



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET NO: H-04	BOARD MEETING: August 25, 2015	PROJECT NO: 15-030	PROJECT COST: Original: \$0
FACILITY NAME: Grand Avenue Surgical Center		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

PROJECT DESCRIPTION: The applicants are proposing a change of ownership for a multi-specialty ambulatory surgical treatment center. There is no cost for this project.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Grand Avenue Surgical Center, Ltd. J and S, LLC) are proposing a change of ownership for Grand Avenue Surgical Center. This change of ownership occurred on April 20, 2015 upon the death of Dr. Nercy Jafari. According to the applicants *“by operation of law, Dr. Jafari's 52% ownership of Grand Avenue Surgical Center passed to his children, Javad N. Jafar; and Sarah Jafari. Javad Jafari and Sarah Jafari each own 50% of the shares of Grand Avenue Surgical Center through a newly formed limited liability company, J and S, LLC.”* There is no cost for this project and **the anticipated completion date is October 6, 2015.**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The applicants are proposing a change of ownership of a health care facility that is required to be approved by the State Board.

CONCLUSION:

- This change of ownership is the result of the death of the controlling member of a health care facility. All ownership interests transfer to the controlling member's family upon death. There is no transaction document and there is no cost to this project. The applicants have met all of the requirements of the State Board.

STATE BOARD STAFF REPORT
Grand Avenue Surgical Center
Project #15-030

APPLICATION/SUMMARY/ CHRONOLOGY	
Applicants(s)	Grand Avenue Surgical Center, Ltd. J and S, LLC
Facility Name	Grand Avenue Surgical Center
Location	17 West Grand Avenue, Chicago, Illinois
Permit Holder	Grand Avenue Surgical Center, Ltd
Operating Entity/Licensee	Grand Avenue Surgical Center, Ltd.
Owner of the Site	13-17 W. Grand, LLC
Facility GSF	7,963 GSF
Project Costs	\$0
Application Received	July 7, 2015
Application Deemed Complete	July 7, 2015
Completion Date	October 6, 2015
Financial Commitment Date	August 25, 2015
Can applicants request a deferral?	Yes
Review Period Extended by the State Board Staff?	No

I. The Proposed Project

The applicants are proposing a change of ownership for Grand Avenue Surgical Center. This change of ownership occurred on April 20, 2015 upon the death of Dr. Nercy Jafari. According to the applicants *“by operation of law, Dr. Jafari’s 52% ownership of Grand Avenue Surgical Center passed to his children, Javad N. Jafar; and Sarah Jafari. Javad Jafari and Sarah Jafari each own 50% of the shares of Grand Avenue Surgical Center through a newly formed limited liability company, J and S, LLC.”* There is no cost for this project and the anticipated completion date is October 6, 2015.

II. Summary of Findings

- A. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

III. General Information

The applicants are Grand Avenue Surgical Center, Ltd. and J and S, LLC. Grand Avenue Surgical Center is a multi-specialty surgery center with 3 operating rooms, 9 recovery stations and 1 exam room.

The project is a non-substantive project and is subject to Part 1110 and Part 1120 review. Obligation will occur at the time of permit issuance. **The anticipated project completion date is October 6, 2015.**

IV. Section 1110.530 (b) (1)(3) - Background of the Applicants

The applicants stated that no adverse action as defined in 77 IAC 1130.140 has been taken against any health care facility owned or operated by Grand Avenue Surgical Center, Ltd. in the State of Illinois during the three year period prior to filing this application and the applicants authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. In addition the applicants authorized HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

V. Section 1110.230 - Purpose of the Project, Safety Net Impact Statement, and Alternatives

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

The purpose of the project is to seek approval of the change of ownership of a health care facility licensed under the Ambulatory Surgical Treatment Act.

B) Criterion 1110.230 (b) - Safety Net Impact Statement

This project is a non-substantive project which by statute does not require a safety net impact statement. Charity Care information was provided as required.

TABLE ONE			
Charity Care Information			
Net Patient Revenue	\$2,168,562.00	\$2,979,140.00	\$3,638,958.00
Amount of Charity Care	\$91,800.00	\$17,700.00	\$24,602.00
Cost of Charity Care	4.23%	0.59%	0.68%

C) Alternatives to the Proposed Project

No other alternative was considered.

On April 20, 2015, a change of ownership of Grand Avenue Surgical Center occurred due to the death of Dr. Nercy Jafari. By operation of law, Dr. Jafari's shares in Grand Avenue Surgical Center, representing 52 percent of the ownership interest of the surgery center, passed to his children, Javad N. Jafari and Sarah Jafari. As a result of the transfer, Javad Jafari and Sarah Jafari each own 50% of the shares of Grand Avenue Surgical Center through a newly formed limited liability company J and S, LLC.

VI. Section 1110.240 – Mergers Consolidation Acquisition and Change of Ownership

There will be no changes in the services provided at the facility and no changes in the admission policies or the number of employees at the facility.

VII. FINANCIAL

A) Criterion 1120.120 – Availability of Funds

There is no cost to this project.

B) Criterion 1120.130 – Financial Viability

The applicants did not have an “A” or better bond rating therefore financial viability ratios had to be provided. Grand Avenue Surgical Center, Ltd. provided the following. J and S, LLC is a recently formed entity no financial information is available for them.

TABLE TWO					
Financial Viability Ratios					
	State Board Standard	2011	2012	2013	2016
Current Ratio	1.5	2.4	8.5	13.7	10.1
Net Margin Percentage	3.5%	28.9%	29.1%	33.0%	40%
Percent Debt to Total Capitalization	<80%	56%	26%	N/A	N/A
Projected Debt Service Coverage	1.75	1.5	1.89	20.2	27.86
Days Cash on Hand	45 days	6	35	61	38
Cushion Ratio	3.0	0.06	0.41	6.61	4.09

VIII. ECONOMIC FEASIBILITY

A) Criterion 1120.140 (a) – Reasonableness of Financing

B) Criterion 1120.140 (b) – Terms of Debt Financing

C) Criterion 1120.140 (c) – Reasonableness of Project Costs

There is no cost to this project.

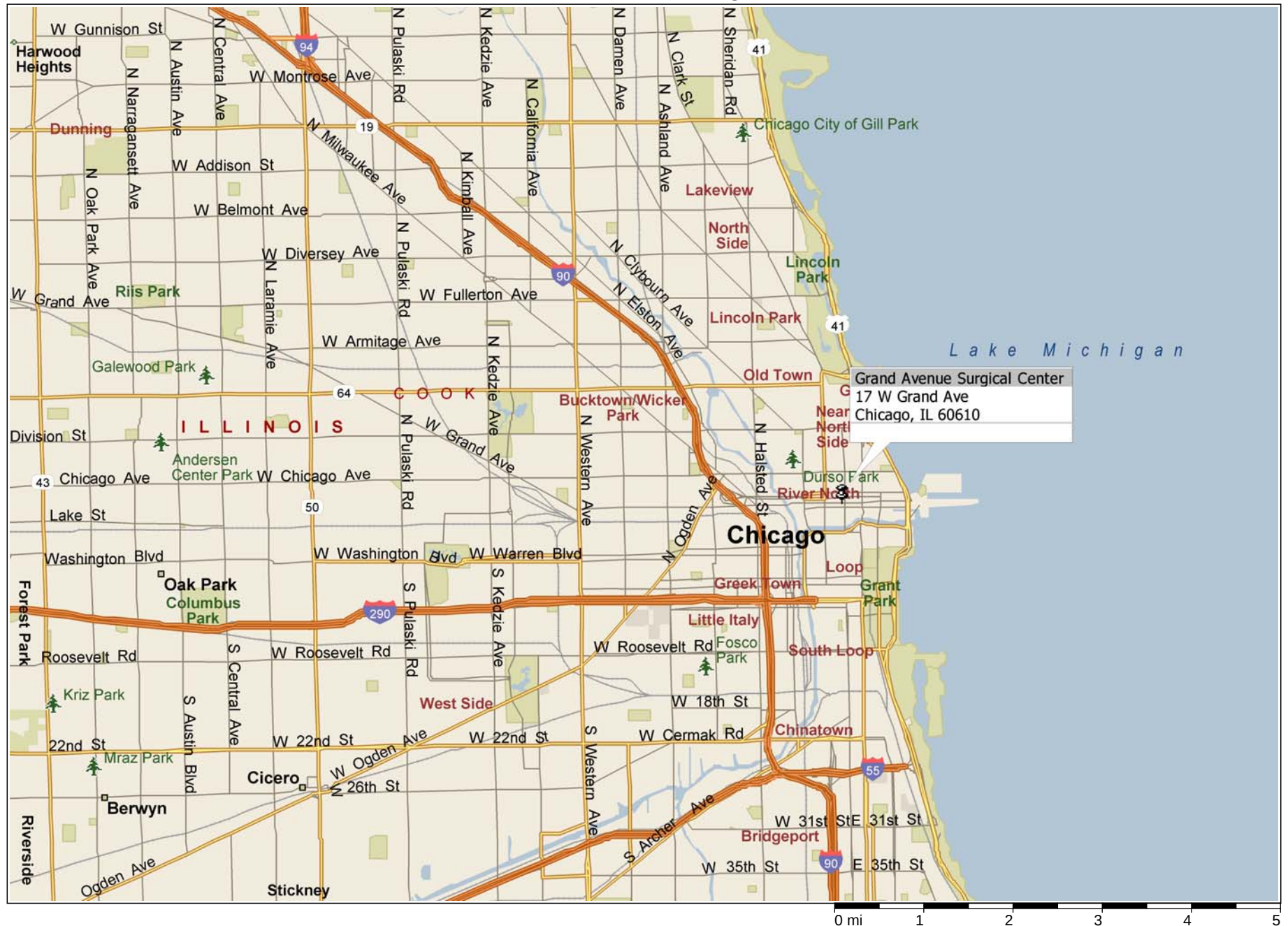
D) Criterion 1120.140 (d) – Projected Operating Costs

The projected operating cost per treatment is \$492.

E) Criterion 1120.140 (e) – Projected Capital Costs

There is no cost to this project

#15-030 Grand Avenue Surgical Center



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Reference Numbers
 Facility Id 7003133
 Health Service Area 006 Planning Service Area 030
 Grand Avenue Surgical Center
 17 West Grand Avenue
 Chicago, IL 60654

Number of Operating Rooms 3
 Procedure Rooms 0
 Exam Rooms 1
 Number of Recovery Stations Stage 1 5
 Number of Recovery Stations Stage 2 4

Administrator
 Joe Jafari
Date Complete
 3/11/2014

Contact Person
 Joe Jafari
Telephone
 312-222-5610

Type of Ownership
 Corporation (RA required)

Registered Agent
 Sarah Jafari

Property Owner
 Parliament Enterprises

Legal Owner(s)

Javad Jafari
 Nercy Jafari
 Sarah Jafari

HOSPITAL TRANSFER RELATIONSHIPS

HOSPITAL NAME	NUMBER OF PATIENTS
Norwegian American Hospital, Chicago	0
	0
	0
	0
	0

STAFFING PATTERNS

PERSONNEL	FULL-TIME EQUIVALENTS
Administrator	2.00
Physicians	1.00
Nurse Anesthetists	0.00
Director of Nurses	1.00
Registered Nurses	4.00
Certified Aides	0.00
Other Health Profs.	2.00
Other Non-Health Profs	6.00
TOTAL	16.00

DAYS AND HOURS OF OPERATION

Monday	10
Tuesday	10
Wednesday	10
Thursday	10
Friday	10
Saturday	8
Sunday	0

NUMBER OF PATIENTS BY AGE GROUP

AGE	MALE	FEMALE	TOTAL
0-14 years	1	2	3
15-44 years	162	213	375
45-64 years	136	191	327
65-74 years	10	18	28
75+ years	3	0	3
TOTAL	312	424	736

NUMBER OF PATIENTS BY PRIMARY PAYMENT SOURCE

PAYMENT SOURCE	MALE	FEMALE	TOTAL
Medicaid	0	0	0
Medicare	0	0	0
Other Public	0	0	0
Insurance	298	407	705
Private Pay	12	15	27
Charity Care	2	2	4
TOTAL	312	424	736

NET REVENUE BY PAYOR SOURCE FOR FISCAL YEAR

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	TOTALS	Charity Care Expense	Charity Care Expense as % of Total Net Revenue
0.0%	0.0%	0.0%	95.8%	4.2%	100.0%		
0	0	0	3,484,764	154,194	3,638,958	24,602	1%

OPERATING ROOM UTILIZATION FOR THE REPORTING YEAR

SURGERY AREA	TOTAL SURGERIES	SURGERY TIME (HOURS)	SURGERY PREP AND CLEAN-UP TIME (HOURS)	TOTAL SURGERY TIME (HOURS)	AVERAGE CASE TIME (HOURS)
Cardiovascular	0	0.00	0.00	0.00	0.00
Dermatology	0	0.00	0.00	0.00	0.00
Gastroenterology	41	17.00	21.00	38.00	0.93
General	36	27.00	24.00	51.00	1.42
Laser Eye Surgery	0	0.00	0.00	0.00	0.00
Neurology	0	0.00	0.00	0.00	0.00
OB/Gynecology	112	140.00	112.00	252.00	2.25
Ophthalmology	0	0.00	0.00	0.00	0.00
Oral/Maxillofacial	0	0.00	0.00	0.00	0.00
Orthopedic	38	85.50	57.00	142.50	3.75
Otolaryngology	0	0.00	0.00	0.00	0.00
Pain Management	419	220.00	140.00	360.00	0.86
Plastic Surgery	0	0.00	0.00	0.00	0.00
Podiatry	87	160.00	71.00	231.00	2.66
Thoracic	0	0.00	0.00	0.00	0.00
Urology	3	2.25	2.00	4.25	1.42
TOTAL	736	651.75	427.00	1078.75	1.47

PROCEDURE ROOM UTILIZATION FOR THE REPORTING YEAR

SURGERY AREA	PROCEDURE ROOMS	TOTAL SURGERIES	SURGERY TIME (HOURS)	PREP AND CLEAN-UP TIME (HOURS)	TOTAL SURGERY TIME (HOURS)	AVERAGE CASE TIME (HOURS)
Cardiac Catheteriza	0	0	0	0	0	0.00
Gastro-Intestinal	0	0	0	0	0	0.00
Laser Eye	0	0	0	0	0	0.00
Pain Management	0	0	0	0	0	0.00
TOTALS	0	0	0	0	0	0.00

Patients by Location of Residence

Zip Code	City	County	Patients
60623	Chicago	COOK	53
60629	Chicago	COOK	40
60804	Cicero	COOK	37
60632	Chicago	COOK	36
60639	Chicago	COOK	25
60651	Chicago	COOK	22
46360		LA PORTE	19
60608	Chicago	COOK	19
60647	Chicago	COOK	18
60618	Chicago	COOK	17
60609	Chicago	COOK	17
46574		ST. JOSEPH	15
60402	Berwyn	COOK	15
60617	Chicago	COOK	14
60636	Chicago	COOK	12
46304		PORTER	12
60622	Chicago	COOK	9
60181	Villa Park	DU PAGE	8
60620	Chicago	COOK	8
60649	Chicago	COOK	8
60441	Lockport	WILL	8
60637	Chicago	COOK	7
60628	Chicago	COOK	7
60644	Chicago	COOK	6
60085	Waukegan	LAKE	6