

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION DEC 21 2009

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	DMG Center for Pain Management		
Street Address:	2940 RollingRidge Road		
City and Zip Code:	Naperville, IL 60564		
County:	Will	Health Service Area IX	Health Planning Area: N/A

Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	DMG Pain Management Surgery Center, LLC		
Address:	1100 W 31 st Street Downers Grove, IL 60515		
Name of Registered Agent:			
Name of Chief Executive Officer:	Ed Carne		
CEO Address:	1100 W 31 st Street Downers Grove, IL 60515		
Telephone Number:	630/942-7936		

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Type of Ownership

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an Illinois certificate of good standing.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	Rik Baier
Title:	Chief Operating Officer
Company Name:	DuPage Medical Group
Address:	1100 W 31 st Street Downers grove, IL 60515
Telephone Number:	630/545-7806
E-mail Address:	rik.baier@dupagemd.com
Fax Number:	630/790-9135

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance]

Name:	Ed Carne
Title:	CEO
Company Name:	DuPage Medical Group
Address:	1100 W 31 st Street Downers Grove, IL 60515
Telephone Number:	630/942-7936
E-mail Address:	ed.carne@dupagemd.com
Fax Number:	630/790-9135

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	RollingRidge Center, LLC
Address of Site Owner:	1100 W 31 st Street Downers Grove, IL 60515
Street Address or Legal Description of Site:	2940 Rollingridge Road Naperville, IL 60564

APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name:	DMG Center for Pain Management, LLC
Address:	1100 W 31 st Street Downers Grove, IL 60515

- | | |
|---|--|
| <input type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental |
| <input checked="" type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship |
| | <input type="checkbox"/> Other |

- o Corporations and limited liability companies must provide an Illinois certificate of good standing.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person who is related (as defined in Part 1130.140). If the related person is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. This map must be in a readable format. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.idph.state.il.us/about/hfpb.htm>).

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

<p>Part 1110 Classification:</p> <p><input checked="" type="checkbox"/> Substantive</p> <p><input type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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2. Project Outline

In the chart below, indicate the proposed action(s) for each clinical service area involved by writing the number of beds, stations or key rooms involved:

Clinical Service Areas	Establish	Expand	Modernize	Discontinue	No. of Beds, Stations or Key Rooms
Medical/Surgical, Obstetric, Pediatric and Intensive Care					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
Open Heart Surgery					
Cardiac Catheterization					
In-Center Hemodialysis					
Non-Hospital Based Ambulatory Surgery	2		2		2
General Long Term Care					
Specialized Long Term Care					
Selected Organ Transplantation					
Kidney Transplantation					
Subacute Care Hospital Model					
Post Surgical Recovery Care Center					
Children's Community-Based Health Care Center					
Community-Based Residential Rehabilitation Center					
Long Term Acute Care Hospital Bed Projects					
Clinical Service Areas Other Than Categories of Service:					
• Surgery					
• Ambulatory Care Services (organized as a service)					
• Diagnostic & Interventional Radiology/Imaging					
• Therapeutic Radiology					
• Laboratory					
• Pharmacy					
• Occupational Therapy					
• Physical Therapy					
• Major Medical Equipment					
Freestanding Emergency Center Medical Services					
Master Design and Related Projects					
Mergers, Consolidations and Acquisitions					

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

3. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

The applicant proposes the establishment of a limited specialty ambulatory surgical treatment center (ASTC), providing interventional pain management services, exclusively. The ASTC will operate as a "closed staff" model, with privileges being limited to members of DuPage Medical Group (DMG).

DMG is one of the largest multi-specialty group practices in the Midwest, and is comprised of over 280 physicians, providing services through nearly 40 locations in DuPage, Will and Kane Counties. Among DMG's physicians are three Board Certified pain management specialists, each of which will use the proposed ASTC.

This proposed project differs from nearly every other ASTC application presented to the State Board, because and due to the nature of the single specialty to be provided, the project will have no impact whatsoever on the utilization of other ASTCs or hospitals. 100% of the procedures to be performed at the proposed ASTC are now being performed in procedure rooms within the specialists' two office suites.

This project is proposing the establishment of a new "category of service", and as such, is classified as being "substantive".

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Preplanning Costs	\$20,000		\$20,000
Site Survey and Soil Investigation			
Site Preparation	10,000		10,000
Off Site Work			
New Construction Contracts			
Modernization Contracts	1,048,000		1,048,000
Contingencies	65,500		65,500
Architectural/Engineering Fees	122,000		122,000
Consulting and Other Fees	200,000		200,000
Movable or Other Equipment (not in construction contracts)	300,000		300,000
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Depreciated Value of Re-Used Equipment	54,000		54,000
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$1,819,500		\$1,819,500
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	\$1,765,500		\$1,765,500
Depreciated Value of Re-Used Equipment	54,000		54,000
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$1,819,500		\$1,819,500

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project Yes No
Purchase Price: \$ _____
Fair Market Value: \$ _____

The project involves the establishment of a new facility or a new category of service
 Yes No

If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is \$ \$25,372.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

None or not applicable Preliminary
 Schematics Final Working

Anticipated project completion date (refer to Part 1130.140): April 30, 2011

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

- Purchase orders, leases or contracts pertaining to the project have been executed.
 Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON contingencies.
 Project obligation will occur after permit issuance.

State Agency Submittals

Are the following submittals up to date as applicable:

- Cancer Registry N/A
 APORS N/A
 All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
 All reports regarding outstanding permits **no outstanding permits**

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON CLINICAL							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT 3 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of DMG Pain Management Surgery Center, LLC * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Edward Carne

SIGNATURE

EDWARDS CARNE

PRINTED NAME

CEO

PRINTED TITLE

Rik Baier

SIGNATURE

RIK BAIER

PRINTED NAME

COO

PRINTED TITLE

Notarization:

Subscribed and sworn to before me this 25 day of Nov. 2009

Notarization:

Subscribed and sworn to before me this 25 day of Nov. 2009

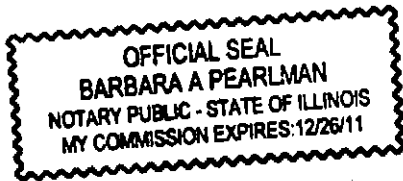
Barbara A. Pearlman

Signature of Notary

Barbara A. Pearlman

Signature of Notary

Seal



Seal



*Insert EXACT legal name of the applicant

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive.
2. If the gross square footage exceeds the GSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing bed space that results in excess square footage.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B.

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

NOT APPLICABLE

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data are available; and

- b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

NOT APPLICABLE

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III. - PROJECT PURPOSE, BACKGROUND AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 - Project Purpose, Background and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, certification and accreditation identification numbers, if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 10 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PURPOSE OF PROJECT

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 or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals.

For projects involving modernization, describe the conditions being upgraded. For facility projects, include statements of age and condition and regulatory citations. For equipment being replaced, include repair and maintenance records.

NOTE: The description of the "Purpose of the Project" should not exceed one page in length. Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-11. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ALTERNATIVES

Document ALL of the alternatives to the proposed project:

Examples of alternative options include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation.
 - 3) The applicant shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-12. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VII. - CATEGORY OF SERVICE - REVIEW CRITERIA **please see note following this section**

1. This Section is applicable to all projects proposing establishment, expansion or modernization of **ALL categories of service that are subject to CON review**, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960], WITH THE EXCEPTION OF:
 - General Long Term Care;
 - Subacute Care Hospital Model;
 - Postsurgical Recovery Care Center Alternative Health Care Model;
 - Children's Community-Based Health Care Center Alternative Health Care Model; and
 - Community-Based Residential Rehabilitation Center Alternative Health Care Model.

If the project involves any of the above-referenced categories of service, refer to " SECTION VIII.- Service Specific Review Criteria" for applicable review criteria, and submit all necessary documentation for each service involved..

2. READ THE APPLICABLE REVIEW CRITERIA FOR EACH OF THE CATEGORIES OF SERVICE INVOLVED. [Refer to SECTION VIII regarding the applicable criteria for EACH action proposed, for EACH category of service involved.]
3. After identifying the applicable review criteria for each category of service involved (see the charts in Section VIII), provide the following information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

A. Planning Area Need - Formula Need Calculation:

1. **Complete the requested information for each category of service involved:**
Refer to 77 Ill. Adm. Code 1100 for information concerning planning areas, bed/station/key room deficits and occupancy/utilization standards.

Planning Area _____

Category of Service	No. of Beds/Stations/Key Rooms Proposed	HFSRB Inventory Need or Excess	Part 1100 Occupancy/Utilization Standard

Using the formatting above:

2. Indicate the number of beds/stations/key rooms proposed for each category of service.
3. Document that the proposed number of beds/stations/key rooms is in conformance with the projected deficit specified in 77 Ill. Adm. Code 1100.
4. Document that the proposed number of beds/stations/key rooms will be in conformance with the applicable occupancy/utilization standard(s) specified in Ill. Adm. Code 1100.

B. Planning Area Need - Service to the Planning Area Residents:

1. If establishing or expanding beds/stations/key rooms, document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.
2. If expanding an existing category of service, provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all

other projects, document that at least 50% of the projected patient volume will be from residents of the area.

3. If expanding an existing category of service, submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).

APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

C. Service Demand - Establishment of Category of Service

Document "Historical Referrals" and either "Projected Referrals" or "Project Service Demand - Based on Rapid Population Growth" :

1. Historical Referrals

If the applicant is an existing facility, document the number of referrals for the last two years for each category of service, as formatted below:

EXAMPLE:

Year	CY or FY	Category of Service	Patient Origin by Zip Code	Name & Specialty of Referring Physician	Name & Location of Recipient Hospital
2008	CY	Medical/Surgical	62761 [Patient Initials]	Dr. Hyde	Wellness Hospital

2. Projected Referrals

An applicant proposing to establish a category of service or establish a new hospital shall submit physician referral letters containing ALL of the information outlined in Criterion 1110.530(b)(3)

3. Project Service Demand - Based on Rapid Population Growth

If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand must be determined, as specified in the Criterion titled "Project Service Demand - Based on Rapid Population Growth".

APPEND DOCUMENTATION AS ATTACHMENT-20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

D. Service Demand - Expansion of an Existing Category of Service

Document "Historical Service Demand" and either "Projected Referrals" or "Project Service Demand - Based on Rapid Population Growth" :

1. Historical Service Demand

Category of Service	Board Occupancy/Utilization Standards	Year One Indicate CY or FY	Year Two Indicate CY or FY
	[Indicate standards for the planning area.]		

- a. As formatted above, document that the average annual occupancy/utilization rate has equaled or exceeded occupancy standards for the category of service, as specified in 77 Ill. Adm. Code 1100, for each of the latest two years;
- b. If patients have been referred to other facilities in order to receive the subject services, provide documentation of the referrals, including: patient origin by zip code; name and specialty of referring physician; and name and location of the recipient hospital, for each of the latest two years

2. Projected Referrals

An applicant proposing to establish a category of service or establish a new hospital shall submit physician referral letters containing ALL of the information outlined in subsection(b)(4) of the criteria for the subject service(s).

3. Projected Service Demand – Based on Rapid Population Growth

If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand must be determined, as specified in the criterion titled "Projected Service Demand-Based on Rapid Population Growth" of the criteria for the subject service(s).

APPEND DOCUMENTATION AS ATTACHMENT-21 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

E. Service Accessibility - Service Restrictions

- 1. The applicant shall document that at least one of the factors listed in subsection (b)(5) of the criteria for subject service(s) exists in the planning area.
- 2. Provide documentation, as applicable, listed in subsection (b)(5) of the criteria for the subject service(s), concerning existing restrictions to service access:

APPEND DOCUMENTATION AS ATTACHMENT-22 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

F. Unnecessary Duplication/Maldistribution

1. Document that the project will not result in an unnecessary duplication, and provide the following information:
 - a. A list of all zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;
 - b. The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and
 - c. The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the project site that provide the categories of bed service that are proposed by the project.
2. Document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, beds and services characterized by such factors as presented in subsection (c)(1) and (2) of the criteria for the subject service(s).
3. Document that, within 24 months after project completion, the proposed project:
 - A) Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and
 - B) Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.

APPEND DOCUMENTATION AS ATTACHMENT-23, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

G. Category of Service Modernization

1. Document that the inpatient beds areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized, citing factors, as listed in subsection (d)(1) of the criteria for the subject service(s), but not limited to the reasons cited in the rule.
2. Provide the following documentation of the need for modernization:
 - A. the most recent IDPH Centers for Medicare and Medicaid Services (CMMS) inspection reports;
 - B. the most recent Joint Commission on Accreditation of Healthcare Organizations (JCAHO) reports;
3. Include other documentation, as applicable to the factors cited above:
 - A. Copies of maintenance reports;
 - B. Copies of citations for life safety code violations; and
 - C. Other pertinent reports and data.
4. Provide the annual occupancy/utilization for each category of service to be modernized, for each of the last three years.

APPEND DOCUMENTATION AS ATTACHMENT-24, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

H. Staffing Availability

1. For each category of service, document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met.
2. Provide the following documentation:
 - a. The name and qualification of the person currently filling the position, if applicable; and
 - b. Letters of interest from potential employees; and
 - c. Applications filed for each position; and
 - d. Signed contracts with the required staff; or
 - e. A narrative explanation of how the proposed staffing will be achieved.

APPEND DOCUMENTATION AS ATTACHMENT-25, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

I. Performance Requirements

READ the subsection titled "Performance Requirements" for the subject service(s).

K. Assurances

Submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after project completion, the applicant will achieve and maintain the occupancy/utilization standards specified in 77 Ill. Adm Code 1100 for each category of service involved in the proposal.

APPEND DOCUMENTATION AS ATTACHMENT-26, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

NOTE ON
SECTION VII. – CATEGORY OF SERVICE –REVIEW CRITERIA

Consistent with technical assistance conversations with State Agency Staff on September 25 and 29, 2009, Section VII of the application form is not applicable to projects proposing the establishment of an ASTC. Unlike most portions of Part 1110, Section 1540, addressing ASTCs was not revised in 2009, and is therefore inconsistent with Section VII of the application form.

The general instructions preceding the July 2009 edition of the *Application for Permit* form note that "This application does not supersede any of the above-cited rules (77 Ill. Adm. Codes 1100, 1110, 1120 and 1130) and requirements that are currently in effect." As a result, the applicant has been directed by State Agency staff to address only Section VIII.H. Non-Hospital Based Ambulatory Surgery.

H. Non-Hospital Based Ambulatory Surgery

This section is applicable to all projects proposing to establish or modernize a non-hospital based ambulatory surgical treatment center or to the addition of surgical specialties.

1. Criterion 1110.1540(a), Scope of Services Provided

Read the criterion and complete the following:

a. Indicate which of the following types of surgery are proposed:

<input checked="" type="checkbox"/> Pain Management	<input type="checkbox"/> Obstetrics/Gynecology	<input type="checkbox"/> Plastic
<input type="checkbox"/> Dermatology	<input type="checkbox"/> Ophthalmology	<input type="checkbox"/> Podiatry
<input type="checkbox"/> Gastroenterology	<input type="checkbox"/> Oral/Maxillofacial	<input type="checkbox"/> Thoracic
<input type="checkbox"/> General/Other	<input type="checkbox"/> Orthopaedic	<input type="checkbox"/> Urology
<input type="checkbox"/> Neurology	<input type="checkbox"/> Otolaryngology	

b. Indicate if the project will result in a limited or a multi-specialty ASTC.

2. Criterion 1110.1540(b), Target Population

Read the criterion and provide the following:

- On a map (8 1/2" x 11"), outline the intended geographic services area (GSA).
- Indicate the population within the GSA and how this number was obtained.
- Provide the travel time in all directions from the proposed location to the GSA borders and indicate how this travel time was determined.

3. Criterion 1110.1540(c), Projected Patient Volume

Read the criterion and provide signed letters from physicians that contain the following:

- The number of referrals anticipated annually for each specialty.
- For the past 12 months, the name and address of health care facilities to which patients were referred, including the number of patients referred for each surgical specialty by facility.
- A statement that the projected patient volume will come from within the proposed GSA.
- A statement that the information in the referral letter is true and correct to the best of his or her belief.

4. Criterion 1110.1540(d), Treatment Room Need Assessment

Read the criterion and provide:

- The number of procedure rooms proposed.
- The estimated time per procedure including clean-up and set-up time and the methodology used in arriving at this figure.

5. Criterion 1110.1540(e), Impact on Other Facilities

Read the criterion and provide:

- A copy of the letter sent to area surgical facilities regarding the proposed project's impact on their workload. NOTE: This letter must contain: a description of the project including its size, cost, and projected workload; the location of the proposed project; and a request that the facility administrator indicate what the impact of the proposed project will be on the existing

facility.

- b. A list of the facilities contacted. NOTE: Facilities must be contacted by registered mail.

6. Criterion 1110.1540(f), Establishment of New Facilities

Read the criterion and provide:

- a. A list of services that the proposed facility will provide that are not currently available in the GSA; or
- b. Documentation that the existing facilities in the GSA have restrictive admission policies; or
- c. For co-operative ventures,
 - a. Patient origin data that documents the existing hospital is providing outpatient surgery services to the target population of the GSA, and
 - b. The hospital's surgical utilization data for the latest 12 months, and
 - c. Certification that the existing hospital will not increase its operating room capacity until such a time as the proposed project's operating rooms are operating at or above the target utilization rate for a period of twelve full months; and
 - d. Certification that the proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.

7. Criterion 1110.1540(g), Charge Commitment

Read the criterion and provide:

- a. A complete list of the procedures to be performed at the proposed facility with the proposed charge shown for each procedure.
- b. A letter from the owner and operator of the proposed facility committing to maintain the above charges for the first two years of operation.

8. Criterion 1110.1540(h), Change in Scope of Service

Read the criterion and, if applicable, document that existing programs do not currently provide the service proposed or are not accessible to the general population of the geographic area in which the facility is located.

APPEND DOCUMENTATION AS ATTACHMENT-32 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

T. Financial Feasibility

This section is applicable to all projects subject to Part 1120.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)

Does the applicant (or the entity that is responsible for financing the project or is responsible for assuming applicant's debt obligations in case of default) have a bond rating of "A" or better?

Yes No

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. If no is indicated, submit the most recent three years' audited financial statements including the following:

1. Balance sheet
2. Income statement
3. Change in fund balance
4. Change in financial position

A. Criterion 1120.210(a), Financial Viability

1. Viability Ratios

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

DMG Pain Management Surgery Center, LLC

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				Year 2
Current Ratio				1.67
Net Margin Percentage				48%
Percent Debt to Total Capitalization				34%
Projected Debt Service Coverage				2.97
Days Cash on Hand				158
Cushion Ratio				3.57

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)
(continued)

B. Criterion 1120.210(b), Availability of Funds

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

_____ **Cash & Securities**

Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

_____ **Pledges**

For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

_____ **Gifts and Bequests**

Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

\$1,765,500 **Debt Financing (indicate type(s) loan from DuPage Medical Group)**

For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;

For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;

For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;

For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options.

_____ **Governmental Appropriations**

Provide a copy of the appropriation act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, provide a resolution or other action of the governmental unit attesting to such future funding.

_____ **Grants**

Provide a letter from the granting agency as to the availability of funds in terms of the amount, conditions, and time or receipt.

\$54,000 **Other Funds and Sources (FMV of Re-Used Equipment)**

Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project.

\$1,819,500 **TOTAL FUNDS AVAILABLE**

C. Criterion 1120.210(c), Operating Start-up Costs

If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes No If yes is indicated, read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.

APPEND DOCUMENTATION AS ATTACHMENTS TO IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION.

U. Economic Feasibility

This section is applicable to all projects subject to Part 1120.

SECTION XXVI. REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)

A. Criterion 1120.310(a), Reasonableness of Financing Arrangements

Is the project classified as a Category B project? Yes No . If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes No . If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing? Yes No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. borrowing is less costly than the liquidation of existing investments and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Criterion 1120.310(b), Conditions of Debt Financing

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. The selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

B. Criterion 1120.310(c), Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE										
Department (list below)	A	B	C		D		E		H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)		
Contingency										
TOTALS										

* Include the percentage (%) of space for circulation

2. For each piece of major medical equipment included in the proposed project, the applicant must certify one of the following:

REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)
(continued)

- a. that the lowest net cost available has been selected; or
 - b. that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.
3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

D. Criterion 1120.310(d), Projected Operating Costs

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

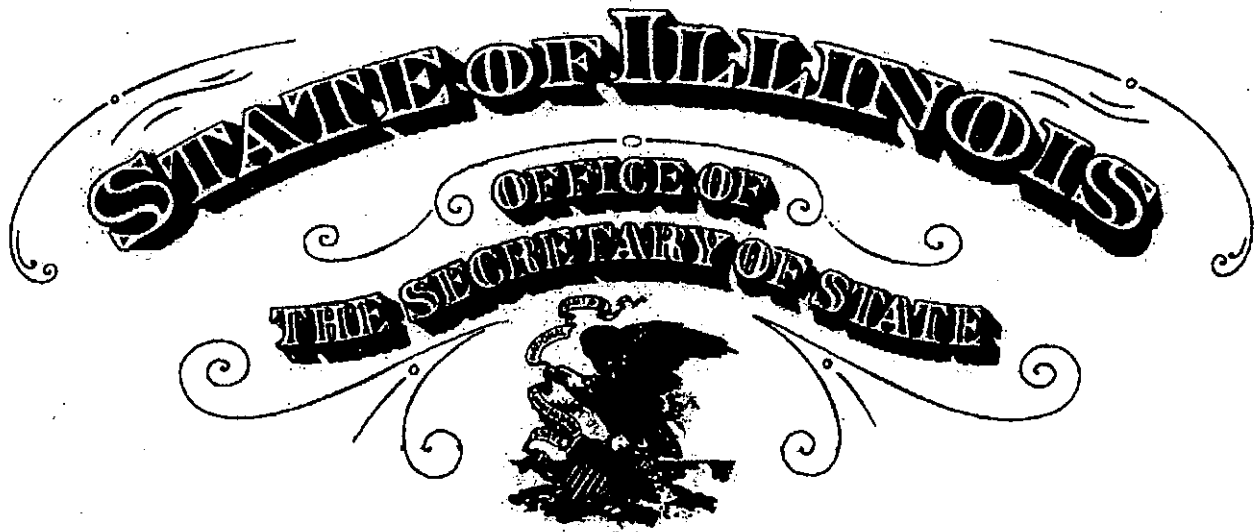
E. Criterion 1120.310(e), Total Effect of the Project on Capital Costs

Is the project classified as a category B project? Yes No . If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

F. Criterion 1120.310(f), Non-patient Related Services

Is the project classified as a category B project and involve non-patient related services? Yes No . If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

APPEND DOCUMENTATION AS ATTACHMENT-78, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

DMG PAIN MANAGEMENT SURGERY CENTER LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON NOVEMBER 17, 2009, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication #: 0932201756

Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 18TH day of NOVEMBER A.D. 2009 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 1

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE ("Second Amendment") is made as of December __, 2007, by and between ROLLINGRIDGE CENTER, LLC, an Illinois limited liability company ("Landlord"), and DUPAGE MEDICAL GROUP, LTD., an Illinois corporation ("Tenant").

WHEREAS, Landlord and Tenant are parties to an Office Lease dated as of May 25, 2005 (the "Original Lease") for the lease of approximately 13,333 leaseable square feet commonly known as Suite 300 (the "Original Premises"), at RollingRidge Center, 2940 RollingRidge Road, Naperville, Illinois (the "Building"); and

WHEREAS, Landlord and Tenant entered into the First Amendment to Lease on January 30, 2006 (the "First Amendment"), and collectively with the Original Lease, the "Lease"), in order to, among other things, resolve payment of the Naperville Impact Fee and reduce the Security Deposit; and

WHEREAS, Tenant now desires to expand its demised premises by adding 3,315 net rentable square feet located in Suite 201 in the Building, previously occupied by Advanced Pain Centers, S.C. (the "Additional Premises"), as depicted on Exhibit A attached hereto, and thereby increasing the area in the Building leased by Tenant from 13,333 net rentable square feet to a total of 16,648 net rentable square feet.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, Landlord and Tenant hereby agree as follows:

1. Additional Premises. Landlord and Tenant have agreed that effective as of January 7, 2008, the Tenant will lease the Additional Premises in addition to the Original Premises. Accordingly, as of January 7, 2008, and with respect to periods thereafter, the term "Premises," as used in the Lease, shall mean the Original Premises together with the Additional Premises, unless the context requires otherwise.

2. Additional Premises Lease Term. The Term of the Lease of the Additional Premises only shall commence on January 7, 2008 and shall expire on November 30, 2012 (the "Additional Premises Lease Term"), unless sooner terminated or extended in accordance with the terms of the Lease or this Second Amendment.

3. Base Rent. During the Additional Premises Lease Term, Tenant shall pay the following amounts as Annual Base Rent and Monthly Base Rent for the Additional Premises only:

<u>Period</u>	<u>Annual Base Rent/RSF</u>	<u>Annual Base Rent</u>	<u>Monthly Base Rent</u>
1/7/08 - 11/30/08	\$23.34	\$ 77,372.10	\$ 6,447.68
12/1/08 - 11/30/09	\$24.04	\$ 79,692.60	\$ 6,641.05

12/1/09 – 11/30/10	\$24.76	\$ 82,079.40	\$ 6,839.95
12/1/10 – 11/30/11	\$25.50	\$ 84,532.50	\$ 7,044.38
12/1/11 – 11/30/12	\$26.27	\$ 87,085.05	\$ 7,257.09

4. Operating Costs and Real Estate Taxes. In addition to Base Rent, during the Additional Premises Lease Term, Tenant shall pay to Landlord Tenant's Pro Rata Share of Operating Costs and Real Estate Taxes with respect to the Additional Premises as provided in Articles V and VI of the Original Lease; provided however, the following provisions shall apply for the purpose of computing the Tenant's Pro Rata Share of Operating Costs and Real Estate Taxes with respect to the Additional Premises only: (a) the Leaseable Square Footage of the Additional Premises shall be 3,315; and (b) Tenant's Pro Rata Percentage relative to the Additional Premises shall be Eight and 45/100 percent (8.45%).

5. Additional Rent for Landlord Improvements. In addition to Base Rent, during the Additional Premises Lease Term, Tenant shall pay to Landlord, simultaneously with the payment of Base Rent, \$4,228.48 (prorated for partial months), as reimbursement for certain improvements to the Additional Premises previously made by Landlord.

6. Delivery of the Additional Premises. Landlord shall deliver the Additional Premises to the Tenant on or before January 7, 2008, in its "as-is" condition existing as of the date of this Second Amendment.

7. Option to Extend Additional Premises Lease Term. Tenant shall have, and is hereby, granted one (1) option to extend the Additional Premises Lease Term for a period of five (5) years (the "Renewal Term") by notice in writing received by Landlord not later than May 31, 2012. In all other respects, the terms of the exercise of the option to extend shall be on the same terms as provided in Sections 2.5 and 1.1(o) of the Original Lease. The exercise of the option to extend the Additional Premises Lease Term shall not also be treated as an exercise of the option to extend the term of the lease of the Original Premises.

8. Signage. Landlord will install, at Landlord's expense, Building standard suite signage identifying Tenant at the entry to the Additional Premises, and a directory strip identifying Tenant in the Additional Premises on the lobby Building directory.

9. Parking. Landlord shall designate three (3) additional parking spaces in the Center, for a total of thirteen (13) parking spaces, for the exclusive use of Tenant. Landlord will make reasonable efforts to locate such additional three (3) spaces as close as possible to the ten (10) parking spaces provided under the Original Lease.

10. Notices. Section 1.1(e) of the Original Lease is hereby modified to provide that the Tenant's address is as follows:

DuPage Medical Group, Ltd.
1100 West 31st Street, Suite 300
Downers Grove, Illinois 60515
Attn: Chief Executive Officer

In addition, any notices to Tenant shall also be addressed to the Original Premises and the Additional Premises.

11. Miscellaneous.

a. This Second Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements.

b. Except as herein modified or amended, the provisions, conditions and terms of the Lease will remain unchanged and in full force and effect.

c. Tenant and Landlord each represent to the other that it has not directly dealt with any broker in connection with this Second Amendment, and Tenant agrees to indemnify and hold Landlord harmless from all losses, damages, claims, liens, liabilities, costs and expense (including without limitation reasonable attorney's fees) arising from any claims or demands of any other broker or brokers or finders for any commission or other compensation alleged to be due such broker or brokers or finders in connection with its participating in the negotiation on behalf of Tenant or Landlord of this Second Amendment or in exhibiting the Additional Premises.

d. In the case of any inconsistency between the provisions of the Lease and this Second Amendment, the provision of this Second Amendment will govern and control.

e. Submission of this Second Amendment by Landlord is not an offer to enter into this Second Amendment, but rather is a solicitation for such an offer by Tenant. Landlord will not be bound by this Second Amendment until Landlord has executed and delivered the same to Tenant.

f. The capitalized terms used in this Second Amendment will have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Second Amendment.

g. This Second Amendment is subject to and conditioned upon Landlord obtaining the consent or approval of Landlord's mortgagee(s) within fifteen (15) business days after the date hereof. If Landlord fails to deliver to Tenant a copy of this Second Amendment with such mortgagee(s) consent, then Tenant shall have the right, by notice to Landlord, to terminate this Second Amendment.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Second Amendment as of the day and year first above written.

TENANT:

**DUPAGE MEDICAL GROUP,
LTD.,** an Illinois corporation

By: *Rik Baier*

Name: *RIK BAIER*

Title: *COO*

LANDLORD:

ROLLINGRIDGE CENTER, LLC, an Illinois limited liability company

By: *Alan Zulamas*

Name: *Alan Zulamas*

Title: *Agent*

The undersigned holder of the mortgage on the Building hereby consents to the terms and provisions of this Second Amendment:

By: 4086 Mortgage Capital, Inc.

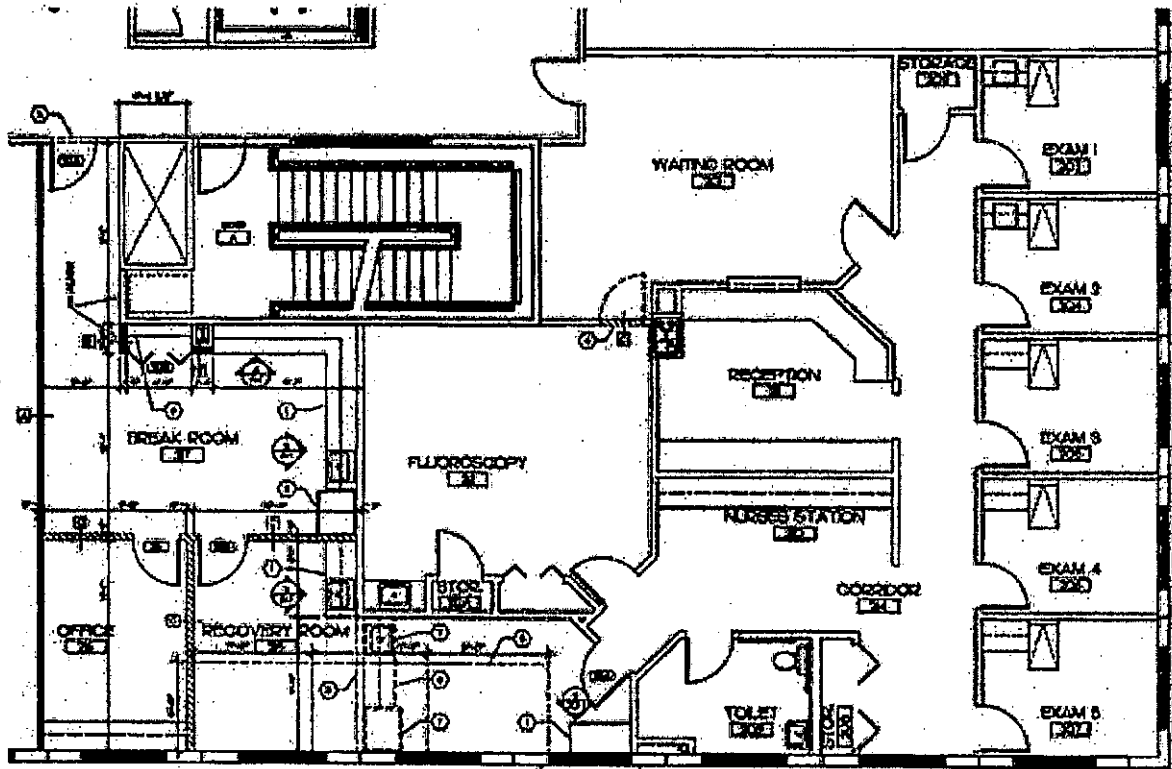
Name: _____

Title: _____

Date: _____

EXHIBIT A

Additional Premises



↑ **CONSTRUCTION PLAN**
SCALE 1/4" = 1'-0"





November 18, 2009

Mr. Alan Zulanis
Springfield Service Corporation
8151 West 183rd Street
Suite B
Tinley Park, IL 60487

RE: RollingRidge Center, 2940 Rolling Ridge Road, Naperville, Illinois 60566

Dear Al:

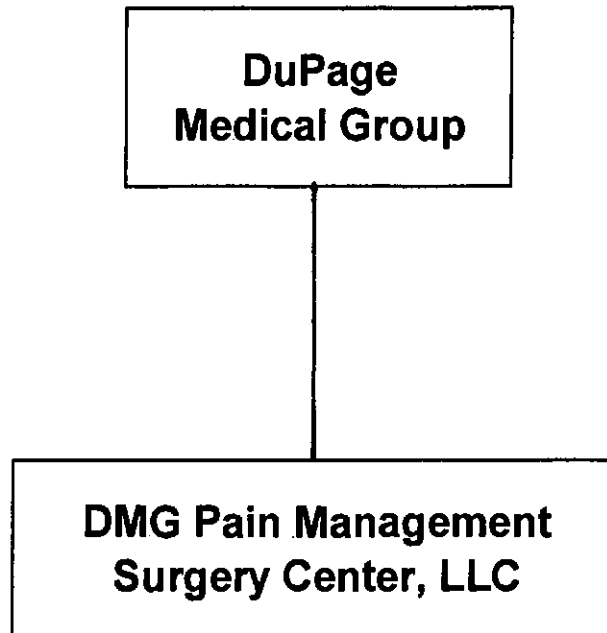
I have been authorized by DuPage Medical Group ("DMG") to submit this letter in order to state the material terms and conditions pursuant to which DMG is prepared to lease additional space at RollingRidge Center, Naperville, Illinois.

1. **Space:** Approximately 3,200 usable square feet, adjacent to our Pain Management Clinic on the 2nd Floor. Please provide us with the Rentable Area of this space.
2. **Lease Term:** Ten (10) years. Please note; this lease is contingent on Landlord extending DMG's lease on Suite #201 (currently expiring on 11/30/2012) to be co-terminus with the new space term, provided the rental and escalation is adjusted to be the same as the new space effective 7/1/2010 for the balance of the term. Further, this transaction is contingent on DMG exercising its 5 year Lease Extension Option for its third floor space. The rental for the extension period shall be the then current rate for the second floor space, and include 3% annual increases.
3. **Lease Contingency:** The new Lease (and lease extensions) shall be contingent on DMG getting the State of Illinois to grant a Certificate of Need ("CON") for a single specialty ASC for the DMG Pain Management Clinic. DMG intends to begin the process of seeking the approval as soon as the LOI and the Lease Amendment, incorporating agreed upon terms, has been agreed to. Based on DMG's experience, this process typically takes 6 - 7 months. Should DMG determine that it can not be approved, they shall have the right to terminate its lease by paying a fee of \$20,000.
4. **Lease Contingency Extension Option:** In the event that the CON has not been granted by the Lease Commencement Date of July 1, 2010, DMG shall be given three (3), thirty (30) day extensions to complete this process. In exchange for exercising these extensions, DMG shall pay an extension fee of \$5,000 for each extension.
5. **Lease Extension Option:** DMG requests one, five-year renewal option, at a rental rate equal to 95% of the then current market rate, which needs to be defined and mutually agreed to.



6. **Net Base Rental Rate:** \$22.50 per square foot, net to Landlord. Base rent shall be escalated each year by 3%.
7. **Tax and CAM Expense:** We understand that these costs will be directly passed through to DMG.
8. **Lease Commencement Date:** July 1, 2010. This date may be extended day for day should DMG exercise its Lease Extension Option.
9. **Rent Commencement Date:** One Hundred and twenty (120) days from the Lease Commencement Date.
10. **Electricity/Utilities:** The DMG space shall be separately metered by Landlord and DMG will pay such separately metered expenses for its direct use to the utility company.
11. **Janitorial:** DMG shall be responsible for providing this service for the Premises and will pay for common area Janitorial services as part CAM.
12. **Security Deposit:** No additional security deposit shall be required.
13. **Parking:** Parking will comply with City of Naperville requirements.
14. **Right to Sublease:** DMG shall have the same basic rights as in its existing Lease.
15. **Tenant Improvement Allowance:** Landlord to provide DMG with a construction allowance of \$160,000. DMG to be responsible for the build-out by utilizing its own architects, contractors and vendors to be reasonably approved by the Landlord. In addition, DMG will be responsible for all costs related to its Build-out. Landlord shall not charge any supervision fees or expenses for such work. DMG shall have access to the space one hundred and twenty (120) days prior to the Rent Commencement Date in order to perform its interior build-out. In the event that the Base Building needs to be affected to allow for the installation of certain equipment, DMG shall be responsible for all costs for such work, including restoration work to the Base Building.
16. **Use:** Pain Management and other medical uses, but not including orthopedic surgery or physical therapy.

ORGANIZATIONAL RELATIONSHIPS





**Illinois Historic
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Will County
Naperville

CON - Rehabilitation of Portion of Office Building
2940 RollingRidge Rd.
IHPA Log #018100209

October 14, 2009

Jacob Axel
Axel & Associates, Inc.
675 North Court, Suite 210
Palatine, IL 60067

Dear Mr. Axel:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

ATTACHMENT 5

IDENTIFICATION OF COSTS

Preplanning Costs (\$20,000)

Estimate of costs associated with the decision to file a CON application, and the evaluation of potential sites.

Site Preparation (\$10,000)

Estimate of the cost of exterior signage.

Modernization (\$1,048,000)

Anticipated costs associated with the demolition of the interior walls, construction of all walls, ceilings and floors, installation of electrical, plumbing, medical gas and HVAC systems consistent with licensure requirements, and the acquisition and installation of fixed equipment consistent with typical construction contracts.

Contingency (\$65,550)

Allowance for unexpected renovation-related costs, estimated at \$10.00 per square foot.

Architectural and Engineering Fees (\$122,000)

Estimate of the cost of design and governmental interface activities consistent with the Capital Development Board's basic rate structure for a project of the proposed scope.

Consulting and Other Fees (\$200,000)

Estimate of costs associated CON-related review fees, IDPH plan review fees, local review fees and permits, CON application development and presentation-related costs, project management, interiors design, equipment planning and miscellaneous costs.

Movable and Other Equipment (\$300,000)

Estimate of the cost of clinical and non-clinical equipment to be acquired.

Fair Market Value of Re-Used Equipment (\$54,000)

Depreciated value (as of 2009) of equipment currently in use in conjunction with the office-based procedure rooms, and which will be re-located to the proposed ASTC.

Cost Space Requirements

Dept./Area	Cost	Gross Square Feet		Amount of proposed Total Square Feet			
		Existing	Proposed	New Const.	That is:		Vacated Space
					Modernized	As Is	
Reviewable							
ASTC	\$ 1,819,500	0	6,550	0	6,550	0	0
Total	\$ 1,819,500	0	6,550	0	6,550	0	0

BACKGROUND OF THE APPLICANT

The applicant, DMG Pain Management Surgery Center, LLC, does not own or operate any health care facilities.

The required letter, attesting to the fact that no adverse actions have been taken against the applicant, and providing the State Board and State Agency access to applicable documentation, is attached.

DMG Center for Pain Management

Illinois Health Facilities
and Services Review Board
525 West Jefferson
Springfield, IL 62761

To Whom It May Concern:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

1. Neither the applicant entity, DMG Pain Management Surgery Center, LLC, nor any related entity has had any adverse actions against any facility owned and operated by either the applicant or a related entity during the three (3) year period prior to the filing of this application, and
2. DMG Pain Management Surgery Center, LLC authorizes the State Board and the State Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or State Agency finds pertinent to this application.

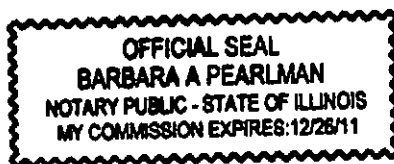
If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,



Edward Carne
CEO

Notarized:



PURPOSE

Interventional pain management procedures have increased dramatically in recent years, with the National Centers for Health Statistics identifying over 76 million Americans as suffering from chronic pain, 26% of the population 20 years of age and older. In response, the use of interventional pain management procedures increased by 183% between 1998-2005. Among the interventional pain management procedures experiencing the largest increases are many of the procedures routinely performed by DuPage Medical Group (DMG) interventional pain management specialists, such as: facet joint interventions, discography, and epidural procedures.

Historically, the DMG specialists have performed the vast majority of their procedures in specially designed procedure rooms within their office suites, with those rooms providing the required fluoroscopy equipment. As the practice has grown and the number of patients treated in these office-based treatment rooms has increased, the specialists have reached a point where in excess of 50% of their activity occurs in these procedure rooms. The significance of the 50% is that interventional pain management is now recognized by The Center for Medicare and Medicaid Services (CMS) as a surgical specialty, and therefore falls under the limitations of the Ambulatory Surgical Treatment Center Act. This Act requires that when "surgical" procedures constitute more than 50%

of the activities at a location, an ASTC license is required, as referenced in the portion of 77 Ill. Admin. Code Sect. 205.110 provided below (boldface added).

The term "Ambulatory Surgical Treatment Center" for the purposes of this Part includes:

Any institution or building devoted primarily to the maintenance and operation of facilities for the performance of surgical procedures, as evidenced by use of the facilities by physicians or podiatrists in the performance of surgical procedures which constitutes more than 50 percent of the activities at that location.

Any place, located within an institution or building, such as a surgical suite or an operating room with related facilities in a physician's office or group practice clinic, devoted primarily to the performance of surgical procedures. This provision shall apply regardless of whether or not the institution or building in which the place is located is devoted primarily to the maintenance and operation of facilities for the performance of surgical procedures. This provision shall include any place which meets the definition of an ambulatory surgical center under the rules of the federal Centers for Medicare & Medicaid Services) (42 CFR 416). However, when such a place is located within and operated in conjunction with the offices of a single physician or podiatrist, or a group of physicians or podiatrists, it shall not be considered an ambulatory surgical treatment center, unless: it meets the definition of and has expressed an intent to apply for certification as an ambulatory surgical center under the rules of the federal Centers for Medicare & Medicaid Services (42 CFR 416); or it is used by physicians or podiatrists who are not part of the practice; or it is utilized by the physicians or podiatrists for surgical procedures which constitute more than 50 percent of the activities at that location.

This project, as proposed, provides compliance with that requirement in a safe, accessible setting, without negatively impacting any existing hospital or ASTC.

A safe environment will be assured because the proposed ASTC will be required to meet the same IDPH licensure standards that apply to multi-specialty ASTCs, and accessibility will be assured because the physicians' current primary site for performing procedures is in the same building as the proposed ASTC.

Finally, no existing provider will be negatively impacted by the proposed ASTC, and for a variety of reasons. First, the ASTC will operate as a closed-staff facility, meaning that privileges will be made available only to members of DuPage Medical Group, as is the case with DMG's multi-specialty ASTC in Lombard. Second, less than 1% of the procedures currently being performed by DMG's three pain management specialists are performed outside of their office-based procedure rooms, with those all being performed at Edward Hospital. Those patients—59 during 2008—were deemed to be inappropriate for a non-hospital setting, and it is fully intended that clinically-similar patients will continue to be brought to the hospital. Last, according to HFSRB rules, the scope of services to be provided in the proposed limited specialty ASTC cannot be expanded (see Agency Note in part 1110.1540.a) beyond pain management without State Board approval.

The proposed ASTC will enhance access to a rapidly-growing specialty, that being interventional pain management, and as such, improve the health care and the well being of the population to be served (see ATTACHMENT 19). To the applicant's best knowledge, only two such facilities are currently in operation in Illinois, one in Marion

(330 miles away) and one in Libertyville (50 miles away). Of the ten ASTCs in Planning Area IX, four do not provide any pain management services, three provide fewer than 200 cases a year, with the only facility performing as much as 18% of the anticipated caseload being OAK Surgical Institute in Bradley, 52 miles to the south.

The measurable objective of the proposed project will be the applicant's ability to continue to provide the level (both volume and contemporary care) of service that it has been providing in the office setting, as measured by the results of patient satisfaction surveys.

IDPH licensure requirements and the experience of the project architect with similar projects served as the primary sources of information used in the design of the project.

The building being modernized is a relatively new building---less than ten years old. However, significant renovation to the space to be used for the ASTC, including the removal and relocating of walls, the widening of corridors and the upgrading of the utility systems will be required to comply with licensure requirements.

ALTERNATIVES

Alternative 1, Perform the Procedures at DMG Surgery Center

DuPage Medical Group operates a surgery center in Lombard, in which 550-600 pain management cases are performed annually by a physiatrist member of DMG. The pain management specialists that will be using the proposed limited specialty ASTC do not use the Lombard facility. That facility, which has five operating rooms and opened in late 2005, does not have the capacity to accommodate the caseload (5,200 cases a year) because of its already high utilization, and the strain that pain management cases place on the recovery function of an ASTC. The surgery center has seen its utilization increase by over 60% since 2006, with in excess of 9,000 cases being performed in 2008 and over 10,000 anticipated for 2009.

DMG Surgery center is operating at the IDPH's target utilization level, and will continue to do so once the proposed limited specialty ASTC is established.

Alternative 2, Expand DMG Surgery Center

The addition of two operating rooms to DMG Surgery Center would be very disruptive to the on-going operations of that facility. In addition to the operating rooms, eight more recovery stations would be required to meet licensure standards, additional patient pre-op capacity would need to be developed, and the family waiting area would

need to be expanded, as would the equipment and supply storage areas. In order to maintain the proper flow of personnel, patients and materials from sterile to non-sterile areas, it is also highly likely that a portion of the existing space would need to be re-configured.

Alternative 3, Develop a Limited Specialty ASTC through New Construction

This alternative would meet the needs of the pain management physicians and their patients, as well as all of the goals of this project, but would have a project cost (excluding land acquisition) of approximately \$600,000 more than the cost associated with the proposed project.

SUMMARY COMPARISON OF ALTERNATIVES TO PROPOSED PROJECT

	<u>Cost</u>	<u>Quality</u>	<u>Accessibility</u>
<u>Alternative 1</u> Perform Procedures at DMG Surgery Center	no cost	identical*	less accessible due to the proximity relationship be- tween patients and the Lombard location
<u>Alternative 2</u> Expand DMG Surgery Center	approx. \$2.43M in short-term cost no long-term costs	inferior in the short-term due to disruptions, ident- ical in the long-term*	less accessible due to the proximity relationship be- tween patients and the Lombard location
<u>Alternative 3</u> Develop through New Construction	approx. \$600K more in short-term costs no long-term costs	identical*	identical*

*identical to the proposed project

SIZE

The proposed ASTC will consist of two procedure rooms and seven recovery stations, the IDPH standard for which is 6,760 square feet. The ASTC will be developed through the renovation of two existing office suites, totaling 6,550 square feet. As such, the size of the proposed ASTC is consistent with IDPH standard, and is not excessive.

UTILIZATION

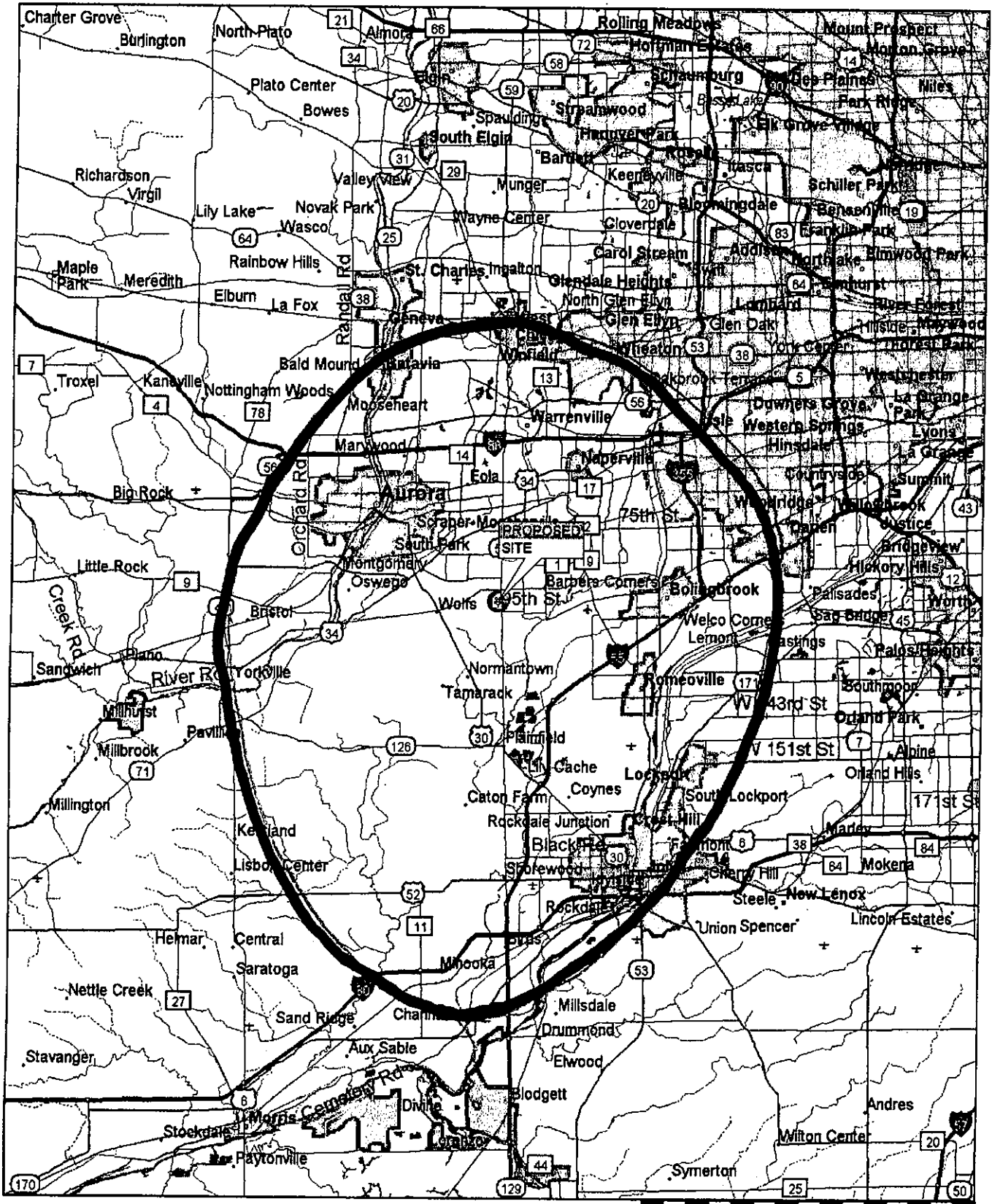
As documented in ATTACHMENT 32c, a caseload of 5,200 patients is anticipated for the proposed ASTC. Because all of the patients anticipated to be referred to the proposed ASTC are currently being treated in the referring physicians' offices, a relatively short "ramp-up" period is anticipated. Consistent with the experience of the referring physicians in their office-based procedure rooms, as well as the experience of DMG Surgical Center, the estimated procedure time, including room "turnover", will be 32 minutes. As a result, 2,773 hours of utilization are projected, supporting a need for the two proposed procedure rooms.

Utilization, consistent with the historical growth of the interventional pain management practice within DuPage Medical Group, is anticipated to increase by 10% by the ASTC's second year of operation, resulting in 5,720 patients and 3,050 hours of usage.

TARGET POPULATION

The identified geographic service area (GSA) for the proposed ASTC extends to the DuPage County airport to the north, to Sugar Grove on the west, to Channahon on the south and to Willowbrook on the east, 30-32 minutes in each direction from the Naperville site (MapQuest X 1.1). This area, which is identified on the map on the following page, is comprised of 28 ZIP Code areas.

GEOGRAPHIC SERVICE AREA



Streets98

51

There are 28 ZIP Code areas located within a 30-32-minute drive of the proposed site. Those areas, along with their respective 2009 population estimates are identified in the table below.

ZIP Code	Area	Community	2009 Population
60134	Geneva		30,975
60174	St. Charles		34,936
60431	Joliet		22,938
60432	Joliet		32,110
60435	Joliet		49,119
60436	Joliet		18,712
60440	Bolingbrook		57,132
60441	Lockport		38,557
60446	Romeoville		36,047
60447	Minooka		14,423
60504	Aurora		36,731
60505	Aurora		64,707
60606	Aurora		57,216
60510	Batavia		33,086
60512	Bristol		1,119
60517	Woodridge		32,570
60538	Montgomery		25,115
60539	Moosehart		94
60540	Naperville		43,431
60542	North Aurora		16,296
60543	Oswego		35,347
60544	Plainfield		23,132
60554	Sugar Grove		11,258
60555	Warrenville		14,096
60560	Yorkville		20,080
60563	Naperville		34,443
60564	Naperville		45,058
60565	Naperville		43,311
			<hr/>
			872,039

Source: ESRI, Inc.

PROJECTED PATIENT VOLUME

Attached are letters from the three interventional pain management specialists anticipated to be referring patients to the proposed ASTC. All three of the physicians are members of DuPage Medical Group.

Cumulatively, these letters indicate an anticipated referring of 5,200 patients, without any impact on the utilization of area ASTCs or hospitals.

Name (print): Paul Mangavelli

Specialty: PAIN MANAGEMENT

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed pain management ASTC in Naperville.

During 2008 I performed pain management on 2589 patients in the facilities identified below. my office-based surgery center.

<u>office-based facilities</u>	<u>2576</u> patients
<u>ASTC (name)</u>	<u> </u> patients
<u>hospital (name) EDWARD HOSP</u>	<u>13</u> patients.

Had the proposed ASTC been available to me during 2008, I estimate that I would have referred the following number of patients to the proposed ASTC:

<u>office-based facility</u>	<u>1800</u> patients
<u>ASTC (name)</u>	<u> </u> patients
<u>hospital (name) EDWARD HOSP</u>	<u>0</u> patients.

I estimate that 90 % of the patients to use the proposed ASTC reside within the project's geographic service area.

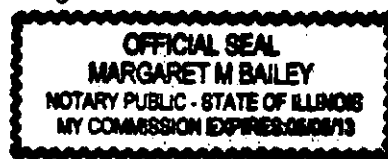
The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,

Paul J. Mangavelli
9/24/09

Notarized

Margaret M. Bailey



Name (print): Y SAYEED

Specialty: PAIN MG

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed pain management ASTC in Naperville.

During 2008 I performed pain management on 2556 patients in the facilities identified below. my office-based surgery center.

<u>office-based facilities</u>	<u>2534</u> patients
<u>ASTC (name)</u>	<u> </u> patients
<u>hospital (name) EDWARD</u>	<u>22</u> patients.

Had the proposed ASTC been available to me during 2008, I estimate that I would have referred the following number of patients to the proposed ASTC:

<u>office-based facility</u>	<u>1700</u> patients
<u>ASTC (name)</u>	<u> </u> patients
<u>hospital (name) EDWARD</u>	<u>0</u> patients.

I estimate that 90% of the patients to use the proposed ASTC reside within the project's geographic service area.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,

Yousef Sayeed

Notarized.

Margaret M Bailey



Name (print): JOHN CASHKOFF

Specialty: PAIN MGT

TO: Illinois Health Facilities Planning Board
Springfield, Illinois

This letter is being provided in response to Review Criterion 1110.1540(c) in support of the proposed pain management ASTC in Naperville.

During 2008 I performed pain management on 2574 patients in the facilities identified below. my office-based surgery center.

<u>office-based facilities</u>	<u>2550</u> patients
<u>ASTC (name)</u>	<u> </u> patients
<u>hospital (name) Edward</u>	<u>24</u> patients.

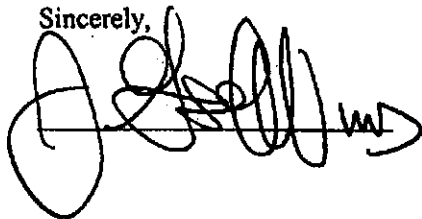
Had the proposed ASTC been available to me during 2008, I estimate that I would have referred the following number of patients to the proposed ASTC:

<u>office-based facility</u>	<u>1700</u> patients
<u>ASTC (name)</u>	<u> </u> patients
<u>hospital (name)</u>	<u>0</u> patients.

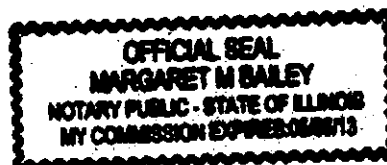
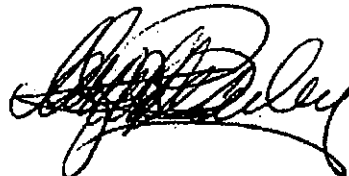
I estimate that 90+% of the patients to use the proposed ASTC reside within the project's geographic service area.

The information contained in this letter is true and correct, to the best of my information and belief.

Sincerely,



Notarized:



TREATMENT ROOM NEED ASSESSMENT

As documented in ATTACHMENT 32c, a caseload of 5,200 patients is anticipated for the proposed ASTC. Consistent with the experience of the referring physicians in their office-based procedure rooms, as well as the experience of DMG Surgical Center, the estimated procedure time, including room "turnover", is 32 minutes. As a result, 2,773 hours of utilization are projected, supporting a need for the two proposed procedure rooms.

IMPACT ON OTHER FACILITIES

The proposed ASTC will be located in the far southwestern part of Naperville, and will have five hospitals and eleven ASTCs located within its geographic service area. None of the ASTCs are designed for the efficient provision of pain management services, and none of the hospitals have areas devoted to the provision of pain management services, as will be the case with the proposed ASTC (and as is the case with the two pain management facilities currently approved in Illinois). The closest pain management facility is located in Libertyville, nearly an hour and a quarter away.

The table on the following page identifies the proximity relationship between the site of the proposed ASTC and all other hospitals and ASTCs in the geographic service area.

		Driving Time (minutes)*	Distance (miles)
Hospitals			
Edward Hospital	Naperville	14	16.0
Adventist Bolingbrook Hosp.	Bolingbrook	14	8.7
Central DuPage Hospital	Winfield	25	13.6
Provena St. Joseph Hospital	Joliet	19	16.0
Adventist Good Samaritan	Downers Grove	30	18.5
ASTCs			
Edward Plainfield Surgery Ctr.	Plainfield	8	4.6
Naperville Surgery Center	Naperville	10	5.5
Castle Orthopedic Amb. Surg. Ctr.	Aurora	11	6.8
Kendall Pointe Surgery Center	Oswego	14	8.8
DuPage Orthopaedic Surg. Center	Warrenville	17	10.3
The Center for Surgery	Naperville	21	11.0
Dreyer Ambulatory Surgery Center	Aurora	25	12.3
Surgery Center of Joliet	Joliet	28	16.0
HealthSouth AmSurg Surg. Ctr.	Joliet	29	16.0
Amb. Surg. Ctr. Of Downers Grove	Downers Grove	30	19.2
Midwest Center for Day Surgery	Downers Grove	30	18.5

*MapQuest (September 24, 2009), adjusted by 10%

A letter, containing all of the requirements identified in Section 1110.1540.e, was sent to each of the facilities in the table above on October 24, 2009. A copy of the template for that letter is attached, as is proof that the letters were sent.

As of the preparation of this application document (November 19, 2009), only one of the sixteen facilities responded to the October 24 letter, that being Edward Plainfield Surgery Center, which responded directly to the State Board (copy sent to the applicant's consultant). It should be noted, however, that the Plainfield ASTC's letter was not responsive to either the applicant's letter nor review criterion 1110.1150.e. Specifically, the review criterion directs established providers to respond, "regarding the impact of the proposed project" and the letter requests that responses "be specific as to the number of

patients that you believe you will lose.” The ASTC simply responded that: “The addition of a new surgery center in the vicinity will negatively impact our continued ability to grow to projected levels of utilization.” The Plainfield ASTC did not explain how the proposed project would “negatively impact (their) ability to grow”, and in fact, it will not. The DMG interventional pain management specialists who will use the proposed limited specialty ASTC do not currently refer patients to the Plainfield facility, and as discussed in Section I.3. of this application, the proposed ASTC will operate with a “closed staff”, and will not take any patients from licensed hospitals or ASTCs, nor will the medical staff expand beyond DMG’s interventional pain management specialists. As such, this project, by design, will not impact the Plainfield (or any other) ASTC or hospital.

by Certified Mail
delivery receipt requested

October 23, 2009

NAME
TITLE
FACILITY
STREET ADDRESS
CITY/STATE/ZIP

Dear NAME:

DMG Pain Management Surgery Center, LLC will soon be filing a Certificate of Need application with the Illinois Health Facilities and Services Review Board, requesting approval to establish a 2-procedure room ASTC at 2940 RollingRidge Road in Naperville. The proposed ASTC will be approved for interventional pain management procedures only, and will operate with a "closed staff" model. Privileges will be granted only to DuPage Medical Group pain management specialists, and all of the patients anticipated to be referred to the proposed ASTC are currently being treated in the physicians' offices.

The ASTC will be approximately 6,550 square feet, and have a project cost of approximately \$1.8M. Consistent with the office-based caseload of the DMG pain management specialists, approximately 5,200 patients are anticipated to be treated in the facility, annually.

Consistent with the requirements of Section 1110.1540.e, you are requested, should you desire, to identify (in terms of loss of patients) the impact, if any, this proposed ASTC will have upon your facility's utilization. Should you elect to respond, it would be appreciated if you would be specific as to the number of patients that you believe that you will lose.

Sincerely,

Jacob M. Axel

ATACHMENT 32e

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Total Postage & Fees	\$	\$5.54



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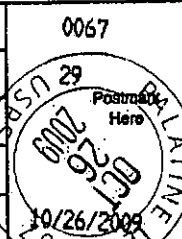
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Total Postage & Fees	\$	\$5.54



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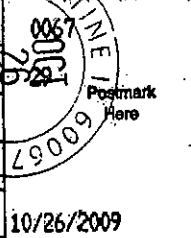
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Total Postage & Fees	\$	\$5.54



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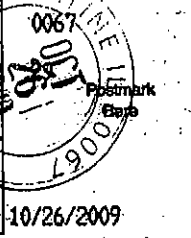
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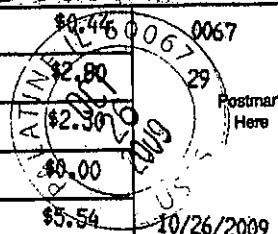
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Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$5.54	

Postmark Here: 10/26/2009

Sent To: *The Center for Sunday*

Street, Apt. No., or PO Box No.
 City, State, ZIP+4

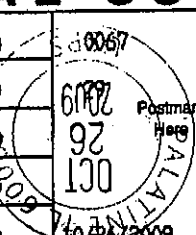
PS Form 3800, June 2002 See Reverse for Instructions

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Postage	\$ 0.44	
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$5.54	

Postmark Here: 10/26/2009

Sent To: *HealthSouth Amburg*

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 City, State, ZIP+4

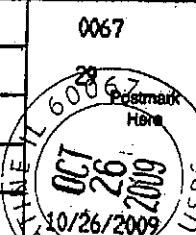
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Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$5.54	

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Postage	\$ 0.44	
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	

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 Street, Apt. No.,
 or PO Box No.
 City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions

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OFFICIAL USE

Postage	\$ 0.44	
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	

Sent To Midwest Etc Fax Day Serv
 Street, Apt. No.,
 or PO Box No.
 City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions

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U.S. Postal ServiceTM
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(Domestic Mail Only; No Insurance Coverage Provided)

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OFFICIAL USE

Postage	\$ 0.44	
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	

Sent To Arb Surgecenter of Downers Gr
 Street, Apt. No.,
 or PO Box No.
 City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions

7004 0750 0520 4002

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
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For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 0.44	
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	

Sent To Central DuPage Hosp
 Street, Apt. No.,
 or PO Box No.
 City, State, ZIP+4

PS Form 3800, June 2002 See Reverse for Instructions

65

ESTABLISHMENT OF NEW FACILITIES

Review criterion 1110.1540.f addresses voids in the services proposed to be provided, restrictive admissions policies of existing providers, or joint ventures with hospitals as justification for the establishment of a new ASTC.

None of these circumstances exist or can be met, nor, in a metropolitan area in 2010 (the ASTC part of Section 1110 has not been revised since 1999) would one expect to find a total absence of service or restrictive admissions policies. As discussed elsewhere in this application, the interventional pain management specialists that will be referring patients to the proposed ASTC currently refer patients to a hospital within the GSA when there is a clinical indication to do so. While such referrals are indicated and made in association with only .7% of the procedures performed, that practice will continue. As such, a void in service does not exist, since all patients could be referred to the hospital. It should be noted, however, that the facility-related charge associated with performing a procedure in the hospital setting is significantly higher than that of the ASTC setting. In addition and as would be expected, none of the hospitals in the GSA discriminate in any way, related to admissions practices.

Last, DuPage Medical Group is familiar with physician-hospital joint ventures for ASTCs, and in fact, the Group's ASTC in Lombard was developed as a joint venture with

Edward Hospital. That type of venture is appropriate when, as was the case with the Lombard facility, a significant number of surgical cases were being moved from the hospital to the ASTC. That is not the case with this proposed project. As noted above, the interventional pain management procedures currently being performed in the hospital setting will remain there, and there will be no impact whatsoever on the utilization of any existing facility.

CHARGE COMMITMENT

Attached is a list of the thirty-two procedures anticipated to be performed in the proposed ASTC, along with the associated facility fee for each procedure. It should be noted that the identified fees are "full" fees. It is anticipated, and as is the case with most ASTCs, that over 90% of the patients receiving services at the proposed ASTC will, through their third party payor, have a negotiated discount from the "full" fee.

Also attached is a letter from the owner and operator, committing to maintain the identified procedure-specific facility fees for a minimum of two years following the opening of the ASTC, consistent with Section 1110.1540(g).

DMG CENTER FOR PAIN MANAGEMENT
-Anticipated Procedures and Facility Fees-

CPT, CODE & PROCEDURE	FACILITY FEE
11900 - INJECTION INTO SKIN LESIONS	\$193
20552 - INJECTION; SINGLE/MULTIPLE TRIGGER POINT(S), 1/2 MUSCLE	\$518
20605 - DRAIN/INJECT MEDIUM JOINT/BURSA	\$519
20610 - DRAIN/INJECT LARGE JOINT/BURSA	\$518
27096 - INJECTION PROC FOR SACROILIAC JOINT ARTHROGRAPHY &/OR ANESTHETIC/STEROID	\$2,756
62290 - INJECT DISKOGRAM, LUMBAR, EA LEVEL	\$3,142
62310 - INJECTION, W/WO CONTRAST, DX/THERAPEUTIC SUBSTANCE, EPIDURAL/SUBARACHNOID; CERVICAL/THORACIC	\$2,194
62311 - INJECTION, W/WO CONTRAST, DX/THERAPEUTIC SUBSTANCE, EPIDURAL/SUBARACHNOID; LUMBAR/SACRAL	\$2,194
64415 - INJECT NERV BLCK, BRACH PLEXUS	\$518
64421 - INJECT NERV BLCK, INTERCOST, MULTPL	\$1,312
64425 - INJECT NERV BLCK, ILIOINGU/ILIOHYP	\$518
64450 - INJECT NERV BLCK, OTHR PERIPH NERV	\$518
64470 - INJECTION, ANESTHETIC/STEROID, PARAVERTEBRAL FACET JOINT NERVE; CERVICAL/THORACIC, SINGLE LEVEL	\$2,914
64472 - INJECTION, ANESTHETIC/STEROID, PARAVERTEBRAL FACET JOINT/NERVE; CERVICAL/THORACIC, ADD'L LEVEL	\$1,312
64475 - INJECTION, ANESTHETIC/STEROID, PARAVERTEBRAL FACET JOINT/NERVE; LUMBAR/SACRAL, SINGLE LEVEL	\$2,914
64476 - INJECTION, ANESTHETIC/STEROID, PARAVERTEBRAL FACET JOINT/NERVE; LUMBAR/SACRAL, ADD'L LEVEL	\$1,312
64479 - INJECTION, ANESTHETIC/STEROID, TRANSFORAMINAL EPIDURAL; CERVICAL/THORACIC, SINGLE LEVEL	\$2,914
64480 - INJECTION, ANESTHETIC/STEROID, TRANSFORAMINAL EPIDURAL; CERVICAL/THORACIC, ADD'L LEVEL	\$2,914
64483 - INJECTION, ANESTHETIC/STEROID, TRANSFORAMINAL EPIDURAL; LUMBAR/SACRAL, SINGLE LEVEL	\$2,914
64484 - INJECTION, ANESTHETIC/STEROID, TRANSFORAMINAL EPIDURAL; LUMBAR/SACRAL, ADD'L LEVEL	\$2,914
64510 - INJECT NERV BLCK, STELLATE GANGLION	\$2,914
64520 - INJECT NERV BLCK, PARAVERT SYMPATH	\$2,914
64622 - INJECT RX LUMB FACET JT NERVE, SINGL	\$2,788
64623 - INJECT RX LUMB FACET NERVE, ADDNL	\$2,914
64626 - DESTRUCTION, NEUROLYTIC, PARAVERTEBRAL FACET NERVE; CERVICAL/THORACIC, SINGLE LEVEL	\$5,848
64627 - DESTRUCTION, NEUROLYTIC, PARAVERTEBRAL FACET NERVE; CERVICAL/THORACIC, ADD'L LEVEL	\$2,914
64640 - INJECT RX OTHER PERIPH NERVE	\$2,623
72275 - EPIDUROGRAPHY, RADIOLOGICAL S & I	\$585
72295 - DISCOGRAPHY LUMBAR SPINE	\$551
77002 - FLUOROSCOPIC GUIDANCE NEEDLE PLACEMENT	\$291
77003 - FLUOR GID & LOCLZJ NDL/CATH SPI DX/THER NJX	\$291
99144 - M-SEDAJ BY SM PHYS PERFRMG SVC 5+ YR	\$386

Illinois Health Facilities and
Services Review Board
Springfield, Illinois

To Whom It May Concern:

With this letter I hereby commit to maintain the facility fees identified in Attachment 32g of the *Application for Permit* for a minimum of two years following the opening of the proposed ambulatory surgical treatment center in Naperville, unless a Permit to do so is acquired by the IHFSRB.

Sincerely,



Edward Carne
CEO

CALCULATION OF FINANCIAL VIABILITY RATIOS

Current Ratio

$$\frac{(277,094 + 322,455)}{(0 + 360,000)} = 1.67$$

Net Margin Percentage

$$\frac{933,033}{1,934,733} = 48\%$$

Debt to Capitalization

$$\frac{720,000}{(720,000 + 1,399,549)} = 34\%$$

Debt Service Coverage

$$\frac{(933,033 + 360,000 + 100,800)}{47,000} = 1.75$$

Days of Cash on Hand

$$\frac{277,094}{(1,001,700 - 360,000)/365} = 158$$

Cushion Ratio

$$\frac{(277,094 + 1,399,549)}{47,000.00} = 3.57$$

November 20, 2009

Edward Carne, CEO
DuPage Medical Group
1100 W. 31st Street, Ste. 300
Downers Grove, IL 60515

Dear Ed:

DMG agrees to loan up to \$2,000,000 to DMG Pain Management Surgery Center, LLC. The terms of the loan will be a 5 year straight line amortization of principal at 7% interest per year. The loan is for construction and equipment of the DMG Pain Management Surgical Center, LLC.

Sincerely,



Michael V. Pacetti, CFO

OPERATING START-UP COSTS

Operating start-up costs, as identified below, are anticipated to be incurred. These costs will be addressed through the loan from DuPage Medical Group. No initial operating deficit is anticipated.

Anticipated Operating Start-Up Costs:

Staffing (2 weeks)	\$9,400
Rent (1 month)	\$12,000
Utilities (1 month)	\$1,666
Misc. (10% of above)	<u>\$2,306</u>
	\$25,327

Illinois Health Facilities and
Services Review Board
Springfield, IL 62761

RE: CON APPLICATION

To Whom It May Concern:

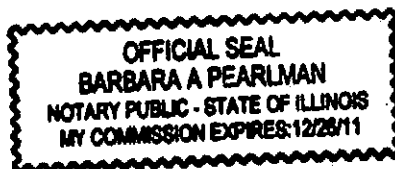
The selected form of debt financing for the proposed project, and as presented in the *Application for Permit*, will result in the lowest net cost available to the co-applicants.

Sincerely,

Edward Carne

Lu Dan

Notarized: Barbara A. Pearlman



ATTACHMENT 76b

74

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A Cost/Sq. Foot New	B Mod.		C Gross Sq. Ft. New		D Gross Sq. Ft. Circ.		E Gross Sq. Ft. Mod.		F Circ.		G Const. \$ (A x C)		H Mod. \$ (B x E)		Total Costs (G + H)
Reviewable																
ASTC		\$ 160.00		6,550										\$ 1,048,000	\$ 1,048,000	
contingency		\$ 10.00												\$ 65,500	\$ 65,500	
		\$ 170.00												\$ 1,113,500	\$ 1,113,500	

MISCELLANEOUS COSTS

Preplanning Costs (\$20,000)

Estimate of costs associated with the decision to file a CON application, and the evaluation of potential sites.

Site Preparation (\$10,000)

Estimate of the cost of exterior signage.

Consulting and Other Fees (\$200,000)

Estimate of costs associated CON-related review fees, IDPH plan review fees, local review fees and permits, CON application development and presentation-related costs, project management, interiors design, equipment planning and miscellaneous costs.

SAFETY NET IMPACT STATEMENT

DuPage Medical Group (DMG) is the largest provider of physician services to Access DuPage, a collaborative effort in existence since 2001, whose mission is to provide access to medical services to those people in DuPage County who lack access because of economic reasons. DMG waives its professional fees in entirety for care provided to Access DuPage patients.

Eligibility to receive care through Access DuPage is limited to county residents with a household income of less than 200% of the Federal Poverty Level, without insurance, and not eligible for either Medicare or Medicaid.

The interventional pain management specialists that will be referring patients to the proposed ASTC, as is the case with all members of DMG, provide services through Access DuPage, and Access DuPage patients will have access to the proposed ASTC. To the extent that revenue is generated through the ASTC's facility fees, the continued ability of DMG to provide services through Access DuPage is enhanced.

The table below identifies the amount of Medicaid services and charity care provided by DMG over the past three years. All charity care is provided through Access DuPage.

	<u>Medicaid</u>	<u>Charity Care</u>
2006	\$5,480,611	\$1,518,461
2007	\$5,840,949	\$1,497,389
2008	\$7,207,692	\$1,744,566