



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

	BOARD MEETING: November 18, 2025	PROJECT NO: 25-029	PROJECT COST: Original: \$23,453,886
FACILITY NAME: Salt Creek Surgery Center		CITY: Hinsdale	
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (Westmont Surgery Center, LLC d/b/a Salt Creek Surgery Center, IBJI ASC Ventures, LLC, Illinois Bone & Joint Institute, LLC, and IBJI Salt Creek ASC, LLC) propose the establishment of an ambulatory surgical treatment center located at 500 West Ogden Avenue, Hinsdale, Illinois. The project cost is \$23,453,886, and the expected completion date is December 31, 2027.

Information on this Application for Permit can be found at this link:
<https://hfsrb.illinois.gov/project.25-029-westmont-surgery-center-dba-salt-creek-surgery-center.html>.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Westmont Surgery Center, LLC d/b/a Salt Creek Surgery Center, IBI ASC Ventures, LLC, Illinois Bone & Joint Institute, LLC, and IBI Salt Creek ASC, LLC) propose to establish an ambulatory surgical treatment center at 500 West Ogden Avenue, Hinsdale, Illinois, as part of a project to relocate an existing multi-specialty ASTC from its current location at 530 North Cass Avenue, Westmont. The project cost is 23,453,886, and the expected completion date is December 31, 2027.
- The ASTC is currently classified as multi-Specialty, providing General, Orthopedic, Podiatry, and Pain Management services. The Surgery Center has four operating rooms (OR), two procedure rooms, four Stage I recovery stations, and four Stage II recovery stations.
- The new facility in Hinsdale will be located 2.1 miles (5 minutes) from the existing Westmont location.
- The new ASTC will consist of 47,540 GSF of renovated space, will contain six ORs, and will provide the same surgical specialties.
- The existing facility in Westmont will be discontinued via Certificate of Need application #25-032, which is currently scheduled to be heard at the November 18, 2025, HFSRB meeting.

BACKGROUND

- Westmont Surgery Center, LLC d/b/a Salt Creek Surgery Center is wholly owned (100%) by IBI ASC Ventures, LLC. IBI ASC Ventures, LLC is a wholly owned subsidiary of Illinois Bone & Joint Institute (IBJI). IBJI, LLC was founded in 1990 and has established itself as the largest independent orthopedic group in the State and one of the largest orthopedic groups in the nation.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes the establishment of an Ambulatory Surgery Treatment Center (ASTC).

PUBLIC HEARING/COMMENT:

- A public hearing was offered but was not requested. The State Board has received no letters of support or opposition.

SUMMARY:

- The Applicants propose to relocate an existing multi-specialty ASTC to a new building, located 2.1 miles (5 minutes) from the existing facility. The relocation is described as a strategic move to improve patient access, address limitations at the existing facility in Westmont, and enhance operational efficiency in the delivery of outpatient surgical care.
- In supplemental material, the Applicants supplied a referral letter from Dr. Giridhar Burra, M.D., reporting historical/projected referral data that shows he performed 4,350 procedures in the 12 months before application, and will perform 4,613 projected procedures after project completion.
- The Applicants addressed a total of 21 criteria and were not compliant with the following:

Criterion	Non-Compliant
77 Ill. Adm. Code 1110.120 (a) – Project Size	The Applicants propose to have six surgical/procedure suites, each at 3,832 GSF. This exceeds the State standard (2,750 GSF) by 1,082 GSF/room.
77 Ill. Adm. Code 1110.235 (c)(6)(7) – Service Accessibility / Unnecessary Duplication/Maldistribution	There are underutilized facilities in the service area that can absorb the patient caseload, and this facility will perpetuate the issues of underutilization at these facilities.



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STATE BOARD STAFF REPORT

Project #25-029

Salt Creek Surgery Center

APPLICATION / SUMMARY	
Applicant(s)	Westmont Surgery Center, LLC d/b/a Salt Creek Surgery Center, IBJI ASC Ventures, LLC, Illinois Bone & Joint Institute, LLC, and IBJI Salt Creek ASC, LLC
Facility Name	Westmont Surgery Center d/b/a Salt Creek Surgery Center
Location	550 West Ogden Avenue, Hinsdale, Illinois
Permit Holder	Westmont Surgery Center, LLC d/b/a Salt Creek Surgery Center
Owner of Site	Hinsdale Partnership, LLC
Application Received	August 6, 2025
Application Deemed Complete	August 11, 2025
Anticipated Completion Date	December 31, 2027
Review Period Ends	December 9, 2025
Received Intent to Deny	No
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes

I. Project Description

The Applicants (Westmont Surgery Center, LLC d/b/a Salt Creek Surgery Center, IBJI ASC Ventures, LLC, Illinois Bone & Joint Institute, LLC, and IBJI Salt Creek ASC, LLC) propose to establish a multi-specialty Ambulatory Surgery Treatment Center (ASTC) as part of a relocation project in Hinsdale. The project costs a total of \$23,453,886, with an expected completion date of December 31, 2027.

II. Summary of Findings

- A. State Board Staff finds the proposed project does **not** conform to all relevant provisions of Part 1110 (77 Ill. Adm. Code 1110).
- B. State Board Staff finds the proposed project is in conformance with all relevant provisions of Part 1120 (77 Ill. Adm. Code 1120).

III. General Information

The Applicants are Westmont Surgery Center, LLC d/b/a Salt Creek Surgery Center, IBJI ASC Ventures, LLC, Illinois Bone & Joint Institute, LLC, and IBJI Salt Creek ASC, LLC. The licensee is Westmont Surgery Center doing business as Salt Creek Surgery Center, and the site owner is Hinsdale Partnership, LLC. This substantive project is subject to a Part 1110 and Part 1120 review. A financial commitment will occur after the permit is issued.

IV. Health Service Area

The ASTC is located in Health Service Area VII, which includes suburban Cook and DuPage Counties. There are 66 ASTCs with 56 Operating rooms in HSA-VII. The geographical service area for this project is a 10-mile radius of the ASTC. The GSA has a population of approximately 1,106,203 residents.

V. Project Uses and Sources of Funds

The Applicants are funding this project with a mortgage and the fair market value of the lease(s). The project costs and source of funds data are illustrated in Table One.

TABLE ONE				
Project Costs and Sources of Funds				
Project Costs	Clinical	Non-Clinical	Total	% of Total
Site Survey/ Soil Investigation	\$21,762	\$23,238	\$45,000	.2%
Site Preparation	\$136,010	\$145,240	\$281,250	1.3%
New Construction	\$6,983,520	\$8,035,350	\$15,018,870	64%
Contingencies	\$310,365	\$331,425	\$641,790	2.8%
A& E Fees	\$96,719	\$103,281	\$200,000	.9%
Consulting Fees	\$120,898	\$129,102	\$250,000	.2%
Movable Equipment	\$1,305,700	\$1,394,300	\$2,700,000	11.6%
FMV Leased Space/Equipment	\$1,870,042	\$1,996,934	\$3,866,976	17%
Other Costs to be Capitalized	\$217,617	\$232,383	\$450,000	2%
Total	\$11,062,632	\$12,391,254	\$23,453,886	100.00%
Sources of Funds				
Mortgages	\$9,192,591	\$10,394,319	\$19,586,910	83.5%
Leases (FMV)	\$1,870,042	\$1,996,934	\$3,866,976	16.5%
Total	\$11,062,632	\$12,391,254	\$23,453,886	100.00%

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

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

A) **Background of the Applicant**

An applicant must demonstrate that they are fit, willing, and able, and have the qualifications, background, and character to provide a proper standard of health care service to *the community*. [20 ILCS 3960/6]

Westmont Surgery Center, LLC d/b/a Salt Creek Surgery Center, is the licensee and owner of the facility. Salt Creek Surgery Center is a physician-owned ASTC,

under the operational control of physicians affiliated with Illinois Bone & Joint Institute (IBJI). IBJI Salt Creek ASC, LLC is a wholly owned subsidiary of Illinois Bone & Joint Institute, LLC, through IBJI ASC Ventures, LLC. IBJI ASC Ventures, LLC, a wholly owned subsidiary of Illinois Bone & Joint Institute (IBJI), owns 100% of the facility's interest. The Illinois Bone & Joint Institute (IBJI) was established in 1990 and has grown to become the largest independent orthopedic group in the State, as well as one of the largest groups in the country. IBJI's care model emphasizes surgical excellence, as well as a comprehensive range of non-surgical orthopedic care, including on-site imaging, pain management, rheumatology, physical therapy, occupational therapy, and performance training. The Illinois Bone & Joint Institute, LLC, and IBJI ASC Ventures, LLC have ownership interests in the following Illinois-based facilities:

TABLE TWO	
Illinois ASTC is Owned by Illinois Bone & Joint Institute, LLC	
Facility	City
Westmont Surgery Center, LLC d/b/a Salt Creek Surgery Center (Applicant facility)	Hinsdale
Plainfield Surgery Center, LLC	Plainfield
Ravine Way Surgery Center	Glenview
OAK Surgery Center	
Illinois Sports Medicine and Orthopedic Surgery Center, LLC	Morton Grove

The Applicants have provided the Illinois Health Facilities and Services Review Board (HFSRB) and Illinois Department of Public Health (IDPH) access to any documents necessary to verify the information submitted, including, but not limited to, official records of IDPH or other State agencies; the licensing or certification records of different states, when applicable; and the records of nationally recognized accreditation organizations.

B) Purpose of the Project

The applicant shall document that the project will provide health services that improve the healthcare or well-being of the population to be served in the market area. The applicant shall define the planning area, market area, or other relevant area according to their definition.

The Applicants propose to relocate its existing multi-specialty ASTC from its current location (Westmont) to a new location approximately 2.1 miles away in Hinsdale. This move will address issues at the current facility, including facility limitations and patient access, and enhance operational efficiencies by providing exceptional outpatient surgical care that embodies their commitment to quality patient service. The project will also reinforce the value of physician-led, community-focused surgical care through robust clinical governance, a commitment to quality outcomes, and a sustained interest in meeting the community's needs.

C) Safety Net Impact Statement

This project is classified as a substantive project. The Applicants supplied a safety net impact statement that shows one patient was treated via charity care in 2020, and two patients received charity care in 2021. No charity care charges were recorded; Medicare/Medicaid charges were not applicable. Table Three below documents the projected payor mix after project completion.

TABLE THREE	
Projected Payor Mix	
Westmont Surgery Center LLC d/b/a Salt Creek Surgery Center	
Payor Type	Estimated # of patients
Commercial	72%
Medicare	28%
Medicare/Medicaid	N/A

D) Alternatives to the 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.

The Applicants considered three alternatives to the proposed project.

1) Status Quo/Do Nothing (no cost)

Under this alternative, the Applicant party would not incur capital expenditures relative to CON. However, this alternative would not address the physical constraints that currently affect patient flow, surgical throughput, and operational efficiency. The Applicants note this alternative will result in deferred maintenance costs, reduced clinical efficiency, and an inability to accommodate increased patient volumes and evolving standards of care. This alternative was rejected.

2) Acquire Existing Facility (no cost identified)

The Applicants note that purchasing an existing healthcare facility will require significant costs (real estate acquisition, renovations, licensure), and identifying a suitable facility for their needs could result in operational delays and an inability to accommodate their specific workspace requirements. The Applicants rejected this alternative.

3) Establish Second Separate Facility (Increased Cost for Construction/Land Acquisition)

The Applicants note that pursuing this alternative would not only increase project/capital costs but would also require duplicate staffing and overhead costs. The Applicants believe that operational efficiency will also suffer due to the allocation of clinical resources across two underutilized sites, and the establishment of a second ASTC would be counterintuitive to the principles of Certificate of

Need, which emphasize cost containment and the efficient use of resources. The Applicants rejected this alternative.

VI. Size of the Project, Projected Utilization

Criterion 1110.120 (a) – Size of the Project

Criterion 1110.120 (b) – Projected Utilization

A) Size of the Project

The 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 propose to establish 6 ORs in 22,990 square feet of clinical space, amounting to 3,832 square feet per room. This is not compliant with the State standard for operating rooms, resulting in an adverse finding. (See Table Four)

TABLE FOUR Size of Project Salt Creek Surgery Center				
Dept./Service	Proposed GSF	State Standard	Difference	Standard Met?
ASTC	22,990 GSF (6 ORs) (3,832 GSF/Room)	16,500 GSF (2,750 GSF/Room)	6,490 GSF	No

B) Projected Utilization

To document compliance with this criterion, the applicant must demonstrate that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment meets or exceeds the utilization standards specified in Appendix B. The number of projected years shall not exceed the number of documented historical years.

The State Board standard for operating procedure rooms is 1,500 hours annually. The Applicants state that the ASTC's annual utilization will improve and exceed the State Board's standard by the second year after project completion (Table Seven). The Applicants estimated 1.45 hours per procedure, including preparation and cleanup, amounting to approximately 8,545 hours in the first year after project completion and approximately 9,058 hours in the second year after project completion (See Table Seven). In 2024, the Surgery Center reported providing 1,037 hours of surgeries, which equates to a 9.2% utilization rate. Despite the low historical utilization of the ASTC, the Applicants' projected utilization data indicate that the facility will operate at 80.5% during the second year after project completion.

TABLE FIVE Average Time per Procedure*	
Procedure	Average Time (hours)
General Surgery	1.5
Podiatric	1.4
Orthopedic	2
Pain Management	.90
Average Time Per Procedure	1.45 hrs.
*Including prep, procedure, and clean-up	

TABLE SIX Historical Utilization of ASTC 2019-2024						
	2019	2020	2021	2022	2023	2024
General Surgery						
Cases	0	0	0	0	0	1
Hours	0	0	0	0	0	1
Orthopedic						
Cases	2,960	2,781	3,755	4,193	4,171	3,955
Hours	4,355	5,484	7,720	8,290	4,616	990
Pain Management						
Cases	559	244	249	50	40	44
Hours	221	102	126	32	16	11
Podiatry						
Cases	145	142	143	107	92	140
Hours	180	218	245	177	81	35
Total Cases	3,664	7,923	4,147	4,350	4,303	4,140
Total Hours	4,756	5,804	8,091	8,499	4,713	1,037
Utilization	42.3%	51.6%	72%	75.5%	41.9%	9.2%

TABLE SEVEN Projected Utilization of ASTC					
	Service	Historical Utilization	Projected Utilization	State Standard	Standard Met?
Year 1	ASTC	8,545 hrs.	75.9%	80%	No
Year 2	ASTC	9,058 hrs.	80.5%	80%	Yes

VIII. Non-Hospital-Based Ambulatory Surgical Treatment Center Services

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

A) Service to Geographic Service Area Residents

The Applicants shall document that the project's primary purpose will be to provide necessary health care to the residents of the GSA in which the proposed project will be physically located.

- i) The Applicants shall provide a list of zip code areas (in total or in part) that comprise the GSA. The GSA comprises all zip code areas within the established radii outlined in 77 Ill.—Adm. Code 1100.510(d) of the project's site.ii) The Applicants shall provide patient origin information by zip code for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the GSA. Patient origin information shall be based on the patient's legal residence (excluding a healthcare facility) for the 6 months immediately preceding admission.

The established radius for a facility located in DuPage County is 10 miles (per 77 Ill. Adm. Code 1100.510(d)(2)). The Applicants identified 49 zip codes within the 10-mile GSA, and a population of approximately 1,106,203 residents. The Applicants attested that the totality of the projected patient referrals for this ASTC resides within the 10-mile GSA. The Applicants have addressed this criterion.

The Applicants state that this project is necessary to serve better its existing patient base and the projected outpatient surgical needs within the 10-mile service area. The existing facility is outdated and lacks the capacity to provide the level of patient care expected by the Applicants. The new facility will be located approximately two miles from the existing facility, within the same HSA (HSA-VII), and will offer the same services, including six surgical suites (ORs). The project is essentially a relocation to a newer facility with the potential to serve the projected patient base better. Once the Hinsdale ASTC is licensed/certified, the ASTC in Westmont will be discontinued via Project #25-032.

B) Service Demand-Establishment of an ASTC

The applicant shall document that the proposed project is necessary to accommodate the service demand experienced annually by the applicant, over the latest 2-year period, as evidenced by historical and projected referrals. The applicant shall document the information required by subsection (c)(3) and either subsection (c)(3)(B) or (C):

The Applicants propose to establish a multi-specialty ASTC in Hinsdale, as part of relocating the Salt Creek Surgery Center from its existing location in Westmont to a new and larger facility in Hinsdale. The existing ASTC has 4 ORs, and the replacement facility will contain 6 ORs to address the need for additional service space and provide an ASTC that meets or exceeds current operational standards. The Applicants supplied a “universal physician referral letter” from Dr. Giridhar Burra, M.D., Medical Director, Salt Creek Surgery Center, attesting to the historical referral volume of 4,350 procedures to the ASTC, and a projected referral volume of 4,613 procedures/9,058 hours after project completion (See Table Seven/Eight), which satisfies the requirements of this criterion.

TABLE EIGHT			
Historical Referrals to Salt Creek Surgery Center			
Facility	Physician/M.D.	Historical Referrals	Projected Referrals
Salt Creek Surgery Center	Burgess, Brian	23	
Salt Creek Surgery Center	Burra, Giridhar	882	
Salt Creek Surgery Center	Chokshi, Nikhil	51	
Salt Creek Surgery Center	Chudik, Steven	944	
Salt Creek Surgery Center	Darwish, Ashraf	387	
Salt Creek Surgery Center	Dean, Daniel	200	
Salt Creek Surgery Center	Dougherty, Evan	63	
Salt Creek Surgery Center	Durkin, Michael	260	
Salt Creek Surgery Center	Ehmke, Thomas	440	
Salt Creek Surgery Center	Fajardo, Mark	466	
Salt Creek Surgery Center	Gamez, Carla	2	
Salt Creek Surgery Center	Ghondasra, Jason	779	
Salt Creek Surgery Center	Ho, Bryant	473	
Salt Creek Surgery Center	Hurbanek, Jason	168	
Salt Creek Surgery Center	Keating, Timothy	23	
Salt Creek Surgery Center	Lareau, Justin	231	
Salt Creek Surgery Center	Miller, Steven	20	
Salt Creek Surgery Center	Patel, Ronak	896	
Salt Creek Surgery Center	Puppala, Anuj	20	
Salt Creek Surgery Center	Ramanavarapu, Vidya	72	
Salt Creek Surgery Center	Riff, Andrew	331	
Salt Creek Surgery Center	Sampat, Chintan	76	
Salt Creek Surgery Center	Shrouder-Henry, Jason	190	
Salt Creek Surgery Center	Staron, Jeffery	61	

Salt Creek Surgery Center	Tauchen, Alexander	218	
Salt Creek Surgery Center	Thorsness, Robert	864	
Salt Creek Surgery Center	Urbanosky, Leah	117	
Total Cases/Hours		4,350/8,545	4,613/9,058

The Applicants must document that the proposed project is necessary to accommodate **the service demand** it has experienced annually over the last two years, as evidenced by historical and projected referrals. Board Staff could not identify the projected service demand per physician from its “universal physician referral letter” and the Applicants did not supply the number of historical referrals that originated from the service area, but attests the majority of patient served by the ASTC resided in the general service area, and expects the majority of patients to be served by the facility will also originate from the general service area.

D) Treatment Room Need Assessment

A) The applicant shall document that the proposed number of surgical/treatment rooms for each ASTC service is necessary to service the projected patient volume. The number of rooms shall be justified based upon an annual minimum utilization of 1,500 hours of use per room, as established in 77 Ill. Adm. Code 1100.

B) For each ASTC service, the applicant shall provide the number of patient treatments/sessions, the average time (including setup and cleanup time) per patient treatment/session, and the methodology used to establish the average time per patient treatment/session (e.g., experienced historical caseload data, industry norms, or special studies).

The proposed facility will have six operating rooms. The Applicants supplied projected referral/utilization data to justify the requested number of operating rooms. See Criterion 1110.110 (b) – Projected Utilization for a complete discussion. The Applicants have met the requirements of this criterion.

E) Service Accessibility

The proposed ASTC services being established or added are necessary to improve access for residents of the GSA. The Applicant shall document **that at least one** of the following conditions exists in the GSA:

A) There are no other IDPH-licensed ASTCs within the identified GSA of the proposed project.

B) The other IDPH-licensed ASTC and hospital surgical/treatment rooms used for those ASTC services proposed by the project within the identified GSA are utilized at or above the utilization level specified in 77 Ill. Adm. Code 1100.

C) The ASTC services or specific types of procedures or operations that are components of an ASTC service are not currently available in the GSA, or those existing, underutilized services in the GSA have restrictive admission policies.

D) The proposed project is a cooperative venture sponsored by two or more persons, at least one of whom is operating an existing hospital. Documentation shall provide evidence that:

i) The existing hospital is currently providing outpatient services to the population of the subject GSA.

ii) The existing hospital has sufficient historical workload to justify the number of surgical/treatment rooms at the existing hospital and the proposed ASTC, based upon the treatment room utilization standard specified in 77 Ill. Adm. Code 1100.

- iii) The existing hospital agrees not to increase its surgical/treatment room capacity until the proposed project's surgical/treatment rooms operate at or above the utilization rate specified in 77 Ill. Adm.. Code 1100 for at least 12 consecutive months; and
- iv) The proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.

Table Nine shows the ASTCs and hospitals located in the 10-mile GSA. The Applicants have met one of the conditions of this criterion.

TABLE NINE Hospitals and ASTCs Located In the 10-Mile GSA										
Facility	City	Facility Type	Distance (in miles) from Applicants' Facility	ORs/Procedure Rooms	Surgical Hours			Utilization		
Year					2022	2023	2024	2022	2023	2024
Adventist Hinsdale Hospital	Hinsdale	Hospital	1.5	13/6	19,457	19,457	n/a	64.4%	63.9%	n/a
Adventist La Grange Memorial Hospital	LaGrange	Hospital	3.9	16/4	5,390	5,390	12,793	64.4%	64.4%	58.1%
Advocate Good Samaritan Hospital	Downers Grove	Hospital	4.6	15/8	24,959	28,226	7,875	84.2%	76.7%	73.1%
Elmhurst Memorial Hospital	Elmhurst	Hospital	4.6	15/5	40,529	41,751	10,211	93.7%	97%	89%
MacNeal Memorial Hospital	Berwyn	Hospital	8.2	12/5	17,852	19,251	21,230	46.4%	50.1%	49.6%
Foster McGaw Memorial Hospital	Maywood	Hospital	8.3	27/7	n/a	55,042	n/a	n/a	66.9%	n/a
Chicago Vascular ASC	Westmont	ASTC	.8	0/3	4,748	4,479	9,138	84.4%	79.7%	99%
Chicago Prostate Surgery Center	Westmont	ASTC	1.1	4/0	5,533	6,293.5	6,924	73.7%	84%	92.3%
Hinsdale Surgical Center	Hinsdale	ASTC	1.2	4/1	5,671	4,918	6,234	60.4%	52.5%	66.4%
Rush Oak Brook	Oak Brook	ASTC	3.2	6/2	8,997	8,318.5	7,477.5	60%	55.5%	49.8%

TABLE NINE
Hospitals and ASTCs Located In the 10-Mile GSA

Facility	City	Facility Type	Distance (in miles) from Applicants' Facility	ORs/Procedure Rooms	Surgical Hours			Utilization		
Year					2022	2023	2024	2022	2023	2024
Surgery Center										
Oak Brook Surgical Centre	Oak Brook	ASTC	4.1	5/0	1,499	1,625	1,272.5	16%	17.4%	13.5%
Ambulatory Surgicenter of Downers Grove	Downers Grove	ASTC	4.1	3/1	2,285.1	2,294	2,207	30.4%	30.6%	29.4%
Children's Outpatient Services at Westchester	Westchester	ASTC	4.2	3/0	4,401.7	3,895.7	4,000.5	78.3%	69.3%	42.7%
Midwest Center for Day Surgery	Downers Grove	ASTC	4.2	5/0	4,238	3,467.9	4,000.5	45.2%	37%	42.7%
Loyola Surgery Center	Oakbrook Terrace	ASTC	4.4	3/0	947.75	1,522	1,549.3	17%	27%	27.5%
Elmhurst Outpatient Surgery Center	Elmhurst	ASTC	4.4	4/4	6,435.8	3,528	4,927	42.9%	23.5%	32.8%
DMG Surgical Center	Lombard	ASTC	5.5	8/3	21,537.7	14,330.5	13,083	102%	69.5%	63.4%
Loyola University ASTC	Maywood	ASTC	8.2	8/0	11,212	11,584	10,393	74.8%	77.2%	69.3%
TOTAL				151/49						

State standard for ASTCs: 1,500 hrs. per room = 80%
Shaded areas indicate operational capacity above the State standard (80%)

F) Unnecessary Duplication/Maldistribution

A) The Applicants shall document that the project will not result in unnecessary duplication. The Applicants shall provide the following information for the proposed GSA zip code areas identified in subsection (c)(2)(B)(i):

- i) the total population of the GSA (based upon the most recent population numbers available for the State of Illinois); and
- ii) the names and locations of all existing or approved healthcare facilities within the GSA that provide the ASTC services proposed by the project.

B) The Applicants shall document that the project will not result in maldistribution of services. Maldistribution exists when the GSA has an excess supply of facilities and ASTC services characterized by such factors as, but not limited to:

- i) a ratio of surgical/treatment rooms to a population that exceeds one and one-half times the State average.
- ii) historical utilization (for the latest 12-month period before application submission) for existing surgical/treatment rooms for the ASTC services proposed by the project, below the utilization standard specified in 77 Ill. Adm. Code 1100; or
- iii) insufficient population to provide the volume or caseload necessary to utilize the surgical/treatment rooms proposed by the project at or above the utilization standards specified in 77 Ill. Adm. Code 1100.

C) The Applicants shall document that, within 24 months after project completion, the proposed project:

- i) will not lower the utilization of other area providers below the utilization standards specified in 77 Ill. Adm. Code 1100; and
- ii) will not lower, to a further extent, the utilization of other GSA facilities that are currently (during the latest 12-month period) operating below the utilization standards.

The Applicants note that the proposed project will not result in the maldistribution of services based on the ratio of surgical rooms to population (see Table Ten). Board Staff identified six hospitals and twelve ASTCs in their application, as shown in Table nine above. The hospitals and ASTCs within the GSA provide the proposed surgical services, which can be accommodated at the underutilized facilities in the GSA (See Table Nine).

The Applicants believe that the Project will not harm existing facilities in the GSA or reduce the utilization of other area providers operating below occupancy standards. However, based on the current utilization at existing facilities, this will perpetuate the issues of underutilized facilities in the service area.

Table Ten illustrates the ratio of population to operating/procedure rooms.

TABLE TEN				
The ratio of Surgery / Treatment Rooms to Population				
	Population	OR/Procedure Rooms	Rooms to Population	Standard Met?
GSA	1,106,203	200	1:5,531	Yes
State of Illinois	12,785,000	4,928	1:2,594	

G) Staffing

A) Staffing Availability

The Applicants shall document that relevant clinical and professional staffing needs for the proposed project were considered and that the staffing requirements of licensure and The Joint Commission or other nationally recognized accrediting bodies can be met. In addition, the Applicants shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed employment applications, or a narrative explanation of how the proposed staffing will be achieved.

B) Medical Director

It is recommended that the procedures for each ASTC service be directed by a physician who is board-certified or board-eligible by the appropriate professional standards organization or entity that credentials or certifies the health care worker for competency in that category of service.

According to the Applicants, the facility is currently staffed in accordance with all IDPH and Medicare Requirements, and Dr. Michael Durkin, M.D., will be the Medical Director for the ASTC after relocation.

H) Charge Commitment

To meet the objectives of the Act, which are to improve the financial ability of the public to obtain necessary health services and to establish an orderly and comprehensive health care delivery system that will guarantee the availability of quality health care to the general public and cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process [20 ILCS 3960/2], the Applicants shall submit the following:

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

The Applicants provided the necessary attestation as required by this criterion (see Pages 126-144 of the Application for Permit).

I) Assurances

A) The Applicants shall attest that a peer review program exists or will be implemented to evaluate whether patient outcomes are consistent with quality standards established by professional organizations for the ASTC services. A quality improvement plan will be initiated if the outcomes do not meet or exceed the established standards.

B) The Applicants shall document that, in the second year of operation after the project completion date, the annual utilization of the surgical/treatment rooms will meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100. Documentation shall include, but not be limited to, historical utilization trends, population growth, expansion of professional staff or programs (demonstrated by signed contracts with additional physicians), and the provision of new procedures that would increase utilization.

The Applicants provided the necessary attestation as required by this criterion (see Page 145 of the Application for Permit).

IX. Financial Viability and Economic Feasibility

A. Criterion 1120.120 – Availability of Funds

The Applicants are funding this project with mortgages totaling \$19,586,910, and the Fair Market Value of the Lease of \$3,866,976. The Applicants provided attestation that there are sufficient financial resources to fund this project (Application, p. 147), and a letter from Bank of America agreeing to finance \$20 million to fund the mortgage portion of the project. (See Project File #25-029).

B. Criterion 1120.130 – Financial Viability

The Applicants provided a pro forma financial statement (application p. 151) and projected economic viability ratios (see Table Seven). The Applicants have met the requirements of this criterion.

TABLE SEVEN Projected Financial Viability Ratios				
	State Standard	Historical		Projected
Current Ratio	1.5>	n/a	n/a	1.625
Net Margin Percentage	3.5>	n/a	n/a	37.7%
% Debt to Total Capitalization	<80%	n/a	n/a	80%
Projected Debt Service Coverage	1.75>	n/a	n/a	n/a**
Days Cash on Hand	45> days	n/a	n/a	>45 days
Cushion Ratio	3.0> days	n/a	n/a	n/a**
**Only debt relative to this project is the mortgage				

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

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

The project will be funded with a mortgage totaling \$19,586,910, and the Fair Market Value of the lease will be \$3,866,976. The Applicants provided a signed attestation (Application p.147), stating that they have sufficient financial resources to provide funding capital to carry the project through the second full fiscal year. The Applicants provided a letter from Bank of America memorializing their willingness to provide project financing for \$20 million (See project file). It appears the Applicants have met the requirements of these criteria.

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

The applicant shall document that the estimated project costs are reasonable and shall document compliance with the State Board Standards.

Site Survey/Site Preparation: These costs total \$157,772, which amounts to 2.2% of the new construction/contingency cost of \$7,293,885. This complies with the State standard of 5%.

New Construction Costs: These costs amount to \$6,983,520 or \$ 303.77 per gross square foot (“GSF”) ($\$6,983,520/22,990 = \303.77). These costs meet the reasonableness criterion based on the State Board Standard of \$495.41.

Contingency Costs: These costs amount to \$310,365, or 4.5% of the new construction costs. These costs meet the reasonableness criterion based on the State Board Standard of 10%.

Architectural/Engineering Fees: These costs total \$96,719, which amounts to 1.4% of the new construction/contingency cost of \$7,293,885. This complies with the State standard of 5.94-8.92%.

Movable Other Equipment Costs: These costs total \$1,305,700, which amounts to \$217,616.67 per surgical suite ($\$1,305,700/6 = \$217,616.77$). This amount meets the reasonableness criterion based on the State Board Standard of \$602,324.

NOTE: The State Board does not have standards for the following criteria:

- | | |
|---|-------------|
| a. Consulting and Other Fees: | \$120,898 |
| b. Fair Market Value of Leased Space/Equipment: | \$1,870,042 |
| c. Other Costs to be Capitalized: | \$217,617 |

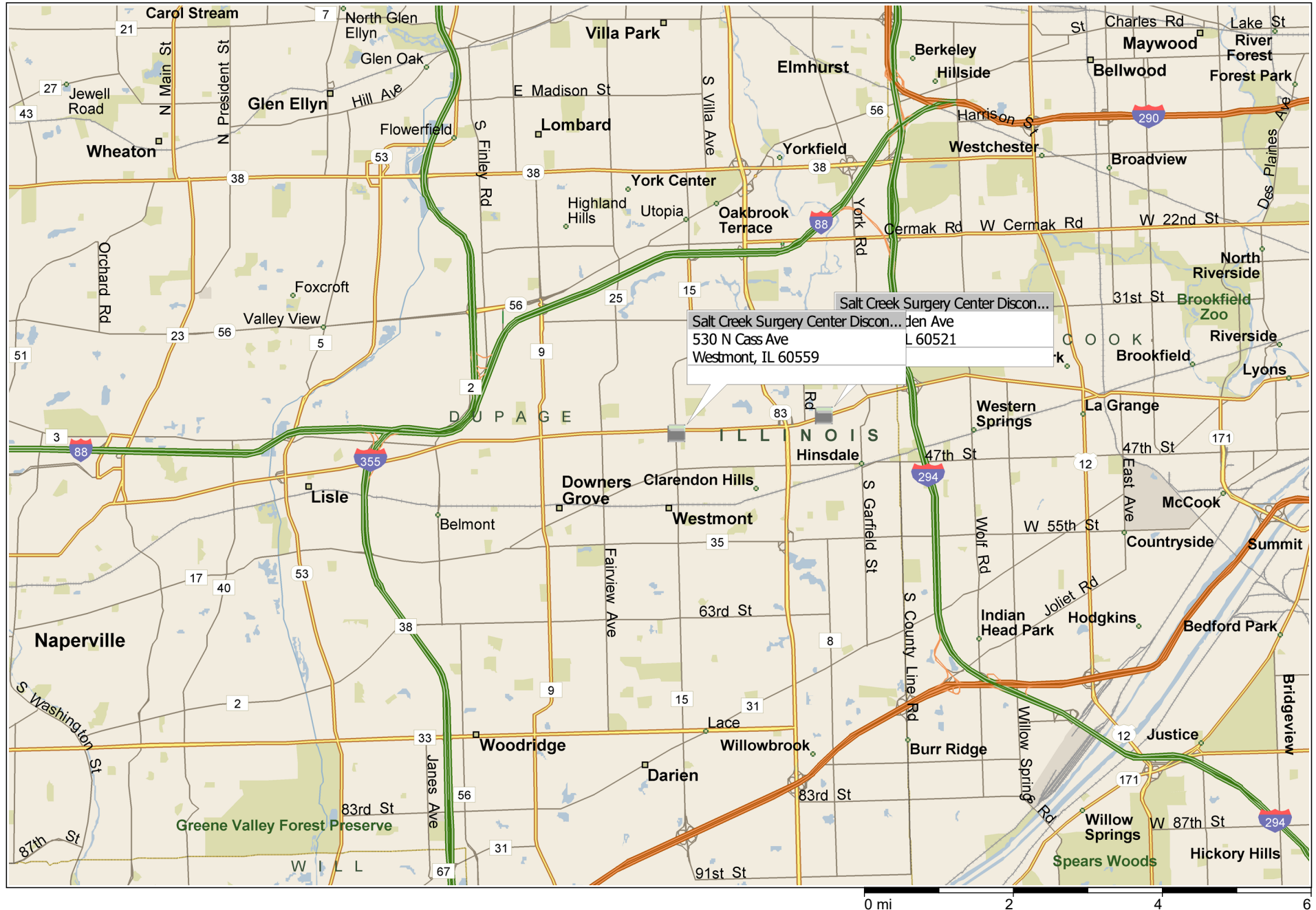
The Applicants did not explain the Other Cost to be capitalized. The Applicants have met the requirements of this criterion.

F) Criterion 1120.140(d) – Direct Operating Costs

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

The State Board does not have standards for these costs. The Applicants supplied no data for these criteria.

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