



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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<b>DOCKET NO:</b> H-03	<b>BOARD MEETING:</b> December 10, 2019	<b>PROJECT NO:</b> 19-032	<b>PROJECT COST:</b>  Original: \$8,041,380
<b>FACILITY NAME:</b> Greater Chicago Center for Advanced Surgery, LLC		<b>CITY:</b> Des Plaines	
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA:</b> VII

**DESCRIPTION:** The Applicants (Greater Chicago Center for Advanced Surgery, LLC and Solomon Holdings, LLC) propose the establishment of a limited specialty ASTC performing orthopedics and pain management services. The ASTC, if approved, will have 2 Class C operating rooms and 1 Class B procedure room at a cost of a \$8,041,380. The expected completion date March 31, 2021.

## EXECUTIVE SUMMARY

### PROJECT DESCRIPTION:

- The Applicants (Greater Chicago Center for Advanced Surgery, LLC and Solomon Holdings, LLC) propose the establishment of a limited specialty ASTC performing orthopedics and pain management services. The ASTC, if approved, will have 2 Class C operating rooms and 1 Class B procedure room and 6 Phase I and 3 Phase II stations at a cost of a \$8,041,380. The expected completion date March 31, 2021.

### WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants propose to establish a health care facility as defined by the Illinois Health Facilities Planning Act (20 ILCS 3960/3).
- One of the objectives of the Health Facilities Planning Act is *“to assess the financial burden to patients caused by unnecessary health care construction and modification. Evidence-based assessments, projections and decisions will be applied regarding **capacity, quality, value and equity** in the delivery of health care services in Illinois. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process.”* [20 ILCS 3960/2]

### PUBLIC HEARING/COMMENT:

- A public hearing was offered regarding the proposed project, but none was requested. Letters of Support were received from
  - Timothy Halas - Patient
  - Thomas Paxton – Patient
  - Nancy Urbina – Patient
  - Advocate Lutheran General Hospital
  - State Representative Martin Moylan
- No letters of opposition were received by the State Board.

### SUMMARY:

- The State Board in its evaluation of proposed projects must consider if a proposed project best meets the needs of an area population. Need for a project considers such factors as demand, population growth, incidence and state and federal facility utilization (77 ILAC 1100.310).
- The Applicants are proposing this project to provide specific surgical procedures in a low-cost setting of an ASTC.
- Based upon the physician referrals submitted there is insufficient demand to justify the number of operating procedure rooms being requested.
- The Applicants have addressed a total of 22 criteria and have not met the following:

<b>Criteria</b>	<b>Reasons for Non-Compliance</b>
77 ILAC 1110.120 (b) – Projected Utilization 77 ILAC 1110.235 (3) – Service Demand	The physician referrals do not justify the two operating rooms and one procedure room being requested (see page 9-10 of this report)
77 ILAC 1110.235 (2) – Service to Planning Area Residents	The Applicants are required to document that the primary purpose of the project will be to provide necessary health care to the residents of the geographic service area (GSA) in which the proposed project will be physically located. The Applicants were not able to do that (see page 12-13 of this report).

<b>Criteria</b>	<b>Reasons for Non-Compliance</b>
77 ILAC 1110.235 (6) – Service Accessibility	The Applicants were not able to meet one of the four conditions of this criteria. (see page 14-15 of this report).
77 ILAC 1110.235 (7) – Unnecessary Duplication/Maldistribution	There are existing ASTC providing orthopedic and pain management that have sufficient capacity to accommodate the demand identified by the proposed project. (see page 16-17 of this report).

**STATE BOARD STAFF REPORT**  
**Project #19-032**  
**Greater Chicago Center for Advanced Surgery**

<b>APPLICATION/CHRONOLOGY/SUMMARY</b>	
Applicants	Greater Chicago Center for Advanced Surgery, LLC, Solomon Holdings, LLC
Facility Name	Greater Chicago Center for Advanced Surgery, LLC
Location	999 East Touhy Avenue 3 <sup>rd</sup> Floor, Des Plaines, Illinois
Permit Holder	Greater Chicago Center for Advanced Surgery, LLC, Solomon Holdings, LLC
Operating Entity/Licensee	Greater Chicago Center for Advanced Surgery, LLC.
Owner of Site	DPM7, LLC and ALM7, LLC
Total GSF	10,048 Total GSF
Application Received	July 19, 2019
Application Deemed Complete	July 23, 2019
Review Period Ends	November 20, 2019
Financial Commitment Date	December 10, 2021
Project Completion Date	March 31, 2021
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes
Expedited Review?	No

**I. Project Description**

The Applicants (Greater Chicago Center for Advanced Surgery, LLC and Solomon Holdings, LLC) propose the establishment of a limited specialty ASTC performing orthopedics and pain management services. The ASTC, if approved, will have 2 Class C operating rooms and 1 Class B procedure room at a cost of a \$8,041,380. The expected completion date March 31, 2021.

**II. Summary of Findings**

- A. State Board Staff finds the proposed project appears not to be in conformance with the provisions of 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project appears to be in conformance with the provisions of 77 ILAC 1120 (Part 1120).

**III. General Information**

The Applicants are Greater Chicago Center for Advanced Surgery, LLC and Solomon Holdings, LLC. Greater Chicago Center for Advanced Surgery, LLC is a new Illinois Limited Liability Corporation and Solomon Holdings, LLC is a Delaware Limited Liability Corporation formed on January 28, 2013.

The American Hip Institute was founded by Dr. Benjamin G. Domb an orthopedic surgeon, specializing in sports medicine and hip arthroscopy. The mission of American Hip Institute is to educate, innovate and offer the most advanced treatment options for injuries of the hip joint. Clinically, the American Hip Institute's focus is on the development and performance of cutting-edge, minimally-invasive treatment of sports injuries and arthritis of the hip. Patients include professional, Olympic, and elite-level athletes, as well as non-athletes requiring hip surgery. In addition to direct patient care American Hip Institute provides a fellowship program designed primarily for surgeons having completed a sports medicine fellowship, and a research foundation devoted to advancing the field of hip preservation through outcome-based research.

American Hip Institute was not considered a co-applicant on this application for permit because it is not the licensee, does not have final control of the licensee, is not guaranteeing debt for this project and is not actively involved in the provision of care and controls the use of equipment or other capital assets.

#### **IV. Center for Medicare and Medicaid Services**

The proposed ASTC will be Medicare and Medicaid certified. The Center for Medicare and Medicaid Services requires that an ASC must be certified and approved (IDPH Licensed) to enter into a written agreement with CMS.

Participation as an ASC is limited to any distinct entity that operates exclusively for providing surgical services to patients not requiring hospitalization and in which the expected duration of services would not exceed 24 hours following an admission. An unanticipated medical circumstance may arise that would require an ASC patient to stay in the ASC longer than 24 hours, but such situations should be rare.

The regulatory definition of an ASC does not allow the ASC and another entity, such as an adjacent physician's office, to mix functions and operations in a common space during concurrent or overlapping hours of operations. CMS does permit two different Medicare-participating ASCs to use the same physical space, so long as they are temporally separated. That is, the two facilities must have entirely separate operations, records, etc., and may not be open at the same time. **Note:** The Illinois Department of Public Health does not allow two ASTCs at the same site or address.

ASCs are not permitted to share space, even when temporally separated, with a hospital or Critical Access Hospital outpatient surgery department, or with a Medicare-participating Independent Diagnostic Testing Facility (IDTF). Certain radiology services that are reasonable and necessary and integral to covered surgical procedures may be provided by an ASC; however, it is not necessary for the ASC to also participate in Medicare as an IDTF for these services to be covered. [Source: <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/Certification> and Compliance/ASCs.html]

#### **V. Health Service Area**

The proposed ASTC will be in the HSA VII Health Service Area. The HSA VII Health Service Area contains the Illinois Counties of DuPage and Suburban Cook County. The geographical service area for this project is a 10-mile radius for a facility located in DuPage

and Cook County.<sup>1</sup> There are 52 ASTCs in the HSA VII Health Service Area with a166 operating rooms and 45 procedure rooms and an average utilization of approximately 55%. The Applicants have identified 10 ASTCs and 5 Hospitals within the 10-mile Geographical Service Area (“GSA”). There are three ASTCs (highlighted) in the 10-mile GSA that provide the services being proposed by this project. One of the ASTCs is not yet operational (North Suburban Pain and Spine Institute).

**TABLE ONE**  
**ASTCs within the 10-mile GSA**

Facility	City	Type <sup>(2) (3) (4)</sup>	Specialties
Northwest Surgicare	Arlington Heights	Multi	Orthopedics, Pain Management
Golf Surgery Center	Des Plaines	Multi	Orthopedics, Pain Management
North Suburban Pain & Spine Institute <sup>(1)</sup>	Des Plaines	Multi	Pain Management, Neurosurgery, Orthopedics
Northwest Endoscopy Center	Arlington Heights	Single	Gastro
Illinois Hand & Upper Extremity Center	Arlington Heights	Single	Orthopedics
NW Community Day Surgery Center	Arlington Heights	Multi	Orthopedics
Uropartners	Des Plaines	Limited	Pain Management, Thoracic
Presence Lakeshore Gastroenterology	Des Plaines	Single	Gastro
NW Community Foot and Ankle Center	Des Plaines	Limited	Orthopedics, Podiatry
Advantage Health Center	Wood Dale	Single	OB/Gyn

1. Approved as Permit #18-018 in December 2018. Not yet operational
2. Single – One Specialty
3. Limited – No More than Two Specialties
4. Multi – More than two Specialties

**Population**

The State Board is projecting a decrease in the population in this service area of 9.66% for the period 2017 to 2022.

<sup>1</sup> Criterion 1100.510 (d) - Distance Determinations

Normal travel radius for proposed projects shall be based upon the location of the applicant facility.

1) For applicant facilities located in the Chicago Metropolitan counties of Cook, DuPage, Lake, Will and Kane, the radius shall be 10 miles.

**TABLE TWO**  
**Projected Population**  
**HSA VII Service Area**

Year	Population (Projected)
2017	3,424,900
2022	3,094,000
Difference	330,900
% Difference	-9.66%

**VI. Project Uses and Sources of Funds**

The Applicants are funding the project with cash in the amount of \$583,650 a mortgage of \$5,267,850 and the FMV of leased space of \$2,189,880. The estimated operating deficit and start-up costs are \$200,000.

**TABLE THREE**  
**Project Uses and Sources of Funds**

	Reviewable	Non- Reviewable	Total	% of Total
Project Uses of Funds				
Preplanning Costs	\$61,750	\$3,250	\$65,000	0.81%
Site Preparation	\$80,750	\$4,250	\$85,000	1.06%
New Construction	\$2,027,250	\$228,990	\$2,256,240	28.06%
Contingencies	\$159,000	\$17,960	\$176,960	2.20%
Architectural and Engineering Fees	\$231,135	\$12,165	\$243,300	3.03%
Consulting and Other Fees	\$213,750	\$11,250	\$225,000	2.80%
Movable Equipment not In Construction Contracts	\$1,470,000	\$30,000	\$1,500,000	18.65%
Net Interest During Construction	\$95,000	\$5,000	\$100,000	1.24%
FMV of Leased Space	\$1,966,512	\$223,368	\$2,189,880	27.23%
Other Costs to be Capitalized	\$1,200,000	\$0	\$1,200,000	14.92%
<b>Total Project Uses of Funds</b>	<b>\$7,505,147</b>	<b>\$536,233</b>	<b>\$8,041,380</b>	<b>100.00%</b>
Sources of Funds				
Cash			\$583,650	7.26%
Mortgage			\$5,267,850	65.51%
FMV of Leased Space			\$2,189,880	27.23%
<b>Total Sources of Funds</b>			<b>\$8,041,380</b>	<b>100.00%</b>

## **VII. Background of the Applicants, Purpose of Project, Safety Net Impact Statement, and Alternatives**

### **A) Criterion 1110.110 (a) – Background of the Applicants**

*To demonstrate compliance with this criterion the Applicants must document the qualifications, background, character and financial resources to adequately provide a proper service for the community and demonstrate that the project promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of facilities or service.*

The Applicants are Greater Chicago Center for Advanced Surgery, LLC and Solomon Holdings, LLC. Greater Chicago Center for Advanced Surgery, LLC is owned, in its entirety, by Solomon Holdings, LLC. Solomon Holdings, LLC is owned equally by Anna Dvinsky and Benjamin Domb, MD. According to the Applicants the potential exists for the sale of ownership interests in the Greater Chicago Center for Advanced Surgery, LLC to other individuals or legal entities. There is currently no contemplation of Solomon's diminishment of its ownership share to a level of less than 50%. Should this happen the Applicants will need to seek approval from the State Board. The Applicants do not own any health care facilities as health care facility is defined by the State Board. The Applicants attest that no adverse action has been taken against the Greater Chicago Center for Advanced Surgery, LLC (Application for Permit page 39)<sup>2</sup> and have granted the State Board and the Illinois Department of Public Health access to any documents necessary to verify information in the Application for Permit. The site of the ASTC is in compliance with the Illinois Executive Order #2006-5, "*Construction Activities in Special Flood Hazard Area*"<sup>3</sup> and with the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420).<sup>4</sup> [Pages 33-35 of the Application for Permit]

### **B) Criterion 1110.110 (b) – Purpose of the Project**

*To demonstrate compliance with this criterion the Applicants must document that the project will provide health services that improve the health care or well-being of the market area population to be served.*

The Applicant's purpose is to provide orthopedic and pain management in a low-cost setting of an ASTC. According to the Applicants the problem to be resolved by this Application is to improve access in the 10-mile radius in this low-cost setting that the Applicants believe is not available in this GSA.

### **C) Criterion 1110.110 (c) – Safety Net Impact <sup>5</sup>**

*All health care facilities, except for skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement, which shall be filed with an application for a substantive project (see Section 1110.40). Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with*

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<sup>2</sup> Adverse Action" means a disciplinary action taken by IDPH, Center for Medicare and Medicaid Services, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois.

<sup>3</sup> Illinois Executive Order #2006-5 requires State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of Executive Order #2006-5.

<sup>4</sup> Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420) requires State Agencies or the recipients of its funds, permits or licenses shall consult with the Illinois Historic Preservation Agency to determine the documentation requirements necessary for identification and treatment of historic resources.

<sup>5</sup> Health Safety Net Services have been defined as services provided to patients who are low-income and otherwise vulnerable. including those uninsured and covered by Medicaid. (Agency for Healthcare Research and Quality, Public Health Services. U.S. Department of Health and Human Services, "The Safety Net Monitoring Initiative," AHRQ Pub. No. 03-P011, August 2003) (Application for Permit 18-031)

*barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]*

The proposed project is considered a substantive project because the project is establishing a health care facility as defined at 20 ILCS 3960/12.

The Applicants stated:

*“Due to the nature of an ASTC, such facilities are not providers of safety net services, with all procedures scheduled on an elective basis. The applicant, however, intends that the proposed ASTC becomes a valued member of the community, and to the extent reasonable, anticipated participation in community-based events, such as health fairs is anticipated.”*

#### Payor Mix

The expected payor mix for the proposed ASTC is based on those projected procedures to be performed in the ASTC.

Blue Cross Blue Shield	52%
Commercial	25%
Medicare	10%
Workers Compensation	9%
Medicaid	2%
Charity	1%
Self-Pay	1%

#### **D) Criterion 1110.110(c) – Alternatives to the Proposed Project**

*To demonstrate compliance with this criterion the Applicants must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.*

The Applicants provided the following in response to this criterion:

*“Due to the purpose of the project to establish a low-cost alternative for the performance of a limited scope of procedures, accessible to the residents of the geographic service area the alternatives to the proposed project are limited. The primary alternatives investigated were an alternative location or the development of the ASTC through new construction. The selected site is minutes from the intersection of I-294 a major north-south thoroughfare and I-90 a major thoroughfare from Chicago going northwest. As such, alternative locations would not likely provide the level of patient accessibility afforded by the proposed site. In addition, the site is minutes from O'Hare airport, providing easy access for patients traveling significant distances. The alternative of establishing an ASTC through new construction was dismissed primarily due to the associated cost of land acquisition and the cost of construction as an alternative to renovation. It is estimated that this alternative would add approximately \$700,000 in construction-related costs, in addition to the land acquisition cost to the overall project cost. Regardless of the alternative selected, the quality of care provided would be identical. Accessibility could not be substantially improved with an alternative location, and operating costs (primarily staffing) were viewed to be similar for all options.”*

**VIII. Project Scope and Size, Utilization and Assurance**

**A) Criterion 1110.120 (a) - Size of Project**

*To demonstrate compliance with this criterion the Applicants must document that that the physical space proposed for the project is necessary and appropriate. The proposed square footage cannot deviate from the square footage range indicated in Appendix B;<sup>6</sup> or exceed the square footage standard in Appendix B if the standard is a single number, unless square footage can be justified by documenting, as described in subsection (a)(2).*

The Applicants are proposing 7,950 GSF of reviewable space for the two operating rooms and one procedure room and 9 Phase One Recovery Stations.<sup>7</sup>

Department	Proposed		State Standard	Difference	Met Standard
	Rooms	GSF	GSF	GSF	GSF
Operating Room	2	5,450	5,500	-50	Yes
Procedure Room	1	1,000	1,100	-100	Yes
Recovery Rooms	9	1,500	NA		NA
Total		7,950			

The Board is required to review clinical space only. The Applicants have met the State Board’s Requirements.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 ILAC 1110.120 (a))**

**B) Criterion 1110.120 (b) – Projected Utilization**

*To demonstrate compliance with this criterion the Applicants must document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet*

<sup>6</sup> Staff Note: Should the State Board approve this project the entire gross square feet (8,848GSF) will be licensed by the Illinois Department of Public Health and the certificate of need permit will be for the total gross square feet and total project costs.

<sup>7</sup> "Operating Room (Class B)" or "Surgical Procedure Room (Class B)" means a setting designed and equipped for major or minor surgical procedures performed in conjunction with oral, parenteral or intravenous sedation or under analgesic or dissociative drugs. (Source: Guidelines for Optimal Ambulatory Surgical Care and Office-based Surgery, third edition, American College of Surgeons, 633 N. Saint Clair Street, Chicago IL 60611-3211, 312/202-5000; 2000, no later amendments or editions included)

"Operating Room (Class C)" means a setting designed and equipped for major surgical procedures that require general or regional block anesthesia and support of vital bodily functions. (Source: Guidelines for Optimal Ambulatory Surgical Care and Office-based Surgery, third edition, American College of Surgeons, 633 N. Saint Clair Street, Chicago IL 60611-3211, 312/202-5000; 2000, no later amendments or editions included)

"Post-Anesthesia Recovery Phase I" means the phase in surgical recovery that focuses on providing a transition from a totally anesthetized state to one requiring less acute interventions. Recovery occurs in the post-anesthesia care unit (PACU). The purpose of this phase is for patients to regain physiological homeostasis and receive appropriate nursing intervention as needed.

"Post-Anesthesia Recovery Phase II" means the phase in surgical recovery that focuses on preparing the patient for self-care, care by family members, or care in an extended care environment. The patient is discharged to phase II recovery when intensive nursing care no longer is needed. In the phase II area, sometimes referred to as the step-down or discharge area, the patient becomes more alert and functional

*or exceed the utilization standards specified in Appendix B. The number of years projected shall not exceed the number of historical years documented. All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except where noted in 77 Ill. Adm. Code 1100. [Part 1110 Appendix B]*

The Applicants provided four referral letters. Table Four below outlines the proposed referrals the four physicians. The Board Staff accepted 687 referrals from the 3 orthopedic physicians. We did not accept referrals made to an Indiana ASTC.<sup>8</sup> We accepted 203 referrals by the pain management physician. We did not accept the office-based referrals and could only accept the proposed referrals to the extent of the historical referrals for the physicians. The Applicants have estimated 1.85 hours per orthopedic surgery and ½ hour for pain management procedures. Based upon these assumptions the Applicants can justify one Class C Operating room and one Class B procedure room and not the two Class C Operating Rooms and one Class B procedure room. At the end of this report is a listing of the physician’s historical referrals by year and facility.

**TABLE FIVE  
Proposed Referrals**

Physician	Specialty	Proposed Referrals	Accepted Referrals	Hours
Dr. Domb	Ortho	622	437	808.45
Dr. Lall	Ortho	233	170	314.5
Dr. Tu	Ortho	80	80	148
<b>Total</b>	<b>Ortho</b>	<b>935</b>	<b>687</b>	<b>1,270.95</b>
Dr. Rock	Pain Man.	450	203	101.5
Dr. Ahsan	Pain Man.	100	6	3
Dr. Bhave	Pain Man.	100	46	23
Dr. Bukhalo	Pain Man.	100	100	50
<b>Total</b>				<b>177.50</b>

**THE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH PROJECT UTILIZATION (77 ILAC 1110.120 (b))**

**C) Criterion 1110.120 (e) – Assurances**

- 1) *The Applicants representative who signs the CON application shall submit a signed and dated statement attesting to the Applicants understanding that, by the end of the second year of operation after project completion, the Applicants will meet or exceed the utilization standards specified in Appendix B.*
- 2) *For shell space, the Applicants shall submit the following:*
  - A) *Verification that the Applicants will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at that time or the categories of service involved;*

<sup>8</sup> The practice of the State Board is to accept referrals from Illinois Licensed Health Care Facilities only. Additionally, the referrals must be to a licensed health care facility and not to an office based-practice. The Applicants stated with Blue Cross/Blue Shield and Medicare recently eliminating reimbursement/mandating licensure for office-based procedures (and the anticipation that Worker’s Compensation will soon do the same), previously-performed office-based procedures are gravitating to the ASTC setting.

- B) *The anticipated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and*
- C) *The estimated date when the shell space will be completed and placed into operation.*

The Applicants provided the necessary assurance as required should the proposed project be approved. (Application for Permit page 85)

**THE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH ASSURANCES (77 ILAC 1110.120 (e))**

**IX. Non-Hospital Based Ambulatory Surgical Treatment Center Services**

**A) Criterion 1110.235 (b) (2) (A) (B) - Geographic Service Area Need**

*The Applicants shall document that the ASTC services and the number of surgical/treatment rooms to be established, added or expanded are necessary to serve the planning area's population, based on the following:*

*A) 77 Ill. Adm. Code 1100 (Formula Calculation)*

*As stated in 77 Ill. Adm. Code 1100, no formula need determination for the number of ASTCs and the number of surgical/treatment rooms in a geographic service area has been established. Need shall be established pursuant to the applicable review criteria of this Part.*

There is no need formula for ASTCs or the number of surgical/treatment rooms in a GSA.

**B) Service to Geographic Service Area Residents**

*The Applicants shall document that the primary purpose of the project will be to provide necessary health care to the residents of the geographic service area (GSA) in which the proposed project will be physically located.*

*i) The Applicants shall provide a list of zip code areas (in total or in part) that comprise the GSA. The GSA is the area consisting of all zip code areas that are located within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the project's site.*

*ii) The Applicants shall provide patient origin information by zip code for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the GSA. Patient origin information shall be based upon the patient's legal residence (other than a health care facility) for the last 6 months immediately prior to admission.*

The Geographic Service Area for this project is a 10-mile radius. There are 68 zip codes within this 10-mile GSA with a population of approximately 1,369,313. The Applicants provided the patient origin by zip code as required for the four physicians. The Applicants do not believe that at least 50% of their admissions will reside within this 10-mile radius.

In response to this criterion the Applicants stated: *“Because of the specialty-nature of many of the procedures to be performed by the most active surgeons at the proposed ASTC, Drs. Benjamin Domb and Ajay Lall, it is not and should not be anticipated that a majority of the ASTC's patients will reside within the above-identified HFSRB-defined GSA. The expectation that patients will come from a wider area than that experienced by most ASTCs, is viewed as a positive by the applicant, rather than a negative, because residents of a wider geographic area will be able to take advantage of the surgical procedures heretofore not provided in the HFSRB-defined GSA. In addition, until recently Drs. Domb and Lall based their practice in DuPage County (outside of this project's GSA), and as such, their historic patient base,*

*including that of more commonplace orthopedic procedures, is not centered in Des Plaines, the site of the proposed ASTC. However, as their practice continues to grow in Des Plaines, it is fully anticipated that a higher percentage of their future patients will be GSA residents.”*

The Applicants are required to document that the primary purpose of the project will be to provide necessary health care to the residents of the geographic service area (GSA) in which the proposed project will be physically located. The Applicants were unable to do that. The Applicants have not met the requirements of this criterion.

**THE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH SERVICE TO GEOGRAPHIC SERVICE AREA RESIDENTS (77 ILAC 1110.235 (b) (2) (B))**

**B) Criterion 1110.235 (3) - Service Demand – Establishment of an ASTC Facility or Additional ASTC Service**

*The Applicants shall document that the proposed project is necessary to accommodate the service demand experienced annually by the Applicants, over the latest 2-year period, as evidenced by historical and projected referrals. The Applicants shall document the information required by subsection (c)(3) and either subsection (c)(3)(B) or (C):*

As documented above at 77 ILAC 1110.120 (b) the Applicants projected utilization will justify one Class C operating room and one Class B procedure room and not the two Class C operating rooms.

**TABLE SIX  
Projected Utilization**

Physician	Specialty	Proposed Referrals	Accepted Referrals	Hours
Dr. Domb	Ortho	622	437	808.45
Dr. Lall	Ortho	233	170	314.50
Dr. Tu	Ortho	80	80	148.0
Total	Ortho	935	687	1,270.95
Dr. Rock	Pain Man.	450	203	101.50

**C) Criterion 1110.235 (5) - Treatment Room Need Assessment**

*A) The Applicants shall document that the proposed number of surgical/treatment rooms for each ASTC service is necessary to service the projected patient volume. The number of rooms shall be justified based upon an annual minimum utilization of 1,500 hours of use per room, as established in 77 Ill. Adm. Code 1100.*

*B) For each ASTC service, the Applicants shall provide the number of patient treatments/sessions, the average time (including setup and cleanup time) per patient treatment/session, and the methodology used to establish the average time per patient treatment/session (e.g., experienced historical caseload data, industry norms or special studies).*

The State Board’s Target Occupancy is 1,500 hours per operating/procedure room for more than one room. The Applicants are estimating 1.85 hours for the orthopedic procedures and ½ hour for pain management procedures. The Applicants are proposing two Class C

operating rooms and one Class B procedure room. Based upon these estimate the Applicants cannot justify the three rooms should this project be approved.

**THE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH TREATMENT ROOM NEED ASSESSMENT (77 ILAC 1110.235 (5))**

**D) Criterion 1110.235 (6) - Service Accessibility**

*The proposed ASTC services being established or added are necessary to improve access for residents of the GSA. The Applicants shall document that at least one of the following conditions exists in the GSA:*

- A) There are no other IDPH-licensed ASTCs within the identified GSA of the proposed project;*
- B) The other IDPH-licensed ASTC and hospital surgical/treatment rooms used for those ASTC services proposed by the project within the identified GSA are utilized at or above the utilization level specified in 77 Ill. Adm. Code 1100;*
- C) The ASTC services or specific types of procedures or operations that are components of an ASTC service are not currently available in the GSA or that existing underutilized services in the GSA have restrictive admission policies;*
- D) The proposed project is a cooperative venture sponsored by 2 or more persons, at least one of which operates an existing hospital. Documentation shall provide evidence that:
  - i) The existing hospital is currently providing outpatient services to the population of the subject GSA;*
  - ii) The existing hospital has sufficient historical workload to justify the number of surgical/treatment rooms at the existing hospital and at the proposed ASTC, based upon the treatment room utilization standard specified in 77 Ill. Adm. Code 1100;*
  - iii) The existing hospital agrees not to increase its surgical/treatment room capacity until the proposed project's surgical/treatment rooms are operating at or above the utilization rate specified in 77 Ill. Adm. Code 1100 for a period of at least 12 consecutive months; and*
  - iv) The proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.**

- A) There are existing ASTCs within the 10-mile GSA.
- B) Not all the ASTCs and Hospital operating/procedure rooms are utilized at the target occupancy of 1,500 hours per operating/procedure room.
- C) The project is not a joint venture with a hospital.
- D) Three of the 10 ASTCs within the 10-mile GSA have been approved to provide both orthopedic and pain management procedures. One of the ASTCs (North Suburban Pain and Spine Institute) is not yet operational and the two remaining ASTCs (Northwest Surgicare and Golf Surgery Center) are underutilized and have the capacity to accommodate the proposed procedures. Three of the remaining seven ASTC provide orthopedic procedures and not pain management procedures. The remaining four ASTC do not provide either pain management or orthopedic procedures.
- E) There are five hospitals within this 10-mile GSA. Four of the five hospitals have the capacity to accommodate the procedures being proposed by this project.

*In response to this criterion the Applicants stated "the establishment of the proposed ASTC, will improve area residents' access to certain innovative---and at minimum innovative in an ASTC setting---surgical procedures not currently available, and as referenced in (1110.235(c)6.C), which refers to "specific types of procedures or operations that are components of an ASTC service (that) are not currently available in the GSA ... ". Among those procedures, not believed to be provided in other area ASTCs that will be provided are: labral reconstruction, ligamentum teres reconstruction,*

*osteoarticular allograft, peri-acetabular osteotomy, Birmingham hip resurfacing through anterior approach, and robotic hip arthroplasty. The ability to provide these procedures is a direct result of specialized training received by orthopedic surgeons intending to perform cases at the proposed ASTC.”*

**TABLE SEVEN  
ASTCs within 10-miles of Proposed Facility  
2018 Information**

Facility	City	Type	Specialties	Operating Rooms	Hours	Met Standard
Northwest Surgicare	Arlington Heights	Multi	Orthopedics, Pain Management	6	3,073	No
North Suburban Pain & Spine Institute <sup>(1)</sup>	Des Plaines	Multi	Pain Management, Neurosurgery, Orthopedics	2	NA	NA
Golf Surgical Center	Des Plaines	Multi	Orthopedics, Pain Management	10	1,944	No
Illinois Hand & Upper Extremity Center	Arlington Heights	Single	Orthopedics	1	1,201	Yes
NW Community Day Surgery Center <sup>(2)</sup>	Arlington Heights	Multi	Orthopedics	10	10,181	No
NW Community Foot and Ankle Center <sup>(2)</sup>	Des Plaines	Limited	Orthopedics, Podiatry	3	874	No
Uropartners	Des Plaines	Limited	Pain Management, Thoracic	3	1,698	No
Northwest Endoscopy Center	Arlington Heights	Single	Gastro	2	2,434	Yes
Presence Lakeshore Gastroenterology	Des Plaines	Single	Gastro	2	474	No
Advantage Health Center	Wood Dale	Single	OB/Gyn	2	1,447	No

1. Approved as Permit 18-018, December 2018.
2. ASTC has not been approved to provide Pain Management Services.

**TABLE SEVEN (Continued)  
Hospitals within the 10-mile GSA  
2018 Information**

Facility	City	Rooms	Hours	Rooms Justified	Rooms	Hours	Rooms Justified
Advocate Lutheran General Hospital	Park Ridge	26	44,055	18	9	9,140	7
Alexian Brothers Medical Center <sup>(1)</sup>	Elk Grove	15	26,024	18	10	12,185	9
Northwest Community Hospital	Arlington Heights	13	19,363	8	9	8,509	6
Presence Holy Family Hospital	Des Plaines	6	1,371	1	1	212	1
Presence Resurrection Medical Center	Chicago	11	10,867	5	5	4,887	4

1. Alexian Brothers Medical Center failed to report the number of operating and procedure rooms in 2018. Information is for 2017

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION SERVICE ACCESSIBILITY (77 ILAC 1110.235 (c) (6))**

**E) Criterion 1110.235 (7) - Unnecessary Duplication/Maldistribution**

*A) The Applicants shall document that the project will not result in an unnecessary duplication. The Applicants shall provide the following information for the proposed GSA zip code areas identified in subsection (c)(2)(B)(i):*

*i) the total population of the GSA (based upon the most recent population numbers available for the State of Illinois); and*

*ii) the names and locations of all existing or approved health care facilities located within the GSA that provide the ASTC services that are proposed by the project.*

*B) The Applicants shall document that the project will not result in maldistribution of services. Maldistribution exists when the GSA has an excess supply of facilities and ASTC services characterized by such factors as, but not limited to:*

*i) a ratio of surgical/treatment rooms to population that exceeds one and one-half times the State average;*

*ii) historical utilization (for the latest 12-month period prior to submission of the application) for existing surgical/treatment rooms for the ASTC services proposed by the project that are below the utilization standard specified in 77 Ill. Adm. Code 1100; or*

*iii) insufficient population to provide the volume or caseload necessary to utilize the surgical/treatment rooms proposed by the project at or above utilization standards specified in 77 Ill. Adm. Code 1100.*

*C) The Applicants shall document that, within 24 months after project completion, the proposed project:*

*i) will not lower the utilization of other area providers below the utilization standards specified in 77 Ill. Adm. Code 1100; and*

*ii) will not lower, to a further extent, the utilization of other GSA facilities that are currently (during the latest 12-month period) operating below the utilization standards.*

**Maldistribution**

There is a total of 138 operating/procedure rooms in the 10-mile GSA. There are approximately 1,369,313 residents in the 10-mile GSA. The ratio of operating/procedure rooms per 1,000 population is .1004 within this GSA [138 operating/procedure rooms ÷ (1,369,313/1,000 or 1369.31) = .1008].

The State of Illinois population is 12,802,600 (2017 IDPH estimate)<sup>9</sup> and 2,712 operating procedure rooms (2018 data). The ratio of operating/procedure rooms per 1,000 population in the State of Illinois is .2118. To have a surplus of operating/procedure rooms within the 10-mile GSA the ratio of population to operating/procedure rooms must be 1.5 times the State of Illinois ratio or .2994 per 1,000 population. There is not a surplus of operating/procedure rooms in the 10-mile GSA.

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<sup>9</sup> The Illinois Department of Public Health publishes population projections and estimates very two years. The most recent population projection is for 2017 and every five years thereafter based upon the 2010 census. No population projection is made for 2019.

### Hospitals and ASTCs within the Proposed GSA

There are ten ASTCs and five hospitals within the 10-mile GSA. (see Table Seven above). Two of the ASTCs provide the specialties identified by the Applicants to be performed at the proposed ASTC. One of the ASTCs is not yet operational. The second ASTC has the capacity to accommodate the specialty proposed by this project. Four of the five hospitals have the capacity to accommodate the proposed procedures.

Three operating/procedure room will be added in the 10-mile GSA. The proposed three additional operating/procedure rooms will not result in a surplus of operating/procedure rooms in the 10-mile GSA but will result in an unnecessary duplication of service as the proposed procedures can be accommodated by the existing facilities within the 10-mile GSA. The Applicants have not successfully addressed this criterion.

The Applicants did not document that within 24-months after project completion the proposed facility will not lower the utilization of existing ASTCs in the GSA.

### **THE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH UNNECESSARY DUPLICATION OF SERVICE/MALDISTRIBUTION (77 ILAC 1110.235 (7))**

#### **F) Criterion 1110.235 (8) - Staffing**

##### *A) Staffing Availability*

*The Applicants shall document that relevant clinical and professional staffing needs for the proposed project were considered and that the staffing requirements of licensure and The Joint Commission or other nationally recognized accrediting bodies can be met. In addition, the Applicants shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.*

##### *B) Medical Director*

*It is recommended that the procedures to be performed for each ASTC service are under the direction of 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.*

The Medical Director of the proposed ASTC will be Ajay C. Lall, MD, MS, and a copy of his CV has been provided by the Applicants. According to the Applicants' staffing will be consistent with applicable licensure and accreditation standard. Staff will be recruited through a combination of word-of-mouth, newspaper advertisements, and if necessary, professional publications. The Applicants have successfully addressed this criterion.

Note: The Joint Commission and the Accreditation Association for Ambulatory Health Care<sup>10</sup> does not define the specific qualifications or number of staffs required for an ASTC. The Joint Commission generalizes that the staff be adequate in number with appropriate training and supervision. The Applicants have successfully addressed this criterion.

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<sup>10</sup> Joint Commission on Accreditation of Healthcare Organizations. Standards for Ambulatory Care. Oakbrook Terrace, IL: Joint Commission Resources;

**G) Criterion 1110.235 (9) - Charge Commitment**

*In order to meet the objectives of the Act, which are to improve the financial ability of the public to obtain necessary health services; and to establish an orderly and comprehensive health care delivery system that will guarantee the availability of quality health care to the general public; and cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process [20 ILCS 3960/2], the Applicants shall submit the following:*

- A) a statement of all charges, except for any professional fee (physician charge); and*
- B) a commitment that these charges will not increase, at a minimum, for the first 2 years of operation unless a permit is first obtained pursuant to 77 Ill. Adm. Code 1130.310(a).*

The Applicants provided the required statement at page 85 of the Application for Permit and a list of charges at page 84 of the Application.

**H) Criterion 1110.235 (10) - Assurances**

- A) The Applicants shall attest that a peer review program exists or will be implemented that evaluates whether patient outcomes are consistent with quality standards established by professional organizations for the ASTC services, and if outcomes do not meet or exceed those standards, that a quality improvement plan will be initiated*
- B) The Applicants shall document that, in the second year of operation after the project completion date, the annual utilization of the surgical/treatment rooms will meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100. Documentation shall include, but not be limited to, historical utilization trends, population growth, expansion of professional staff or programs (demonstrated by signed contracts with additional physicians) and the provision of new procedures that would increase utilization.*

The Applicants responded to this criterion by stating

*“I herein attest that a peer review program will be implemented at the proposed ASTC that evaluates whether patient outcomes are consistent with quality standards established by professional organizations for ASTC services, and if outcomes do not meet or exceed those standards, that a quality improvement plan will be initiated. Last, the applicants anticipate that in the second year of operation, the annual utilization of the operating rooms will meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100. This anticipation is based on the applicant's knowledge of the practices of the physicians anticipated to refer patients to the proposed ASTC.”*

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING, CHARGE COMMITMENT, ASSURANCES (77 ILAC 1110.235 (8) (9) (10))**

**X. FINANCIAL VIABILITY**

**A) Criterion 1120.120 - Availability of Funds**

The Applicants are funding this project with cash in the amount of \$583,650, a mortgage of \$5,267,850 and the fair market value of leased space of \$2,189,880. The Applicants provided a letter from Merrill Lynch Private Banking and Investment Group stating that a security backed loan of \$5.5 million has been approved (Application for Permit page 90). The Applicants have enough resources to fund this project.

**THE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH AVAILABILITY OF FUNDS (77 ILAC 1120.120)**

**B) Criterion 1120.130 - Financial Viability**

The ASTC is a new entity and no historical information is available. The Applicants did provide projected financial information for the start-up and the second year after start-up. Projected income and balance sheet are included at the end of this report.

**TABLE EIGHT  
Projected Financial Ratios**

	State Standard	Year 2
Current Ratio	1.5	10.3
Net Margin %	≥3.5%	16.3
LT Debt to Cap	≤80%	51.2
Debt Service	≥1.75	2.9
Days Cash on Hand	≥ 45 days	180
Cushion Ratio	≥ 3.0	3.1

**THE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH FINANCIAL VIABILITY (77 ILAC 1120.130)**

**XI. ECONOMIC FEASIBILITY**

**A) Criterion 1120.140 (a) -Reasonableness of Financing Arrangements**

**B) Criterion 1120.140 (b) -Terms of Debt Financing**

The space to be leased is in the same building that houses The American Hip Institute's patient evaluation, therapy, and research facilities. The term of the lease, which is contingent upon receipt of a CON Permit is eight years, during which time \$1,601,600 in rent will be paid. The terms of the loan are currently-anticipated term of five years and an interest rate of approximately 2.6%.

**THE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 ILAC 1120.140 (a) (b))**

**C) Criterion 1120.140 (c) Reasonableness of Project Costs<sup>11</sup>**

Only the reviewable costs are being reviewed. Itemization of line items reflect total costs.

Preplanning Costs are \$61,750. These costs are 1.69% of new construction, contingencies and equipment costs of \$3,656,250. This is reasonable when compared to the State Board Standard of 1.8%.

Market Analyses/Feasibility Assessment	\$50,000
Site Selection	\$10,000
Misc./Other	\$5,000
Preplanning Costs	\$65,000

Site Preparation Costs are \$80,750. These costs are 3.69% of new construction and contingency costs of \$2,186,250. This is reasonable when compared to the State Board Standard of 5.0%.

Exterior Signage	\$40,000
Ramps and Entrance	\$45,000
Site Preparation	\$85,000

New Construction and Contingency Costs are \$2,186,250 or \$275 per DGSF (\$2,186,250 ÷ 7,950 = \$275). The State Board Standard is \$414.89 DGSF. This is reasonable when compared to the State Board Standard.

The State Board Standard has been calculated based upon previously approved ASTC projects for which data was available (i.e. historical data). That number is inflated by 3% to the midpoint of construction.

Calendar Year	2015	2016	2017	2018	2019	2020	2021	2022
New Construction & Contingency Costs	\$357.89	\$368.63	\$379.69	\$391.08	\$402.81	\$414.89	\$427.34	\$440.16

<sup>11</sup> New Construction and Modernization Costs per Gross Square Foot (GSF) for Hospital and long-term care (LTC) cost standards are derived from the RSMMeans Building Construction Cost Data (Means) publication (RSMMeans, 63 Smiths Lane, PO Box 800, Kingston MA 02364-9988, 800/334-3509; 2015, no later amendments or editions included) and will be adjusted (for inflation and location) for each project to the current year (www.rsmeans.com). Cost standards for the other types of facilities are derived from the third quartile costs of previously approved projects and are to be adjusted to the current year based upon historic inflation rates from RSMMeans.

Contingency Costs are \$159,000 or 7.84% of new construction cost of \$2,027,250. This is reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Costs are \$231,135 or 10.57% of new construction and contingency costs (\$231,135 ÷ \$2,186,250). This is reasonable when compared to the State Board standard of 7.19-10.79%.<sup>12</sup>

Design	\$190,000
Document Preparation	\$4,300
Interface with Agencies	\$4,000
Project Monitoring	\$5,000
Misc./Other	\$40,000
Architectural and Engineering Fees	\$243,300

Movable Equipment not in Construction Contracts is \$1,470,000<sup>13</sup> or \$490,000 per room. This is appears reasonable when compared to the State Board Standard of \$504,437 per room.

State Board Standard						
2015	2016	2017	2018	2019	2020	2021
\$435,132	\$448,186	\$461,631	\$475,480	\$489,745	\$504,437	\$519,570

Source: Part 1120 - Appendix A

Moveable Equipment Not in Construction Contracts	
Surgical Suite	\$1,282,500
Recovery Room	\$105,000
Surgical Support	\$90,000
Staff Areas	\$10,500
Family Areas	\$12,000
Movable Equipment	\$1,500,000

Consulting Costs are \$225,000. The State Board does not have a Standard for these costs. These costs consist of the following

<sup>12</sup> A&E Standard: A&E fees for hospitals, LTC facilities and ASTCs, A&E fees for ESRDs and outpatient clinical service facilities, and total fees for site work) can be found in the Centralized Fee Negotiation Professional Services and Fees Handbook (available at [www.cdb.state.il.us](http://www.cdb.state.il.us) or by contacting the Capital Development Board, 401 South Spring Street, Springfield, Illinois 62706).

<sup>13</sup> Standards for capital equipment not included in construction contracts are established by type of facility and are derived from the third quartile costs of previously approved projects for which data are available.

CON-related	\$50,000
Legal & Accounting	\$55,000
Insurance, Fees and Permits	\$20,000
Commissioning	\$85,000
Misc./Other	\$15,000
Consulting and Other Fees	\$225,000

The State Board does not have Standards for these costs.

Net Interest During Construction	\$100,000
FMV of Leased Space	\$2,189,880
Other Costs to be Capitalized – Purchase of Robotic Equipment for Surgery	\$1,200,000

**THE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH REASONABLENESS OF PROJECT COSTS (77 ILAC 1120.140 (c))**

**D) Criterion 1120.140 (d) - Projected Direct Costs**

The projected direct costs per case is \$2167.39. The State Board does not have a standard for this cost. The Applicants are required to report this information.

Number of Cases	1,385
Salaries and Benefits	\$927,300
Medical Supplies	\$2,074,950
per case:	\$2,167.69

**THE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH DIRECT OPERATING COSTS (77 ILAC 1120.140 (d))**

**E) Criterion 1120.140 (e) – Projected Capital Costs**

The projected capital costs per case is \$703.21. The State Board does not have a standard for this cost. The Applicants are required to report this information.

Number of Cases	1,385
Interest Expense	\$232,621
Depreciation & Amort.	\$741,322
per case:	\$973,943

**THE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH EFFECT OF PROJECT ON CAPITAL COSTS (77 ILAC 1120.140 (e))**



**Projected  
Income Statement**

Revenue	Year 1	% of Revenue	Year 2	% of Revenue
Total cases				
Ortho	1,039		1,385	
Pain	338		450	
Net Revenue	\$4,461,750		\$5,949,000	
per Ortho	\$5,400		\$5,400	
per Pain	\$2,000		\$2,000	
Staffing/Payroll	\$675,200	15.13%	\$927,300	15.59%
labor per case	\$650		\$650	
Other Expenses	\$2,364,830	53.00%	\$3,076,944	51.72%
Direct supply	\$1,543,713	34.60%	\$2,074,950	34.88%
Non-direct supply	\$26,600	0.60%	\$27,400	0.46%
Administration	\$356,940	8.00%	\$475,920	8.00%
fixed expenses	\$437,578	9.81%	\$498,674	8.38%
Total Expenses	\$3,040,030	68.14%	\$4,004,244	67.31%
Interest Expense	\$253,933	5.69%	\$232,621	3.91%
Depreciation	\$741,322	16.62%	\$741,322	12.46%
Total Operating Expenses	\$4,035,285	90.44%	\$4,978,187	83.68%
Net Profit	\$426,465	9.56%	\$970,813	16.32%

**Projected  
Balance Sheet**

	Start-up	Year 1	Year 2
Cash	\$581,350	\$917,507	\$2,089,911
Net Acct. Receivable	\$0	\$550,079	\$651,945
Total Current Assets	\$581,350	\$1,467,586	\$2,741,856
Equipment	\$2,700,000	\$2,700,000	\$2,700,000
Start Up/Other	\$730,260	\$730,260	\$730,260
Build Out	\$2,256,240	\$2,256,240	\$2,256,240
Acc. Dep.	\$0	-\$741,322	-\$1,482,645
Total Assets	\$6,267,850	\$6,962,843	\$7,597,656
Current Liabilities	\$0	\$75,000	\$75,000
Other Liabilities	\$0	\$60,000	\$60,000
Total Current Liabilities	\$0	\$135,000	\$135,000
LTD	\$5,267,850	\$4,851,298	\$4,413,434
Equity			
Member Equity	\$1,000,000	\$1,000,000	\$1,000,000
Retained Earnings	\$0	\$0	\$426,465
Net Income	\$0	\$426,465	\$970,813
Total Equity	\$1,000,000	\$1,426,465	\$2,397,278
Liabilities + Equity	\$6,267,850	\$6,412,763	\$6,945,712

Physicians Historical Referrals

Physician	Dr. Domb		Dr. Lall	Dr. Tu		Dr. Rock		Dr. Ahsan		Dr. Bhawe		Dr. Bukhalo	
Specialty	Orthopedic					Pain Management							
Facility	2017	2018	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Alexian Brothers Medical Ctr.												31	72
Northwest Comm. Hospital									6		5		42
Advocate Condell Med. Ctr.													14
Good Samaritan Hospital	29	30	11										
Hinsdale Hospital	225	163	60										
Munster Specialty Surgical Center (Indiana)	338	185	63										
Northshore Surgical Suites	4	41	15										
Salt Creek Surgery Center	141	203	84										
Weiss Memorial Hospital	8	0	0										
Elmhurst Memorial Hospital	0	0	0	80	90								
Loyola ASTC	0	0	0	120	130								
Hyde Park Surgical Center	0	0	0			91	76						
Presence Saint Mary	0	0	0			21	15						
Community First Medical Center	0	0	0			0	1						
SkyPoint											10		54
Office Procedures	0	0	0			960	916						
Total	745	622	233	200	220	1,072	1,008	0	6	0	46	0	182

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