496.15		3,803.85		$193,500.00	$1,000,411.54	$1,193,911.54
Contingency-Clinical	$23.27	$23.27	496.15		3,803.85		$11,543.21	$88,497.94	$100,041.15
Clinical Sub-total	$413.27	$286.27	496.15		3,803.85		$205,043.21	$1,088,909.48	$1,293,952.69
Non-Clinical	390	263	253.85		1,946.15		$99,000.00	$511,838.46	$610,838.46
Contingency-Non-Clinical	$23.27	$23.27	253.85		1,946.15		$5,905.83	$45,278.02	$51,183.85
Non-Clinical Sub-total	$413.27	$286.27	253.85		1,946.15		$104,905.83	$557,116.48	$662,022.31
Total	**$413.27**	**$286.27**	**750**		**5,750**		**$309,949.04**	**$1,646,025.96**	**$1,955,975.00**

D. Projected Operating Costs

OPERATING COSTS	
ASTC	$5,576,031.76
TOTAL	$5,576,031.76

Total Patient Treatments = 1,657
Operating Cost/Visit = $3,365.14*

*Applicant notes that the operating costs per visit appear higher than many other ASTCs due to the high supply expense associated with the device intensive cardiovascular procedures. In some instances, the reimbursement for a pacemaker procedure is up to 80% of the total fee paid.

E. Total Effect of the Project on Capital Costs for Year One

CAPITAL COST	
Amortization	$313,961.61
Depreciation	$216,659.21
TOTAL	$530,620.82

Total Patient Treatments = 1,657
Capital Cost/Visit = $320.23

Section XI, Charity Care Information

The surgery center offers financial assistance to needy patients through its charity care program. The table below contain the relevant anticipated charity care and payor mix information for The Advanced Surgical Institute LLC by the end of its second year of operation:

CHARITY CARE			
	Year 1	Year 2	Year 3
Net Patient Revenue	$10,957,134	$12,293,904	$13,793,761
Amount of Charity Care (Charges in Dollars)	$328,714	$368,817	$413,813
Cost of Charity Care (in Dollars)	$328,714	$368,817	$413,813
Ratio of Charity Care to Net Patient Revenue	5%	5%	5%

Payor Mix (Projected)	Year 1	Year 2	Year 3
Medicare/Tricare/VA	655	721	793
Medicaid	131	144	159
Commercial	824	906	997
Charity/Indigent	47	52	56
Total Patients	1,657	1,823	2,005

Appendix I – Physician Referral Letter

Attached as Appendix 1 is a letter from Consultants in Cardiology and Electrophysiology projecting that 1,657 patients will be referred to the ASTC for surgeries within 12 months of project completion. This includes 584 patients for cardiac catherization services.

Consultants in Cardiology & Electrophysiology LLC

Thomas E. Bump, MD, FACC, FHRS
John H. Burke, MD, FACC, FHRS
Nouri Al Khaled, MD, FACC
William H. Spear, MD, FACC, FHRS
Chadi Nouneh, MD, FACC, FSCAI
Ali R. Zaidi, MD
Luay Rifai, MD, FACC
Wassim Ballany, MD
Hussam Watti, MD
Joaquim S. Barboza, MD, FACC
Ibrahim Kassas, MD, FACC, FSCAI

January 30, 2020

Courtney Avery
Illinois Health Facilities and Service Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Ms. Avery,

On behalf of Consultants in Cardiology & Electrophysiology, we are writing this letter in support of the Certificate of Need ("CON") application for the proposed ASTC facility, located at 3523 W. 95th Street, Evergreen Park, IL, 60805. The proposed facility will directly benefit our patients and improve access to outpatient cardiovascular services within the community for our practice.

Based on our records, we treated 2,517 patients for cardiovascular surgical services in the past 12 months. We anticipate referring 1,657 of these patients to the proposed facility during its first year of operation.

We respectfully request the Board approve the CON application for The Advanced Surgical Institute LLC so that the facility can provide ASTC cardiovascular surgical services for the population in the community. Thank you for your consideration.

CERTIFICATION

I hereby attest that, to the best of my knowledge, all the information in this letter is true and correct and that these patient referrals have not been used to support another pending or approved CON application.

Sincerely,

Nouri Al-Khaled, M.D.
Interventional Cardiology

John Burke, M.D.
Cardiology & Electrophysiology

Chadi Nouneh, M.D.
Interventional Cardiology

3545 W 95th Street
Evergreen Park, IL 60805
Phone (708) 346-5562
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Palos Heights, Illinois 60463
Phone (708) 346-5562
Fax (708) 346-2059

18210 S. LaGrange Road, Suite 102
Tinley Park, Illinois 60477
Phone (708) 346-5562
Fax (708) 346-2059

Consultants in Cardiology & Electrophysiology LLC

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Joaquim S. Barboza, MD, FACC
Ibrahim Kassas, MD, FACC, FSCAI

Ali Zaidi, M.D.
Cardiology & Electrophysiology

William Spear M.D.
Cardiology & Electrophysiology

Thomas Bump, M.D.
Cardiology & Electrophysiology

Wassim Ballany, M.D.
Cardiology & Electrohysiology

Luay Rifai, M.D
Cardiology & Electrophysiolgy

Notarization:

Subscribed and sworn to me this 30th day of January, 2020.

Lisa Marie Janosek
Signature of Notary

SEAL

OFFICIAL SEAL
LISA MARIE JANOSEK
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:12/08/23

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Historical Referral Volume by Facility & Zip Code of Origin

Advocate Christ Medical Center

Zip Code	# Pts
46311	3
46319	1
46320	3
46323	1
46324	1
46327	1
46360	3
46383	3
46410	3
60005	1
60007	3
60016	2
60041	5
60045	1
60051	3
60068	1
60084	6
60085	2
60126	1
60131	3
60156	2
60164	3
60176	2
60188	3
60193	6
60195	2
60302	1
60401	1
60404	6
60406	8
60409	8
60411	9
60415	27
60417	5
60418	4
60419	4
60422	2
60423	17
60425	5
60426	3
60428	3
60429	3
60430	6
60432	2
60435	2
60438	9
60439	6
60440	6
60441	9
60442	3
60443	9
60445	21
60446	2
60448	2
60451	8
60452	17
60453	192
60455	26
60456	18
60457	14
60458	9
60459	50
60461	3
60462	35
60463	17
60464	12
60465	26
60466	3
60467	24
60468	3
60471	15
60473	12
60475	6
60477	38
60478	8
60480	5
60481	3
60482	14
60487	8
60491	6
60501	5
60503	2
60504	5
60516	2
60525	2
60527	3
60543	2
60544	2
60558	3
60585	2
60605	2
60608	5
60609	3
60610	5
60615	2
60616	8
60617	39
60619	27
60620	67
60621	12
60623	2
60624	2
60628	59
60629	67
60631	6
60632	24
60636	29
60637	6
60638	29
60639	3
60643	53
60644	2
60647	3
60649	8
60651	5
60652	57
60655	45
60656	5
60803	45
60805	30
60827	9
61107	2
61281	6
61301	8
61354	2
61401	6
61483	3
61611	6
61614	2
61615	5
61732	2
61761	3
Total	**1552**

Little Company of Mary Hospital

Zip Code	# Pts
46394	1
60188	2
60406	3
60409	3
60415	5
60417	1
60418	1
60419	5
60430	3
60438	2
60440	2
60443	2
60445	5
60453	37
60455	3
60456	5

60457	3
60459	7
60462	2
60463	3
60477	3
60478	1
60487	2
60607	1
60609	2
60615	1
60617	7
60619	23
60620	137
60621	12
60625	2
60628	53
60629	28

60632	3
60636	24
60638	8
60641	1
60643	54
60649	3
60652	31
60653	2
60655	37
60803	11
60805	29
60827	10
61732	2
Total	**582**

Palos Community Hospital

PALOS COMMUNITY HOSPITAL	383
33860	2
60401	3
60403	2
60406	3
60409	5
60411	2
60415	5
60417	2
60418	8
60430	2
60442	3
60443	3
60445	12
60449	2
60452	22
60453	15

60455	8
60456	7
60457	3
60458	3
60459	15
60462	38
60463	35
60464	5
60465	30
60466	5
60467	17
60470	2
60477	23
60482	10
60487	17
60491	3
60527	3
60558	2

60616	1
60620	1
60628	2
60629	1
60638	5
60642	2
60643	3
60652	7
60655	13
60803	10
60804	2
60805	5
61350	2
62832	2
65239	5
76244	2
98166	2
Total	**382**