STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: I-02	**BOARD MEETING:** March 18, 2025	**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.

Information regarding this Application for a Permit can be found at this link:
https://hfsrb.illinois.gov/project.24-022-premier-cardiac-surgery-center.html

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.
- This project received an Intent to Deny at the December 2024 State Board Meeting. Additional information addressing the Intent to Deny was provided on February 14, 2025. Attached to this report is the transcript from the December 2024 Meeting and the additional information from the Applicants addressing the Intent to Deny.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the proposed project establishes a service category 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.

INTENT TO DENY

- The Applicants responded to the Intent to Deny by stating in part the following:

  1. Availability of Funds and Financial Ratios

  To address this criterion, the Applicants provided a notarized letter from FGMK (The Applicant's Accounting Firm) stating, *"Throughout our professional relationship, HCCI has never required audited financial statements. In a medical practice like HCCI, an audit is typically only necessary if lender debt covenants mandate it. Based on our estimate, the cost of an annual audit for HCCI's group of companies would range between $55,000 and $65,000.* ***Without a specific requirement****, we have advised HCCI that we do not foresee any financial benefits that would justify this expense."*

  2. Reasonableness of Project Costs

  In response, the Applicants provided a letter from Krause Construction. This construction firm worked on the Applicant's existing ASTC project and is a consultant on the proposed project. In the letter, Krause Construction noted that it completed the existing ASTC within the parameters of the Departmental Gross Square Footage standards ("DGSF"). Krause Construction explained that inflation since 2019 has increased prices between 27% and 37% compared to prices on identical items in 2019. While the State Board's regulations adjust the DGSF cost per square foot standard due to inflation, the standards have not kept pace with the cost increases seen in the Chicagoland market. In the letter, Krause also points out that the project will be completed while the ASTC remains open. Krause explains that installing temporary infrastructure in the space and off-hour work, essential to maintaining clinic operations and keeping patients safe, also drives costs up.

3. Medicaid and Charity Care

The Applicants stated, *"Although the Applicant showed complete compliance with the remaining State Board review criteria, for some reason, the State Board staff chose to highlight in the Staff Report that in the Applicant's first application for a CON permit, the Applicant forecasted a patient mix with five percent (5%) Medicaid but has not served any Medicaid cases since the permit was granted. Including this inflammatory statement in the Staff Report led at least one State Board member to infer that the Applicant did something wrong and based their opposition to the project on this statement. This statement wrongfully directed the State Board members to make an issue out of something that is not even relevant to the applicable CON review criteria. The Applicant's lack of Medicaid caseload is not pertinent to any relevant CON review criteria. There is no standard in the State Board's regulations that links Medicaid participation with approval, nor do the rules require a minimum Medicaid caseload to obtain approval. That is why the Applicant's Medicaid caseload does not result in an adverse finding in the Staff Report. This statement should not have been included in the Staff Report."*

"Despite lacking a relevant review criterion requiring Medicaid participation or mandating a minimum Medicaid volume in the Applicant's patient mix, the Applicant does not want to dismiss State Board member Mr. Rex Budde's concern. He correctly cited that Premier Cardiac Surgery Center's initial CON permit application projected a payor mix estimating a Medicaid volume of five percent (5%) and that no such volume has materialized since initial CON approval."

The Illinois Health Facility Planning Act defines charity care *as "care provided by a healthcare facility for which the provider does not expect to receive payment from the patient or a third-party payer." The Act states that* cost containment and **support for safety net services** must continue to be **central tenets** of the Certificate of Need process.

The proposed payor mix is requested from the Applicants to allow the State Board to continue providing support for safety net services and to hold the Applicants accountable when safety net service support is not being realized. As the initial State Board Staff report stated, Premier Cardiac Surgery Center, LLC did not provide services to Medicaid or charity care patients for the four years documented.

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 15 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 16 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 17 of this report.

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 in Naperville for cardiac catheterization services in this planning area, both of which 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 (see Table Two.

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 PCI[1] 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

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[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.

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[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 1100.620[3] 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 Ill. Adm. 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 Three 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 in CY 2022 and CY 2023. 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)

I) Multi-Institutional Variance

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

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 justify a second affiliation agreement based on its volume of patient procedures 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 Ill. Adm. 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 they 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.[4] (See page 314 of the Application for Permit)

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

	2023	2022	2021
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	$2,996,224

B) 77 Ill. Adm. 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

---

[4] Generally, an audit is typically required when a company is publicly traded, receives significant federal funding exceeding a certain threshold, is seeking substantial loans from a bank, is involved in a significant merger or acquisition, or when a **regulatory body mandates it** based on industry or company size; essentially, when external stakeholders need high assurance regarding the accuracy of financial statements and compliance with regulations.

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 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 Ill. Adm. 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 Ill. Adm. 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 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 Ill. Adm. 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 higher than 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

Physician	Proposed Referrals	Advocate Christ Medical Center	MacNeal Hospital	Ascension Saint Joseph	Silver Cross Hospital and Medical Center	Little Company of Mary	Palos Community Hospital	UC Adventist Hinsdale	UC Adventist LaGrange	2023
		Number of Cases Referred for Most Recent 12 Months and Proposed Referrals by Physician								
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

24-022 Premier Cardiac Surgery Center - Merrionette Park

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RECEIVED
FEB 14 2025
HEALTH FACILITIES & SERVICES REVIEW BOARD

February 13, 2025

VIA ELECTRONIC MAIL & FEDEX

Health Facilities and Services Review Board
525 West Jefferson Street
Second Floor
Springfield, Illinois 62761
Attention: Mike Constantino, Project Reviewer

RE: CON Permit Application 24-022: Premier Cardiac Surgery Center
Intent to Deny Response

Dear Mr. Constantino:

This letter and its exhibits provide additional information in response to questions presented by members of the Illinois Health Facilities and Services Review Board ("State Board") at the December 17, 2024 State Board meeting in regard to the certificate of need ("CON") permit application (i.e., Project 24-022) submitted by Premier Cardiac Surgery Center, PLLC and Heartcare Centers of Illinois, SC (collectively, the "Applicant"). Specifically, this written response first addresses the three negative findings identified in the State Board Staff Report ("Staff Report") and then provides information that is responsive to particular concerns raised at the hearing by State Board members, valid concerns that go beyond the relevant review criteria and need further explanation.

The first three topics addressed below cover the negative findings in the Staff Report. The remaining topics address comments and questions raised by State Board members at the December 17 hearing.

1. Availability of Funds - 77 Ill. Adm. Code 1120.140(a)

The Applicant satisfied 19 out of 21 applicable review criteria as noted in the Staff Report.

Of the three negative findings in the Staff Report, the first negative finding related to the "availability of funds" review criteria. While the Applicant had sufficient funds for the project, as attested to in the CON permit application, the real reason for the negative finding was the Applicant's reliance on unaudited financial statements. The State Board regulations require audited financial statements for CON permit applications that rely in whole or in part on cash based funding. State Board Chairwoman Savage and State Board Member Dr. Audrey Tanksley both raised concerns about the lack of audited financial statements, and the Chairwoman suggested the submission of financial statements certified with tax documents.

At the December 17 hearing, the Applicant explained to the State Board members that obtaining audited financial statements was cost prohibitive and not the type of financial statements typically obtained by similarly situated physician practices and surgery centers. The Applicant testified that, in the alternative, it has its own, sophisticated, in-house accounting team that works with a respected external accounting firm and the financial statements generated by that team of highly qualified individuals have been used to run the business since its inception in 1997.

Since the hearing, the Applicant and State Board staff discussed what would be the next best form of information to submit to make State Board members comfortable with the Applicant's financial status. Although originally suggested at the State Board hearing, the Applicant and State Board staff thereafter mutually agreed that submitting the Applicant's corporate tax returns was not an ideal solution, as such private corporate records could be subject to Freedom of Information Act requests and State Board staff were uncomfortable keeping such information in their project files. The State Board staff was clear that it could not guarantee the privacy of the Applicant's tax records.

The Applicant, at the recommendation of the State Board staff, ultimately agreed to obtain a certified letter from the Applicant's accounting firm, which states that audited financial statements have never been required, that the cost to the Applicant to obtain such audited statements would cost anywhere between $55,000 and $65,000, that the Applicant's accounting practices follow well-established procedures, and that co-applicant Heartcare Centers of Illinois, S.C. (i.e., the party responsible for funding Project 24-022) has never reported a negative taxable income during the firm's 20-plus year tenure of working with HCCI. A summary of the three most recent years tax returns was provided in the letter from the Applicant's accountant.

A copy of the letter from the Applicant's accounting firm is attached hereto as Exhibit A.

2. Financial Viability - 77 Ill. Adm. Code 1120.140(b)

Of the three negative findings, the second negative finding arose from the "financial viability" review criterion. To satisfy this criterion, the Applicant was required to submit financial viability ratios because the project did not qualify for a financial viability ratio waiver because it was not funded entirely with cash.

As seen in the Staff Report, in Table 7 on page 14, the Applicant submitted data to the State Board that covered five separate areas, including: (1) net margin percentage; (2) long-term debt to capitalization; (3) projected debt service coverage; (4) days of cash on hand; and (5) cushion ratio. The Staff Report indicated compliance with four out of the five areas of review. For the final review area—days of cash on hand—the Applicant demonstrated partial compliance.

While the Applicant satisfied 22 out of the 25 ratios, the Applicant did not meet the number of days of cash on hand for 2022, 2023, and 2026 projected. The State Board standard for days of cash on hand is greater than 45 days. The Applicant's days of cash on hand was 39.5 days in 2022, 42.26 days in 2023, and 42.0 days projected for 2026. While this does indicate non-compliance with the standard, the Applicant continues to have substantial cash on hand, with the most recent year and projected year being three or less days of cash on hand below the standard.

Area	Standard	2020	2021	2022	2023	2026 Proj.
Days Cash on Hand	> 45 days	45.65	46.88	39.50	42.26	42.00
Std. Met?		Yes	Yes	No	No	No
Difference		+0.65	+1.88	-5.50	-2.74	-3.00

3. Reasonableness of Costs - 77 Ill. Adm. Code 1120.140(c)

Of the three negative findings, the third and last negative finding related to the "reasonableness of costs" review criterion. This negative finding resulted because the Project's cost per square foot was over the applicable State Standard. The State Board's current regulations require a maximum cost per department square foot ("DGSF") of $395.55 per DGSF. The Applicant's estimated project cost came in at $479.22 per DGSF, which is $83.67 per DGSF over the current state standard.

The Applicant obtained a letter from Krause Construction ("Krause"), the construction firm that worked on the Applicant's existing ambulatory surgical treatment center ("ASTC") project and is serving as a consultant for the current project as well. In the letter, Krause notes that it was able to complete the existing ASTC within the parameters of the DGSF standards but explains that inflation since 2019 has increased prices between 27% to 37% when compared with prices on identical items seen in 2019. While the State Board's regulations do provide for adjustments to the DGSF cost per square foot standard as a result of inflation, the standards have not kept pace with the exorbitant cost increases seen in the Chicagoland market.

In the letter, Krause also points out that the project will be completed while the ASTC remains open. Krause explains that the installation of temporary infrastructure in the space and off-hour work, which is essential to maintain clinic operations and keep patients safe, also drives costs up.

A copy of Krause's letter is attached hereto as Exhibit B.

4. Medicaid and Charity Care

Although the Applicant showed *complete compliance* with the remaining State Board review criteria, for some reason, the State Board staff chose to highlight in the Staff Report that in the Applicant's first application for a CON permit, the Applicant forecasted a patient mix with five percent (5%) Medicaid but has not served any Medicaid cases since the permit was granted. The inclusion of this inflammatory statement in the Staff Report led at least one State Board member to infer that the Applicant did something wrong and based their opposition to the project because of this statement. This statement wrongfully directed the State Board members to make an issue out of something that is not even relevant in the applicable CON review criteria.

To be clear, the Applicant's lack of Medicaid caseload is not pertinent to any relevant CON review criteria. There is no standard in the State Board's regulations that links Medicaid participation with approval, nor do the regulations require a minimum Medicaid caseload to obtain approval. That is why the Applicant's Medicaid caseload does not result in a negative finding in the Staff Report. This statement should not have been included in the Staff Report.

Despite that lack of a relevant review criterion requiring Medicaid participation or mandating a minimum volume of Medicaid in the Applicant's patient mix, the Applicant does not want to dismiss State Board member Mr. Rex Buddie's concern. He correctly cited that Premier Cardiac Surgery Center's initial CON permit application projected a payor mix estimating a Medicaid volume of five percent (5%) and that no such volume has materialized since initial CON approval.

What the Applicant has since discovered is that the original Medicaid volume estimate did not take into consideration that the lower income patients served by the Applicant were seniors on Medicare and, in many cases, would be dually eligible, that is, a patient who has both Medicare and Medicaid coverage. In such a case, the patent's primary insurance is Medicare and, as a result, no claims to Medicaid can be made because Medicare is the primary payor in this situation. Based on this fact, Premier Cardiac Surgery Center showed historically, and will likely continue to show, a Medicaid volume of zero percent (0%). *This does not mean that Medicaid patients are not being treated at the ASTC, it just means that the patients also have Medicare, and Medicare will always be the primary payor for this cadre of patients.*

Since the ASTC opened for operations, 116 dually eligible patients have been treated at the ASTC.

This information was shared at the December 17, 2024 hearing. The following table is a representation of this data:

Medicare/Medicaid

Calendar Year	# of Cases	Write-off Amount
2020	17	$45,634.14
2021	24	$60,314.64
2022	29	$49,507.38
2023	25	$39,068.53
2024*	21	$19,287.50
Totals	**116**	**$213,812.19**

As noted above, Medicare reimbursement does not fully cover the cost of cardiac procedures at the ASTC. Since 2020, the Applicant has written off $213,812.19 in connection with insufficient reimbursement rates. In addition to the Medicare/Medicaid patient write-off amount, an additional $136,9191.18 was written off regardless of the patient's insurance status. The Applicant views this as charitable.

Write Off Value

Calendar Year	# of Cases	Write-off Amount
2019	13	$3,915.21
2020	15	$20,535.87
2021	26	$47,515.04
2022	13	$59,959.41
2023	4	$3,983.12
2024*	7	$6,472.94
Totals	**78**	**$142,381.59**

While writing off bad debt does not meet the State Board's narrowly crafted definition of "charity care," it is worth noting that the Applicant does write off debt and that ***the Applicant has never sent its patients to a collection agency for unpaid bills.***

The CON permit application notes that Heart Care Centers of Illinois (HCCI) is the sole owner of PCSC (i.e., the ASTC business entity). As a result, patients being treated in the ASTC are HCCI patients. Accordingly, HCCIs Medicaid volume is relevant to this project. The tables below show the number of primary Medicaid encounters as well as the dual eligible encounters (Medicare and Medicaid) the practice has seen/treated over the past five years:

Medicaid Primary Insurance

Year	Encounters	Charges	Payments	Adjustments
2020	2,204	$478,008.00	$69,826.53	$408,287.87
2021	2,003	$447,480.00	$77,198.72	$370,458.64
2022	2,251	$502,989.00	$88,304.82	$408,827.53
2023	2,623	$621,021.00	$106,967.11	$482,760.47
2024	1,685	$359,594.00	$23,384.55	$97,958.35
Total	**10,766**	**$2,409,092**	**$365,681.73**	**$1,768,292.86**

Medicare/Medicaid Insurance

Year	Encounters	Charges	Payments	Adjustments
2020	18,107	$ 5,065,349.00	$ 1,484,769.67	$ 3,583,142.73
2021	20,710	$ 6,288,179.00	$ 1,909,275.26	$ 4,380,213.57
2022	23,536	$ 6,626,621.50	$ 2,011,666.48	$ 4,609,193.40
2023	24,817	$ 2,175,619.75	$ 2,398,278.39	$ 5,320,451.71
2024	22,242	$ 6,882,356.00	$ 1,980,596.07	$ 4,386,275.27
Total	**109,412**	**$ 27,038,125.25**	**$ 9,784,585.87**	**$ 22,279,276.68**

Additional information on the Applicant's Medicaid volume is attached hereto as Exhibit C.

5. Relationships With Federally Qualified Health Centers

At the December 17, 2024 State Board hearing, State Board Member Dr. Audrey Tanksley asked whether the Applicant's surgery center and/or its physician practice is engaged with any Federally Qualified Health Care Centers ("FQHCs"). At the time, the Applicant did not have an immediately available answer. During comments made during the vote, Dr. Tanksley suggested that the Applicant should consider some type of association with an FQHC.

A review of the Applicant's patient referral data indicates that the Applicant's physician practice has a long and extensive referral relationship with multiple FQHCs. The data shows that most of the patient referrals have come from mainly four FQHCs: (1) Alivio FQHC, (2) Access Care Network, (3) Lawndale Christian Health Center, and (4) PCC South Family FQHC. Over the past three years, the Applicant has received 140 referrals from FQHCs, with 74 cases coming from Alivio FQHC, 48 cases coming from Access Care Network, 11 cases coming from Lawndale Christian Health Center, and 7 coming from PCC South Family FQHC.

6. Underutilization of Existing ASTCs

State Board member Budde's comments before voting "no" at the December 2024 hearing indicated a concern with the Applicant's project and its potential to create an unnecessary duplication of services in Health Service Area VII ("HSA 7"). Per the State Boards rules at 1110.225(c), "any application proposing to establish cardiac catheterization services must indicate if it will reduce the volume of existing facilities below 200 catheterizations." The same regulation adds that "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."

The Applicant raises two points with this issue.

First, the Applicant sent impact letters to 27 cardiac catheterization laboratories in HSA 7. Only one of those laboratories, OSF Little Company of Mary Medical Center ("OSF"), submitted an objection letter to the proposed cardiac catheterization laboratory. The other 26 laboratories did not comment on the project.

OSF's points of contention with the Applicant's project are irrelevant because: (a) the Applicant's physicians are not on staff at this hospital and thus will not be referring any cases away from this hospital's cardiac catheterization laboratory to the Applicant's facility, therefore no negative impact will result if the Applicant's project is approved; and (b) OSF's catheterization volume, by their own admittance, is 1,400 cases, a number which is well above the State Board's utilization standard. As a result, the Applicant's project will neither take cases away from OSF nor create even more unneeded volume at their location.

Second, the Applicant's physicians will refer patients to the proposed cardiac catheterization laboratory, but such referrals will only come from hospitals just like OSF, that is, hospitals with cardiac catheterization programs that are well above the State Board's per-lab utilization targets. As rightly stated in the Staff Report, the Applicant "referred patients to five hospitals in the HSA VII cardiac catheterization planning area . . . [and] Based on these referrals, no existing cardiac cath facility will be reduced below 200 cardiac catheterizations if this project is approved."

To be clear, this shows that the Applicant satisfied the review criteria addressing unnecessary duplication of service as required by 1110.225(c).

The Applicant respectfully requests a rehearing on Project 24-022 at the March 18, 2025 State Board meeting.

Please let me know if you have additional questions. Thank you for your attention to this matter.

Respectfully,

Joseph Hylak-Reinholtz
Attorney for Applicant

Enclosures

ATTACHMENT A

Applicant Accounting Firm Tax Summary Letter

(see attached)

February 10, 2025

SENT VIA EMAIL

Mrs. Debra Savage
Illinois Health Facilities & Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Mrs. Savage:

My name is Anthony Mentz, and I serve as the outside Certified Public Accountant for Heart Care Centers of Illinois (HCCI). My firm and I have worked with HCCI for over 20 years.

I am writing to provide commentary and insights regarding HCCI.

Founded in 1997, HCCI has been delivering comprehensive cardiovascular services throughout the Chicagoland area since its inception.

Throughout our professional relationship, HCCI has never required audited financial statements. In a medical practice like HCCI, an audit is typically only necessary if lender debt covenants mandate it. Based on our estimate, the cost of an annual audit for HCCI's group of companies would range between $55,000 and $65,000. Without a specific requirement, we have advised HCCI that we do not foresee any financial benefits that would justify this expense.

HCCI has consistently employed highly qualified chief financial officers and accounting staff. Their accounting practices follow well-established procedures, including formal monthly closes, bank reconciliations, and budget analyses—all of which are reviewed monthly by HCCI's Executive Board of Directors.

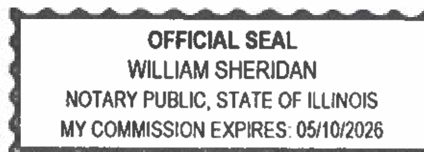
From a financial perspective, HCCI has never reported negative taxable income during our tenure. Below is a summary of HCCI's financial results, based on corporate income tax returns, reported on a cash basis:

	(000's Omitted)			
	2021	**2022**	**2023**	**2024 (Draft)**
Net Medical Service Revenue	57,542	58,309	63,159	64,790
Operating Expenses	25,387	34,713	35,441	37,953
Provider Compensation and Benefits	28,212	20,118	24,055	24,219
Total Operating Expenses	53,599	54,831	59,496	64,172
Net Operating Income	3,943	3,478	3,663	2,618
Other Income (Expense)	(12)	(5)	14	56
Net Taxable Income	3,931	3,473	3,677	2,674

Please let me know if you have any questions.

Sincerely,

Anthony M. Mentz
Partner



2/10/25

ATTACHMENT B

Kraus Construction Letter

(see attached)

January 13, 2024

Heart Care Centers of Illinois
13011 S. 104th Avenue Suite 100
Palos Park, IL 60464

RE: Heart Care Centers

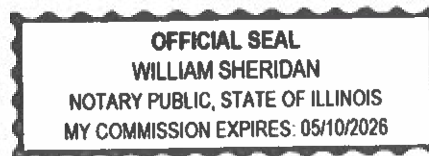
Dear Mr. Berlin,

Krause Construction completed the construction of original buildout in 2019 within the parameters of the Modernization and Contingency costs per DGSF at the State Board Standard. Since 2019, the construction labor and material prices have increased +/- 27%-38% respectively as a result increasing the submitted modernization and contingency costs for this project.

In addition, the original project in 2019 was completed in 1 phase while the clinic was closed. The new project is submitted as 3 phases of construction to allow the clinic to remain operational during completion of this project. Temporary infrastructure and off-hour work will also be required to maintain clinic operations. These are all driving factors of the submitted modernization and contingency costs that are above the State Board Standard.

Sincerely,

Matt Lepper
Krause Construction Inc
President



1/13/25

3330 Edison Street Blue Island, IL 60406
Phone: (708) 371-9507 **Fax:** (708) 371-9577
Please visit our website
www.krausecsi.com

ATTACHMENT C

Additional Medicaid Information

(see attached)

This information will help clarify why the number of procedures on Medicaid enrollees being down at Premier Cardiac Surgery is relatively low.

This is an example using a common procedure at the surgery center of pacemaker insertion.

The need for a permanent pacemaker typically increases with age, as older adults are more likely to develop conditions that affect heart rhythm. Conditions that might necessitate a pacemaker include bradycardia (slowed heart rate), heart block, or other arrhythmias, which become more common with age.

Here's a general age breakdown based on available data:

Age Group	**Percentage of Pacemaker Implants**
Under 50	Less than 10%
50-60	10-20%
60-70	25-35%
70-80	30-40%
Over 80	20-30%

As can be seen, most pacemakers are done in senior citizens.

The average age of patients receiving a pacemaker procedure at Premier Cardiac Surgery Center is ___? (would include new implants and generator changes).

The following provides information regarding the age of Medicaid enrollees.

The age breakdown of Medicaid beneficiaries in Illinois is similar to national trends. Here's an approximate age breakdown based on available data:

1. **Children (0-18 years)**: Approximately 40-50% of Medicaid recipients in Illinois are children.
2. **Adults (19-64 years)**: Roughly 45-55% fall into this age range. This includes many low-income working adults, as well as those with disabilities.
3. **Seniors (65 years and older)**: Typically, around 10-15% of Medicaid recipients are seniors.

Medicaid Enrollment in Cook County (data from Illinois Dept of HealthCare and Family Services)

Comprehensive Benefit Enrollees	FY2020	FY2021	FY2022	FY2023	FY2024
Children	640,567	660,991	670,221	687,090	666,949
Adults with Disabilities	115,906	113,058	108,617	108,821	101,610
ACA	315,604	381,917	427,815	462,842	381,576
Other Adults	228,624	280,286	330,611	402,655	300,502
Seniors	128,033	144,982	158,761	183,927	162,523

Total Enrollees	FY2020	FY2021	FY2022	FY2023	FY2024
Total	1,451,599	1,604,213	1,719,615	1,868,393	1,638,367

The percent of seniors on Medicaid in 2024 in Cook County is only 9.9% of total enrollees.

The small number of seniors on Medicaid in Cook County and the types of procedures currently being done at Premier Cardiac Surgery Center help explain the low number of procedures on Medicaid enrollees.

By granting the Surgery Center additional privileges to allow coronary angiography and coronary interventions, the number of procedures for Medicaid enrollees is anticipated to increase.

STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

REPORT OF PROCEEDINGS

held at the Bolingbrook Golf Course,
2001 Rodeo Drive, Washington Ballroom,
Bolingbrook, Illinois, on December 17,
2024, at the hour of 9:13 a.m.

BOARD MEMBERS:

CHAIRWOMAN DEBRA SAVAGE
REX BUDDE
DAVID FOX
DR. AUDREY TANKSLEY
MONICA HENDRICKSON
MONICA LEGRAND

IDPH STAFF:

MS. BLANCA DOMINGUEZ, LEGAL COUNSEL
MR. DENNIS BEEDLE, IDHS EX-OFFICIO
MR. JOHN P. KNIERY, ADMINISTRATOR
MR. GEORGE ROATE
MR. MICHAEL CONSTANTINO
MR. KENTON TILFORD
MS. SHARIE RYAN

1 MEMBER LeGRAND: I vote yes
2 based on staff report and what I
3 have heard today for the record.
4 MR. ROATE: Thank you.
5 Dr. Tanksley.
6 MEMBER TANKSLEY: I vote yes
7 based on the State Board staff
8 report.
9 MR. ROATE: Thank you.
10 Chairwoman Savage.
11 CHAIRWOMAN SAVAGE: And I
12 vote based on the State Board
13 staff report and testimony today.
14 MR. ROATE: Thank you.
15 That's six votes in the
16 affirmative.
17 CHAIRWOMAN SAVAGE: So that
18 permit is approved. Hopefully you
19 will see more growth in that
20 beautiful town of yours.
21 Okay. So we still have some
22 time, so H-04, Premier Cardiac
23 Surgery Center in Merrionette
24 Park, HSA-7.

1 May I have a motion to
2 approve project 24-022 for the
3 establishment of cardiac cath
4 services in the ASTC setting? For
5 a motion.
6 MEMBER FOX: Fox. So moved.
7 MEMBER LeGRAND: Seconded.
8 LeGrand.
9 CHAIRWOMAN SAVAGE: Okay.
10 If you gentleman could introduce
11 yourselves spelling your name for
12 the court reporter and then she
13 will swear you in.
14 MR. BERLIN: My name is Mark
15 Berlin, M-a-r-k, B-e-r-l-i-n.
16 MR. STELLA: My name is Ron
17 Stella, R-o-n, S-t-e-l-l-a.
18 MR. HYLAK-REINHOLTZ: Joseph
19 Hylak-Reinholtz. That's
20 J-o-s-e-p-h, H-y-l-a-k, hyphen,
21 R-e-i-n-h-o-l-t-z.
22 DR. IAFFALDANO: Dr. Robert
23 Iaffaldano, I-a-f-f-a-l-d-a-n-o.
24 (Witnesses duly sworn.)

1 CHAIRWOMAN SAVAGE: Thank
2 you.
3 Now, Mike, do you have our
4 State Board staff report?
5 MR. COSTANTINO: Thank you,
6 Madam Chair.
7 The applicants have proposed
8 that they add a cardiac
9 catheterization category of
10 service to an existing ASTC. The
11 ASTC is in Merrionette Park,
12 Illinois. The applicants propose
13 one cardiac catheterization lab
14 adjacent to the current ASTC.
15 Total project cost is
16 approximately 4.8 million and the
17 expected completion date is
18 July 31, 2026.
19 There was no public hearing
20 requested and, unfortunately, I
21 left off four support letters of
22 your report. We received four
23 letters of support from the mayor
24 of New Lenox, the mayor of

1 Merrionette Park, Palos Heights
2 and one from the alderman of Palos
3 Heights and one impact letter from
4 OSF Little Company of Mary Medical
5 Center in Evergreen Park.
6 These letters have been
7 included in your information
8 packet and is posted on the State
9 Board website.
10 We had three fines related
11 to this project. They concerned
12 availability of funds and
13 financial viability,
14 reasonableness of cost.
15 Thank you, Madam Chair.
16 CHAIRWOMAN SAVAGE: Thank
17 you, Mike.
18 If you would like to
19 proceed.
20 MR. HYLAK-REINHOLTZ: Yes.
21 Thank you. My name is Joe
22 Hylak-Reinholtz. I'm the attorney
23 for the applicant. With me, as
24 was noted, Dr. Iaffaldano, Dr. Ron

1 Stella and Mark Berlin, the chief
2 operating officer.
3 We are proposing to add a
4 single cardiac catheterization lab
5 to an existing single specialty
6 cardiac surgery center. We are in
7 full compliance with the 1100
8 criteria, substantial compliance
9 with the 1120 criteria.
10 This is going to be a
11 project that will allow cardiac
12 catheterization, plus something
13 called PCI procedures to be done
14 in the cardiac cath lab. This is
15 a new, unique service. I believe
16 it will be the first in the state
17 to offer this in a cardiac surgery
18 center.
19 It will then allow a wider
20 range of cardiac treatments in an
21 outpatient setting.
22 If you have questions, we
23 would be happy to answer them. We
24 appreciate your support. Thank

1 you.
2 CHAIRWOMAN SAVAGE: Thank
3 you. Do our Board members have
4 questions for this applicant?
5 Mr. Budde.
6 MEMBER BUDDE: One question.
7 In the staff report the original
8 ASTC was approved in 2018, and at
9 the time of the approval, the
10 applicants stated that you have
11 about a 5 percent Medicaid burden,
12 and the data I have in front of me
13 shows no Medicaid burden. Help me
14 understand that.
15 DR. IAFFALDANO: We did -- I
16 helped the surgery center with the
17 original application. As best you
18 can do, when you are creating a
19 start-up business, you try to
20 figure out what your patient blend
21 is going to be.
22 We have not had any Medicaid
23 cases materialize. We have had a
24 lot of Medicare. We have had some

1 I would say charity cases, may not
2 meet the definition as the Board
3 uses charity care, so we have
4 taken the cases that have come
5 before us and are able to treat
6 Medicaid patients if they come to
7 our center for services.
8 MEMBER BUDDE: Do the
9 physicians that make up the entity
10 in other areas of their practice
11 have Medicaid patients?
12 DR. IAFFALDANO: Robert
13 Iaffaldano.
14 Yes, we do. We see Medicaid
15 in the office. We have a variety
16 of Medicare such benefit plans we
17 see in the surgery center.
18 The issue with the surgery
19 center is elective procedures
20 versus the hospital that anybody
21 who walks in, so the key urgent
22 sort of case that comes in the
23 hospital for surgery and
24 emergently needs a pacemaker,

1 emergently needs an angio doesn't
2 present itself to the surgery
3 center.
4 That being said, those
5 patients get taken care of at the
6 hospital.
7 In the surgery center, there
8 is more stable patients that have
9 a wide variety of different
10 insurances, and we have written
11 over half a million of charity aid
12 to Medicare, Medicaid patients, as
13 well as grants to patients.
14 We have gone so far as
15 obtaining free pacemakers,
16 defibrillators for patients where
17 industry allows and will provide
18 the device for free.
19 They're not inexpensive
20 devices. They range anywhere from
21 10 to $35,000, and we've been able
22 to persuade companies to give us
23 some for some of these
24 individuals.

1 CHAIRWOMAN SAVAGE: Other
2 questions? All right.
3 Hearing none, George, if you
4 could call the roll.
5 MR. ROATE: Thank you, Madam
6 Chair.
7 Motion made by Mr. Fox,
8 seconded by Ms. LeGrand.
9 Mr. Budde.
10 MEMBER BUDDE: I have to --
11 I appreciate the staff report.
12 I'm concerned about overpopulation
13 or density and they've got several
14 items that are going to come
15 online and the lack of any care in
16 the ASTC, so for that I have to
17 vote no.
18 MR. ROATE: Thank you.
19 Mr. Fox.
20 MEMBER FOX: I vote yes
21 based on the staff report.
22 MR. ROATE: Thank you.
23 Ms. Hendrickson.
24 MEMBER HENDRICKSON: I vote

1 yes based on the staff report.
2 MR. ROATE: Thank you.
3 Ms. LeGrand.
4 MEMBER LeGRAND: I also vote
5 yes based on the staff report.
6 MR. ROATE: Thank you.
7 Dr. Tanksley.
8 MEMBER TANKSLEY: I have a
9 quick question. I'm sorry. So
10 there was some concerns in the
11 State Board staff report about the
12 financial viability and things
13 like that, and I am sorry if I may
14 have not -- I'm sorry.
15 Was that not this report?
16 His face was like what?
17 And I don't know that I
18 heard you speak to that during
19 your testimony. I apologize if I
20 didn't.
21 MR. HYLAK-REINHOLTZ: If I
22 may for a minute. They were minor
23 reports. One was the finding was
24 that we didn't have audited

1 financial statements, which is
2 very rare actually for a surgery
3 center, dialysis clinic, smaller
4 provider to get their financial
5 statements audited. That's more
6 something that's done among a
7 large hospital system.
8 The other negative finding
9 was related to the number of days
10 of cash we had on hand. Because
11 it wasn't a cash transaction, we
12 had to do what's called a
13 financial viability ratio, and
14 there's a number of viable ratios
15 you need to adhere to.
16 The one that we had negative
17 findings on related to days of
18 cash on hand. Your State Board
19 standard is 45 days or more. We
20 had 42 days, 39 days, and so we
21 had a handful of these, but that
22 results in a negative finding.
23 The other was our cost per
24 square foot. We are over the

1 State Board standard.
2 As you know, we are in an
3 inflationary economy, and that
4 economy involves -- a year or two
5 ago you could get a door for $500.
6 Now it's $1,200.
7 So we presented a project
8 that had a budget that was per
9 square foot over the State
10 standard, but it is what these
11 construction costs are today in
12 2024.
13 MEMBER TANKSLEY: I
14 understand that you're a smaller
15 organization, so it's not
16 standard, but did you at least
17 consider making just some effort
18 to get an audited report or is
19 that not something that you would
20 plan to do ever?
21 MR. HYLAK-REINHOLTZ: To get
22 an audited financial can cost 15
23 to 100,000. They are cost
24 prohibitive in a sense for a

1 smaller ancillary provider like a
2 surgery center.
3 A number of my other clients
4 have had this issue before the
5 Board, and it's not a feasible
6 thing for a small healthcare
7 provider to pay that kind of money
8 to get their statements audited.
9 MEMBER TANKSLEY: So no?
10 MR. HYLAK-REINHOLTZ: So no.
11 MEMBER TANKSLEY: Thank you
12 for clarifying that. I appreciate
13 it.
14 And then I apologize again,
15 but one other question. You
16 mentioned when my colleague asked
17 about your Medicaid and Medicare,
18 that you do a lot of those
19 procedures in the hospital, but
20 that your doctors do take
21 Medicare, Medicaid.
22 What's your referral source?
23 Like who do you receive referrals
24 from in those nonemergent cases?

1 MR. STELLA: We receive --
2 THE STENOGRAPHER: You are?
3 MR. STELLA: Ron Stella.
4 We receive referrals from a
5 variety of primary care doctors
6 from the area, variety of
7 healthcare clinics, Oak Street
8 clinic being a major referral.
9 We've been in the area, our
10 group has, for more than 30 years.
11 We've kind of sustained an office
12 in the area even when other
13 hospitals, like St. Francis of
14 Blue Island and clinics, have
15 closed down because of financial
16 constraints and because of the
17 changing payer mix and population.
18 We have continued to serve
19 the population. We've continued
20 to take all payers and people with
21 no insurance, even people that
22 don't have Medicaid.
23 We don't close our office to
24 the uninsured. We don't close our

1 office to Medicaid patients.
2 To go back to, I think, the
3 original questions to us taking
4 and providing care to Medicaid
5 patients in the surgical center,
6 we don't try to not provide care.
7 Unfortunately, as you probably
8 know as a physician, many of the
9 underserved Medicaid population
10 don't present for elective
11 procedures. They wait until they
12 have a crisis and they end up
13 showing in the ER.
14 What we do in the surgical
15 center right now are basically
16 from a cardiac standpoint,
17 elective pacemakers and
18 defibrillators. These are not
19 emergent procedures. People don't
20 show up in a crisis situation at
21 the surgical center. They show up
22 at the ER.
23 We are not forbidding people
24 to come there. The problem is

1 that if you want to look at it as
2 a problem that those patients
3 don't show up there at the
4 surgical center, we do see
5 patients with Medicaid in our
6 offices. We don't exclude them
7 from care, but, unfortunately,
8 from the Board's definition and
9 standpoint those patients aren't
10 coming there for those services.
11 As I stated previously,
12 we've stayed in the community as a
13 support of the community for more
14 than 30 years, our group has. Our
15 surgical center has been open for
16 five years, six years. I don't
17 even know how long.
18 And we've taken patients
19 that can't pay that have come to
20 us and we -- as Dr. Iaffaldano has
21 stated, secured pacemakers and
22 defibrillators that we have
23 implanted for nothing. We didn't
24 get paid for it thanks to our

1 partnership with the industry
2 because they have supplied the
3 actual pacemaker and defibrillator
4 or we don't exclude patients from
5 coming there. It's just the
6 nature of the game.
7 MEMBER TANKSLEY: Who are
8 your FQHC partner referral
9 sources?
10 MR. STELLA: I'm sorry?
11 MEMBER TANKSLEY: Who are
12 your federally qualified health
13 center partner referral sources in
14 that area?
15 MR. STELLA: Oak Street
16 Health is one. Gen Care, we see
17 patients from them.
18 MEMBER TANKSLEY: Do you
19 have an FQHC, a federally
20 qualified health center referral
21 source?
22 MR. STELLA: I don't know.
23 Couldn't answer that.
24 MEMBER TANKSLEY: Okay.

1 Thank you.
2 MR. STELLA: We take
3 patients from whomever sends us
4 patients. We have primary care
5 doctors from all over and just
6 take whoever comes.
7 We are not partnered with
8 any particular primary care group.
9 We just take whoever sends a
10 patient to us. We don't
11 discriminate by their insurance or
12 lack thereof.
13 MEMBER TANKSLEY: Thank you
14 so much.
15 So I'm sorry. Let me get
16 back to my vote.
17 I vote no. The State Board
18 staff report is very thorough and
19 would encourage you to have a --
20 you have a huge impact for the
21 safety-net system. To your point,
22 there's a number of health centers
23 that closed in that area, and
24 you've some really good FQHC

1 entities in that same area that
2 would not necessarily have
3 patients that would show up
4 emergently to the hospital. They
5 are engaged in care and continuity
6 of care and could have a great
7 referral connection with you for
8 non -- to your point,
9 non-emergency procedures so that
10 we can keep people out of the ER
11 and better utilize our healthcare
12 system.
13 MR. HYLAK-REINHOLTZ:
14 Although the vote is not yet
15 complete, can we request deferral
16 to the next board meeting?
17 MS. DOMINGUEZ: The deferral
18 should have been asked for before
19 the vote started. At this point
20 you will be getting an intent to
21 deny, and at that moment you can
22 defer it for a later meeting.
23 MR. ROATE: Madam Chair.
24 CHAIRWOMAN SAVAGE: I too am

1 going to vote no based on
2 1120.140, the availability of
3 funds and relative to the audit
4 because I guess financials can be
5 certified with tax documents, so I
6 would encourage you, with the
7 intent to deny, to work with our
8 Board to give them whatever
9 financial information that would
10 suffice beyond audits.
11 That does seem rather costly
12 to do that so that we can meet our
13 Board regulations and approve
14 things appropriately.
15 MR. ROATE: Thank you, Madam
16 Chair.
17 That's three votes in the
18 affirmative and three votes in the
19 negative.
20 CHAIRWOMAN SAVAGE: So that
21 is an intent to deny.
22 MS. DOMINGUEZ: Just again
23 as I indicated earlier, an intent
24 to deny does not mean that your

1 application is dead. It just
2 means come back, get some more
3 information.
4 You heard from the Board and
5 then you have an opportunity to
6 come back before you get a final,
7 final no. All right. Good luck.
8 CHAIRWOMAN SAVAGE: Thank
9 you. Okay. At this time we are
10 going to take lunch. We will be
11 back at -- how about 12:45.
12 (Whereupon, the proceedings
13 in the above-entitled cause
14 was recessed to 12:50 p.m.
15 this date.)
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