



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-05	BOARD MEETING: December 17, 2024	PROJECT NO: 24-022	PROJECT COST:
FACILITY NAME: Premier Cardiac Surgery Center		CITY: Merrionette Park	Original: \$4,785,801
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: Premier Cardiac Surgery Center, PLLC., and Heart Care Centers of Illinois, S.C. (the Applicants) submitted this Application for a Permit to add the cardiac catheterization category of service to an existing Ambulatory Surgery Treatment Center (“ASTC”). The ASTC is at 11560 South Kedzie Avenue, Suite 110, Merrionette Park, Illinois. The Applicants propose one cardiac catheterization lab adjacent to the current ASTC. The total project cost is \$4,785,801. The expected completion date is July 31, 2026.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- Premier Cardiac Surgery Center, PLLC., and Heart Care Centers of Illinois, S.C. (the Applicants) submitted this Application for a Permit to add the cardiac catheterization category of service to an existing Ambulatory Surgery Treatment Center (“ASTC”). The ASTC is at 11560 South Kedzie Avenue, Suite 110, Merrionette Park, Illinois. The Applicants propose one cardiac catheterization lab adjacent to the current ASTC. The total project cost is \$4,785,801. The expected completion date is July 31, 2026.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the proposed project establishes a category of service as defined in 20 ILCS 3960.

PUBLIC HEARING/COMMENT:

- No public hearing was requested. The State Board has received no letters of support and one letter of opposition.

SUMMARY:

- Since 2018, there has been no growth in the number of cardiac catheterizations performed in the HSA VII Cardiac Catheterization Planning Area.
- To add a new cardiac catheterization facility, each facility in the planning area offering cardiac catheterization services operates at 400 procedures annually unless an Applicant can document historical referral volume to existing cardiac catheterization facilities in the prior three years of over 400 annual procedures.
- The Applicants addressed a total of 22 criteria and have not met the following:

Criterion	Non-Compliant
77 ILAC 1120.140 (a) – Availability of Funds	The Applicants provided unaudited financial information. The State Board rules require audited financial statements. See Page 13 of this report.
77 ILAC 1120.140 (b) - Financial Viability	The Applicants have not met the days of cash on hand for 2022, 2023, and 2026. See Page 14 of this report.
77 ILAC 1120.140 (c) – Reasonableness or Project Costs	Modernization and Contingency Costs total \$2,393,250 and are \$479.22 per DGSF. This is higher than the State Board Standard of \$395.55 per DGSF. See Page 15 of this report.



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Project #24-022
Premier Cardiac Surgery Center
State Board Staff Report

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants	Premier Cardiac Surgery Center, PLLC, Heart Care Centers of Illinois, S.C.
Facility Name	Premier Cardiac Surgery Center
Location	11560 Kedzie Avenue, Suite 110, Merrionette Park, Illinois
Permit Holder	Premier Cardiac Surgery Center, PLLC, Heart Care Centers of Illinois
Licensee/Operating Entity	Premier Cardiac Surgery Center, PLLC
Owner of Site	Merrionette Park 11560 Medical Properties, LLC (DE)
Application Received	July 1, 2024
Application Deemed Complete	July 9, 2024
Review Period Ends	November 6, 2024
Project Completion Date	July 31, 2026
Did the State Board staff extend the review period?	No
Can the Applicant request a deferral?	Yes

I. The Proposed Project

Premier Cardiac Surgery Center, PLLC., and Heart Care Centers of Illinois, S.C. (the Applicants) submitted this Application for a Permit to add the cardiac catheterization category of service to an existing Ambulatory Surgery Treatment Center (“ASTC”). The ASTC is at 11560 South Kedzie Avenue, Suite 110, Merrionette Park, Illinois. The Applicants propose one cardiac catheterization lab adjacent to the current ASTC. The total project cost is \$4,785,801. The expected completion date is July 31, 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 does not conform with the provisions of Part 1120.

III. General Information

The Applicants are Premier Cardiac Surgery Center, PLLC, and Heart Care Centers of Illinois S.C. Heart Care Centers of Illinois S.C. consists of 26 cardiologists specializing in minimally invasive, non-invasive electrophysiology therapies (Source: <https://www.heartcc.com/who-we-are>). Heart Care Centers of Illinois S.C. owns 100% of

Premier Cardiac Surgery Center. Premier Cardiac Surgery Center, PLLC, is the licensee, and Merrionette Park 11560 Medical Properties, LLC, is the site owner. This is a substantive project subject to Part 1110 review and Part 1120 review. Financial commitment will occur after permit issuance.

The Illinois Health Facilities and Services Review Board (“State Board”) approved Premier Cardiac Surgery Center, an ASTC, in February 2018 as Permit #17-058 to establish one operating room with four recovery stations in 4,172 GSF of space at approximately \$1.2 million. The Applicants were approved for **interventional cardiology and electrophysiology implant services**. At the time of approval, the Applicants stated their expected patient mix would be 62.5% Medicare and 5% Medicaid. (Source February 2018 State Board Transcript page 75). Table One below shows that the ASTC has provided no Medicaid and very little Charity Care.

TABLE ONE ⁽¹⁾				
Premier Cardiac Surgery Center				
ASTC Utilization				
Year	2019	2020	2022	2023
Cases	23	313	553	654
Hours	13	400	798	881
ASTC Revenue by Payor Source				
Medicare	\$0	\$3,619,451	\$5,228,392	\$6,560,822
Medicaid	\$0	\$0	\$0	\$0
Other Public	\$0	\$0	\$0	\$0
Private Insurance	\$0	\$138,716	\$2,807,597	\$1,320,926
Private Insurance	\$0	\$0	\$0	\$0
Charity Care Exp	\$52,045	\$4,644	\$0	\$0
Total	\$0	\$3,758,167	\$8,035,989	\$7,881,748
Number of Patients by Payor Source				
Medicare	0	285	536	527
Medicaid	0	1	0	0
Other Public	0	0	0	0
Private Insurance	0	22	127	127
Private Insurance	0	3	0	0
Charity Care	23	2	0	0
Total	23	313	663	654
1. Information taken from ASTC Annual Surveys submitted by the Applicants.				

IV. Health Service Area

Premier Cardiac Surgery Center is in the Health Service Area VII Cardiac Catheterization Planning Area. HSA VII consists of Suburban Cook and DuPage County. Twenty-four

hospitals in HSA VII provide cardiac catheterization services. There are 82 cardiac catheterization labs in this Planning Area. Since 2018, there has been no growth in the number of cardiac catheterizations performed in this Planning Area. (See Table at the end of this report)

The State Board has approved two ASTCs for cardiac catheterization services in this planning area that are not yet operational.

- Permit #23-040 – Cardiovascular Institute Ambulatory Surgery Center – 2 labs.
- Permit #24-008 - Advocate Cardiovascular ASTC and Outpatient Center -1 lab.

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

The Applicants are funding this project with \$2,000,000 in cash and securities, the fair market value of leases at \$1,851,417, and a line of credit at \$934,384.

TABLE TWO		
Project Uses and Sources of Funds		
Uses of Funds	Total	% of Total
Modernization	\$2,175,600	45.46%
Contingencies	\$217,650	4.55%
Architectural/Engineering Fees	\$134,400	2.81%
Consulting and Other Fees	\$60,000	1.25%
Movable or Other Equipment	\$346,734	7.25%
Fair Market Value of Lease Space	\$630,838	13.18%
Fair Market Value of Leased Equipment	\$1,220,578	25.50%
Total Uses of Funds	\$4,785,801	100.00%
Sources of Funds		
Cash and Securities	\$2,000,000	41.79%
Leases	\$1,851,417	38.69%
Line of Credit	\$934,384	19.52%
Total Sources of Funds	\$4,785,801	100.00%

VI. **Project Details**

The proposed cardiac catheterization service will be in an existing ASTC that will be renovated to accommodate it. The cardiac catheterization lab will be in the lease space adjacent to the ASTC. 1,493 GSF of lease space will be dedicated to the cardiac catheterization labs. Also renovated will be the nursing stations, physician locker rooms, pre- and post-recovery stations, and the lobby. The ASTC and the cardiac cath lab will have a total of 4,994 GSF of leased space.

VII. 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 he 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 that they comply with 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 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, market area, or other area according to the applicant's definition.

The Applicants state that the **purpose** of this project is to establish a CATH lab that offers cardiac catheterization and PCI¹ Procedures. According to the Applicants, allowing the Applicants to offer a broader range of outpatient cardiac procedures will enhance heart patients' access to cardiac care. The Applicants state that when approved, they may be the first in the state to provide PCI at an outpatient surgery center. As a result, according to the Applicants, the Cath Lab will enhance access to outpatient health care services.

Geographical Service Area

The Applicants identify their geographical service area as a 45-minute drive time radius surrounding the proposed location.

Problems

The Applicant's interventional cardiologists perform cardiac cath procedures at seven area hospitals (St. Joseph Medical Center-Joliet, Silver Cross, NM Palos Community, Advocate Christ, MacNeal, UC Adventist LaGrange, and UC Adventist Hinsdale). According to the Applicants, staffing has been problematic for some hospitals, resulting in limited ability to schedule cases at these facilities. At other hospitals, demand for access to the cath lab is constrained by the number of labs and cardiologists on staff, with demand (cardiologist) exceeding supply (cath lab availability). This project aims to add cardiac catheterization

¹. Percutaneous coronary intervention (PCI) is a non-surgical procedure used to treat coronary artery blockages; it opens narrowed or blocked sections of the artery, restoring blood flow to the heart.

procedures, which will offer patients a choice of whether their procedure should be performed in an ASTC or a hospital setting. According to the Applicants, ASTCs are usually a lower-cost option for patients than a hospital outpatient department. Also, according to the Applicants, ASTC efficiencies in access, ease of scheduling, and shorter wait times are patient satisfiers. (See pages 167-171 of the Application for Permit)

C) Safety Net Impact Statement

All healthcare facilities, except skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement filed with an application for a substantive project (see Section 1110.40). Safety net services are those offered 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; a safety net impact statement was provided as required. The statement can be found on pages 323-329 of the Application for Permit.

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 healthcare needs of the population it will serve.

Alternative #1: Do Nothing

Alternative #2: Joint Venture

Alternative #3: Utilize other Health Resources

Alternative #4: Establish Two Cardiac Catheterization Labs

The Applicants considered **four** alternatives to the proposed project. The **first alternative** was rejected because maintaining current services is not an option. 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, according to the Applicants, it does nothing to address overutilization at the hospitals where the Applicant's physicians have admitting privileges. The **third** alternative was rejected because, according to the Applicants, there is overutilization at every hospital where the Applicants have admitting privileges. The **fourth** alternative was dismissed because of the cost and the possibility of moving to a different location. (See Application for Permit pages 202-214 for complete discussion)

VIII. 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).

The Applicants are proposing 1,493 GSF for one lab. The State Board Standard is 1,800 GSF per lab. The Applicants have met the State Board's cardiac catheterization size standard.

B) Project Services Utilization ²

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.

The Applicants project 583 cardiac catheterization procedures by the second year after completion. The State Board Standard is that 200 procedures should be performed annually within two years after initiation. The Applicants have met the requirements of this criterion.

IX. 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, related patient morbidity and mortality, and the technical aspects of providing the services, such as film processing, equipment maintenance, etc.

The Applicants documented (Application for Permit pages 221-224) that a peer review program will be established at the proposed facility. The Applicants state that the peer review team will evaluate the quality of studies, related morbidity and mortality of patients, and the technical aspects of providing the services, such as filming processing and equipment maintenance. The Applicants appear to meet the requirements of this criterion.

² 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)

B) Establishment or Expansion of Cardiac Catheterization Service

There shall be no 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 1100.620³ is 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 three years for cardiac catheterization over 400 annual procedures (e.g., certification of the number of patients transferred to other service providers in each of the last three years).

1. Section 77 ILAC 1100.620 states that NO additional cardiac catheterization service will be established unless each facility within the planning area operates at 400 procedures annually. Twenty-four hospitals in HSA VII provide cardiac catheterization services. Three of these Hospitals were below the State Board standard of 400 annual procedures for CYs 2022 and 2023 (See Table below).

TABLE THREE

Hospitals that operated at less than 400 cardiac catheterizations annually

		Labs	2022	2023
UC Adventist Medical Center La Grange	La Grange	2	206	667
Glenbrook Hospital ⁽¹⁾	Glenview	9	118	138
UC Adventist Medical Center Glenoaks	Glendale Heights	1	355	407
1. Glenbrook Hospital approved for nine cardiac catheterization labs Permit #21-016				

2. The table above shows that three HSA VII Planning Area hospitals have operated at less than 400 catheterizations annually. However, the Applicants have documented historical referral volume for cardiac catheterization in the prior three years, totaling over 400 procedures referred annually (**See Table Four**). The Applicants have met these requirements.

TABLE FOUR

Referrals to Hospitals

		HSA	Miles	2021	2022	2023
Advocate Christ Medical Center	Oak Lawn	VII	4.3	194	177	94
UC Adventist Health Hinsdale	Hinsdale	VII	20	0	0	25
UC Adventist Health LaGrange	LaGrange	VII	17.2	0	0	20
Little Company of Mary Hospital	Evergreen Park	VII	3.3	17	2	5
MacNeal Hospital	Berwyn	VII	21.9	465	467	543
Palos Community Hospital	Palos Heights	VII	8	669	514	303
Ascension Saint Joseph	Joliet	IX	34.4	382	426	458
Silver Cross Hospital and Medical Center	New Lenox	IX	25.8	1,421	1,433	1,456

³ Section 1100.620 Cardiac Catheterization Services

a) Planning Areas: Health Service Areas defined by the Department of Health and Human Services under P.L. 93-641.

b) Utilization Standards:

A minimum of 200 cardiac catheterization procedures should be performed annually within two years after initiation.

c) 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 400 procedures annually.

TABLE FOUR
Referrals to Hospitals

	HSA	Miles	2021	2022	2023
Total			3,148	3,019	2,904

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

1. The applicant referred patients to five hospitals in the HSA VII cardiac catheterization planning area. Based on these referrals, no existing cardiac cath facility will be reduced below 200 cardiac catheterizations if this project is approved.
2. The Applicants provided copies of letters sent to all hospitals in the HSA VII Cardiac Catheterization Planning Area as required. The State Board received **one impact letter** from **OSF Little Company of Mary Medical Center** that stated in part.

“OSF Little Company of Mary Medical Center ("LCMMC") is a safety net hospital in Evergreen Park, IL, in the same planning area as the proposed cath lab. LCMMC has two cardiac cath labs where elective cardiac procedures are performed, and it provides 24/7 coverage for emergency cardiac procedures. It is estimated that approximately 1,400 cases will be performed in these labs during this fiscal year. Based on these current volumes, there is not an unmet service need. The proposed construction and modification of the existing facility to provide additional cardiac catheterizations would be an unnecessary duplication of services. I do not support adding a new Cath Lab planning area for the above reasons.” **Opposition Letter dated August 29, 2024**

TABLE FIVE
Impact on Hospitals in the HSA VII Planning Area

	City	Planning Area	Number of Labs	2023 Hospital Procedures	Number of Procedures Per Lab	Referrals From Hospital	Number of Referrals per Lab
Advocate Christ Medical Ctr.	Oak Lawn	VII	7	6,061	866	19	3
UC Adventist Medical Center	LaGrange	VII	2	667	334	4	2
OSF Little Company of Mary Hospital	Evergreen Park	VII	2	1,264	632	10	5
MacNeal Hospital	Berwyn	VII	2	1,632	816	109	55
Palos Community Hospital	Palos Heights	VII	2	1,965	983	61	31
Ascension Saint Joseph	Joliet	IX	4	2,378	595	92	23
Silver Cross Hospital and Medical Ctr.	New Lenox	IX	5	6,754	1,350	292	58
UC Adventist Hinsdale Hospital	Hinsdale	IX	4	2,132	533	5	1
Total			28		6,109	592	178

D) 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 operational 24/7 but must be available when needed.**

The Applicants (Application for Permit, pp. 291-292) outlined the availability, location, and operation times of the different support services provided. The Applicants have met the requirements of this criterion.

F) Laboratory Location

Due to safety considerations in technical breakdown, group laboratory facilities are preferred. Thus, in projects proposing additional catheterization laboratories, such units must be near existing laboratories unless such a location is architecturally infeasible.

This criterion is not applicable because the Applicants propose establishing one cardiac catheterization lab.

G) Staffing

It is the policy of the State Board that if cardiac catheterization services are to be offered, a cardiac catheterization laboratory team should be established. Any applicant proposing to develop 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 cardiology and radiology training will be present during the examination, and extra physician backup personnel will be available.
- 3) A Nurse specially trained in the critical care of cardiac patients, with knowledge of cardiovascular medication and an 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 technicians to monitor physiologic data and alert physicians to changes.
- 7) An Electronic radiologic repair technician who can 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 the operation of automatic processors used for sheet and cine film.

Staff had not been recruited when this application was submitted. Page 304 provides a synopsis of the planned recruiting process. The Applicants appear to have met the requirements of this criterion.

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 to transfer seriously ill patients for continuity of care.

The Applicants have provided a copy of a written transfer agreement with Advocate Christ Medical Center as required. (See pages 305-310 of the Application for Permit)

D) 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.
- 2) 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 by documentation of shared medical staff.
 - B) That the existing operating program provides open heart surgery.
 - C) The initiation of a new program at the proposed site is more cost-effective, based upon a comparison of charges, than the expansion of the existing operating program.
 - D) 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 catheterization patients in the area served by the applicant).
- 3) The existing operating program cannot use its volume of patient procedures to justify a second affiliation agreement until it is again operating at 750 procedures annually per laboratory and the affiliate is operating at 400 procedures per laboratory.

This criterion does not apply to this project because the proposed unit is not affiliated with an existing operating program.

X. Financial Viability

A) 77 ILAC 1120.120 - Availability of Funds – Review Criteria

Applicants shall document that financial resources will be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources.

The Applicants are funding this project with \$2,000,000 in cash and securities, the fair market value of leases at \$1,851,417 (\$630,838 FMV RE Lease and \$1,220,578 FMV EQ Lease), and a line of credit at \$934,384 for a total of \$4,785,801. The Applicants provided a letter from Old National Bank stating that the Applicants have sufficient funds at the Bank to cover the cost of the Project. The Applicants provided unaudited information, which has been included in the State Board's packet of material. (See page 314 of the Application for Permit)

TABLE SIX
Unaudited Financial Information
Heart Care Centers of Illinois S.C.

	2021	2022	2023
Cash	\$5,275,513	\$4,840,692	\$5,468,727
Total Assets	\$6,496,725	\$6,161,193	\$6,897,818
Current Liabilities	\$1,950,636	\$2,569,031	\$4,041,387
Equity	\$4,546,089	\$3,587,562	\$2,851,331
Revenue	\$62,395,643	\$57,275,961	\$56,351,966
Expenses	\$58,715,048	\$53,899,731	\$53,355,742
Income	\$3,570,595	\$3,376,230	\$5,023,309

B) 77 ILAC 1120.130 - Financial Viability – Review Criteria

a) Financial Viability Waiver

The applicant is NOT required to submit financial viability ratios if:

- 1) all project capital expenditures, including capital expended through a lease, are entirely funded through internal resources (cash, securities or received pledges); or
HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.
- 2) the applicant's current debt financing or projected debt financing is insured or anticipated to be insured by Municipal Bond Insurance Association Inc. (MBIA) or its equivalent; or
HFSRB NOTE: MBIA Inc is a holding company whose subsidiaries provide financial guarantee insurance for municipal bonds and structured financial projects. MBIA coverage is used to promote credit enhancement as MBIA would pay the debt (both principal and interest) in case of the bond issuer's default.
- 3) the applicant provides a third-party surety bond or performance bond letter of credit from an A-rated guarantor (insurance company, bank, or investing firm) guaranteeing project completion within the approved financial and project criteria.

b) Viability Ratios

Applicants responsible for funding or guaranteeing project funding shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization but no more than two years following project completion. When the applicant's facility does not have facility-specific financial statements and the facility is a member of a healthcare system with combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be

evaluated for conformance with the applicable hospital standards. The latest three years' audited financial statements shall consist of:

- 1) Balance sheet.
- 2) Revenues and expenses statement.
- 3) Changes in fund balance; and
- 4) Changes in financial position.

HFSRB NOTE: To develop the above ratios, facilities shall use and submit audited financial statements. If audited financial statements are unavailable, the applicant shall use and submit Federal Internal Revenue Service tax returns or the Federal Internal Revenue Service 990 report with accompanying schedules. If the project involves establishing a new facility and/or the applicant is a new entity, supporting schedules to support the numbers shall be provided, documenting how the numbers have been compiled or projected.

c) Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

The Applicants did not qualify for the financial viability waiver. Although they addressed the State Board's financial ratio requirements, the table below shows they have not met the day's cash on hand for 2022, 2023 and 2026.

TABLE SEVEN
Financial Viability Ratios

	State Standard	2020	2021	2022	2023	2026
Current Ratio	1.5	0.98	1.4	1.97	2.7	2.5
Net Margin Percentage	3.5	21.00%	28.00%	24.00%	28.00%	26.00%
Long-Term Debt to Capitalization	<80%	51.00%	N/A	N/A	N/A	N/A
Projected Debt Service Coverage	>1.75	N/A	N/A	N/A	N/A	N/A
Days Cash on Hand	>45 days	45.65	46.88	39.5	42.26	42
Cushion Ratio	>3	N/A	N/A	N/A	N/A	N/A

XI. Economic Feasibility

A) 77 ILAC 1120.140 (a) - Reasonableness of Financing Requirements

- a) The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:
 - 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts, and funded depreciation; or
 - 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all the cash and equivalents must be retained in the balance sheet asset accounts to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities or
 - B) Borrowing is less costly than liquidating existing investments, and the existing investments being retained may be converted to cash or used to retire debt within 60 days.

The Applicants provided a signed and notarized statement attesting that borrowing is required because a portion of the Applicants' cash and equivalents must be retained in the balance sheet asset accounts to maintain a current ratio of 1.5. (See Application for Permit page 320)

B) 77 ILAC 1120.140 (b) – Terms of the 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) The project involves (in total or in part) leasing equipment or facilities, and the expenses incurred with leasing are less costly than constructing a new facility or purchasing new equipment.

The Applicants provided a signed and notarized statement attesting that the project's selected form of debt financing will be at the lowest net cost available, and that leasing property and equipment is less costly than constructing a new facility and less expensive than purchasing new equipment. (See Application for Permit page 321).

C) 77 ILAC 1120.140 (c) – Reasonableness of Project Costs

The applicant shall document that the estimated project costs are reasonable and shall document compliance with the following:

Modernization and Contingency Costs total \$2,393,250 and are \$479.22 per DGSF. This is HIGH when compared to the State Board Standard of \$395.55 per DGSF.

Contingency Costs are \$217,650 and are 10% of modernization costs. This appears reasonable compared to the State Board Standard of 10%.

Architectural and Engineering fees total \$134,400 and are 5.62% of modernization and contingency fees. This appears reasonable compared to the State Board standard of 6.42-9.64%.

Movable Equipment is \$346,734 and is reasonable compared to the State Board standard of \$620,394.

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

Consulting and Other Fees	\$60,000
Fair Market Value of Lease Space	\$630,838
Fair Market Value of Leased Equipment	\$1,220,578

D) 77 ILAC 1120.140 (d) – Direct Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct costs are the fully allocated salaries, benefits, and supplies for the service.

The Applicants estimate an operating cost of \$2,573 per procedure by the second year after project completion. The State Board does not have a standard for this cost.

E) 77 ILAC 1120.140 (e) - Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

The Applicants estimate \$332 in capital cost per procedure by the second year after project completion. The State Board does not have a standard for this cost.

TABLE EIGHT
Healthcare Facilities with Cardiac Catheterization Service
HSA VII Planning Area

Hospitals	City	Total Labs	2018	2019	2020	2021	2022	2023	Average	Per Lab
Total		82	47,450	47,492	39,621	43,716	44,844	47,293	45,069	550
Advocate Christ Medical Center	Oak Lawn	7	6,738	6,602	5,331	6,191	6,045	6,061	6,161	880
Edward Hospital	Naperville	6	5,651	5,186	3,906	4,381	4,825	4,021	4,662	777
Foster G. McGaw Hospital	Maywood	9	5,559	5,428	3,874	3,790	3,066	5,001	4,453	495
Elmhurst Memorial Hospital	Elmhurst	4	3,666	3,747	3,906	3,627	4,447	3,214	3,768	942
Advocate Lutheran General Hospital	Park Ridge	4	3,015	3,175	2,701	3,697	3,972	4,446	3,501	875
Evanston Hospital	Evanston	3	2,745	3,404	3,200	3,733	3,584	3,722	3,398	1,133
Palos Community Hospital	Palos Heights	2	2,513	2,438	2,042	2,306	2,002	1,965	2,211	1,106
Northwest Community Hospital	Arlington Heights	4	2,442	2,373	1,787	1,852	1,417	1,481	1,892	473
Advocate Good Samaritan Hospital	Downers Grove	4	2,233	1,903	1,710	2,157	3,204	3,736	2,491	623
Northwestern Central DuPage Hospital	Winfield	4	2,132	2,293	2,132	2,791	2,795	2,890	2,506	626
Franciscan Health - Olympia Fields	Olympia Fields	3	1,532	1,241	824	825	800	714	989	330
Advocate South Suburban Hospital	Hazel Crest	3	1,367	1,448	1,068	1,320	1,540	1,851	1,432	477
MacNeal Hospital	Berwyn	2	1,307	1,321	931	912	1,466	1,632	1,262	631
St. Alexius Medical Center	Hoffman Estates	2	1,093	1,442	1,265	1,223	1,153	1,194	1,228	614
Ingalls Memorial Hospital	Harvey	2	1,065	1,017	927	671	671	463	802	401
West Suburban Medical Center	Oak Park	1	873	562	909	667	614	679	717	717
Little Company of Mary Hospital	Evergreen Park	2	708	1,251	756	1,234	1,153	1,264	1,061	531
Presence Saint Francis Hospital	Evanston	2	603	593	416	513	524	453	517	259
AMITA Health Adventist Medical Ctr	La Grange	2	559	634	543	301	206	667	485	243
Gottlieb Memorial Hospital	Melrose Park	1	517	428	677	489	412	416	490	490
Glenbrook Hospital	Glenview	9	426	331	136	126	118	138	213	24
UC Adventist Medical Center Glenoaks	Glendale Heights	1	426	403	339	349	355	407	380	380
Rush Oak Park Hospital, Inc.	Oak Park	2	280	272	241	561	475	878	451	226

TABLE NINE

Number of Cases Referred for Most Recent 12 Months and Proposed Referrals by Physician

Physician	Proposed Referrals	Advocate Christ Medical Center	MacNeal	Ascension Saint Joseph	Silver Cross Hospital and Medical Center	Little Company of Mary	Palos Community Hospital	UC Adventist Hinsdale	UC Adventist LaGrange	2023
Dr. Naveed Iqbal	75	4	225	56	18	0	0	0	0	303
Dr. Noel Camba	25	5	43	55	1	5	4	0	0	113
Dr. George Aziz	85	0	1	345	8	0	0	2	0	356
Dr. Ronald Stella	30	0	96	1	26	0	0	0	0	123
Dr. Hong Jun Yun	100	3	0	0	480	0	1	0	0	484
Dr. James Sur	45	63	21	0	56	0	0	23	20	183
Dr. Christopher Bane	60	7	131	0	14	0	102	0	0	254
Dr. Dominick Stella	30	0	0	0	88	0	41	0	0	129
Dr. Reema Sheth	75	2	4	1	284	0	24	0	0	315
Dr. Ravi Ramana	10	8	0	0	1	0	19	0	0	28
Dr. Charles Kinder	11	0	22	0	0	0	0	0	0	22
Dr. Amit Vira	45	2	0	0	158	0	26	0	0	186
Dr. Michael Porter	100	0	0	0	322	0	86	0	0	408
Total	691	94	543	458	1,456	5	303	25	20	2,904