



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: I-02	BOARD MEETING: October 26, 2021	PROJECT NO: 21-011	PROJECT COST:
FACILITY NAME: Physicians Surgical Centre		CITY: O'Fallon	Original: \$180,000
TYPE OF PROJECT: Non-substantive			HSA: XI

PROJECT DESCRIPTION: The Applicants (Haris Assets, LLC and O'Fallon Surgical Center LLC d/b/a Physician's Surgical Centre) proposes to add orthopedic surgical services to its current limited-specialty ambulatory surgical treatment center (ASTC) located at 741 Insight Avenue, O'Fallon, Illinois. The expected completion date is December 31, 2021, and the estimated project cost is \$180,000.

The **purpose** of the Illinois Health Facilities Planning Act is to establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and financial resources to adequately provide a proper service for the community; (2) that promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of such facilities; and (3) that promotes planning for and development of health care facilities needed for comprehensive health care especially in areas where the health planning process has identified unmet needs. 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 Certificate of Need process **required under this Act is designed to restrain rising health care costs by preventing unnecessary construction or modification of health care facilities.** The Board must assure that the establishment, construction, or modification of a health care facility or the acquisition of major medical equipment is consistent with the public interest and that the proposed project is consistent with the orderly and economic development or acquisition of those facilities and equipment and is in accord with the standards, criteria, or plans of need adopted and approved by the Board. Board decisions regarding the construction of health care facilities must consider capacity, quality, value, and equity

Information regarding this project can be found at:

<https://www2.illinois.gov/sites/hfsrb/Projects/Pages/Physicians-Surgical-Center,-OFallon--21-011.aspx>

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Haris Assets, LLC, and O’Fallon Surgical Center LLC d/b/a Physician’s Surgical Centre) propose to add orthopedic surgical services to its existing limited-specialty ambulatory surgical treatment center located at 741 Insight Avenue, O’Fallon. The project costs are \$180,000, and the expected completion date is December 31, 2021.
- The surgery center is under the ownership of Dr. Shakeel Ahmed, M.D. Dr Ahmed also own and operates MetroEast Endoscopic Surgery Center, Fairview Heights, a multi-specialty ASTC.
- Physicians Surgical Centre currently provides the following surgical services: Gastro-Intestinal, Pain Management and Ophthalmology.
- The Applicants received an Intent to Deny at the September 14, 2021 State Board Meeting. No additional information addressing the Original State Board Staff Report findings was provided. The Applicants submittal is at the end of this report.
- The State Board Report remains unchanged from the Original State Board Report.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes a substantial change in scope as defined at 20 ILCS 3960/5.

PURPOSE OF THE PROJECT:

- The Applicants state: *“The primary purpose of this project is to improve access to this service for residents within the Applicants geographic service area and to increase utilization at PSC, which currently has capacity. Due to the ongoing COVID-19 Pandemic, the Ambulatory Surgery Center Association has urged the ASTCs to coordinate with local hospitals and health systems to perform elective procedures. As hospitals struggle to ensure sufficient capacity, ASTCs can serve as an alternative setting to provide care for patients who would suffer from a delay. Going forward, with the uncertainty of the lasting effects of the COVID-19 pandemic, it will be particularly important to have a non-hospital option for patients who are at high risk for severe COVID-19 illness, such as older adults or those with co-morbidities. Fortunately, orthopedic surgery cases can be safely and efficiently performed in an ASTC freestanding setting. By providing a non-hospital option for these surgical cases, the Applicant will improve patient safety”.*

PUBLIC HEARING/COMMENT:

- A public hearing was offered but was not requested. Letters of support and opposition were received by the State Board.

SUMMARY:

- To add a surgical specialty to an existing ASTC an applicant must demonstrate that the proposed surgical service to be added will serve the residents of the geographical service area; there is demand for the surgical service, the addition of the surgical service will improve service access; will not result in an unnecessary duplication of service and will meet an unmet need in the geographical service area. Under current State Board rule an existing licensed ASTC cannot add a surgical specialty unless that specialty is approved by the State Board.

- The Applicants stated the reason for the proposed project was based on increased efficiencies/access, patient convenience, and lower overall patient costs at an ASTC. In addition to the economic advantages, the Applicants also note the potential to alleviate surgical volume at hospitals located in the service area.
- Of the 45 historical referrals submitted by the Applicants 13 of the referring physician’s historical patient referrals or 29% reside within the 17-mile GSA. The Applicants have not demonstrated that 50% of the orthopedic referrals to the ASTC will be serving the patients of the 17-mile GSA.
- By rule the State Board can only accept referrals from IDPH licensed ASTC or Hospitals. The State Board can only accept 2 of the 45 historical referrals: 2 referrals from Anderson Hospital because that Hospital is licensed by IDPH and is within the 17-mile GSA. The remaining 43 orthopedic procedures were performed in Missouri or at St. Joseph’s Hospital in Highland which are outside the 17-mile GSA. The Missouri facilities are not licensed by IDPH. The identified demand can be accommodated with the existing capacity within the 17-mile GSA. An unnecessary duplication of service will result with the movement of these procedures from existing underutilized facilities.

Executive Summary				
TABLE ONE				
Referring Physician location of Orthopedic Surgery past 12-months				
Facility	City	Miles	Total Cases	Proposed Referrals
Advanced Surgical Center of Sunset Hills	Sunset Hills, Missouri	33.9	7	3
Anderson Hospital	Maryville, Illinois	12.6	2	2
Apollo Surgery Center	St. Louis, Missouri	28.9	3	2
Elite Ambulatory Surgery Center	St. Louis, Missouri	28.9	3	2
St. Joseph's Hospital	Highland, Illinois	22.7	25	7
St. Louis Spine & Orthopedic Surgery Center	St. Louis, Missouri	35.4	5	0
Total			45	16

- The Applicants addressed a total of 22 criteria and have not met the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
77 ILAC 1110.235 (c) (2) (B) – Service to Residents in the GSA	Of the 45 historical referrals 13 (29%) reside within the 17-mile GSA. The Applicants have not demonstrated that 50% of the orthopedic referrals to the ASTC will be serving the patients of the 17-mile GSA. [See pages 10-11 of this report]
77 ILAC 1110.235 (c) (3) -Service Demand	The referring physician performed 45 surgeries over the past 12-months. The Applicants are proposing to shift 16 of these 45 referrals to the Surgery Center in O’Fallon. Two of the facilities are in Illinois, Anderson Hospital and St. Joseph Hospital and are licensed by IDPH. By rule the State Board can only accept 2 referrals: the 2 referrals from Anderson Hospital because that facility is licensed by IDPH and is within

State Board Standards Not Met

Criteria	Reasons for Non-Compliance
	the 17-mile GSA. St. Joseph’s Hospital in Highland is licensed by IDPH but is outside the 17-mile GSA. Given the small number of referrals it appears that identified demand can be accommodated with the existing capacity within the 17-mile GSA. [See pages 11-12 of this report]
77 ILAC 1110.235 (c) (6) – Service Accessibility	There are existing ASTCs and Hospitals in the 17-mile GSA. One of the ASTCs has been approved to provide orthopedic surgery services in the 17-mile GSA – Anderson Surgical Center. All the hospitals in the 17-mile GSA have the capacity to accommodate the demand identified by this application. {See page 12-13 of this report]
77 ILAC 1110.235 (c) (7) – Unnecessary Duplication of Service	There is existing capacity in the 17-mile GSA that can accommodate the workload identified by this Application. A duplication of service will result should this project be approved. [See page 13-14 of this report]

STATE BOARD STAFF REPORT

Project #21-011

Physicians Surgical Centre, O'Fallon

APPLICATION/SUMMARY CHRONOLOGY	
Applicant(s)	O'Fallon Surgical Center LLC d/b/a Physician's Surgical Centre and Haris Assets, LLC
Facility Name	Physicians Surgical Centre
Location	741 Insight Avenue, O'Fallon, Illinois
Permit Holder	O'Fallon Surgical Centre, LLC
Operating Entity/Licensee	O'Fallon Surgical Centre, LLC
Owner of Site	Haris Assets, LLC
Gross Square Feet	N/A
Application Received	April 5, 2021
Application Deemed Complete	April 7, 2021
Financial Commitment Date	December 31, 2021
Anticipated Completion Date	December 31, 2021
Review Period Ends	June 6, 2021
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes
Expedited Review	No

I. Project Description

The Applicants (Haris Assets, LLC, and O'Fallon Surgical Center LLC d/b/a Physician's Surgical Centre) propose to add orthopedic surgical services to its current limited-specialty ambulatory surgical treatment center located at 741 Insight Avenue, O'Fallon, Illinois. No modernization/construction will occur, no operating rooms will be added, and the project costs are \$180,000. The expected completion date is December 31, 2021.

II. Summary of Findings

- A. State Board Staff finds the proposed project is **not** in conformance with all relevant provisions of Part 1110 (77 ILAC 1110).
- B. State Board Staff finds the proposed project is in conformance with Part 1120 (77 ILAC 1120).

III. General Information

The Applicants propose to add orthopedic surgical services to its current limited-specialty ambulatory surgical treatment center (ASTC). The existing ASTC includes one procedure rooms, two Stage 1 recovery stations and two Stage 2 recovery stations and provides gastro-intestinal and pain management services. The proposed project will not introduce additional rooms to the facility, project costs total \$180,000, and the expected completion date is December 31, 2021.

Physicians Surgical Centre is located at 741 Insight Avenue, O'Fallon. The surgery center is under the ownership of Dr. Shakeel Ahmed, M.D. Dr Ahmed also own and operates MetroEast Endoscopic Surgery Center, Fairview Heights, a multi-specialty ASTC.

The proposed project is a non-substantive project subject to a Part 1110 review. Part 1120 review is not applicable due to the absence of project costs.

IV. Project Uses and Sources of Funds

The Applicant a adding the orthopedic surgical specialty, the project will not result in any construction, alteration, or modification of the existing building. The \$180,000 in identified project costs is for moveable equipment.

V. Background of the Applicant

A) Criterion 1110.110(a) – Background of the Applicant

An Applicant must demonstrate that it is fit, willing and able, and has the qualifications, background, and character to adequately provide a proper standard of health care service for the community. To demonstrate compliance with this criterion the Applicant must provide

- A) A listing of all health care facilities currently owned and/or operated by the Applicant in Illinois or elsewhere, including licensing, certification, and accreditation identification numbers, as applicable.
- B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.
- C) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.
- D) An attestation that the Applicant have had no *adverse action*¹ taken against any facility they own or operate, or a listing of adverse action taken against facilities the Applicant own.

1. The Applicants supplied a list containing 2 facilities under the ownership of the Applicant. The Applicant provided a letter (application p. 50), serving as attestation that there has been no adverse action taken against facilities owned by Applicant during the three (3) years prior to filing the application.
2. The Applicant's letter on Page 50 also contains authorization permitting the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to have access to any documents necessary to verify information submitted in connection to the Applicant's certificate of need to add surgical specialties. The authorization includes but is not limited to official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.
3. The site is owned by Haris Assets, LLC, and evidence of this can be found at pages 32-41 of the application for permit.
4. Compliance with Executive Order #2006-05 and the Illinois State Agency Historic Resources Preservation Act/Flood Plains Act is inapplicable to the application for permit, because no new construction will occur.
5. Certificates of Good Standing from the State of Illinois has been provided at pages 29 and 30 of the Application for Permit. License and accreditation are provided at pages 51 through 53 of the Application for Permit.

¹Adverse action is defined as a disciplinary action taken by IDPH, CMMS, 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. These actions include, but are not limited to, all Type "A" and Type "AA" violations." (77 IAC 1130.140)

VI. Purpose of Project, Safety Net Impact Statement and Alternatives

The following three (3) criteria are informational; no conclusion on the adequacy of the information submitted is being made.

A) Criterion 1110.110 (b) Purpose of the Project

To demonstrate compliance with this criterion the Applicant 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 Applicants state the purpose of the proposed project *“is to improve access to this service for residents within the Applicants geographic service area and to increase utilization at PSC, which currently has capacity. By providing a non-hospital option for these surgical cases, the Applicant will improve patient safety”*.

B) Criterion 1110.110 (c) - Safety Net Impact Statement

This project is a non-substantive project and a safety net impact statement is not required. The Applicants reported no Charity Care data for Center for the two facilities under ownership/management of the Applicants (see Table One).

TABLE ONE			
Charity Care Information			
Physician’s Surgical Centre			
	2017	2018	2019
Net Patient Revenue	\$5,664,920	\$845,302	\$48,802
Amount of Charity Care (Charges)	\$0	\$0	\$0
Cost of Charity Care	\$0	\$0	\$0

C) Criterion 1110.110 (d) - Alternatives to the Project

To demonstrate compliance with this criterion the Applicant must document all alternatives to the proposed project that were considered.

The Applicant considered three alternatives in regard to this project, to include the option chosen.

1) Maintain Status Quo/Do Nothing

This option would have the applicant continue in the provision of gastroenterology, pain management, and ophthalmology services at Physicians Surgical Center, leaving orthopedic procedures to be performed in one of the existing ASTCs operating in the 17-mile general service area, and at area hospitals. This option was rejected because it would not increase patient access to orthopedic surgical services or relieve operational capacity at hospitals in the service area. No project costs were identified with this alternative.

2) Utilize Other Health Care Facilities

The Applicants initially considered the option of utilizing other surgical facilities but realized only one other ASTC in the service area (Edwardsville Ambulatory Surgery Center), provided orthopedic surgical services, which would not alleviate the utilization

capacities at area hospitals. This option was rejected, based on a need to increase access at the existing facility, and the need to relieve operational capacity at area hospitals. There were no project costs identified with this alternative.

3) Proposed Alternative

The Applicants chose the alternative to add the orthopedic surgical specialty, based on increased efficiencies/access, patient convenience, and lower overall patient costs. In addition to the economic advantages, the Applicants note the potential to alleviate surgical volume at hospitals located in the service area.

VIII. Project Scope and Size, Utilization and Assurances

A) Criterion 1110.120 (a) - Size of Project

To demonstrate compliance with this criterion the Applicant must document that the proposed size of the project is in compliance with the State Board Standard in Part 1110 Appendix B.

The Applicants propose to add orthopedic surgical specialty to an existing limited-specialty ASTC containing two Procedure Rooms, and six recovery stations. No new construction will occur, no space will be modernized, and the entirety of the project cost (\$180,000), will be used for the purchase/installation of moveable equipment. It appears this criterion is inapplicable to the proposed project.

B) Criterion 1110.120(b) – Projected Utilization

To demonstrate compliance with this criterion the Applicant must document that the facility will be at target occupancy as specified in Part 1100.

The proposed project seeks to alleviate potential overutilization of hospital-based surgical services by adding an orthopedic surgical specialty to an existing limited-specialty ASTC. The proposed addition will redesignate the ASTC as multi-specialty. The Physicians Surgical Centre performed 61 total procedures (36 hours) (2019 IDPH hospital survey), and projects there to be 16 additional referrals (24.2 hours), due to the addition of orthopedics. It appears that the Applicants have successfully addressed this criterion.

C) Criterion 1110.120(e) – Assurances

To demonstrate compliance with this criterion the Applicant must document that the proposed project will be that by the end of the second year of operation after project completion, the Applicant will meet or exceed the utilization standards specified in Appendix B.

As documented above the State Board does not have utilization standards for the addition of surgical specialties to an existing ASTC. The Applicant attests the proposed project does not involve additional surgical suites or shell space. The Applicant has successfully addressed this criterion.

VIII. Non-Hospital Based Ambulatory Surgical Treatment Center Services

A) Criterion 1110.235(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.

B) Criterion 1110.235(c) (2) (B) (i) & (ii) - Service to Geographic Service Area Residents

To demonstrate compliance with this criterion the Applicant must 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 Applicant must 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 Applicant must 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 Applicants identified a 17-mile geographic service area (“GSA”) for its patient base, consisting of 35 zip codes, and a population of 412,277 residents. The Table below identifies the patient origin by zip code of residence for the prior 12-month period for the referring physician. Of these 45 historical referrals 13 (29%) reside within the 17-mile GSA. The Applicants have not demonstrated that 50% of the orthopedic referrals will be coming from the 17-mile GSA.

TABLE TWO			
Physician Historical Referrals by Zip of Patient Residence			
Zip Code	City	#	Miles from Facility
62269	O'Fallon	1	0
62294	Troy	2	9.8
62281	St. Jacob	2	14.6
62293	Trenton	3	14.7
62265	New Baden	4	16.3
62062	Maryville	1	16.8
62216	Aviston	2	19.2
62215	Albers	3	19.4
62040	Granite City	2	21.5
62249	Highland	4	22.7
62230	Breese	2	22.8
62025	Edwardsville	1	23.8
62218	Bartelso	1	27.5

TABLE TWO			
Physician Historical Referrals by Zip of Patient Residence			
Zip Code	City	#	Miles from Facility
62231	Carlyle	5	31.9
62275	Pocahontas	1	34.3
62088	Staunton	1	34.4
62803	Hoyleton	1	38.4
62246	Greenville	2	39.1
62284	Smithboro	2	47.3
62471	Hagarston	1	58.5
62865	Mulkeytown	1	82.3
62901	Carbondale	1	87.1
62822	Christopher	1	89.5
62906	Anna	1	126.7
Total		45	

C) Criterion 1110.235(c)(3)(A) & (B) - Service Demand – Establishment of an ASTC Facility or Additional ASTC Service

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

A) Historical Referrals

The Applicant shall provide physician referral letters that attest to the physician's total number of treatments for each ASTC service that has been referred to existing IDPH-licensed ASTCs or hospitals located in the GSA during the 12-month period prior to submission of the application. The documentation of physician referrals shall include the following information:

- i) patient origin by zip code of residence.
- ii) name and specialty of referring physician.
- iii) name and location of the recipient hospital or ASTC; and
- iv) number of referrals to other facilities for each proposed ASTC service for each of the latest 2 years.

The referring physician performed 45 surgeries over the past 12-months in the facilities listed below. Two of the facilities are in Illinois, Anderson Hospital and St. Joseph Hospital and are licensed by IDPH. The Applicants are proposing to shift 16 of these referrals to the Surgery Center in O’Fallon. By rule the State Board can only accept 2 referrals: the 2 referrals from Anderson Hospital because that facility is licensed by IDPH and is within the 17-mile GSA. St. Joseph’s Hospital in Highland is licensed by IDPH but is outside the 17-mile GSA. The identified demand can be accommodated with the existing capacity within the 17-mile GSA.

TABLE THREE			
Referring Physician location of Orthopedic Surgery past 12-months			
Facility	City	Total Cases	Proposed Referrals
Advanced Surgical Center of Sunset Hills	Sunset Hills, Missouri	7	3
Anderson Hospital	Maryville, Illinois	2	2
Apollo Surgery Center	St. Louis, Missouri	3	2
Elite Ambulatory Surgery Center	St. Louis, Missouri	3	2
St. Joseph's Hospital	Highland, Illinois	25	7
St. Louis Spine & Orthopedic Surgery Center	St. Louis, Missouri	5	0
Total		45	16

D) Criterion 1110.235(c)(5)(A) & (B) - Treatment Room Need Assessment

A) To demonstrate compliance with this criterion the Applicant must 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 Applicant must 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 surgery center has one procedure room and its 2019 utilization justifies the one procedure room. The Applicant has met this requirement.

E) Criterion 1110.235(c)(6) – Service Accessibility

The proposed ASTC services being established or added are necessary to improve access for residents of the GSA. The applicant 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

There are existing seven (7) IDPH licensed ASTCs including the Applicants within the 17-mile GSA [Table Four]. Under current State Board rule an existing ASTC must receive approval from the State Board to add a surgical specialty. One ASTC in the 17-mile GSA has been approved to provide orthopedic surgical services – Anderson Surgery Center. Anderson Surgery Center was license 7/23/2021. The remaining six

ASTCs have not been approved to add this specialty. As seen in the Table Five below all the hospitals have existing capacity to accommodate the workload identified by this project. All the hospitals performed orthopedic procedures in 2019.

TABLE FOUR ASTCs within the 17-mile GSA					
			Miles	Rooms	Utilization
Physician's Surgical Center	O'Fallon	Limited	0	2	22
Skin Cancer Surgery Center ⁽¹⁾	O'Fallon	Limited	1.1	1	NA
MetroEast Endoscopy Surgery Center	Fairview Heights	Limited	5.8	2	866
Eye Surgery Center, LLC	Belleville	Limited	6	4	2,045
Bel-Clair Ambulatory Surgical Center	Belleville	Limited	9	2	139
Novamed Eye Surgery Center of Maryville	Maryville	Limited	13.6	1	803
Anderson Surgery Center ⁽²⁾	Edwardsville	Multi	16.9	3	NA
Total Rooms				14	
1. Skin Cancer Surgery Center is to be completed December 2021 [Permit #19-017]. 2. Anderson Surgery Center was recently licensed no utilization data available. 3. Utilization from 2020 ASTC Profiles.					

TABLE FIVE Hospitals within the 17-mile GSA ⁽¹⁾								
Hospitals	City	Miles	OR	Hours	OR's Justified	Procedure Rooms	Hours	Procedure Rooms Justified
HSHS St Elizabeth's Hospital	O'Fallon	0.8	10	14,428	10	4	5,473	4.0
Memorial Hospital	Shiloh	2	4	3,651	3.0	2	48	1.0
Memorial Hospital	Belleville	7.8	18	8,924	6.0	15	2,343	2.0
Touchette Regional Hospital	Centreville	13.6	4	422	1.0	2	299	1.0
Anderson Hospital	Maryville	14.5	9	7,149	5.0	2	1,433	1.0
Total Rooms			45	34,574	25	25	9,596	9
1. Utilization data from 2020 Hospital Profiles.								

F) Criterion 1110.235 (c) (7) - Unnecessary Duplication/Maldistribution

A) The applicant shall document that the project will not result in an unnecessary duplication. The applicant 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 applicant 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 applicant 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.

There is a total of 84 operating/procedure rooms in the 17-mile GSA. The ratio of operating/procedure rooms per thousand population in the 17-mile GSA is .2035 per thousand population. The ratio of operating/procedure rooms per thousand population in the State of Illinois is .2083 per thousand population. To have a maldistribution of operating/procedure rooms the ratio would need to be 1.5 times the State of Illinois ratio. There is no maldistribution of operating/procedure rooms in this 17-mile GSA.

As mentioned above the State Board Staff accepted 2 surgical referral cases from Anderson Hospital in Maryville. Anderson Hospital is currently operating below the 1,500 hours per operating/procedure rooms in 2020 the most recent data available. The approval of the orthopedic surgery services at the ASTC will result in a lowering of the utilization of the operating rooms at the Anderson Hospital in the area [Table Six].

Hospital	City	Miles	Operating Rooms	Hours	Operating Rooms Justified
Anderson Hospital	Maryville	14.5	9	7,149	5

G) Criterion 1110.235(c)(8)(A) & (B) - Staffing

A) Staffing Availability

To demonstrate compliance with this criterion the Applicant must 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 Applicant 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.

Physicians Surgical Centre anticipates the satisfactory provision of services using existing staff and notes the ASTC is staffed in accordance with IDPH and Medicare staffing requirements.

H) Criterion 1110.235(c)(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 Applicant must 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).

A list of procedures by primary CPT code for the proposed new orthopedic specialty with the maximum charge has been provided as required (application page 73) and attests that the charges for these procedures will not increase in the two years following project completion. The Applicants have met the requirements of this criterion.

D) Criterion 1110.235(c)(10)(A) & (B) - Assurances

To document compliance with this criterion

- A) The Applicant must 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 Applicant 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 attest that a peer review program exists, and the added surgical specialty will aid in the achievement and maintenance of sufficient operational capacities to satisfy the State standard by the second year after project completion.

IX. Financial Viability

A) Criterion 1120.120 – Availability of Funds

B) Criterion 1120.130 - Financial Viability

The Applicant notes the project seeks to add one surgical specialty, changing the designation from limited specialty to multi-specialty. No new construction will occur, and the entirety of the project funding will be used for the purchase of moveable equipment.

X. Economic Feasibility

A) Criterion 1120.140(a) – Reasonableness of Financing Arrangements

B) Criterion 1120.140(b) – Conditions of Debt Financing

C) Criterion 1120.140 (c) – Reasonableness of Project Costs

D) Criterion 1120.140(d) – Projected Direct Operating Costs

E) Criterion 1120.140(e) – Total Effect of the Project on Capital Costs

The Applicants are adding orthopedics surgical specialty to an existing ASTC, with no construction/modernization costs. The Applicants identified \$180,000 in project costs and

attribute these costs to the purchase of moveable equipment. The Applicants are funding the project in its entirety with cash and securities; therefore, these criteria are inapplicable.