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: I-01	BOARD MEETING: August 8, 2024	PROJECT NO: 23-046	PROJECT COST:
FACILITY NAME: Innovia Surgery Center		CITY: Wood Dale	Original: $1,667,275
TYPE OF PROJECT: Non-Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (Innovia Surgery Center, LLC, and Advantage Surgical Holdings, LLC) propose to add spine and orthopedic surgery to an existing ASTC located at 203 East Irving Park Road, Wood Dale, Illinois. The project cost is $1,667,275 and the expected completion date is June 30, 2024.

The Applicants received an Intent to Deny at the March 2024 State Board Meeting. Additional information was provided by the Applicants to address the Intent to Deny. The transcript from the March 2024 State Board Meeting is included at the end of this report.

Information regarding this Application can be found at this link: **https://hfsrb.illinois.gov/projects/project.23-046-innovia-surgery-center.html**

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Innovia Surgery Center, LLC, and Advantage Surgical Holdings, LLC) propose to add spine and orthopedic surgery to an existing multi-specialty ASTC located at 203 East Irving Park Road, Wood Dale, Illinois. The project cost is $1,667,275 and the expected completion date is June 30, 2024.
- The ASTC has two operating rooms and has been approved to provide the following surgical services:
  - Obstetrics/Gynecology
  - Otolaryngology
  - Pain Management
  - Plastic Surgery
  - Podiatric Surgery
  - Interventional Radiology
  - Urology
  - Dentistry

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes the addition of a surgical specialty.

PUBLIC HEARING/COMMENT:

- A public hearing was offered but was not requested. Letters of support were received, and no letters of opposition were submitted regarding this project.

SUMMARY:

- The Applicants are asking to the State Board to approve Spine and Orthopedic Surgical Services for this ASTC. The referring physicians are proposing to move patients from underutilized ASTCs **(See Table Seven)** to Innovia Surgery Center. Additionally, the Applicants are reporting that over a six-year period 22% of their patients were charity care patients and approximately 24% were Medicaid patients. ASTC facilities in the State of Illinois average approximately 4% Medicaid patients and under 1% charity care patients.
- The Applicants addressed 21 criteria and failed to meet the following:

State Board Standards Not Met	
Criterion	**Reasons for Non-Compliance**
77 ILAC 1110.120 (b) – Projected Utilization	In Supplemental Material the Applicants provided a table documenting the expected number of cases that will utilize the surgery center in 2024 and the projected number of hours by physician. The Applicants are projecting 2,526 hours in 2024. The 2,526 hours is an increase of 165% above the six-year average hours at the ASTC. Based upon historical data the Board Staff did not find this growth achievable.

State Board Standards Not Met	
Criterion	**Reasons for Non-Compliance**
77 ILAC 1110.235 (5) – Treatment Room Need Assessment	As documented at 77 ILAC 1110.120 (b) – Projected Utilization the Applicants provided a table documenting the expected number of cases that will utilize the surgery center in 2024 and the projected number of hours by physician. The Applicants are projecting 2,526 hours in 2024. The 2,526 hours is an increase of 165% above the six-year average hours at the ASTC. Based upon historical data the Board Staff did not find this growth achievable.
77 ILAC 1110.235 (6) – Service Accessibility	There are ASTCs and Hospitals in the 10-mile GSA not currently at the target occupancy of 1,500 hours per operating/procedure room and this project is not a cooperative venture with a hospital. **(Table Eight)**
77 ILAC 1110.235 (c) (7) – Unnecessary Duplication of Service	There are 21 ASTCs and 7 hospitals within the 10-mile GSA. There are seven ASTCs in the 10-mile GSA that offer neurological (spine) and orthopedic surgical specialties all seven ASTCs are underutilized. Of the 21 ASTCs only one is fully utilized (DMG Surgical Center) based upon 2022 information. Of the seven hospitals only one hospital's surgical and procedural suites are fully utilized (Elmhurst Memorial Hospital). **(Table Eight)**
77ILAC 1120.120 – Financial Viability	The Applicants do not meet the net margin percentage for CY 2020 and CY 2022, the LTD/Total Capitalization and Projected Debt Service Coverage for CY 2022 and Days Cash on Hand for CY 2020, CY 2021, CY 2022, and the Cushion Ratio for CY 2022. **(See Table Nine)**

STATE BOARD STAFF REPORT
Project #23-046
Innovia Surgery Center

APPLICATION/SUMMARY	
Applicant(s)	Innovia Surgery Center, LLC Advantage Surgical Holdings, LLC
Facility Name	Innovia Surgery Center
Location	203 East Irving Park Road, Wood Dale
Permit Holder	Innovia Surgery Center, LLC
Owner of Site	Arizona-Illinois L.P.
Application Received	October 25, 2023
Application Deemed Complete	October 30, 2023
Anticipated Completion Date	June 30, 2024
Review Period Ends	December 30, 2023
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes

I. Project Description

The Applicants (Innovia Surgery Center, LLC, and Advantage Surgical Holdings, LLC) propose to add spine and orthopedic surgery to an existing multi-specialty ASTC located at 203 East Irving Park Road, Wood Dale, Illinois. The project cost is $1,667,275 and the expected completion date is June 30, 2024.

II. Summary of Findings

A. State Board Staff finds the proposed project is **not** in conformance with all relevant provisions of Part 1110 (77 Ill. Adm. Code 1110).

B. State Board Staff finds the proposed project is **not** in conformance with all relevant provisions of Part 1120 (77 Ill. Adm. Code 1120).

III. General Information

The Applicants (Innovia Surgery Center, LLC, and Advantage Surgical Holdings, LLC) state the facility is the only ASTC under their ownership/operational control. The multi-specialty ASTC is licensed to perform Dentistry, Obstetrics/Gynecology, Otolaryngology, Plastic Surgery, Podiatric Surgery, Urology, Interventional Radiology, and Pain Management services. Financial commitment will occur after permit approval. This project is subject to a Part 1110 and Part 1120 review.

IV. Project Uses and Sources of Funds

The Applicants will fund this project with the Fair Market Value of Leased Space and Equipment totaling $1,667,275. The entirety of the project costs is for the leasing of space ($1,117,275) and the leasing of equipment ($550,000).

TABLE ONE
Project Costs and Sources of Funds

Uses of Funds	Reviewable	Non-Reviewable	Total	% Of Total
Fair Market Value Leased Space/Equipment	$1,667,275	$0.00	$1,667,275	100%
TOTAL USES OF FUNDS	$1,667,275	$0.00	$1,667,275	100%
Source of Funds	Reviewable	Non-Reviewable	Total	% Of Total
Fair Market Value Leased Space/Equipment	$1,667,275	$0.00	$1,667,275	100%
TOTAL SOURCES OF FUNDS	$1,667,275	$0.00	$1,667,275	100%

V. Background of the Applicant, Safety Net Impact Statement, Purpose of the Project

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 (d) – Alternatives to the Project

A) Background of the Applicant

The Applicants have certified there have been no adverse action taking against any facility owned and/or operated by the Applicants during the three years prior to filing of the application. The Applicants also certify there have been no individuals cited, arrested, taken into custody, charged with, indicted, convicted, or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. The Applicants permit the Illinois Health Facilities and Services Review Board (HFSRB) and the Illinois Department of Public Health (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.

B) Purpose of the Project

The primary purpose of this project is to improve access to spine and orthopedic procedures to patients within the Applicants' geographic service area and to increase utilization at Innovia Surgery Center which currently has capacity.

C) Safety Net Impact Statement

This is a non-substantive project; a safety net statement is not required. Table Two documents the number of patients by Payor Source for years 2018 thru 2023.

TABLE TWO

Number of Patients by Payor Source

Year	2018	2019	2020	2021	2022	2023	Ave	%
Medicaid	0	54	339	265	50	44	126	23.64%
Medicare	0	0	2	1	0	18	4	0.75%
Other	0	3	5	0	0	0	2	0.38%
Commercial	195	126	105	88	18	60	99	18.57%
Private Pay	336	419	202	185	7	5	193	36.21%
Charity Care (1)	296	287	80	1	0	4	112	21.01%
Total	827	889	733	540	75	131	533	100.00%

*"**Charity care**" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. [20 ILCS 3960, Section 3] Charity care does not include bad debt or the unreimbursed cost of Medicare, Medicaid, and other federal, State, or local indigent health care programs, eligibility for which is based on financial need

The Table below documents the payor mix percentage of the physicians utilizing the ASTC.

TABLE THREE

Physician's payor mix of physician patient panel

Physician	Medicare	Medicaid	Commercial	Self-Pay	Workmen's Comp	Hardship/ Charity Care
Vipul Singhal, DMD	0.00%	89.00%	5.50%	5.50%	0.00%	0.00%
Kalpesh Shah, DDS	5.50%	20.00%	45.00%	20.00%	5.00%	5.00%
Robert Erickson, M.D.	25.00%	5.00%	35.00%	5.00%	30.00%	0.00%
Samuel Park, M.D.	35.00%	5.00%	33.00%	2.00%	25.00%	0.00%
Catherine Liu, M.D.	0.00%	45.00%	40.00%	0.00%	0.00%	14.00%
Paramjit Chopra, M.D.	50.00%	5.00%	40.00%	0.00%	0.00%	0.00%

D) Alternatives to the Project

The Applicant considered three alternatives to the proposed project.

1) Status Quo/Do Nothing (no cost)

The first alternative considered was to maintain the status quo, whereby the Applicants would continue to perform previously approved surgical specialties at Innovia. The primary purpose of this project is to improve access to neurological (spine) surgery and orthopedics to patients within the Applicants' geographic service area and to increase utilization at Innovia, which currently has capacity.

According to the Applicants while this alternative would result in no cost to the Applicants maintaining the status quo would not allow physicians to operate in an environment over which they have more control, which enhances care and reduces burnout. Patients would not benefit from a more accommodating environment with surgical outcomes are equivalent to hospitals in a less costly setting. Medicare and other payors would not benefit from the significant savings when spine and orthopedic surgeries are performed in an ASC.

2) Utilize Other Health Care Facilities

Another alternative the Applicants considered was utilizing existing health care facilities to provide an option for neurological (spine) surgery and orthopedics. No surgery center within the Innovia GSA is approved for both neurological surgery and orthopedics and provides the same levels of Medicaid and charity care as Innovia. There are 7 acute care hospitals and 21 ambulatory surgical treatment centers located within the 10-mile GSA. Due to the underutilization of the surgery center and infeasibility of utilizing other providers, this alternative was rejected. There is no cost to this option.

3. Add Neurological (Spine) Surgery and Orthopedics to the Existing ASTC

Innovia has capacity to add more procedures. To increase utilization at the surgery center while at the same time increasing access to neurological (spine) surgery and orthopedics in a lower cost setting, Innovia decided to request the addition of neurological (spine) surgery and orthopedics to its existing ASTC. After weighing this low-cost option against others, the Applicants determined that this alternative would provide the greatest benefit in terms of increased utilization and increased access to neurological (spine) surgery and orthopedics services. The cost of this option is $1,667,275.

VI. Size of the Project, Projected Utilization

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

A) Size of the Project

The Applicants are not proposing new construction or modernization for this project. The current spatial configuration for this facility is 3,850 GSF, which is within the State standard of 5,550 GSF for an ASTC containing 2 operating rooms (2,750 dgsf/room).

B) Projected Utilization

The Applicants provided a table documenting the expected number of cases that will utilize the surgery center in 2024 and the projected number of hours by physician (See Table Four). The Applicants are projecting 2,526 hours in 2024. Over a six-year period the Applicants averaged 946 hours per year (Table Five). The Applicants are estimating to increase the hours at the ASTC by 165% above the six-year average.

TABLE FOUR
Projected Cases 2024

Physicians	Specialty	Anticipated Cases	Hours	Total Hours
Dr. Singhal	Dentistry	150	2.8	416
Dr Shah	Dentistry	200	2.1	420
Dr. Erickson	Neurosurgery	70	3	210
Dr Park	Ortho	55	4	220
Dr. Goyal	ENT	265	2	520
Dr Malek	Pain Management	120	1.7	200
Dr. Mohiudden	Pain Management	120	1.7	200
Dr. Liu	OB/GYN	120	1.7	200
Dr. Chopra	Interventional Radiology	100	1.4	140
Total		1,200		2,526

TABLE FIVE
Number of Hours

	2018	2019	2020	2021	2022	2023	Ave
OB/GYN	821	886	773	538	75	21	519
Oral/Max	0	0	0	0	0	10	2
Otolaryngology	0	0	0	0	0	76	13
Pain Management	0	0	0	2	0	6	4
Plastic	0	0	0	0	0	18	3
Urology	6	3	0	0	0	0	2
Total Cases	827	889	773	538	75	131	543
Total Hours	1,448	1,557	1,283	945	132	310	946

VII. Section 1110.235 Non-Hospital Based Ambulatory Surgical Treatment Center Services

PROJECT TYPE	REQUIRED REVIEW CRITERIA		
Establishment of ASTC Facility or Additional ASTC Service	(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

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) 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 established radii for a facility located in metropolitan Chicago/DuPage County is 10-miles (per 77 Ill. Adm. Code 1100.510(d)(2)). The Applicants identified 49 zip codes in this service area with a population of approximately 1,346,234 residents. The Applicants identified 174 historical referrals by zip code of residence for the latest 12-month period that resided in this 10-mile GSA. [Application for Permit pages 88-89]. The Applicants have met the requirements of this criterion.

C) 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.

B) Projected Service Demand
The applicant shall provide the following documentation:

i) Physician referral letters that attest to the physician's total number of patients (by zip code of residence) who have received care at existing IDPH-licensed ASTCs, or hospitals located in the GSA during the 12-month period prior to submission of the application.
ii) Documentation demonstrating that the projected patient volume, as evidenced by the physician referral letters, is from within the GSA defined under subsection (c)(2)(B).
iii) An estimated number of treatments the physician will refer annually to the applicant facility within a 24-month period after project completion. The anticipated number of referrals cannot exceed the physician's experienced caseload. The percentage of projected referrals used to justify the proposed establishment cannot exceed the historical percentage of applicant market share within a 24-month period after project completion.
iv) Referrals to health care providers other than IDPH-licensed ASTCs or hospitals will not be included in determining projected patient volume.
v) Each physician referral letter shall contain the notarized signature, the typed or printed name, the office address, and the specialty of the physician; and
vi) Verification by the physician that the patient referrals have not been used to support another pending or approved CON application for the subject services.

The Applicants state the primary purpose of this project is to improve access to spine and orthopedic procedures to patients within the Applicants' geographic service area and to increase utilization at Innovia Surgery Center, which currently has capacity. The Applicants provided two physician referral letters indicating that the two physicians will refer 102 patients to Innovia Surgery Center. Of the 102 patients 90 patients will be coming from licensed ASTCs. The Applicants have met the requirement of this criterion.

The proposed referrals will be coming from the following facilities. It is difficult to understand how cost savings are going to be realized when the proposed referrals are coming from facilities that are currently underutilized.

TABLE SIX
Historical Referrals

		Dr Erickson		**Dr Park**	
Facilities	**2022 Facility Utilization**	**Cases**	**Cases to be Referred**	**Cases**	**Cases to be Referred**
Illinois Back & Neck Institute	64.96%	3	3	0	0
Lakeshore Surgery Center	42.67%	7	5	0	0
Chicago Surgery Center	34.03%	0	0	34	17
Hyde Park Surgery Center	24.21%	5	3	20	10
Fullerton Kimball Medical and Surgical Center	20.89%	0	0	29	15
Rogers Park Surgery Center	18.99%	8	6	31	15
Thorek Memorial Hospital	13.48%	2	2	0	0

TABLE SIX Historical Referrals					
		Dr Erickson		Dr Park	
Facilities	**2022 Facility Utilization**	**Cases**	**Cases to be Referred**	**Cases**	**Cases to be Referred**
Grand Ave Surgery Center	4.78%	0	0	5	3
Barrington Ambulatory Surgery Center	3.23%	1	1	0	0
Pinnacle Pain Management (not a licensed ASTC)		14	0	0	0
APM Surgery Center (not a licensed ASTC)		15	0	0	0
Total		55	20	119	60

D) Treatment Room Need Assessment – Review Criterion

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.

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 now estimating 2,526 hours at the surgery center in 2024. As documented above the Applicants provided a table documenting the expected number of cases that will utilize the surgery center in 2024 and the projected number of hours by physician (See Table Four). The Applicants are projecting 2,526 hours in 2024. The 2,526 hours is an increase of 165% above the six-year average hours at the ASTC.

E) 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 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.

There are 21 ASTCs and 7 hospitals within the 10-mile GSA. There are existing ASTCs, and hospitals currently underutilized in this 10-mile GSA. The specialties (Spine Surgery and Orthopedics) being proposed are available within the 10-mile GSA. The proposed project is not a joint venture with a hospital. The Applicants have not met the requirements of this criterion.

F) 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 1,346,234 residents within the 10-mile GSA. There are 235 operating procedure rooms within this 10-mile GSA. The ratio of operating procedure rooms to population is 1 operating procedure room per 5,729 residents within the 10-mile GSA. There are 12,671,469 residents in the State of Illinois with approximately 2,626 operating procedure rooms in the State of Illinois. The ratio of operating procedure rooms to population is 1 operating procedure room per 4,825 residents. There is not a surplus of operating procedure rooms within this 10-mile GSA.

There are 21 ASTCs and 7 hospitals within the 10-mile GSA. There are seven ASTCs in the 10-mile GSA that offer neurological (spine) and orthopedic surgical specialties all seven ASTCs are underutilized. Of the 21 ASTCs only one is fully utilized (DMG Surgical Center) based upon 2022 information. Of the seven hospitals only one hospital's surgical and procedural suites are fully utilized (Elmhurst Memorial Hospital).

As mentioned above it is difficult to understand how the movement of procedures from underutilized ASTCs to another ASTC provides cost savings or has any effect on cost containment. The Applicants have not met the requirements of this criterion.

TABLE SEVEN

Surgery Centers and Hospitals in the 10-mile GSA

Facility	City	Approved Services	Rooms	Cases	Hours	Utilization
Advanced Ambulatory Surgical Center	Chicago	Dermatology, gastroenterology, general surgery, neurological, OB GYN, ophthalmology, oral/max, orthopedic, otolaryngology, pain management, plastic surgery, podiatry, thoracic, urology	2	897	1,239	33.04%
Aiden Center for Day Surgery	Addison	Orthopedic, otolaryngology, plastic surgery, podiatry	6	73	136	1.21%
Belmont Harlem Surgery Center	Chicago	gastroenterology, general surgery, ophthalmology, orthopedic, pain management, podiatry,	4	2,801	2,643	35.24%
Children's Outpatient Service& at Westchester	Westchester	Dermatology, gastroenterology, general surgery, neurological, ophthalmology, oral/max, orthopedic, otolaryngology, pain management, plastic surgery, urology	3	2,337	4,402	78.26%
DMG Surgical Center	Lombard	general surgery, OB/GYN, Ophthalmology, Orthopedic, otolaryngology, pain management, plastic surgery, podiatry, urology	11	24,123	21,154	102.56%
DuPage Eye Surgery Center	Wheaton	ophthalmology	6	8,942	3,064	27.24%
Elmhurst Outpatient Surgery Center	Elmhurst	general surgery, Ophthalmology, Orthopedic, otolaryngology, pain management, plastic surgery, podiatry, urology	8	4,678	4,840	32.27%
Elmwood Park Same Day Surgery	Elmwood Park	neurological, orthopedic, pain management	3	149	206	3.66%
Golf Surgical Center, LLC	Des Plaines	gastroenterology, general surgery, neurological, ophthalmology, oral/maxillofacial, orthopedic, otolaryngology, pain management, plastic surgery, podiatry, urology	8	5,576	1,707	11.38%
Illinois Hand & Upper Extremity Center	Arlington Heights	orthopedic	1	385	772	41.17%
Lakeshore Gastroenterology & Liver Disease	Des Plaines	gastroenterology	2	2,939	1,764	47.04%

TABLE SEVEN

Surgery Centers and Hospitals in the 10-mile GSA

Facility	City	Approved Services	Rooms	Cases	Hours	Utilization
Loyola Surgery Center	Oakbrook Terrace	general surgery, neurological, orthopedic, otolaryngology, pain management, podiatry	3	895	948	16.85%
Northwest Community Day Center	Arlington Heights	cardiovascular, gastroenterology, general surgery, OB GYN, ophthalmology, oral/max, orthopedic, otolaryngology, pain management, plastic surgery, podiatry, thoracic, urology	10	7,956	11,409	60.85%
Northwest Community Outpatient Surgery	Des Plaines	orthopedic, podiatry	3	380	467	8.30%
Northwest Endo Center	Arlington Heights	gastroenterology	2	4,509	2,255	60.13%
Northwest Surgicare	Arlington Heights	general surgery, laser eye, neurological, orthopedic, otolaryngology, pain management, plastic surgery, podiatry	5	2,204	1,594	17.00%
OrthoTec Surgery Center	Elmhurst	orthopedic, pain management	1	308	807	43.04%
River Forest Surgery Center	River Forest	laser eye, ophthalmology, plastic surgery	2	2,854	1,913	51.01%
Rush Oak Brook Surgery Center	Oak Brook	gastroenterology, general surgery, neurological, orthopedic, otolaryngology, pain management, plastic surgery, podiatry	8	5,467	8,573	57.15%
Schaumburg Surgery Center	Schaumburg	orthopedic, pain management, podiatry	3	2,166	2,808	49.92%
The Oak Brook Surgical Centre	Oak Brook	general surgery, OB/GYN, ophthalmology, orthopedic, pain management, plastic surgery, podiatry, urology	5	1,526	1,746	18.62%
Total			**96**			
Chicago Medicine AdventHealth	Glendale Heights		5	3,789	4,401	46.94%
Elmhurst Memorial Hospital	Elmhurst		21	21,267	40,529	102.93%
Gottlieb Memorial Hospital	Melrose Park		12	8,301	12,579	55.91%
Alexian Brothers Medical Center	Elk Grove Village		27	17,107	22,070	43.60%
Northwest Community Hospital	Arlington Heights		22	20,926	31,911	77.36%
Advocate Lutheran General Hospital	Park Ridge		34	31,062	54,635	85.70%

TABLE SEVEN

Surgery Centers and Hospitals in the 10-mile GSA

Facility	City	Approved Services	Rooms	Cases	Hours	Utilization
Ascension Resurrection Medical Center	Chicago		18	9,154	12,984	38.47%
Total			**139**			

G) 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.

According to the Applicants Innovia Surgery Center is staffed in accordance with all IDPH and Medicare staffing requirements.

G) 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).

The Applicants provided the required letter committing to maintain the charges for the first 2 years of operation unless a permit is first obtained as required.

H) 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 provided the required attestation at page 77 of the Application for Permit. The Applicants have met the requirements of this criterion.

IX. Financial Viability and Economic Feasibility

A. Criterion 1120.120 – Availability of Funds

The Applicants will fund this project with the Fair Market Value of Leased Space and Equipment totaling $1,667,275. The entirety of the project costs is for the leasing of space ($1,117,275) and the leasing of equipment ($550,000). The Applicants have met the requirements of this criterion.

B. Criterion 1120.130 – Financial Viability

The Applicants do not meet the net margin percentage for CY 2020 and CY 2022, the LTD/Total Capitalization and Projected Debt Coverage for CY 2022 and Days Cash on Hand for CY 2020, CY 2021, CY 2022, and the Cushion Ratio for CY 2022. The Applicants have not met requirements of this criterion.

C. Criterion 1120.140(a) – Reasonableness of Debt Financing
D. Criterion 1120.140(b) – Terms of Debt Financing

The Applicants provided a copy of the lease for the space at pages 30-31. The lease is for 15-years with an annual rental of $103,933. The lessor is Arizona Illinois L.P. a related entity and Advantage Health Care, Ltd. The Applicants have met the requirements of this criterion.

E. Criterion 1120.140 (c) – Reasonableness of Project Costs

The applicant shall document that the estimated project costs are reasonable.

The Applicants will fund this project with the Fair Market Value of Leased Space and Equipment totaling $1,667,275. The entirety of the project costs is for the leasing of space ($1,117,275) and the leasing of equipment ($550,000). The State Board does not have a standard for these costs.

F) Criterion 1120.140 (d) – Direct Operating Costs
G) Criterion 1120.140 (e) – Total Effect of the Project on Capital Costs

Project direct operating expenses for year 2025, the second year after project completion, are calculated at $724.31 per procedure. According to the Applicants there will be no effect on capital costs. The State Board does not have a standard for these costs.

TABLE EIGHT
Financial Viability Ratios

	State Standard	2020	2021	2022	2024
Current Ratio					
Current Assets		$8,213	$2,578	$3,481	$84,036
Current Liabilities		$1,200	$0	$2,009	$0
Current Ratio	≥1.5	6.84	NA	1.73	NA
Net Margin %					
Net Income		$4,063	$29,545	-$340,296	$201,650
Net Operating Revenues		$771,807	$710,148	$247,979	$663,498
Net Margin %	≥2.5%	0.50%	4.20%	-137.20%	30.40%
LTD to Capitalization					
LTD		$0	$0	$316,010	$0
Equity		-$3,787	$25,758	-$314,538	$84,036
LTD to Capitalization	≤80%	0.00%	0.00%	21468%	0.00%
Projected Debt Service					
Net Income		$40,063	$29,545	-$340,296	$201,650
Depreciation		0	0	0	0
Interest Expense		0	0	$8,000	0
Principal Payments		0	0	$70,858	0
Projected Debt Service	≥1.50	NA	NA	-4.69	NA
Days Cash on Hand					
Cash		$8,213	$7,759	$3,481	$84,036
Investments		$0	$0	$0	$0
Board Designated Funds		$0	$0	$0	$0
Operating Expense		$730,788	$678,099	$585,453	$461,848
Depreciation		$0	$0	$0	$0
Days Cash on Hand	≥45	4	4	2	66
Cushion Ratio					
Cash		$8,213	$7,759	$3,481	$84,036
Investments		$0	$0	$0	$0
Board Designated Funds		$0	$0	$0	$0
Interest and Principal Pay		$0	$0	$70,858	$0
Cushion Ratio	≥3.0	NA	NA	$0	NA

Source: Application for Permit page 110-111

TABLE NINE
Income Statement

	2020	2021	2022	2024
Net Revenue	$771,807	$710,148	$247,979	$663,498
Advertising	$27,564	$9,425	$14,500	$0
Employee Contracting	$289,040	$305,375	$115,153	$141,346
Outside Services	$8,727	$5,571	$16,476	$17,992
Professional Medical Fees	$52,605	$10,664	$14,400	$15,704
Equipment Rental	$38,506	$7,985	$0	$27,950
Depreciation	$0	$0	$0	$0
Insurance	$650	$5,893	$792	$832
Rent	$132,323	$109,540	$144,512	$73,632
Utilities	$9,121	$13,330	$12,739	$13,936
Telephone	$951	$801	$0	$0
Office Expense	$26,753	$21,969	$74,851	$81,744
Postage and Shipping	$1,484	$773	$0	$0
Drugs	$65,663	$46,005	$17,635	$19,240
Lab Fees	$7,439	$5,016	$2,317	$2,496
Laundry	$14,930	$5,045	$0	$0
Cleaning	$9,935	$27,320	$5,940	$6,448
Repairs	$11,559	$35,176	$19,275	$21,008
Landscaping	$11,575	$8,070	$8,780	$9,568
Legal and Accounting	$15,500	$51,877	$130,609	$26,000
Licenses	$1,605	$2,850	$3,183	$3,432
Dues and Subscription	$1,267	$358	$499	$520
Charitable Contributions	$381	$870	$3,792	$0
Bank Credit Card Fees	$3,210	$4,186	$0	$0
Total	$730,788	$678,099	$585,453	$461,848
Operating Income	$41,019	$32,049	-$337,474	$201,650

Source: Application for Permit pages 112-119

TABLE TEN
Balance Sheet
As December 31st

	2020	2021	2022	2024
Current Assets				
Cash	$8,213	$7,759	$3,481	$84,036
Accounts Receivable	$0	$0	$0	$0
Prepaid Expenses	$0	$17,999	$0	$0
Current Assets	$8,213	$25,758	$3,481	$84,036
Property and Equipment	$66,005	$66,005	$66,005	$66,005
Accumulated Depreciation	$66,005	$66,005	$66,005	-$66,005
Total PPE				
Total Assets	$8,213	$25,758	$3,481	$84,036
Current Liabilities				
Accounts Payable	$0	$0	$0	$0
Employee Contracting Pay	$0	$0	$0	$0
Other	$12,000	$0	$2,009	$0
Loans	$0	$0	$316,010	$0
Total Liabilities	$12,000	$0	$318,019	$0
Capital				
Paid In Capital	$1,000	$1,000	$1,000	$1,000
Retained Earnings	-$4,787	$24,758	-$315,538	$83,036
Total	-$3,787	$25,758	-$314,538	$84,036
Total Liabilities and Capital	$8,213	$25,758	$3,481	$84,036

Source: Application for Permit pages 112-119

facility. So even as we want to hold people to the promises they make in the presentation, in this particular case, maybe the pandemic impeded their ability to grow the program.

CHAIRWOMAN SAVAGE: Okay, well we're going to move on. Already been delayed today, so let's just keep going.

CHAIRWOMAN SAVAGE: All right, so H-08 Innovia Surgery Center in Wood dale, Illinois. May I have a motion to approve project 23 - 046 for the expansion of two surgical specialties to the existing surgery center?

MS. LEGRAND: So moved.

CHAIRWOMAN SAVAGE: Second.

MR. FOX: Second.

CHAIRWOMAN SAVAGE: Okay. folks can introduce yourselves, spell your names for the court reporter and then he will swear you in.

MS. SCHMIDT: Thank you. Vera Schmidt, V-E-R-A S-C-H-M-I-D-T

MR. GOYAL: Vinnie Goyal, V-I-N-N-I-E-Y G-O-Y-A-L.

CHAIRWOMAN SAVAGE: And you can use the other one too, sir.

MR. ERICKSON: My name is Robert J. Erickson, E-R-I-C-K-S-O-N.

MS. COOPER: Ann Cooper, A-N-N-E C-O-O-P-E-R.

THE REPORTER: Ms. Cooper, Mr. Erickson, Mr. Goyal, and Ms. Schmidt, please raise your right hand.

(Whereupon:

VERA SCHMIDT

VINNIE GOYAL

ROBERT ERICKSON

ANNE COOPER

After being duly sworn, were examined and testified as follows:)

THE REPORTER: You may proceed.

CHAIRWOMAN SAVAGE: Thank you. Mike or George, if you could share the staff, state board staff report

MR. CONSTANTINO: The applicant proposed, proposed to that spine in orthopedic surgery to an existing specialty, ASTC located in Wood dale, Illinois. Project cost is approximately 1.7 million, and the expected completion date is June 30th, 2024. The applicant's failed to meet projected utilization, treatment room need assessment, service accessibility, unnecessary duplication, and financial viability. There was no public hearing requested. Thank you, Madam Chair.

CHAIRWOMAN SAVAGE: Thank you. If you'd like to proceed.

MS. COOPER: Before we start our presentation Dr. Erickson has a deposition that's starting shortly, so we would like for him to provide his comments at the start and then we'll continue with our presentation.

CHAIRWOMAN SAVAGE: Very well, best wishes.

MR. ERICKSON: Thank you. It's a pleasure to be here. And I'm pleased to support the proposal for spine surgery at Innovia. Just worried about my background. I, I'm trained as a neurosurgeon. I've been in Chicago through the period of my training during the first half of my career, which is academic, and the second half of my career, which is in private practice. I do have extensive experience in outpatient spinal surgery. It's something we began while I was on faculty at the University of Chicago in terms of performing anterior super discectomy infusion safely. We performed a series of operations in the late 1990s so two thousands, and we became comfortable sending people home the same day. Since 2012, well over 10 years, a large part of my practice has been involved in outpatient spine surgery.

My patients go home the same day. They very rarely would need a 23-hour observation period, and many procedures are well performed and perfectly safely done in outpatient setting. I don't think it's controversial

anymore. With that said there are a lot of surgery centers in the area. I've been to a good number of them in my career, which has been fairly long. I've operated in surgery centers in Lake County in Cook County and downtown and in the suburbs. This is one of the better facilities I've seen or had the opportunity to tour.

It's accessible. It's on Urban Park Road. The ceilings and the interior are high. Space is well lit. It's very clean. The operating room is large, which is important to us because we need nerve monitoring running throughout the case. My cases are all done under the operating microscope. That is the same scope we would clip aneurysms and brain surgery with, and I'm very pleased with the state of the equipment, the size of the facility, and the accessibility of the parking. I've done a lot of work downtown in surgery centers and parking's a major issue for patients and practitioners and getting everybody together; It's not trivial, and they have that worked out well.

This is a place where surgery could be done safely. Number one, it's a place where my patients could be seen after surgery and post-op visits very easily. They're set up to help me with my clinical care after surgery as well. The plan is to involve interventional pain management and

for there to be coordinated workup, evaluation operative care and postoperative care. I'm sure you'll hear that there are already a very active surgery center that does procedures that carry risk and have, have done very well. So, in brief, I, I can't be more pleased. I am totally supportive of their efforts. I am a, a spine surgeon that will take cases and take care of patients within that surgery center in Wood dale. Thank you very, very much.

MS. SCHMIDT: Okay. good afternoon in perspective Chair savage and board members. I'm Vera Schmidt. I'm the Chief of operations for Innovia Surgery Center. Thank you for letting Dr. Erickson speak with me today. I also have Dr. Vinnie Goyal to seat next to me. He's one of the physicians currently doing procedures at Innovia and our CON attorney Anne Cooper. Before I begin my formal remarks, I would like to thank the board for approving our application. During the last October meeting for to perform general dentistry under general anesthesia. Upon approval, we were able to complete the project in four weeks. And we are currently scheduling patients, pediatric patients, and patients with disabilities for dental procedures.

This has been an emotional and heartwarming journey for our staff treating these patients who are experiencing

such healthcare disparities. It's quite eye opening to see the detrimental effects on these patients knowing they had to overcome barriers and accessing timely care. And most of these patients are actually Medicaid patients. Over the past, past five years, more than 30 percent of our patients are Medicaid beneficiaries, and over 15 percent receive charity care. Which is significantly higher than the state average of four percent Medicaid and 0.3 percent charity care. Treating underserved patients is the core of who we are.

We have never sent any patients to collections in the last 25 years. While we understand this is an unusual model for a for-profit surgery center, we believe it's important to give back to our community. We are here today to request the board to approve our pending application to allow physicians to perform orthopedic and spine procedures at our surgery center. Importantly, we are not adding any additional capacity, and there was no opposition to this project. The addition of orthopedic and spine surgery will improve access to patients in the northwest suburbs of Chicago who face various barriers to healthcare, specifically those with financial hardship.

For many low-income patients, Innovia is their only option Of the 22 surgery centers mentioned on the state

report, only two provide a meaningful amount of Medicaid care. However, both of these surgery centers have nonprofit ownership. There are only four surgery centers in the area that provide any charity care, and only one of those having over one percent of charity care patients. Innovia accepts all patients for outpatient surgery. It is our goal admission to build a healthcare system that values and prioritizes the wellbeing of all patients, regardless of their socioeconomic status.

We understand that many patients sorry, patients work essential jobs and cannot take time off during the week to accommodate patients work schedules. We are able to schedule procedures on Saturdays, our extended hours provide more flexibility so patients can minimize their time off of work, making healthcare more accessible to working patients. Before I turn over the presentation to Dr. Goyal, I would like to thank the board for considering our application and request that the board approve the addition of orthopedic and spine procedures at Innovia. Thank you for your time.

MS. COOPER: So we did pre we did prepare a presentation for Dr. Goyal reflecting on his experience at Innovia. And in the interest of time if the board would like to hear it, we, we are happy to present. If not I'd

like to address the negative findings.

Okay. I'm Anna Cooper, one of the attorneys for Innovia. I'm here to address the negative findings in the state board report. First, I'd like to take the time to thank the board staff for the mostly positive report, and to reiterate that Innovia is an existing surgery center, and this project will not add capacity to the area. The first negative finding is for projected utilization for a positive finding on projected utilization. The surgery center must operate at least 1500 hours annually to justify a second or just for reference Innovia does have two operating rooms. Importantly, the projected cases included in the state board report did not take into account Dr. -- projected dentistry volumes. For those of the recently recruited physicians, as noted in his referral letter for the general dentistry application that was approved in October, Dr. Sing anticipates performing 260 procedures at Innovia for a total of 520 surgical hours.

With the recent recruitment of EMT physicians, anticipates 400 EMT procedures with an average case time of two and a half hours, including prep and cleanup for a total of 1,000 surgical hours this year. Finally, Dr. Erickson and Dr. Park anticipate referring 102 orthopedics

and spine cases for a total of 173 surgical hours. Collectively in Innovia anticipates 1,693 surgical hours in 2024, which is sufficient to justify its two operating rooms. The next finding is service accessibility. The service accessibility criteria requires an applicant to document the surgical ties that are necessary to improve access for residents in the geographic service area. For example, existing underutilized surgery centers in the geographic service area have restricted admissions policies. For example, they do not accept Medicare, Medicaid, or offer charity care.

There are nine hospitals in 22 ambulatory surgery centers within Innovia s geographic service area. While it would appear that there are many options for patients Innovia, serves a large low income population who have limited options for healthcare. As noted in the application, utilizing hospitals for surgical procedures that can be safely performed in an ambulatory surgery setting is not an efficient use of resources. Furthermore, Medicare payment rates for most procedures performed in a hospital are nearly twice as high as ambulatory surgery centers, which results in higher cost for both patients and payers. As Vera Schmidt noted in her presentation, Innovia treats a high volume of Medicaid and charity care

patients. Of the 22 ambulatory surgery centers in the area seven treat Medicaid patients with Lurie children's outpatient services in Westchester and Loyola Surgery Center, providing a meaningful amount of Medicaid care, 6 and 3.5 percent respectively.

Among the seven surgery centers that accept Medicaid only DuPage Eye Center and Children's provide charity care. Moreover, DuPage Eye Center is only approved for ophthalmology and children's only treat pediatric patients, which leaves no viable options for low-income patients in the area. This project will not result in an unnecessary duplication of services. As Vera noted in her presentation, this project will not add OR capacity at an Innovia. Further, as previously discussed, hospitals are not an appropriate use of scarce healthcare resources and are not viable options for low-income patients, due to the high out of out-of-pocket costs. Of the 22 surgery centers within the Innovia Surgery Center surface area, only eight are approved to provide both orthopedics and neurological surgery. Of these eight surgery centers, only one, one only serves pediatric patients. Five do not serve Medicaid patients and the remaining two do not provide charity care.

Given the significant low-income population and Innovia

serves, there are no options for these patients in the area. Accordingly, the project will not result in duplication of services. Finally, the purpose of the financial viability review criteria is to determine whether a healthcare facility has the financial resources to adequately provide services to the community. Innovia Surgery Center, previously known as Advantage Healthcare has operated in Wood dale for over 25 years. It has always paid its bills when due and has never filed for bankruptcy. The addition of orthopedics and spine procedures will improve its financial position and ensure it can continue to operate as a going concern into the future. It should also be noted that this is an all-cash project. The only financial cost is the real estate list. There are no other expenses. I thank you for your time and attention and we're happy to answer any questions you have.

CHAIRWOMAN SAVAGE: Okay. Any questions by our board members? Mr. Katz?

MR. KATZ: where's the cash coming from?

MS. COOPER: There is no, it's, it's in terms of the project?

MR. KATZ: Yeah.

MS. COOPER: It's just the lease for the real

estate. Okay. There is no, yeah, there's no equipment being purchased. It's strictly the lease.

MR. KATZ: No equipment at all?

MS. COOPER: No, they have it all.

MR. KATZ: Thank you.

MS. HENDRICKSON: You mentioned that the DE program has started already being operationalized at the site. Do you know roughly how many monthly, just how many patients have been seen?

MS. SCHMIDT: Monthly. For last year we saw 125 patients. But we were also just starting some new specialties. So that volume will be higher, much higher this year. So right now, you know, I'm calculating monthly I would say probably about right now, 50 patients per month.

MS. COOPER: She's asking for dental patients.

MS. SCHMIDT: Oh, for the dental patients? I'm sorry. So we just when we first started we were during the holiday season, so we did a couple, I think it was like October, November, and then we just started again in January. So we've done I think 30 dental patients so far.

CHAIRWOMAN SAVAGE: Rex. Or not Rex, sorry, David.

MR. KATZ: The I appreciate you going straight to

the questions. It was super efficient. I appreciate that. The only question I had with what you said was just this notion that moving patients out of the hospital into the surgery center is lower cost and it gets its effect, something we were talking about earlier today. Yes. Except the hospital is that big fixed, fixed cost burden. So, and I don't know if we've, from a staff standpoint kind of come to the view that this would create an undue burden not nearby hospitals. Is it, do, do we have a staff view on that? Or, or No,

MR. CONSTANTINO: That's my view. Yes.

MR. KATZ: It is your view. Yeah. And, and I guess maybe the question, why is that something we should not be worried about?

MS. COOPER: Well, so Innovia, unlike most surgery centers, they, they serve a high percentage of Medicaid patients. As, as I believe the board staff report says over the last five years, about 30 percent of their patients are Medicaid. So it's not like Innovia is cherry picking the high, you know, the commercial insurance or Medicare. I mean, they've got a, a good mix of everything, but they take a disproportionate number of Medicaid and patients who are uninsured or underinsured and they have a, a very generous financial assistance policy to serve

those patients as well.

MR. CONSTANTINO: Are you going to do any interventional radiology procedures ever?

MS. SCHMIDT: We do plan on doing those later this year.

MR. CONSTANTINO: We approved that two years Ago.

MS. SCHMIDT: Our interventional radiologist has had he actually, his practice has moved and he's had some changes in his office, but he ensures us that within the next few months he'll be seeing some patients at our facility.

MR. CONSTANTINO: That isn't what you told the board two years ago that these going to be doing these procedures and we approved you based upon what you told the board. I, I, this is just constant with these ASTCs.

MS. SCHMIDT: I guess we can't necessarily control where the doctor takes his patient or when he brings his patient to us. He, it was, he gave us the numbers that he would he anticipated on bringing, I know his office moved, he's had some staff changes, and so he was in the position to bring patients to us at that time.

MR. CONSTANTINO: We weren't notified of it.

CHAIRWOMAN SAVAGE: You might have mentioned

this, but in terms of your different specialties with only two ORs, how are you scheduling that's, you know, all the different procedures that you have here?

MS. SCHMIDT: Well, since we're not fully utilized right now, we are able to block time for those procedures, so it's not a problem.

MS. HARDY-WALLER: On that note question, because that was my question. You, you are smaller ASTC just two ORs, and you have eight specialties. You want to add two more. Can you talk to us a little bit more about how you make the time to add more specialties, particularly maybe are underutilized?

MS. SCHMIDT: So for the new specialties with orthopedic and spine, we were approached by orthopedic and spine physicians that saw a facility would love to bring their patients to us. Some of the other, we're not as busy with some of the other specialties, and so we have the room and the capacity to accommodate them. And so that's why we're here asking for, to expand into those specialties to fully, fully utilize our facility.

DR. TANKSLEY: I just find it interesting that, I mean, I can understand physicians would want to bring the their patients there, but what guarantee do you have a year from now that the utilization that you're asking for

is going to happen? I think that's one of the things we continue to see with the ASTCs is this, you know, persistent under utilization of the specialties, but yet we continue to get requests for more specialties.

MS. COOPER: Unfortunately, the referral letter isn't a binding contract. And so to the point that, that Vera made earlier is that we can't really control where physicians choose to refer their patients to. All we can do is offer them block time. I know that Dr. Park and Dr. Erickson are independent practitioners, so they're not affiliated with a hospital or another medical group. So it's hard for them to get block time for their cases. And so they're looking for, you know, any, and unfortunately Dr. Erickson's not here to speak to this, but any opportunity to, you know, get blocked a significant amount of block time so they can treat their patients.

MR. CONSTANTINO: And the board makes the decisions based upon that referral letter and the note, they're notarized, signed by the doctor. Now you're telling us, it's not a contract. That's what the board here, you come under oath and tell us this is what they're going to do. And it doesn't turn out to be the case.

CHAIRWOMAN SAVAGE: Well, the question is, are you looking for doctors to replace that doctor or to add

to his or her case?

MS. SCHMIDT: Yes. We are constantly recruiting physicians.

CHAIRWOMAN SAVAGE: 'Cause I, at this point, I would think that more doctors would want to come given that they're having difficulty finding this block time at all specialties. So do you have a robust marketing plan to the physicians or surgeons as the case would be?

MS. SCHMIDT: We do. We are reaching out, we reach out through vendors, specialists, and work with the doctors at different locations. We have several different marketing methods. We have a person that visits doctor's offices, and letters are sent out, emails are sent out. So we are actively pursuing.

MS. COOPER: I would also like to note that in 2021 or 2022, they had several other physicians who had committed to perform cases at Innovia that had retired. So that was kind of an, and they started a recruitment program to replace those physicians. There was an opportunity, another group had stepped in to try to buy the surgery center and that, so they ceased their recruiting efforts at that point in time. And when that transaction fell through they had to restart that process.

DR. TANKSLEY: I have a, a just a couple

questions. I, I'd like you, if you can kind of help me understand what kind of you know, process improvement or, or, or quality plan, you know, quality assurance type of plan you look at to say, this is a specialty we want to keep or we're going to get rid of. Is that ever part of the plan? And, and I ask also the second part to that would also be just the dentistry numbers that you gave, is that from, you know, the October time that you were approved or is that just the since October, so since October. So since October, which is, let's say it took you a month to get it going five months or so. You've done like six dentistry cases per month on average since October?

MS. SCHMIDT: Well, it was a little bit less during the holidays and now it's a little bit more robust. So it's, I would say more now it's probably like six a month, yes.

DR. TANKSLEY: Okay. And so the first question being like, how, what do you utilize to say this is viable, let's continue doing it, versus this is not, we're going to reevaluate and, and eliminate services as opposed to continuing to end?

MS. SCHMIDT: And I think we'll probably get to that point at some point. Right now our EMT surgeries are

robust. We have a steady stream of the dentistry patients, which are building up, and we feel with the orthopedic and the spine doctors coming on board they're very eager to get in. They're seeing patients and they're just waiting for us to say, okay. So I think at that point we would probably reevaluate with the other specialties and see, you know, we could continue. I, I would say continue recruiting. But if we don't find other, other interested parties, then, you know, maybe we could reconsider at that time.

MR. KATZ: Can I just ask one more question?

CHAIRWOMAN SAVAGE: Sure.

MR. KATZ: I'm sorry. You mentioned back to the 30 percent, not cherry picking, but the profitable procedures OR patients. Would you anticipate that spine and ortho would've the same mix of Medicaid as I guess the others with 30 percent in Medicaid? Or are you trying to supplement a pretty nice payer mix with cherry picking?

MS. SCHMIDT: I wouldn't say cherry picking. You know, our, our numbers from 2020 were different from 2022 and 2021. So we, we openly take Medicaid patients, Medicare patients, charity care. At one point we weren't able to give very much charity care, but last year we did give 3 percent and we look forward to continuing that.

MR. KATZ: Thank you.

MR. GOYAL: Mr. Katz. If I could just make a comment here. I'm someone of the EMT docs working at an OBIA for about a year now, part of my decision, and I have my own independent patient referral pattern, and that's, the insurance is totally independent of what Innovia is bringing in. So it's my referrals to Innovia So mine specifically with my patients, we're close to 20 percent Medicaid. So ultimately it must be up to that surgeon's specific payer mix on what they bring to the surgery center. So of my over a hundred patients now that have operated on, we're closer to that 20 percent. So ultimately it is up to Dr. Erickson or any other X, Y, Z specialty on their practice, what they bring in as you know. So all the higher payers, absolutely consistent with the --

MR. BUDDE: Dr. Erickson's on looking on table four is talking about referring 20 cases to the center. 20 neurosurgical cases spread over years doing one once in a while. Once, how, how's the staff, surgical staff and the recovery staff going to remain competent to deal with, you know, the neurosurgical cases? It can, it can be pretty tricky.

MS. SCHMIDT: Well, we hope that it increases. We

hope other doctors come on board, but to keep them competent our staff right now have come from other surgical centers that do spine and orthopedic surgery. So and some of them are part-time that work at the other facilities, and so they stay competent there. And, and, and our Nurse -- nursing Supervisor is also, her background is in orthopedic and spine.

MR. GOYAL: There, there is a small overlap between EMT and spine and I have assisted neurosurgeons to get the anterior approach for the neck as they approach the spine. At the ASTC I am doing my anterior neck cases as I normally would. So in terms of preoperative postoperative nursing and construction cure for the patient, I'm confident in their staff to care for my patients. There might be an overlap to cover for that as well.

CHAIRWOMAN SAVAGE: Other questions?

(No verbal response)

CHAIRWOMAN SAVAGE: Okay George, if you could call the roll.

MR. ROATE: Thank you, Madam Chair. Motion made by Ms. Legrand, seconded by Mr. Gary Kaatz.

MR. ROATE: Mr. Budde.

MR. BUDDE: You know, if it weren't for, if

you didn't have the Medicaid and the charity care support, I'd be a resounding no quite frankly. But I'm going to vote yes.

MR. ROATE: Thank you. Mr. Burnett.

MR. BURNETT: I'm going to vote no note based upon the Staff report and testimony.

MR. ROATE: Thank you. Mr. Fox.

MR. FOX: On the one hand, I appreciate the fact that the surgery center is open for business to Public Aid and to some charity care. 'cause that is pretty rare. I am concerned about the projected volume, however, of spine cases that Dr. Erickson talked about. And I worry that, not so much about him because he'll be doing cases in various places, but about the staff that supports him. So I am, it's a close call for me, but I'm going to vote no.

MR. ROATE: Thank you. Ms. Hendrickson.

MS. HENDRICKSON: I vote no based on the concerns about utilization.

MR. ROATE: Thank you. David Katz.

MR. KATZ: I'm going to vote no. I'm probably as sympathetic as anyone to, for-Profit Healthcare. I'm trying to understand why some on our team are very concerned about the negative impact this would have on the

local acute care hospitals. And my concern is that we're taking an underused and underutilized facility and trying to supplement the under utilization with super profitable procedures and it's going to come out of someone's mind. And that feels counter to what we're trying to do here.

MR. ROATE: Thank you. Gary Kaatz.

MR. KAATZ: I'm going to vote no and I echo what Mr. Katz just said. And my big concern is really the staff report and the questions around utilization.

MR. ROATE: Thank you. Ms. LeGrand.

MS. LEGRAND: I'll also vote no based on Mr. Katz.

MR. ROATE: Thank you. Dr. Tanksley.

DR. TANKSLEY: Okay. I, I will I, I want to make the, the statement that I, I really think it would be advantageous to the center to look at all of the things that you're offering and really, really you know, determine is it necessary, is it not? You know, really kind of do some planning around what services you truly should offer and should not. I echo my colleagues that I'm concerned we're just adding something without much intention. But I am sensitive to the fact that you may be one of the few ASTC you know, surgical centers that actually opens your doors to a wide range of individuals

that wouldn't generally have access to those centers. And so I'm going to abstain from this vote.

MR. ROATE: Thank you. Ms. Hardy-Waller.

MS. HARDY-WALLER: I think I have the same conflict. So I really do echo Dr. Tanksley's comments. I, I will have to unfortunately vote no. I think where my bigger concern and issues lie is in my question that I asked earlier about the myriad number of specialties that you provide and whether or not many of those specialties are a result of trying to increase the utilization for the facility. And so I would agree, I think there's an opportunity here to begin to think through what really makes sense for the ASTC, where your priorities are and being a lot more intentional.

MR. ROATE: Thank you. Chairwoman Savage.

CHAIRWOMAN SAVAGE: I too vote no, based on what my colleagues have said here.

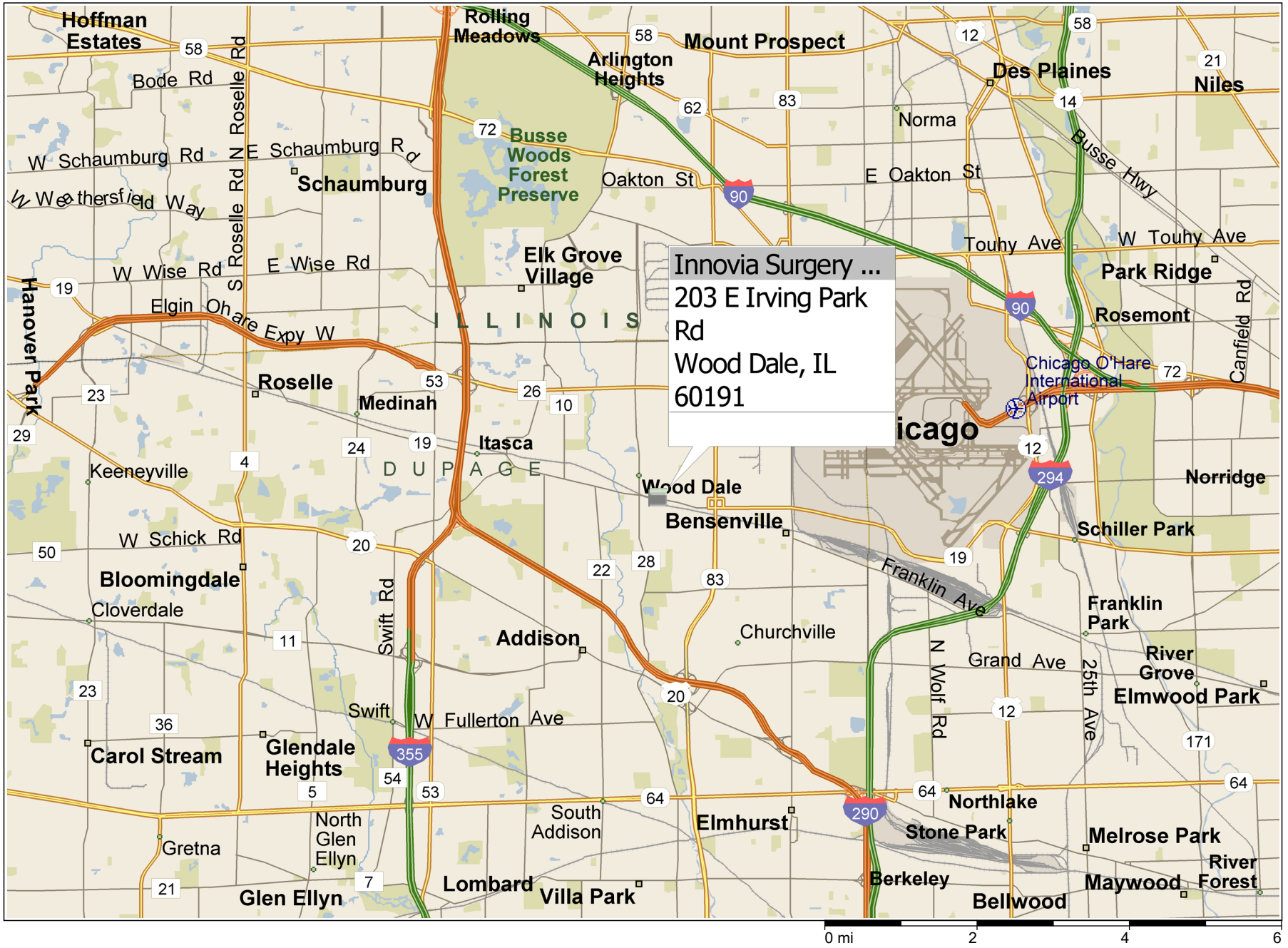
MR. ROATE: Thank you. That's eight votes in the negative one vote in the affirmative and one vote of obtainment.

CHAIRWOMAN SAVAGE: This permit is an intent to deny, so the board staff will be in touch.

MS. COOPER: Thank you.

MS. FRIEDMAN: We are rushing up here because the

23-046 Innovia Surgery Center - Wood Dale



Copyright © and (P) 1988–2012 Microsoft Corporation and/or its suppliers. All rights reserved. http://www.microsoft.com/mappoint/
Certain mapping and direction data © 2012 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2012 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2012 by Applied Geographic Solutions. All rights reserved. Portions © Copyright 2012 by Woodall Publications Corp. All rights reserved.