



STATE OF ILLINOIS

## HEALTH FACILITIES AND SERVICES REVIEW BOARD

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<b>DOCKET NO:</b> H-04	<b>BOARD MEETING:</b> March 18, 2025	<b>PROJECT NO:</b> 24-034	<b>PROJECT COST:</b>
<b>FACILITY NAME:</b> Champaign Surgery Center-Mattis Avenue		<b>CITY:</b> Champaign	Original: \$8,248,766
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA:</b> IV

**PROJECT DESCRIPTION:** The Applicants (Champaign Surgicenter, LLC, The Carle Foundation, The Carle Foundation Hospital) propose to establish a single-specialty ambulatory surgical treatment facility ("ASTC") in Champaign at a cost of \$8,248,766. The project completion date is September 30, 2027.

## **EXECUTIVE SUMMARY**

### **PROJECT DESCRIPTION:**

- The Applicants (Champaign Surgicenter, LLC, The Carle Foundation, The Carle Foundation Hospital) propose establishing a single specialty ASTC at 1702 South Mattis Avenue, Champaign. The project cost is \$8,248,766. The project completion date is September 30, 2027.
- The proposed facility will be a single-specialty ASTC with three procedure rooms and twelve recovery stations and will provide endoscopic surgical services/procedures.
- The project will repurpose a previously licensed ASTC that relocated its services in 2019. The ASTC will be reopened as an Endoscopy Center in 12,571 GSF (7,055 GSF clinical/5,516 GSF non-clinical).
- The proposal is a substantive project subject to Part 1110 and 1120 review. A Safety Net Impact statement accompanied the application.

### **WHY THE PROJECT IS BEFORE THE STATE BOARD:**

- This project is before the State Board because the project establishes a health care facility (ASTC) as defined by the Illinois Health Facilities Planning Act. [20 ILCS 3960/3]

### **PURPOSE OF THE PROJECT:**

- The applicants stated:

*“The purpose of this Planned Endoscopy Center is to improve access and reduce procedure wait times for residents of the geographical service area (GSA), while also shifting more care to a lower cost setting. Changes in colorectal screening guidelines, population demographics, disease prevalence, and payor coverage decisions have all contributed to significant increases in demand for endoscopy services over the last several years. By expanding capacity to address increasing demand, the project will improve colorectal screening rates and allow for more timely interventions that will result in better patient outcomes and generally reduce the cost of healthcare. It will also improve satisfaction for patients, providers, and staff. The Planned Endoscopy Center will be housed in a building used as an ASTC until 2019, when it closes. Reopening this surgery center will place an existing resource online with relatively minor modifications.”*

### **PUBLIC HEARING/COMMENT:**

- A public hearing was offered on the project, but no public hearing was requested.
- The Board Staff received letters of support and no letters of opposition regarding the project.

### **SUMMARY:**

- The State Board Staff reviewed the application for permit and additional information provided by the applicants and noted the following:
- The project will repurpose a building that housed an existing ASTC until 2019 when the prior tenant relocated to a newly constructed facility.
- There is excess capacity in the proposed 17-mile geographical service area ("GSA") at one of the two hospitals and the two ASTCs (see Table Six).
- The applicants addressed 23 criteria and were not compliant with the following:

<b>Criteria</b>	<b>Reasons for Non-Compliance</b>
77 Ill. Adm. Code 1110.235(c)(6) - Service Accessibility	Unused surgical capacity exists at hospitals and ASTCs in the GSA that could absorb the proposed facility's workload (see Table Six).

**STATE BOARD STAFF REPORT**  
**Project #24-034**  
**Champaign Surgery Center-Mattis Avenue**

<b>APPLICATION CHRONOLOGY</b>	
Applicants(s)	Champaign Surgicenter, LLC The Carle Foundation The Carle Foundation Hospital
Facility Name	Champaign Surgery Center-Mattis Avenue
Location	1702 South Mattis Avenue, Champaign, IL
Permit Holder	The Carle Foundation Hospital
Operating Entity/Licensee	Champaign Surgicenter, LLC
Owner of Site	The Carle Foundation
Gross Square Feet	12,571 GSF (7,055 GSF clinical/5,516 GSF non-clinical)
Application Received	October 25, 2024
Application Deemed Complete	October 28, 2024
Financial Commitment Date	March 18, 2026
Anticipated Completion Date	September 30, 2027
Review Period Ends	February 25, 2025
Review Period Extended by the State Board Staff?	No
Can the applicants request a deferral?	Yes

**I. Project Description**

The Applicants propose to establish a single-specialty ASTC at a cost of \$8,248,766, located at 1702 South Mattis Avenue, Champaign. The project completion date is September 30, 2027.

**II. Summary of Findings**

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

**III. General Information**

The Applicants are Champaign Surgicenter, LLC, The Carle Foundation, and The Carle Foundation Hospital. The proposed project will repurpose an existing ASTC that was vacated in 2019 as part of a relocation project undertaken by the Applicants. The ASTC will contain three procedure rooms and twelve recovery bays and exclusively provide endoscopic surgical services. The Applicants propose repurposing the existing ASTC, which will involve minimal modernization and increased access to endoscopic surgical services. The repurposing/modernization of this facility will improve access to colorectal screening modalities, resulting in timely intervention and better patient outcomes.

**IV. Health Service Area/Health Planning Area**

The proposed ASTC will be in Cook County in Health Service Area IV. This HSA includes Champaign, Clark, Coles, Cumberland, DeWitt, Douglas, Edgar, Ford, Iroquois, Livingston, Macon, McLean, Moultrie, Piatt, Shelby, and Vermilion counties. Per the December 2023 Inventory Update, there are 11 ASTCs with 35 total operating/procedure rooms, that provided 43,858 outpatient surgical procedures, resulting in 38,303 hours of surgery.

**V. Project Description**

The Applicants, Champaign Surgicenter, LLC, The Carle Foundation, and The Carle Foundation Hospital, propose to repurpose an existing Ambulatory Surgery Treatment Center (ASTC) that was discontinued in 2019 to function as a single specialty ASTC, providing endoscopic surgical services. The Planned Endoscopy Center will contain three procedure rooms and twelve recovery bays. The facility is located at 1702 South Mattis Avenue, Champaign, and no new construction will be required.

**VI. Project Costs**

The applicants propose to fund the project with cash and securities (\$3,400,000), bond issues (\$4,400,000), and other funds and sources (\$448,766) (see Table One). The estimated start-up costs and operating deficit cost is \$255,370.

<b>TABLE ONE</b>				
<b>Uses and Sources of Funds</b>				
<b>Use of Funds</b>	<b>Reviewable</b>	<b>Non-Reviewable</b>	<b>Total</b>	<b>% Of Total</b>
Preplanning Costs	\$31,540	\$24,660	\$56,200	.6%
Modernization Costs	\$1,689,850	\$2,162,963	\$3,852,813	46.7%
Contingencies	\$42,091	\$32,909	\$75,000	.9%
A&E Fees	\$148,609	\$116,191	\$264,800	3.2%
Consulting	\$64,622	\$50,525	\$115,147	1.4%
Movable and Other Equipment	\$1,630,620	\$1,556,185	\$3,186,805	38.6%
Bond Issuance Expense	\$8,422	\$6,618	\$15,040	.3%
Net Interest Expense During Construction	\$45,469	\$35,726	\$81,195	1%
Other Costs to be Capitalized	\$601,766	\$0	\$601,766	7.3%
<b>Totals</b>	<b>\$4,262,989</b>	<b>\$3,985,777</b>	<b>\$8,248,766</b>	<b>100.00%</b>
<b>Source of Funds</b>	<b>Reviewable</b>	<b>Non-Reviewable</b>	<b>Total</b>	<b>% Of Total</b>
Cash/Securities	\$1,662,610	\$1,737,390	\$3,400,000	41.2%
Bond Issues	\$2,151,613	\$2,248,387	\$4,400,000	53.4%
Other Funds and Sources*	\$448,766	\$0	\$448,766	5.4%
<b>Totals</b>	<b>\$4,262,989</b>	<b>\$3,985,777</b>	<b>\$8,248,766</b>	<b>100.00%</b>
*Net Book Value of equipment to be transferred				

## **VII. Purpose of the Project, Safety Net Impact Statement, Alternatives**

### **A) Criterion 1110.230(a) – Purpose of the Project**

To address this criterion, an applicant must:

1. Document that the project will provide health services that improve the health care or well-being of the market-area population to be served.
2. Define the planning area market area, or other area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project.
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues and the population's health status and well-being.
6. Provide goals with quantified and measurable objectives and, as appropriate, specific timeframes for achieving them.

The proposed project aims to improve access, reduce procedure wait times for residents of the geographical service area (GSA), and shift more care to a lower-cost setting. Changes in colorectal screening guidelines, population demographics, disease prevalence, and payor coverage decisions have all contributed to significant increases in demand for endoscopy services over the last several years, and by expanding capacity to address increasing demand, the project will improve colorectal screening rates and allow for more timely interventions. This will result in better patient outcomes and reduced healthcare costs. The Applicants also note this project will improve satisfaction for patients, providers, and staff. The Planned Endoscopy Center will be housed in a building used as an ASTC until 2019, when it closes. Reopening this surgery center will place an existing resource online with relatively minor modifications.

### **B) Criterion 1110.230(b) – Safety Net Impact Statement**

The applicants must document:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

The applicants state the following:

*“The Planned Endoscopy Center will expand safety net services in the GSA by increasing capacity at an essential provider. In 2022, Champaign Surgery Center treated the most Medicaid and charity care patients of any ASTC in HSA-04. The Planned Endoscopy Center will have the same Medicaid and charity care policies as Carle Foundation Hospital. As a result, in 2023, 11.6 of Champaign Surgery Center’s patients’ primary payor source was Medicaid, while Charity Care accounted for another 5.8% of patients. Patients seeing Carle providers in the Planned Endoscopy Center will be eligible for the same Charity Care benefits available at the Champaign Surgery Center. The Planned Endoscopy Center will not adversely impact the ability of other providers or healthcare systems to serve patients seeking Safety Net Service”.*

<b>TABLE TWO</b>			
<b>Charity Care Information Champaign Surgery Center</b>			
<b>CHARITY CARE</b>			
	2021	2022	2023
Net Patient Revenue	\$34,941,756	\$36,503,467	\$42,389,000
# of Patients Charity Care	754	665	734
Amount of Charity Care (charges)	\$2,175,395	\$2,317,243	\$1,911,884
Cost of Charity Care	\$476,566	\$483,335	\$392,359
% of Cost to Revenue	1.3%	1.3%	.9%
<b>MEDICAID</b>			
	2021	2022	2023
Medicaid (# of patients)	1,200	1,387	1,463
Medicaid (cost in dollars)	\$230,819	\$775,701	\$2,192,640
Source: Application for Permit pages 88-89			

**C) Criterion 1110.230(c) Alternatives to the Project**

To demonstrate compliance with this criterion, the applicants must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population it will serve.

The applicants considered three alternatives (see application for permit page 49).

**1. Status Quo/Do Nothing - Project Cost: \$0**

The applicants have an extended history of providing the highest quality services to its patients and have maintained these high standards when recruiting and training its personnel. The Applicants feel this attention to patient service/quality would not be replicated at unaffiliated ASTCs in the service area. The Applicants also note that this option does not address the increased demand for Endoscopy services, improved colorectal cancer screening rates, or lower patient costs for care. Based on these compromised facets of patient service, the Applicants rejected this alternative.

2. **Build a New ASTC on the Carle at the Fields Campus – Project Cost: \$35,000,000**

This alternative was given initial consideration due to anticipated growth, which could present issues in the future. However, based on the inherent uncertainties, the Applicants opted for a more practical approach by utilizing existing resources offered through the recently discontinued ASTC and addressing the need to expand when the issue presented itself. This alternative was rejected.

3. **Establish Endoscopy Center in Existing ASTC – Project Cost: \$7,800,000**

Having weighed all possible options, the Applicants established a single-specialty ASTC in the former ASTC's site. They propose to modernize the existing building to the standards requisite of a modern Endoscopy Center, which will reduce costs considerably. They will utilize existing resources to create an endoscopy center that promotes quality of care, patient satisfaction, and operational efficiency.

**VIII. Size of the Project, Projected Utilization of the Project, Assurances**

**A) Criterion 1110.234(a) – Size of the Project**

To document compliance with this criterion, the applicants must document that the proposed surgical rooms and recovery stations meet the State Board GSF Standard's in Section 1110.Appendix B.

The applicants propose three procedure rooms, in 7,055 GSF of clinical space. This equates to approximately 2,352 GSF per room. The State standard for ASTC rooms is 2,075 - 2,750 BGSF per room. Thus, it appears the applicants has met the requirements of the criterion.

**B) Criterion 1110.234(b) – Projected Utilization**

To document compliance with this criterion, the applicants must document that the proposed surgical/procedure rooms will be at target utilization or at least 1,500 hours per operating/procedure room by the second year after project completion. Section 1110.Appendix B.

The State Board Standard is 1,500 hours per OR, or 4,500 for the proposed three procedure rooms. Based on projected utilization data (application, p. 51), the applicants project 3,552 hours by the first year of operation.

**C) Criterion 1110.234(e) – Assurances**

To document compliance with this criterion, the applicants must attest that the proposed



project will be at target occupancy two years after project completion.

The Applicants have provided the necessary attestation at page 74 of the Application for Permit.

**IX. Establish an Ambulatory Surgical Treatment Center**

**A) Criterion 1110.110(a) - Background of the Applicant**

To demonstrate compliance with this criterion, the applicants must provide documentation of the following:

- 1) Any adverse action taken against the applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed healthcare facility, or against any healthcare facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.
- 2) A listing of all healthcare facilities currently owned and/or operated by the applicant in Illinois or elsewhere, including licensing, certification, and accreditation identification numbers, as applicable.

The Carle Foundation is an Illinois-based domestic corporation incorporated in November 1946, and The Carle Foundation Hospital was similarly incorporated under the laws of this State in May 1982. Champaign Surgery Center was founded as a limited liability company in January 2004, and all are in good standing. The Applicants supplied proof of their licensure/certifications and a list of all facilities owned/operated by the Applicants within this State (application, pgs. 41-42). The applicants attest to having no adverse actions taken against them in the three years before filing this application and authorize the State Board and IDPH to verify any information contained in this application (application p. 42).

**B) Criterion 1110.235(c) – Service to GSA Residents**

To demonstrate compliance with this criterion, the applicants must provide a list of zip codes that comprise the GSA and patient origin information by zip code for the prior 12 months. This information must verify that at least 50% of the facility's admissions were residents of the GSA.

The Applicants identified 31 zip codes within a 17-mile radius of the proposed facility and a population of 228,155 inhabitants of this service area. Additionally, the Applicants supplied a table illustrating the origin of historical patient referrals (application, p. 55) that confirms 6,685 of its 9,404 cases (71.1%), were referred from zip codes within the 17-mile service area.

Based on the information provided in the application and summarized above, the proposed ASTC will appear to provide services to the GSA residents.

**C) Criterion 1110.235(c)(3) - Service Demand – Establishment of an ASTC**

## Facility

To demonstrate compliance with this criterion, the applicants must provide physician referral letters that attest to the total number of treatments for each ASTC service that was referred to an existing IDPH-licensed ASTC or hospital located in the GSA during the 12 months prior to the application. The referral letter must contain:

1. Patient origin by zip code of residence.
2. Name and specialty of referring physician.
3. Name and location of the recipient hospital or ASTC; and
4. Number of referrals to other facilities for each proposed ASTC service for the last two years.
5. Estimated number of referrals to the proposed ASTC within 24 months after project completion.
6. Physician notarized signature signed and dated; and
7. An attestation that the patient referrals have not been used to support another pending or approved CON application for the subject services.

By rule, the referrals to a proposed ASTC must be from IDPH-licensed ASTCs or hospitals. The Applicants submitted two referral letters with zip code origins attesting to the historic referral of approximately 9,404 patients to their respective facilities and 5,149 projected referrals to the proposed ASTC by the second year after project completion (see Table Four). The historical referrals were determined to be from Carle Health-Urbana and Christie Clinic-Champaign, which are IDPH-licensed facilities in the proposed GSA, and the applicants have met the requirements of this criterion. The annual projected 3,552 hours of surgery (see Table Four), justify the need for three procedure rooms.

Physician/Specialty	Carle Foundation Hospital	Champaign Surgery Center
Dr. Andrew Batey/Gastroenterology*	2,743	0
Dr. Elshamy Mohammed, General Surgery*	79	0
Dr. Ashley Hill, Colon/Rectal Surgery*	838	16
Dr. Jonathan Lucking, Colon/Rectal Surgery*	696	19
Dr. Lyn Tangen, Colon/Rectal Surgery*	539	27
Dr. Robert John Yu, Colon/rectal Surgery*	613	28
Dr. Karen Draper, Gastroenterology^	453	586
Dr. Davendra Ramkumar, Gastroenterology^	405	1,295
Dr. Claudia Nugent, Gastroenterology^	454	613
<b>TOTALS</b>	<b>6,820</b>	<b>2,584</b>
*Member of Carle Physicians Group		
^Member of Christie Clinic		
Historical referrals between 8/1/23 – 7/31/24 to respective facilities		

<b>TABLE FOUR</b>		
<b>Projected Referrals to Champaign Surgery Center</b>		
Physician Specialty	Annual Projected Cases	Annual Projected Hours
Gastroenterology	3,659	2,353
General Surgery	28	13
Colon/Rectal Surgery	1,462	1,186
<b>TOTALS</b>	<b>5,149</b>	<b>3,552</b>

**D) Criterion 1110.235(c)(5) - Treatment Room Need Assessment**

To document compliance with this criterion, the applicants must provide the projected patient volume or hours to justify the number of operating rooms being requested. The applicants must document the average treatment time per procedure.

1. Based upon the State Board Staff’s review of the referral letters, the applicants can justify 3,552 hours in the first year after project completion. This number of operating/procedure hours will justify the three procedure rooms being requested by the applicants [ $3,552/1,500 = 3$  rooms,  $3,552/1,500 = 2.4$  rooms]
2. The applicants supplied an estimated time per procedure (application, p. 67), which includes prep/clean-up. This time was gathered from historical case times (See Table Five).

<b>TABLE FIVE</b>	
<b>Average Case Time per Procedure*</b>	
Gastrointestinal	0.64
General Surgery	0.46
Colon/Rectal	.81
*Measured in hours and includes prep and clean-up	

**E) Criterion 1110.235(c)(6) - Service Accessibility**

To document compliance with this criterion, the applicants must document that the proposed ASTC services being established are necessary to improve access for residents of the GSA by documenting one of the following:

1. There are no other IDPH-licensed ASTCs within the identified GSA of the proposed project.
2. The other IDPH-licensed ASTC and hospital surgical/treatment rooms used for those ASTC services proposed by the project within the identified GSA are utilized at or above the utilization level specified in 77 Ill. Adm. Code 1100;
3. The ASTC services or specific types of procedures or operations that are components of an ASTC service are not currently available in the GSA or that existing underutilized services in the GSA have restrictive admission policies;

4. The proposed project is a cooperative venture sponsored by two or more persons, at least one of which operates an existing hospital. Documentation shall provide evidence that:
  - a) The existing hospital is currently providing outpatient services to the population of the subject GSA.
  - b) The existing hospital has sufficient historical workload to justify the number of surgical/treatment rooms at the existing hospital and the proposed ASTC, based upon the treatment room utilization standard specified in 77 Ill. Adm. Code 1100.
  - c) The existing hospital agrees not to increase its surgical/treatment room capacity until the proposed project's surgical/treatment rooms operate at or above the utilization rate specified in 77 Ill. Adm. Code 1100 for at least 12 consecutive months; and
  - d) The proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.

State Board Staff note the following:

1. There are existing Hospitals/ASTCs in the GSA (see Table Six).
2. The GSA has underutilized ASTC and hospital surgical/treatment rooms (see Table Seven).
3. The proposed surgical services are currently available in the GSA. However, the Applicants propose to transfer gastroenteric procedures from existing surgical suites to a single specialty outpatient ASTC. This is based on the recent historical volume of gastroenterology procedures performed in the service area.
4. The State Board Staff considers the proposed project a cooperative venture with one of the persons operating an existing hospital (The Carle Foundation Hospital).

Table Seven shows existing ASTCs and hospitals in the 17-mile GSA with surgical services functioning beneath the State Board standard. The applicants have not met the requirements of this criterion.

<b>TABLE SIX</b>				
<b>ASTCs and Hospitals in the 17-Mile GSA</b>				
<b>Facility/Classification</b>	<b>Distance (miles)</b>	<b>OR/Procedure Rooms</b>	<b>Utilization (hours)</b>	<b>Met Standard?</b>
<b>ASTC</b>				
<b>Olympian Surgical Suites, Champaign*</b>	4.6	2/0	208.5	No

<b>Champaign Surgery Center, Champaign&gt;</b>	3.3	8/4	10,171	No
<b>HOSPITALS</b>				
<b>Carle Foundation Hospital, Urbana</b>	4.8	20	31,735	Yes
<b>OSF Heart of Mary Medical Center, Urbana</b>	4.3	15	6,576	No
<small>Data Taken from 2023 ASTC/Hospital Surveys  *Limited Specialty  &gt;Multi-Specialty</small>				

**F) Criterion 1110.235(c)(7) - Unnecessary Duplication / Maldistribution / Impact on Other Providers**

- 1) To demonstrate compliance with this criterion the applicants must provide a list of all licensed hospitals and ASTCs within the proposed GSA and their historical utilization (within the 12-month period prior to application submission) for the existing surgical/treatment rooms.
- 2) To demonstrate compliance with this criterion the applicants must document the ratio of surgical/treatment rooms to the population within the proposed GSA that exceeds one and one half-times the State average.
- 3) To demonstrate compliance with this criterion the applicants must document that, within 24 months after project completion, the proposed project:
  - a) Will not lower the utilization of other area providers below the utilization standards specified in 77 Ill. Adm. Code 1100; and
  - b) Will not lower, to a further extent, the utilization of other GSA facilities that are currently (during the latest 12-month period) operating below the utilization standards.

The applicants stated the following to address this criterion:  
State Board Staff identified a GSA, extending 17 miles in all directions from the site of the proposed ASTC. This GSA includes 31 zip codes, and a population estimate of 228,155. There are two ASTCs and two acute care hospitals in the GSA (see Table Seven).

**Unnecessary Duplication of Service**

**ASTCs**

There are two ASTCs within the GSA. One is limited-specialty, and one is multi-specialty. None are at target occupancy. **Reviewer Note:** ASTCs would have to apply for a certificate of need to add the specialty proposed by this project.

## **Hospitals**

There are two hospitals within the GSA. Only one hospital is at the target occupancy of 1,500 hours per surgery/procedure room.

## **Maldistribution**

According to the applicants, the proposed ASTC's GSA has an estimated population of 228,155 inhabitants. The number of operating/procedure rooms in the GSA is 49. This equates to one operating/procedure room for every 4,657 individuals. Illinois' estimated population is 12,549,689. The number of operating/procedure rooms in Illinois is 2,850 rooms. The ratio of population to operating/procedure rooms is one for 4,403 individuals. Based upon this analysis it does not appear there is a surplus of operating/procedure rooms in the GSA.

**Reviewer Note:** A surplus is defined as the ratio of operating/procedure rooms to the population within the GSA, to the State of Illinois ratio that is 1.5 times the GSA ratio.

## **Impact on Other Facilities**

The applicants stated that no other provider within the GSA will be impacted because all the volumes identified in the physician referral letters were performed at an affiliated hospital.

### **G) Criterion 1110.235(c)(8) - Staffing**

To demonstrate compliance with this criterion, the applicants must provide documentation that relevant clinical and professional staffing needs will be met and that a board-certified medical director will be selected.

The Applicants provided curriculum vitae for Dr. Glen Yang, M.D. (application, p. 76) to address this criterion. The Applicants anticipate that the staff from Champaign Surgery Center's endoscopy suite and Carle Hospital's Digestive Health Institute will transfer to the Planned Endoscopy Center after the project is completed. Based upon the information provided in the permit application, it appears that the proposed ASTC will be properly staffed.

### **H) Criterion 1110.235(c)(9) - Charge Commitment**

To document compliance with this criterion, the applicants must provide the following:

- 1) A statement of all charges, except for any professional fee (physician charge); and
- 2) A commitment that these charges will not be increased, at a minimum, for the first two years of operation unless a permit is first obtained pursuant to 77 Ill. Adm. Code 1130.310(a).

The applicants supplied a statement of charges (application, pgs. 72-73), and certified attestation that the identified charges will not increase for the first two years in operation.

**D) Criterion 1110.235(c)(10) - Assurances**

To demonstrate compliance with this criterion, the applicants must attest that a peer review program will be implemented and that the proposed ASTC will be at target occupancy two years after project completion. The applicants provided certified attestation (application, p. 74), that the Planned Endoscopy Center will continue to maintain quality patient care standards and meet or exceed the utilization standards specified in 77 Ill. Adm. Code, by the second year of operation.

**X. FINANCIAL VIABILITY**

**A) Criterion 1120.120 - Availability of Funds**

**B) Criterion 1120.130 - Financial Viability**

The applicants must provide evidence that sufficient resources are available to fund the project to demonstrate compliance with this criterion.

The Applicants are funding this project with a combination of cash/securities (\$3,400,000), bond issues totaling \$4,400,000, and the net book value of existing equipment (\$448,766). To demonstrate financial viability, the applicants provided proof of an AA-/Stable bond rating from Fitch’s Ratings Service (dated June 2024) and consolidated financial statements for 2022 and 2023 (see Table Eight).

<b>TABLE SEVEN</b>		
The Carle Foundation		
Year Ended December 31st (audited)		
	2022	2023
Cash	\$115,908	\$159,068
Current Asset	\$1,088,666	\$1,297,868
Total Assets	\$4,292,786	\$5,534,359
Current Liabilities	\$757,586	\$1,159,840
Total Liabilities	\$1,841,612	\$2,531,678
Patient Service Revenue	\$1,697,230	\$2,369,992
Total Revenue	\$3,625,970	\$4,327,081
Operating Expenses	\$3,783,308	\$4,457,134
Operating Income	(\$421,580)	\$439,783
Non-Operating Gains (Losses)	(\$264,242)	\$569,899
Excess (deficiency)	(\$411,560)	\$442,602

**TABLE EIGHT**  
Carle Foundation Hospital  
Medicare Cost Report

	2018	2019	2020	2021	2022	2023
Total Patient Revenue	\$3,599,220,477	\$3,940,971,686	\$3,932,947,600	\$4,658,723,315	\$5,026,253,663	\$5,358,587,641
Contractual Allowance	\$2,661,373,407	\$2,931,500,745	\$2,894,187,491	\$3,461,228,751	\$3,803,238,062	\$3,964,148,193
Net Patient Revenue	\$937,847,070	\$1,009,470,941	\$1,038,760,109	\$1,197,494,564	\$1,223,015,601	\$1,394,437,448
Operating Expenses	\$735,432,692	\$849,107,831	\$898,460,033	\$995,279,974	\$1,078,735,107	\$1,114,003,540
Net Income from Patient Revenue	\$202,414,378	\$160,363,110	\$140,300,076	\$202,214,590	\$144,280,494	\$280,435,908
Other Income	\$14,112,635	\$13,369,766	\$41,694,710	\$17,501,992	\$25,214,925	\$15,499,859
Other Expense	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$216,527,013	\$173,732,876	\$181,994,786	\$219,716,582	\$169,495,419	\$295,935,767
Operating Margin <sup>(1)</sup>	21.58%	15.89%	13.51%	16.89%	11.80%	20.11%
1. Operating Margin = Net Income from Patient Revenue ÷ Net Patient Revenue						

## **XI. ECONOMIC FEASIBILITY**

- A) Criterion 1120.140(a) - Reasonableness of Financing Arrangements**
- B) Criterion 1120.140(b) - Terms of Debt Financing**

The applicants are funding this project with cash/securities totaling \$3,400,000, Bond Issues amounting to \$4,400,000, and the Net Book Value of existing equipment to be transferred into the new facility totaling \$448,766. The applicants provided documentation proving sufficient financial viability exists to fund the project in its entirety. Therefore, these criteria have been met.

- C) Criterion 1120.140(c) - Reasonableness of Project Costs**

The State Board staff applied the reported clinical costs and clinical spatial allotment (7,055 GSF) against the applicable State Board standards.

**Preplanning Costs** – These costs amount to \$31,540, which comprises .9% of the modernization, contingencies, and equipment costs of \$3,362,561. This complies with the State standard of 1.8%.

**Modernization Costs** – These total \$1,689,850, or \$489.30 per GSF. ( $\$1,689,850 / 7,055 \text{ GSF} = \$239.53$ ). This appears compliant compared to the State Board Standard of \$345.59 / GSF (2026 mid-point of modernization).

**Contingency Costs** - These costs total \$42,091, or 2.5% of modernization costs. This appears reasonable compared to the 10-15% State Board Standard.

**Architectural and Engineering Fees** – These costs total \$148,609, or 8.6% of modernization and contingencies costs (\$1,731,941). These appear reasonable compared to the State Board Standard of 6.54% to 9.82%.



**Moveable Equipment Not in Construction Contracts** – These costs total \$1,630,620, or \$543,540 per room (3). This appears reasonable when compared to the State Board standard of \$602,324 per room (project mid-point: 2026).

**Bond Issuance Expense** – These cost total \$8,422. The State Board does not have a standard for these costs.

**Net Interest Expense During Construction** – These costs total \$45,469. The State Board does not have a standard for these costs.

**Other Costs to be Capitalized** – These costs total \$601,766, and account for the fair market value of existing equipment that will be transferred to the proposed ASTC after project completion. The State Board does not have a standard for these costs.

The Applicants appear to meet all applicable standards of this criterion, and a positive finding results.

**D) Criterion 1120.140(d) - Projected Operating Costs**

The total direct operating cost per unit of service is \$1,253. The State Board does not have a Standard for these costs.

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

The total effect of the Project on Capital costs is \$155 per procedure. The State Board does not have a Standard for these costs.

# 24-034 Champaign Surgery Center-Mattis Avenue - Champaign

