



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

| | | | |
|---|---|------------------------------|--|
| DOCKET NO: H-03 | BOARD MEETING: August 8, 2024 | PROJECT NO: 24-008 | PROJECT COST: Original: \$52,208,999 |
| FACILITY NAME: Advocate Cardiovascular ASTC and Outpatient Center Naperville | | CITY: Naperville | |
| TYPE OF PROJECT: Substantive | | | HSA: VII |

PROJECT DESCRIPTION: The Applicants (Advocate Health and Hospitals Corporation, Advocate Aurora Health Inc., Advocate Health Inc.), propose to establish an Ambulatory Surgery Treatment Center performing cardiovascular catheterization services in Naperville, Illinois. Additionally, the Applicants propose physician offices, diagnostic services, laboratory, and imaging. The proposed ASTC will have 1 cardiovascular lab. The proposed ASTC will be located in a former LA Fitness Center. Total capital costs associated with the project are \$52,208,999. The expected completion date is May 1, 2026.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Advocate Health and Hospitals Corporation, Advocate Aurora Health Inc., Advocate Health Inc.), propose to establish an Ambulatory Surgery Treatment Center performing cardiovascular catheterization services in Naperville, Illinois. Additionally, the Applicants propose physician offices, diagnostic services, laboratory, and imaging. The proposed ASTC will have 1 cardiovascular lab. The proposed ASTC will be located in a former LA Fitness Center. Total capital costs associated with the project are \$52,208,999. The expected completion date is May 1, 2026.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the proposed project establishes a health care facility as defined at 20 ILCS 3960/3.

PUBLIC HEARING/COMMENT:

- No public hearing was requested. The State Board has received several letters of support. No opposition letters have been received.

SUMMARY:

- The Applicants are proposing one cardiac catheterization laboratory. Board rules state no new cardiac catheterization program will be established unless all cardiac catheterization facilities in the cardiac catheterization planning area are operating at 400 cardiac catheterization procedures per year. In the HSA VII Cardiac Catheterization Planning Area there were two hospitals not operating at the 400 procedures per year in 2022 (Glenbrook Hospital and Adventist LaGrange Hospital).
- The Applicants **addressed the variance to the establishment requirements** of the **Establishment or Expansion of Cardiac Catheterization Service** which states cardiac catheterization service shall be granted if the applicant can demonstrate that the proposed new program is necessary to **alleviate excessively high demands** on an existing operating program's capacity. The four cardiac catheterization labs at Advocate Good Samaritan Hospital averaged 801 cardiac catheterization procedures per lab in 2022. Advocate Good Samaritan Hospital program currently operates at a level of more than 750 procedures annually per laboratory the volume necessary to meet the variance to the establishment requirements for cardiac catheterization service. (See page 14-15 of this report).
- The Applicants addressed a total of 33 criteria and have not met the following:

| Criterion | Non-Compliant |
|--|---|
| 77 ILAC 1120.140 (c) – Reasonableness or Project Costs | New Construction and Contingency costs total \$16,440,372, or \$621.07 per GSF (\$16,440,372/26,471 GSF= \$621.07 per GSF). This appears HIGH when compared to the State Board Standard of \$480.97 per GSF. (See Page 22 of this Report) |



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Project #24-008

Advocate Cardiovascular ASTC & Outpatient Center-Naperville, Naperville

State Board Staff Report

| APPLICATION/CHRONOLOGY/SUMMARY | |
|--|--|
| Applicant | Advocate Health and Hospitals Corporation, Advocate Aurora Health Inc., Advocate Health Inc. |
| Facility Name | Advocate Cardiovascular ASTC and Outpatient Center Naperville |
| Location | 1836 Freedom Drive, Naperville, Illinois |
| Permit Holder | Advocate Health and Hospitals Corporation Advocate Aurora Health Inc. Advocate Health Inc. |
| Licensee/Operating Entity | Advocate Health and Hospitals Corporation |
| Owner of Site | CHP-HSG Naperville, LLC c/o Capital Healthcare Properties LLC |
| Application Received | March 5, 2024 |
| Application Deemed Complete | March 14, 2024 |
| Review Period Ends | July 12, 2024 |
| Project Completion Date | May 1, 2026 |
| Review Period Extended by the State Board Staff? | No |
| Can the Applicant request a deferral? | Yes |

I. The Proposed Project

The Applicants (Advocate Health and Hospitals Corporation Advocate Aurora Health Inc. Advocate Health Inc.), propose to establish an Ambulatory Surgery Treatment Center performing cardiovascular catheterization services in Naperville, Illinois. Additionally, the Applicants propose physician offices, diagnostic services, lab, and imaging. The proposed ASTC will have 1 cardiovascular lab. The proposed ASTC will be located in a former LA Fitness Center. Total capital costs associated with the project are \$52,208,999. The expected completion date is May 1, 2026.

II. Summary of Findings

- A. The State Board Staff finds the proposed project is in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project is not in conformance with the provisions of Part 1120.

III. General Information

The Applicants are Advocate Health and Hospitals Corporation, Advocate Aurora Health Inc., and Advocate Health Inc. Advocate Aurora Health, Inc., a Delaware nonprofit corporation, owns and operates primarily not-for-profit healthcare facilities in Illinois and Wisconsin. The Advocate Aurora Health, Inc is the sole corporate member of Advocate Health Care Network, an Illinois not-for-profit corporation and Aurora Health Care, Inc.,

a Wisconsin nonstock not-for-profit corporation. Effective December 2022, the System and Atrium Health, Inc., a North Carolina not-for-profit corporation, entered into a joint operating agreement pursuant to which they created Advocate Health, Inc. a Delaware nonprofit corporation. The System maintains its separate legal existence and no sale, transfer or other conveyance of assets or assumption of debt and liabilities occurred in connection with the formation of Advocate Health. (See Audited Financial Statements page 319 of the Application for Permit). This is a substantive project subject to Part 1110 review and Part 1120 review. Financial commitment will occur after permit issuance.

| Facilities | Planning Area |
|---|---------------|
| Advocate Christ Medical Center, Oak Lawn | HSA-VII |
| Advocate Condell Medical Center, Libertyville | HSA-VIII |
| Advocate Good Samaritan Hospital, Downers Grove | HSA-VII |
| Advocate Good Shepherd Hospital, Barrington | HSA-VIII |
| Advocate Illinois Masonic Medical Center, Chicago | HSA-VI |
| Advocate Lutheran General Hospital, Park Ridge | HSA-VII |
| Advocate Sherman Hospital, Elgin | HSA-VIII |
| Advocate South Suburban Hospital, Hazel Crest | HSA-VII |
| Advocate Trinity Hospital, Chicago | HSA-VI |
| Dreyer Ambulatory Surgery Center, Aurora | HSA-VIII |

IV. Project Uses and Sources of Funds

The Applicants are funding this project with cash and securities amounting to \$26,953,237, and bond proceeds totaling \$25,255,761. **Note:** There is no site preparation cost to this project because the property landlord made upgrades to the site (exterior improvements) to enhance the property’s lease value and to support new tenants.

| Project Uses of Funds | Reviewable | Non-Reviewable | Total | % of Total |
|----------------------------|--------------|----------------|--------------|------------|
| Preplanning Costs | \$248,998 | \$164,002 | \$413,000 | 0.79% |
| New Construction Costs | \$15,718,362 | \$6,448,276 | \$22,206,638 | 42.53% |
| Contingencies | \$722,010 | \$475,548 | \$1,197,558 | 2.29% |
| A & E Fees | \$995,341 | \$655,576 | \$1,650,917 | 3.16% |
| Consulting and Other Costs | \$671,572 | \$442,328 | \$1,113,900 | 2.13% |
| Movable or Other Equipment | \$7,328,984 | \$388,401 | \$7,717,385 | 14.78% |
| Bond Issuance Expense | \$187,985 | \$123,815 | \$311,800 | 0.60% |
| Net Interest Expense | \$556,502 | \$366,537 | \$923,039 | 1.77% |
| FMV of Leased Space | \$8,312,822 | \$5,475,202 | \$13,788,024 | 26.41% |

TABLE TWO
Project Uses and Sources of Funds

| Project Uses of Funds | Reviewable | Non-Reviewable | Total | % of Total |
|------------------------------|-------------------|-----------------------|--------------|-------------------|
| Other Costs to Capitalized | \$1,740,419 | \$1,146,319 | \$2,886,738 | 5.53% |
| Total Uses of Funds | \$36,482,995 | \$15,726,004 | \$52,208,999 | 100.00% |
| Sources of Funds | | | | |
| Cash ⁽¹⁾ | | | \$26,953,237 | 51.63% |
| Bond Issue | | | \$25,255,761 | 48.37% |
| Total Sources of Funds | | | \$52,208,998 | 100.00% |

1. FMV of Leased Space per the Applicants is included in the cash amount under Sources of Funds. The FMV of the Leased Space is the rent payments for the term of the lease. Initial term 10 years with 3 five-year renewal options.

V. Project Details

The proposed ASTC will be in a vacant building formerly the home of a LA Fitness Center located at 1836 Freedom Drive, Naperville, Illinois. The facility will contain the following: An ambulatory surgery treatment center providing cardiac catheterization services with one lab and the four prep/post recovery rooms and affiliated services to support the ASTC. Additionally, the facility will have primary care and cardiovascular specialty care clinician offices for Advocate Medical Group physicians along with non-hospital-based outpatient services including cardiac diagnostic services, lab, and imaging services.

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

- A) Criterion 1110.110 (a) – Background of the Applicant
- B) Criterion 1110.110 (b) – Purpose of the Project
- C) Criterion 1110.110 (c) - Safety Net Impact Statement
- D) Criterion 1110.110 (c) – Alternatives to the Project

A) Background of 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.* [20 ILCS 3960/6]

The Applicants provided licensure and accreditation information as required. The Applicants attested they comply and are in good standing with all federal and State regulations including the Illinois State Agency Historic Resources Preservation Act and Executive Order #2006-5. In addition, the Applicants attested they have not had any adverse actions as defined by the State Board in the past three years of filing this Application for Permit. The Applicants have successfully addressed this criterion.

B) Purpose of the Project

The applicant shall 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 shall define the planning area or market area, or other, per the applicant's definition.

The Applicants state the purpose of this project is to provide enhanced access and lower cost of care to patients by developing a cardiovascular ASTC that establishes a cardiac cath lab that will provide invasive cardiovascular and other vascular procedures. According to the Applicants the procedures would include non-emergency diagnostic cardiac catheterization procedures, and non-complex elective procedures to open blocked arteries, known as percutaneous coronary intervention, or PCI. This cath lab will also include implementation/explant of cardiac devices such as pacemakers, and insertion of a catheter to measure pressures in the heart used for heart failure patients. The Applicants state this project will include primary care and cardiology physician offices, imaging, cardiac diagnostic testing, and procedural capabilities all in one location, and close to where Advocate Health patients live and work.

The Applicants define the ASTC primary market area as a 10-mile radius of the surgery center. There are 29 zip codes within this 10-mile radius and an approximate population of 912,363 (2022 est.). The Applicants state the proposed ASTC/Cardiac Cath service will follow the Advocate Health charity care policy and provide services to Medicaid and charity care patients of all ages. (See Application for Permit pages 100-108 for complete discussion)

C) Safety Net Impact Statement

All health care facilities, with the exception of 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 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]

This is a substantive project, and a safety net impact statement was provided as required. The safety net impact statement can be found at pages 237-244 of the Application for Permit.

| TABLE THREE | | | |
|--|-----------------|-----------------|-----------------|
| Advocate Aurora Health Charity Care | | | |
| | 2020 | 2021 | 2022 |
| Net Patient Revenue | \$4,328,346,158 | \$4,891,752,006 | \$5,084,505,419 |
| Amount of Charity Care | \$190,768,385 | \$342,625,287 | \$197,885,600 |
| Cost of Charity Care | \$50,107,969 | \$76,109,520 | \$44,348,164 |
| % of Cost of Charity Care to Net Patient Revenue | 1.16% | 1.56% | 0.87% |

D) Alternatives to the Proposed Project

The applicant shall 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.

- Alternative #1: Maintain current services: (Cost: \$0)
- Alternative #2: Utilizing other health care facilities to serve the population.
- Alternative #3: Develop a Project of lesser scope and cost (Cost: \$36,000,000)
- Alternative #4: Acquire or joint venture with an existing ASTC (Cost: Unknown)

The Applicants considered **four** alternatives to the proposed project. According to the Applicants the **first** alternative was rejected because maintaining current services is not an option as it does not keep pace with the changes needed in health care to meet community demand for improved access, lower costs, and patient experience in a lower acuity environment. The second **alternative** was rejected because it would mean a loss of patients and lack of continuity of care. The **third** alternative was rejected because according to the Applicants a project of lesser scope such as developing just the ASTC without the diagnostic cardiac services and the clinic services would not support the needs of the community or achieve the goal to provide a coordinated patient experience at lower cost. The **fourth** alternative was rejected because according to the Applicants there are no surgery centers in this service area that have expressed interest in being acquired or have the ability to support a cardiac catheterization lab within the ASTC. (See Application for Permit pages 109-111 for complete discussion)

VII. Project Scope and Size, Utilization and Unfinished/Shell Space

- A) Criterion 1110.120 (a) – Size of the Project
- B) Criterion 1110.120 (b) – Projected Utilization

A) Size of Project

The applicant shall document 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, 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).

As can be seen by the table below the proposed square footage for the services proposed by the Applicants in which the State Board has developed standards has been met. (See Application for Permit pages 112-114)

TABLE FOUR
Size of the Project

| | Rooms | Proposed | State Standard | Difference | Met Standard? |
|---------------------------------------|-------|----------|----------------|------------|---------------|
| ASTC | | | | | |
| Operating Room | 1 | 2,682 | 2,750 | -68 | Yes |
| PACU/Prep/Recovery | 4 | 4,607 | NA | NA | NA |
| Imaging | | | | | |
| Imaging – CT | 1 | 1,330 | 1,800 | -470 | Yes |
| Imaging – Nuclear Medicine | 1 | 1,585 | 1,600 | -15 | Yes |
| Imaging – Vascular ultrasound | 1 | 301 | 900 | -699 | Yes |
| Imaging - Vein ultrasound | 1 | 399 | 900 | -561 | Yes |
| Imaging - Echo ultrasound | 1 | 275 | 900 | -625 | Yes |
| Physician Clinic Exam Treatment Rooms | 26 | 12,894 | | | |
| Fast Track Cardiology Clinic | 2 | 826 | | | |
| Holter | 1 | 427 | | | No Standards |
| Well Lab | 1 | 821 | | | |
| Total Clinical Reviewable | | 26,147 | | | |

| | |
|--|--------|
| Non-Clinical/ Non-Reviewable | |
| Public, Circulation, Staff Support, Building | 17,435 |
| Total Non-Clinical Non-Reviewable | 17,435 |
| Total | 43,582 |
| NA: Not Applicable | |

B) Project Services Utilization ¹

The applicant shall document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B.

As can be seen by the table below the proposed projected utilization for the services proposed by the Applicants in which the State Board has developed standards has been met. (See Application for Permit pages 116-118)

| Service | | Year 1 | Year 2 | Standard | No Standard | |
|--|---------------------------|--------|--------|----------------------|-----------------------|-----|
| ASTC | 1 | 311 | 374 | 1,500 hours per room | Yes | |
| Imaging | | | | | | |
| | CT Scan | 1 | 2,032 | 2,235 | 7,000 visits per unit | Yes |
| | Nuclear Medicine | 1 | 828 | 910 | 2,000 visits per unit | Yes |
| | Vascular ultrasound | 1 | 720 | 900 | 3,100 visits per unit | Yes |
| | Vein Treatment ultrasound | 1 | 200 | 300 | 3,100 visits per unit | Yes |
| | Echo ultrasound | 1 | 1,723 | 1,895 | 3,100 visits per unit | Yes |
| | Stress/Echo ultrasound | 1 | 442 | 486 | 3,100 visits per unit | Yes |
| Physician Office visits PCP | | 15,956 | 17,889 | NA* | | |
| Physician Office visits Cardiology | | 4,326 | 5,829 | NA | | |
| Fast Track Cardiology Clinic (2 rooms) | | 150 | 180 | NA | | |
| Holter (1 room) | | 150 | 180 | NA | | |
| Well Patient Lab (1 private room, 2 open bays) | | 14,160 | 14,160 | NA | | |

*NA: No standard

- CT scans and Nuclear Medicine visits are imaging services that are ordered by both Primary care physicians and Cardiologists.
- Vascular ultrasound is an imaging test providers use to evaluate blood flow in arteries and veins of the arms, neck, and legs.
- The vein visits are clinic visits using the Ultrasound as part of the visit with the vascular provider to shrink varicose veins.
- Echo visits include testing with ultrasound of the heart. This ultrasound looks at the chambers, valves, and nearby blood vessels of the heart.

¹ All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except were noted in 77 Ill. Adm. Code 1100. (Section 1110 - Appendix B)

-
- A stress echocardiogram is a test done to assess how well the heart works under stress. Equipment used are cardiac ultrasound (echo) with a treadmill. If patient is unable to use a treadmill, medication will be given in lieu of exercise.
-

Explanation for the number ultrasound equipment.

The Applicants have stated they have a machine and technologist dedicated to each specialty. According to the Applicants:

- 1) Each modality requires the technologist to have specific training and national certification in the modality- just like a nurse, these technologists go through vigorous education and training and need to maintain their certification/registration.
- 2) Our ECHO and Vascular Ultrasound program is approved through the Intersocietal Accreditation Committee
 - a. National non-profit accrediting agency
 - b. Demonstrates our commitment to the highest quality patient care in our ultrasound programs.
 - c. Engage in continuous quality improvement.
 - d. Comply with reimbursement mandates and regulatory requirements.
 - e. <https://intersocietal.org/why-achieve-iac-accreditation/>

The Applicants also note the following: The projections for the Cath Lab in year 2 were based on the historical growth for outpatient Cardiac Cath and other Cardiovascular procedures at Advocate Good Samaritan Hospital, the Sg2 Impact² of change for this service area and the outpatient growth forecasts from the Advisory Board. Growth across the cardiovascular service line is due to an aging and sicker patient population as well as ongoing cardiovascular complications from long COVID disease.

² Sg2 is part of [Vizient](#)®, the largest member-driven health care performance improvement company in the country. Together, we are the health care industry's trusted partner for advancing market performance and delivering financial results. We provide innovative, clinical data-driven solutions, expertise and collaborative opportunities that lead to improved patient outcomes and lower costs. Source: <https://www.sg2.com/>

VIII. Section 1110.225 -Cardiac Catheterization

- A) Criterion 1110.225 (a) – Peer Review
- B) Criterion 1110.225 (b) – Establishment or Expansion of Cardiac Catheterization Service
- C) Criterion 1110.225 (c) – Unnecessary Duplication of Service
- D) Criterion 1110.225 (d) – Modernization of Existing Cardiac Catheterization Equipment
- E) Criterion 1110.225 (e) – Support Services
- F) Criterion 1110.225 (f) - Laboratory Location
- G) Criterion 1110.225 (g) – Staffing
- H) Criterion 1110.225 (h) – Continuity of Care
- I) Criterion 1110.225 (i) – Multi-Institutional Variance

A) Peer Review

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

The Applicants provided a narrative of the peer review process at pages 122-123 of the Application for Permit as required.

The Applicants state Advocate Good Samaritan Hospital has a well-established peer review process as part of the Hospital's Cardiology Institute. The Applicants state the peer review process at the Naperville ASTC will follow the Advocate Cardiovascular Services Peer Review Committee structure. The process will be associated with the existing cardiac catheterization process at Advocate Good Samaritan Hospital. The Cardiology Quality Committee is a representative physician group that meets regularly for case review as outlined by Advocate Good Samaritan Cardiology Quality Committee. Membership includes physicians, patient safety nurses, risk manager, Chief Medical Officer, and content experts. Cases are referred for review based on, but not limited to, patient safety reporting, guideline noncompliance, CMS Quality Measures non-compliance (including other department defined indicators), National Cardiovascular Data Registry definition, external referral, patient/family concerns, site leadership concerns, and/or nurse/physician referral. The Applicants provided a detailed narrative of the peer review process as required.

The Applicants state the following procedures will remain at the hospital:

- Emergent cases, All
- Inpatient cases
- Complex PCI³
- Ablations
- LAAO⁴
- TAVR⁵
- Diagnostic cath that are clinically deemed to be performed at hospital versus ASTC.
- Structural cases

³ Percutaneous coronary intervention (PCI) is a non-surgical procedure used to treat the blockages in a coronary artery; it opens up narrowed or blocked sections of the artery, restoring blood flow to the heart.

⁴ A left atrial appendage occlusion (LAAO) procedure is a heart procedure that involves implanting a device in the heart's left atrium to block blood clots. The procedure is performed by a cardiologist to prevent strokes in patients with atrial fibrillation.

⁵ Transcatheter aortic valve replacement (TAVR) is a procedure that replaces a diseased aortic valve with a man-made valve. Aortic valve replacement can also be performed with open-heart surgery; this procedure is surgical aortic valve replacement (SAVR).

- Complex EP device implant/explants⁶
- AAA⁷
- TCAR⁸
- EVAR⁹

B) Establishment or Expansion of Cardiac Catheterization Service

There shall be not additional adult or pediatric catheterization categories of service started in a health planning area unless:

- 1) the standards as outlined in 77 Ill. Adm. Code 1100.620 are met; unless
- 2) in the circumstances where area programs have failed to meet those targets, the applicant can document historical referral volume in each of the prior 3 years for cardiac catheterization in excess of 400 annual procedures (e.g., certification of the number of patients transferred to other service providers in each of the last 3 years).

77 ILAC 1100.620 - Need Determination – Cardiac Catheterization Programs:

No additional cardiac catheterization service shall be started unless each facility in the planning area offering cardiac catheterization services operates at a level of 400 procedures annually.

In 2022 there were two Hospitals not operating at the 400 procedures annually (Glenbrook Hospital and UC Adventist LaGrange Hospital). The Applicants are requesting the multi-institutional variance (77 ILAC 1110.225 (i)).

A variance to the establishment requirements of this requirement, Establishment of Catheterization Service shall be granted if the applicant can demonstrate that the proposed new program is necessary to alleviate excessively high demands on an existing operating program's capacity. As seen in the Table below, Advocate Good Samaritan Hospital in 2022 averaged 801 cardiac catheterization per lab and a total of 3,204 procedures in 2022. Based upon this utilization the Applicants have successfully addressed the variance to the establishment of the catheterization service.

TABLE SIX
Hospitals in the HSA VII Cardiac Catheterization Planning Area

| Hospitals | City | County | Labs | Procedures | Per Lab |
|---|----------------------|---------------|----------|--------------|------------|
| Advocate Christ Medical Center | Oak Lawn | Cook | 7 | 6,045 | 864 |
| Evanston Hospital | Evanston | Cook | 3 | 3,584 | 1,195 |
| UC Adventhealth Hinsdale | Hinsdale | DuPage | 3 | 1,112 | 371 |
| Ingalls Memorial Hospital | Harvey | Cook | 2 | 671 | 336 |
| Northwest Community Hospital | Arlington Heights | Cook | 4 | 1,417 | 354 |
| Rush Oak Park Hospital, Inc. | Oak Park | Cook | 1 | 475 | 475 |
| Alexian Brothers Medical Center | Elk Grove Village | Cook | 4 | 3,022 | 756 |
| Palos Community Hospital | Palos Heights | Cook | 2 | 2,002 | 1,001 |
| Advocate Good Samaritan Hospital | Downers Grove | DuPage | 4 | 3,204 | 801 |

⁶ An electrophysiology (EP) study is a medical procedure that assesses the heart's electrical system and diagnoses abnormal heart rhythms.

⁷ An abdominal aortic aneurysm (AAA) repair is a surgical procedure that treats a weakened and enlarged area in the aorta, the main blood vessel that supplies blood to the lower body. The procedure's goal is to prevent the aneurysm from rupturing, which can cause life-threatening internal bleeding.

⁸ Transcarotid Artery Revascularization (TCAR) is a minimally invasive procedure that clears blockages and opens a narrowed carotid artery.

⁹ Endovascular aneurysm repair (EVAR) is a minimally invasive surgical procedure that treats an abdominal aortic aneurysm (AAA) by reinforcing the aorta with a stent graft.

TABLE SIX
Hospitals in the HSA VII Cardiac Catheterization Planning Area

| Hospitals | City | County | Labs | Procedures | Per Lab |
|---|------------------|--------|-----------|---------------|---------|
| NorthShore Univ. Health System Glenbrook Hospital | Glenview | Cook | 1 | 118 | 118 |
| UC AdventHealth GlenOaks | Glendale Heights | DuPage | 1 | 355 | 355 |
| Edward Hospital | Naperville | DuPage | 6 | 4,825 | 804 |
| Advocate South Suburban Hospital | Hazel Crest | Cook | 3 | 1,540 | 513 |
| Lutheran General Hospital - Advocate | Park Ridge | Cook | 4 | 3,972 | 993 |
| Saint Alexius Medical Center | Hoffman Estates | Cook | 2 | 1,153 | 577 |
| Franciscan Health- Olympia Fields | Olympia Fields | Cook | 4 | 800 | 200 |
| Northwestern Medicine Central DuPage Hospital | Winfield | DuPage | 4 | 2,795 | 699 |
| Elmhurst Hospital | Elmhurst | DuPage | 4 | 4,447 | 1,112 |
| Loyola Health System at Gottlieb | Melrose Park | Cook | 1 | 412 | 412 |
| UC AdventHealth La Grange | La Grange | Cook | 2 | 206 | 103 |
| Presence Saint Francis Hospital | Evanston | Cook | 2 | 524 | 262 |
| MacNeal Hospital | Berwyn | Cook | 2 | 1,466 | 733 |
| West Suburban Medical Center | Oak Park | Cook | 1 | 614 | 614 |
| OSF Little Company of Mary Medical Center | Evergreen Park | Cook | 2 | 1,153 | 577 |
| Cardiovascular Institute Ambulatory Surgery Center ⁽¹⁾ | Naperville | DuPage | 2 | NA | NA |
| Total | | | 71 | 45,912 | |

1. Cardiovascular Institute Ambulatory Surgery Center not yet operational – Permit #23-040.
2. NA- Not Operational
3. Source of Table 2022 Hospital Profiles.

C) Unnecessary Duplication of Services

- 1) Any application proposing to establish cardiac catheterization services must indicate if it will reduce the volume of existing facilities below 200 catheterizations.
- 2) Any applicant proposing the establishment of cardiac catheterization services must contact all facilities currently providing the service within the planning area in which the applicant facility is located, to determine the impact the project will have on the patient volume at existing services.

Impact letters were sent to all providers in the HSA 7 Cardiac Catheterization Planning Area asking for the impact the proposed ASTC will have on their facility’s cardiac catheterization program as required (See pages 131-153 of the Application for Permit for copies of these letters). No comments were received by the State Board.

The Applicants state the number of cardiac catheterization procedures performed at Advocate Good Samaritan Hospital in 2022 was 3,204 procedures, averaging over 801 procedures per lab and according to the Applicants the number of cases and the length of procedure time for many of the high acuity cases has increased. According to the Applicants the Hospital is operating above 750 cath procedures annually per room and utilization is projected to continue to increase. The Applicants state Advocate Good Samaritan Hospital lab volumes have experienced over 16% growth from 2022-2023. According to the Applicants many of these cases are ablations, complex PCIs, and structural heart cases including transcatheter valve repairs and replacements than can take

several hours to complete and need multiple resources. The longer the case, the more challenging it is to add additional outpatient elective cases.

A review of the information provided by the Applicants, the proposed ASTC will be alleviating the high utilization at Advocate Good Samaritan Hospital and the fact that no impact letters were received from other facilities providing cardiac catheterization services in the HSA-VII Cardiac Catheterization Planning Area the proposed cardiac catheterization ASTC will not result in an unnecessary duplication of service in this 10-mile GSA.

D) Modernization of Existing Cardiac Catheterization Equipment

An applicant with a proposed project for the modernization of existing equipment that provides cardiac catheterization services shall document that the minimum utilization standards (as outlined in 77 Ill. Adm. Code 1100.620) are met.

This criterion is not applicable to this project.

E) Support Services

1) Any applicant proposing the establishment of a dedicated cardiac catheterization laboratory must document the availability of the following support services.

- A) Nuclear medicine laboratory.
- B) Echocardiography service.
- C) Electrocardiography laboratory and services, including stress testing and continuous cardiogram monitoring.
- D) Pulmonary Function unit.
- E) Blood bank.
- F) Hematology laboratory-coagulation laboratory.
- G) Microbiology laboratory.
- H) Blood Gas laboratory.
- I) Clinical pathology laboratory with facilities for blood chemistry.

2) These support services need not be in operation on a 24-hour basis but must be available when needed.

The Applicants stated the required support service will be developed at the location of the ASTC. The ATSC will operate Monday-Friday, have onsite point of care testing and partner with Advocate Good Samaritan Hospital for 24/7 support related to the required support services. Nuclear medicine and echocardiography services will be provided during normal business hours. Emergent needs will be provided by Advocate Good Samaritan Hospital. The Applicants have successfully addressed this criterion.

F) Laboratory Location

Due to safety considerations in the event of technical breakdown it is preferable to group laboratory facilities. Thus, in projects proposing to establish additional catheterization laboratories such units must be located in close proximity to existing laboratories unless such location is architecturally infeasible.

The Applicants are proposing one cardiac catheterization lab only. This criterion is not applicable to this project.

G) Staffing

It is the policy of the State Board that if cardiac catheterization services are to be offered that a cardiac catheterization laboratory team be established. Any applicant proposing to establish such a laboratory must document that the following personnel will be available:

- 1) Lab director board-certified in internal medicine, pediatrics, or radiology with subspecialty training in cardiology or cardiovascular radiology.
- 2) A physician with training in cardiology and/or radiology present during examination with extra physician backup personnel available.
- 3) Nurse specially trained in critical care of cardiac patients, knowledge of cardiovascular medication, and understanding of catheterization equipment.
- 4) Radiologic technologist highly skilled in conventional radiographic techniques and angiographic principles, knowledgeable in every aspect of catheterization instrumentation, and with thorough knowledge of the anatomy and physiology of the cardiovascular system.
- 5) Cardiopulmonary technician for patient observation, handling blood samples and performing blood gas evaluation calculations.
- 6) Monitoring and recording technician for monitoring physiologic data and alerting physician to any changes.
- 7) Electronic radiologic repair technician to perform systematic tests and routine maintenance; must be immediately available in the event of equipment failure during a procedure.
- 8) Darkroom technician well trained in photographic processing and in the operation of automatic processors used for both sheet and cine film. **NOTE: The Applicants state this position is no longer needed as all images are recorded electronically.**

The Applicants provided a narrative documenting that the personnel listed above are available for the proposed ASTC. (See page 127-128 of the Application for Permit)

H) Continuity of Care

Any applicant proposing the establishment, expansion or modernization of a cardiac catheterization service must document that written transfer agreements have been established with facilities with open-heart surgery capabilities for the transfer of seriously ill patients for continuity of care.

The ASTC has a written transfer agreement with Advocate Good Samaritan Hospital for the transfer of seriously ill patients including Open Heart Surgery to ensure continuity of care. The transfer agreement has been provided at pages 190-194 of the Application for Permit.

I) Multi-Institutional Variance

1) A variance to the establishment requirements of subsection (b), Establishment or Expansion of Cardiac Catheterization Service shall be granted if the applicant can demonstrate that the proposed new program is necessary to alleviate excessively high demands on an existing operating program's capacity. Each of the following must be documented:

- A) That the proposed unit will be affiliated with the existing operating program. This must be documented by written referral agreements between the facilities, and documentation of shared medical staff.
- B) That the existing operating program provides open heart surgery.
- C) That initiation of a new program at the proposed site is more cost effective, based upon a comparison of charges, than expansion of the existing operating program.
- D) That the existing operating program currently operates at a level of more than **750 procedures annually** per laboratory; and
- E) That the proposed unit will operate at the minimum utilization target occupancy and that such unit will not reduce utilization in existing programs below target occupancy (e.g., certification of the

number of patients transferred to other service providers in each of the last 3 years and market studies developed by the applicant indicating the number of potential catheterizations.

The ASTC is affiliated with Advocate Good Samaritan Hospital cardiac catheterization program. Advocate Good Samaritan Hospital provides open heart surgery. The Applicants state the ASTC service will be more cost effective as compared with the existing hospital program. This would allow the low-risk procedures to shift to a lower-cost outpatient setting that’s specifically designed for these procedures. As stated above the Applicants are averaging over 750 cardiac catheterization per lab. The Applicants state the patients to be provided service will be living in the service area that are currently receiving care at Advocate Good Samaritan Hospital. In year 2, the number of procedures will be greater than the minimum state standard of 200 cardiac catheterization procedures performed annually within two years of initiation. The Applicants have successfully addressed the multi-institutional variance.

IX. Non-Hospital Based Ambulatory Surgical Treatment Center Services

| PROJECT TYPE | REQUIRED REVIEW CRITERIA | | |
|---|--------------------------|------------|--|
| Establishment of ASTC Facility or Additional ASTC Service 77 ILAC 1110.235 | (c)(2)(B)(i) & (ii) | - | Service to GSA Residents |
| | (c)(3)(A) & (B) or (C) | - | Service Demand – Establishment |
| | (c)(5)(A) & (B) | - | Treatment Room Need Assessment |
| | (c)(6) | - | Service Accessibility |
| | (c)(7)(A) through (C) | - | Unnecessary Duplication/ Maldistribution |
| | (c)(8)(A) & (B) | - | Staffing |
| | (c)(9) | - | Charge Commitment |
| (c)(10)(A) & (B) | - | Assurances | |

2) Geographic Service Area Need

The applicant 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.

The proposed project is for the establishment of a non-hospital based ambulatory surgical treatment center with a focus on cardiac catheterization and outpatient vascular surgical procedures. The proposed ASTC will be located in a medical office building that includes primary care and cardiovascular clinician offices with non-hospital-based outpatient services including cardio-diagnostic testing.

B) Service to Geographic Service Area Residents

The applicant 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 applicant 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 applicant 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 location of this project is designed to serve the Naperville and surrounding communities and the Advocate Good Samaritan Hospital patient population. The patient base will be those patients currently receiving low-risk cardiac cath and outpatient [peripheral] endovascular surgical care and treatment at Advocate Good Samaritan Hospital and other Advocate hospitals. The Applicants provided 11 physician referral letters that showed 518 patients or 50% of the total patients provided service over the past 12-months were patients that lived within the 10-mile GSA. The Applicants have successfully addressed this criterion.

3) Service Demand – Establishment of an ASTC Facility or Additional ASTC Service

The applicant shall 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 eleven physicians have committed to perform 207 outpatient cardiac cath/surgical cases (250 procedures) or 311 hours of outpatient surgery in the proposed ASTC in year 1. The hours for these cardiac catheterization and outpatient surgical cases support the need for one cardiac catheterization lab.

5) Treatment Room Need Assessment

A) The applicant 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 1100.¹⁰

B) For each ASTC service, the applicant 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 Applicants are estimating 374 hours for the second year of operation of the cardiac catheterization lab. The Applicants have met the minimum requirements as required.

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.

¹⁰ All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing **more than one unit**, except were noted in 77 Ill. Adm. Code 1100.

- 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.

The proposed project is a cooperative venture with Advocate Good Samaritan Hospital. The Hospitals 4 cardiac catheterization labs in 2022 averaged 801 cardiac catheterization per lab. There is sufficient volume to justify the one cardiac catheterization lab. The Applicants agree not to increase surgical/treatment room capacity until the ASTC project's surgical and procedure rooms are operating at or above the utilization standards outline in 77 Ill. Admin. Code 1100 for at least 12 consecutive months.

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 are two hospitals within the 10-mile GSA providing cardiac catheterization service (Endeavor Health Edward Hospital and NM Central DuPage Hospital. There is one ASTC approved to provide cardiac catheterization service in the 10-mile GSA - Cardiovascular Institute Ambulatory Surgery Center – Naperville (not yet operational).

| Facility | City | Labs | Procedures | Per Lab |
|---|-------------|-------------|-------------------|----------------|
| Edward Hospital | Naperville | 6 | 4,825 | 804 |
| Northwestern Medicine Central DuPage Hospital | Winfield | 4 | 2,795 | 699 |

| TABLE SEVEN | | | | |
|---|------------|------|------------|---------|
| Facilities with Cardiac Catheterization Service in the 10-mile GSA. | | | | |
| Facility | City | Labs | Procedures | Per Lab |
| Cardiovascular Institute Ambulatory Surgery Center | Naperville | 2 | NA | NA |

NA: Cardiovascular Institute Ambulatory Surgery Center approved as Permit #23-040 – not operational

There are 131 operating procedure rooms in the 10-mile GSA. The 10-mile GSA has a population of 912,363 residents. The ratio of operating procedure rooms to population is .1436 per thousand in the 10-mile GSA. There are approximately 2,737 operating/procedure rooms in the State of Illinois. The State of Illinois has a population of approximately 12.5 million residents (2024 Est). The ratio of operating procedure rooms to population is .2190 per thousand in the State of Illinois. The ratio of operating/procedure rooms in the 10-mile GSA is not 1.5 times the State of Illinois ratio. There is not a surplus of operating procedure rooms in the 10-mile GSA.

The Applicants stated that all cases that have been included in this Application are patients who live in the 10-mile GSA and are current Advocate hospital patients. The Applicants believe this should not diminish the patient case volume at other non-Advocate ASTC or hospitals and not result in maldistribution of services.

8) Staffing

A) Staffing Availability

The applicant 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 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.

The proposed ASTC will follow conditions for coverage established by the Centers for Medicare and Medicaid services. The Applicants state this type of surgery center typically employs approximately 15 full-time team members in a variety of clinical and non-clinical roles including a lead administrator and nursing to lead this local site staffing effort. The surgery center typically operates Monday - Friday during normal business hours. (See page 163 of the Application for Permit for complete discussion. The Applicants have documented relevant clinical and professional staffing needs will be met. The Applicants have successfully addressed this criterion.

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 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).

A charge commitment letter and a list of the proposed charges for the procedures to be performed at the ASTC are provided at pages 164-165 of the Application for Permit. The Applicants have successfully addressed this criterion.

10) Assurances

- A) The applicant 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 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 process will be implemented and that by the second year after project completion the proposed ASTC will meet or exceed the State Board's utilization standard.

X. Clinical Service Areas Other Than Categories of Service

A) Need Determination – Establishment

The applicant shall describe how the need for the proposed establishment was determined by documenting the following:

1) Service to the Planning Area Residents

- A) Either:
 - i) The primary purpose of the proposed project is to provide care to the residents of the planning area in which the proposed service will be physically located; or
 - ii) If the applicant service area includes a primary and secondary service area that expands beyond the planning area boundaries, the applicant shall document that the primary purpose of the project is to provide care to residents of the service area; and
- B) Documentation shall consist of strategic plans or market studies conducted, indicating the historical and projected incidence of disease or health conditions, or use rates of the population. The number of years projected shall not exceed the number of historical years documented. Any projections and/or trend analyses shall not exceed 10 years.

2) Service Demand

To demonstrate need for the proposed CSA services, the applicant shall document one or more of the indicators presented in subsections (b)(2)(A) through (D). For any projections, the number of years projected shall not exceed the number of historical years documented. Any projections and/or trend analyses shall not exceed 10 years.

The Applicants are proposing the following:

1. Diagnostic imaging

- 1 CT unit
- 1 Nuclear Medicine unit
- 1 Vascular Ultrasound unit
- 1 Vein Ultrasound unit

- 1 Echo Ultrasound unit
- 1 Echo/Stress Ultrasound unit

2. Physician Clinic Exam Rooms (26 rooms)

3. Cardiology Clinic

According to the Applicants this project is designed to serve the Naperville and surrounding communities and the Advocate Good Samaritan Hospital patient population. The patient base will be those patients currently receiving low-risk cardiac cath and outpatient [peripheral] endovascular surgical care and treatment at Advocate Good Samaritan Hospital and other Advocate hospitals. The Applicants provided 11 physician referral letters that showed 518 patients or 50% of the total patients provided service over the past 12-months were patients that lived within the 10-mile GSA.

1. Imaging

The imaging volume is provided below. According to the Applicants the projected volume was determined based on ratios¹¹ of clinicians practicing at the other existing Advocate ambulatory sites.

| TABLE EIGHT | | | | |
|-------------------------------|------|--------|--------|----------------|
| Imaging projected utilization | | | | |
| Service | Unit | Year 1 | Year 2 | State Standard |
| CT | 1 | 2,032 | 2,235 | 7,000 Visits |
| Nuclear Medicine | 1 | 828 | 910 | 3,100 Visits |
| Vascular Ultrasound | 1 | 720 | 900 | 3,100 Visits |
| Vein Treatment Ultrasound | 1 | 200 | 300 | 3,100 Visits |
| Echo Ultrasound | 1 | 1,723 | 1,895 | 3,100 Visits |
| Stress/Echo Ultrasound | 1 | 442 | 486 | 3,100 Visits |

According to the Applicants the proposed project will provide a location for the Primary Care and Cardiology Advocate Medical Group clinical providers in the area. It will also allow for the ancillary services that will be included as part of the patient’s clinic visit. The patients will be able to receive many of their primary care and specialty services in one building. The projected volume was determined based on Advocate Medical Group historical growth of clinicians entering new geographies and the need for these ancillary services as part of their visit.

¹¹ The Applicants stated the imaging projections used in the CON were calculated based on current conversion rates of physician productivity metrics to each imaging modality. (e.g., The number of imaging tests referred per physician based on the physician specialty). This ratio was then applied to the number of physicians that are projected to have clinic offices located in this ambulatory building.

2. Physician Offices

There are no state standards for physician office visits.

| Dept/Service | Projected Utilization | |
|---|-----------------------|---------------|
| | <u>Year 1</u> | <u>Year 2</u> |
| Physician Office visits -Primary Care 13 offices | 15,956 | 17,889 |
| Physician Office visits - Cardiology 13 offices | 4,326 | 5,829 |
| Holter | 150 | 180 |
| Well-Patient Lab | 14,160 | 14,160 |

3. Fast Track Cardiology Clinic (2 rooms)

According to the Applicants the fast-track clinic service will be a “one stop shop” providing evaluation and clinical services for low-risk chest pain patients in an outpatient location. These patients will be evaluated by an advanced clinical provider and receive the necessary cardiac diagnostic and ancillary testing as part of this visit and receive results before they leave. A cardiologist will also be onsite to read testing and consult with the patient. The Fast Track Cardiac program is for patients with low-risk heart conditions such as palpitations, chest pain, hypertension, and indigestion or patients with a family history that want a comprehensive quick workup. The Applicants are estimating 150 visits in Year 1 and 180 Visits in Year 2. The State Board does not have a standard for this service.

4. Well Patient Lab (Blood Draw)

The well lab will include 1 private bay and 2 open bays for well patient blood draws. The State Board does not have a standard for this service.

The Applicants have met the requirements of clinical services other than categories of service.

XI. Financial Viability

A. Criterion 1120.120 - Availability of Funds

B. Criterion 1120.130 - Financial Viability

C. Criterion 1120.140(a) - Reasonableness of Debt Financing

The Applicants will fund this project with cash (\$26,953,237) and bond issues (\$25,255,761). The Applicants provided audited financial statements and the results shown in Table Nine demonstrate the Applicants have sufficient cash to fund this project through its completion. The Applicants also provided proof of an AA bond rating from Fitch’s Ratings Service (dated July 2022), an AA/Stable bond rating from Standard & Poor’s Ratings Service (dated September 2022), and an Aa3 bond rating from Moody’s Investors Service (dated October 2022). The Applicants have sufficient resources available to fund this proposed project.

| | 2022 | 2021 |
|------------------------|--------------|--------------|
| Cash | \$372,898 | \$703,725 |
| Current Assets | \$3,298,360 | \$3,407,129 |
| Total Assets | \$21,878,270 | \$23,138,561 |
| Current Liabilities | \$3,195,849 | \$3,713,295 |
| LTD | \$3,255,423 | \$3,298,508 |
| Total Liabilities | \$8,430,723 | \$8,807,582 |
| Net Patient Revenue | \$12,065,771 | \$11,702,581 |
| Total Revenues | \$14,544,246 | \$14,062,232 |
| Income from Operations | (\$23,887) | \$593,552 |
| Net Income | (\$705,708) | \$1,922,253 |

Source: Advocate Aurora Health Audited Financial Statement,
See Application File

Fitch Rating’s Service states *“AAH is the largest health system in both Illinois and Wisconsin, with a broad market reach and operating in multiple markets covering a contiguous service area stretching from northeastern Illinois (Chicago area) through Milwaukee to northeastern Wisconsin. Despite its leading market position, the system operates in many competitive service areas, notably Chicago (where AAH is the market leader in a crowded market) and Milwaukee, the population hubs of the combined service area. AAH’s largest competitor is Ascension Health (AA+), which also operates multiple facilities in both the Milwaukee and Chicago markets. AAH also has one of the largest and most sophisticated physician integration models in the industry, with broad population health management capabilities, including employing approximately 3,600 physicians. and covering nearly three million unique lives.”* (See Application for Permit page 201)

TABLE TEN

Advocate Good Samaritan Hospital – Downers Grove

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Patient Revenue | \$1,319,396,117 | \$1,268,144,227 | \$1,162,076,954 | \$1,439,128,330 | \$1,561,798,035 |
| Contractual Allowance | \$923,482,666 | \$883,463,359 | \$771,563,460 | \$1,023,475,288 | \$1,122,495,111 |
| Net Patient Revenue | \$395,913,471 | \$384,680,868 | \$390,513,494 | \$415,653,042 | \$439,302,924 |
| Operating Expenses | \$355,562,801 | \$345,522,355 | \$343,595,833 | \$364,418,600 | \$385,909,725 |
| Net Income | \$40,350,670 | \$39,158,513 | \$46,917,661 | \$51,234,442 | \$53,393,199 |
| Other Revenue | \$5,995,780 | \$4,275,070 | \$3,728,187 | \$4,264,441 | \$3,587,046 |
| Net Income | \$46,346,450 | \$43,433,583 | \$50,645,848 | \$55,498,883 | \$56,980,245 |

Source: <https://hfs.illinois.gov/medicalproviders/costreports.html>**A) Criterion 1120.140 (b) – Terms of Debt Financing**

Applicants with projects involving debt financing shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available.
- 2) That the selected form of debt financing will not be at the lowest net cost available but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors.
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

The Applicants attest that the selected form of debt financing for the purpose of the Advocate Good Samaritan Hospital project will be the lowest net cost available, or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgages, access to additional debt, term financing costs and other factors. The Applicants have successfully addressed this criterion.

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

Preplanning costs are \$248,998, which is 1.05% of new construction, contingencies, and moveable equipment of \$23,769,356. This appears reasonable compared to the State Board Standard of 1.8%.

New Construction and Contingency costs total \$16,440,372, or \$621.07 per GSF (\$16,440,372/26,471 GSF= \$621.07 per GSF). This appears **HIGH** when compared to the State Board Standard of \$480.97 per GSF.

**Description of Building Construction Premiums
(Provided by the Applicants page 235)**

| <u>Item</u> | <u>Cost</u> |
|--|-------------|
| Structural enhancements for rooftop equipment | \$21,000 |
| Energy enhancements for facility (EV Charging-ready) | \$60,000 |
| Real-Time Location Systems (RTLS) infrastructure for elevated level of services. | \$195,000 |
| Building Construction Cost Premiums Only | \$1,457,100 |

Contingency Costs total \$722,010, or 4.6% of new construction costs. This appears reasonable compared to the State Board Standard of 10%.

Architectural and Engineering Fees total \$995,341 or 6.05% of new construction and contingency costs. This appears reasonable compared to the State Board Standard of 4.94-7.42 %.

The State Board does not have a standard for these costs.

| | |
|----------------------------|-------------|
| Consulting and Other Costs | \$671,572 |
| Movable or Other Equipment | \$7,328,984 |
| Bond Issuance Expense | \$187,985 |
| Net Interest Expense | \$556,502 |
| FMV of Leased Space | \$8,312,822 |
| Other Costs to Capitalized | \$1,740,419 |

Criterion 1120.140(d) - Direct Operating Costs

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

Costs per visit for the second year after opening, are calculated as \$421.28per visit. The total effect of the project on capital costs is estimated at \$1,108.44 per visit. The State Board does not have standards for these costs.

**TABLE ELEVEN
ASTC'S in the 10-mile GSA**

| Name | City | Procedures | OR/Procedure Rooms | Hours |
|--|------------------|--|---------------------------|--------------|
| DuPage Medical Group Surgery Center | Lombard | Gen Surg, OB/Gyn, Ophthalmology, Orthopedics, Otolaryngology, Pain, Plastic Pod Urology GI | 11 | 16,843 |
| Loyola Ambulatory Surgery Center at Oakbrook | Oakbrook Terrace | Gen Surg, Neuro, Ortho, Otolaryngology, Pain, Pod | 3 | 948 |
| DuPage Eye Surgery Center | Wheaton | Ophthalmology | 6 | 3,493 |
| Castle Surgicenter | Aurora | Ortho, Pain, Pod | 2 | 1,040 |
| Midwest Center for Day Surgery | Downers Grove | GI, Neuro, Ophthalmology, Otolaryngology, Pain, Plastic, Pod | 6 | 4,238 |
| Ambulatory Surgicenter of Downers Grove | Downers Grove | OB/GYN | 4 | 2,285 |
| Oak Brook Surgical Centre | Oak Brook | Gen Surg, OB/GYN, Orthopedics, Pain, Plastics, Podiatry | 5 | 2,602 |
| Rush Oak Brook Surgery Ctr. | Oak Brook | Gen Surg, Neuro, Orthopedics, Otolaryngology, Pain, Plastics, Pod | 8 | 8,997 |
| Midwest Endoscopy Center | Naperville | GI | 3 | 5,478 |
| Naperville Surgical Centre | Naperville | GI, Gen Surg, Neuro, OB/GYN, Ophthalmology, Ortho, Otolaryngology Plastic, Pod, Urology | 4 | NA |
| Naperville Fertility Center | Naperville | OB/GYN | 1 | 1,507 |
| NM Medicine Surgery Center | Warrenville | Orthopedics, Pain, Podiatry | 4 | 5,420 |
| Chicago Prostate Surgery Ctr | Westmont | Ortho, Pain | 4 | 5,533 |
| Salt Creek Surgery Center | Westmont | Ortho, Pain, Podiatry, GI | 4 | 8,498 |
| Chicago Vascular ASC | Westmont | Vascular Proc | 3 | 4,748 |
| DMG Pain Management Surgery Ctr | Naperville | Pain | 2 | 2,173 |

TABLE TWELVE
 Advocate Good Samaritan Hospital
 2023 Utilization

| Service | Beds | Staffed | | ADM | DAYS | ALOS | ADC | OCC |
|------------------|------|---------|--|--------|--------|-------|--------|--------|
| | | Beds | | | | | | |
| Medical Surgical | 172 | 172 | | 8,512 | 54,427 | 6.39 | 149.12 | 86.69% |
| Intensive Care | 44 | 44 | | 2,917 | 10,690 | 3.66 | 29.29 | 66.56% |
| Obstetrics | 36 | 36 | | 2,489 | 4,711 | 1.89 | 12.91 | 35.85% |
| NICU | 20 | 20 | | 170 | 3,327 | 19.57 | 9.12 | 45.58% |
| AMI | 41 | 41 | | 1,137 | 8,848 | 7.78 | 24.24 | 59.12% |
| Total | 313 | 313 | | 15,225 | 82,003 | | | 71.77% |

24-008 Advocate Cardiovascular ASTC - Naperville

