



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-08	BOARD MEETING: January 24, 2017	PROJECT NO: 16-044	PROJECT COST: Original: \$35,555,707
FACILITY NAME: Lurie Children's Outpatient Services and Surgical Center		CITY: Northbrook	
TYPE OF PROJECT: Substantive			HSA: VII

DESCRIPTION: The applicants (Ann & Robert H. Lurie Children's Hospital of Chicago Children's Hospital of Chicago Medical Center) are proposing to establish a multi-specialty Ambulatory Surgical Treatment Center ("ASTC") with four (4) operating rooms and fourteen (14) recovery stations in Northbrook, Illinois at a cost of \$35,555,707. The anticipated project completion date is December 31, 2018.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Ann & Robert H. Lurie Children's Hospital of Chicago Children's Hospital of Chicago Medical Center) are proposing to establish a multi-specialty ASTC with four (4) operating rooms and fourteen (14) recovery stations in Northbrook, Illinois at a cost of \$35,555,707. The anticipated project completion date is December 31, 2018.
- The surgical specialties to be performed at the proposed ASTC are pain management, dermatology, ophthalmology, gastroenterology, oral/maxillofacial (dentistry), general/other, neurology, plastic, orthopedic, otolaryngology, and urology.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes to establish a healthcare facility as defined by the Illinois Health Facilities Planning Act (20 ILCS 3960).

PUBLIC HEARING/COMMENT:

- No public hearing was requested and no letters of opposition were submitted to the State Board Staff. Letters of support were received from:
 - US Congresswoman Janice D. Schakowsky - 9th Congressional District
 - State Representative Robyn Gabel - 18th District
 - Sandra E. Frum, President Village of Northbrook
 - State Representative Laura Fine - 17th District
 - Kimberly Nagy, Executive Vice President, Northwest Community Hospital

Those in support of the project emphasized that many of the patients and families cared for at Lurie Children's main location in Streeterville have expressed interest in more services in a location closer to their homes. While there are many hospital surgery departments and ASTCs in northeastern Illinois, only Lurie Children's and its ASTC in Westchester are dedicated to pediatric surgery

CONCLUSION:

- The State Board Staff reviewed the application for permit, supplemental information furnished by the applicants and survey data compiled by the State Board Staff and note the following.
- The State Board does not have a calculated need methodology for the establishment of an ASTC. The State Board is asked to consider the establishment of an ASTC based upon existing operating/procedure room capacity within a forty-five (45) minute service area; and whether the existing operating/procedure rooms (i.e. capacity) can accommodate the additional demand based upon the most recent utilization data at the existing hospitals and ASTCs.
- The State Board does not categorize ASTCs by pediatric or adult nor collect surgical information by age. There is only one (1) ASTC in the State of Illinois dedicated to children - Children's Outpatient Services at Westchester, which is owned by the applicants.
- The applicants addressed a total of twenty-two (22) criteria and have failed to successfully address the following:

Criteria	Reasons for Non-Compliance
Criterion 1110.1540 (g) Service Accessibility	All procedures projected to be performed at the proposed facility are currently being performed at other facilities in the proposed GSA. There is existing capacity in the proposed GSA as demonstrated by the number of facilities not at target occupancy [See Tables Fourteen, Fifteen, and Sixteen at the end of this report]. Based upon the overcapacity in the proposed GSA, it does not appear that service access will be improved with the establishment of proposed facility.
Criterion 1110.1540 (h) (1) Duplication of Service	Thirty-two (32) of thirty-nine (39) multi-specialty ASTCs are not at target occupancy in the proposed GSA. Thirty-three (33) of the forty-nine (49) hospitals within the proposed GSA are not at target occupancy.

STATE BOARD STAFF REPORT
#16-044
Lurie Children's Outpatient Services and Surgical Services

APPLICATION SUMMARY/CHRONOLOGY	
Applicant	Ann & Robert H. Lurie Children's Hospital of Chicago Children's Hospital of Chicago Medical Center
Facility Name	Lurie Children's Outpatient Services and Surgical Services
Location	1121 Techny Road, Northbrook, Illinois
Application Received	October 17, 2016
Application Deemed Complete	October 19, 2016
Permit Holder	Ann & Robert H. Lurie Children's Hospital of Chicago
Operating Entity/Licensee	Ann & Robert H. Lurie Children's Hospital of Chicago
Owner of the Site	Parcel EC-2D LLC
Project Financial Commitment Date	December 31, 2018
Gross Square Footage	26,298 GSF
Project Completion Date	December 31, 2018
Review Period Ends	February 17, 2017
Request a Deferral?	No

I. The Proposed Project

The applicants are proposing to establish a multi-specialty ASTC with four (4) operating rooms and fourteen (14) recovery stations in Northbrook, Illinois at a cost of \$35,555,707. The anticipated project completion date is December 31, 2018.

II. Summary of Findings

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

III. General Information - Background

Children's Hospital of Chicago Medical Center, an Illinois not-for-profit corporation, is the sole member of Ann & Robert H. Lurie Children's Hospital of Chicago, a not-for-profit corporation. The Hospital was founded in 1882 by Julia Foster Porter to provide medical care for all children. The Medical Center is an independent, freestanding academic institution dedicated to the health and well-being of all children. The Medical Center is also the sole member of the Stanley Manne Children's Research Institute, Ann & Robert H. Lurie Children's Hospital of Chicago Foundation, Pediatric Faculty Foundation, Inc, and Almost Home Kids all Illinois not for-profit corporations. [See: Audited Financial Report 2015]

In March 1990 the State Board approved the establishment of Children's Outpatient Services at Westchester a multispecialty ASTC in Westchester, Illinois as Permit #89-143.

In February 2008 the State Board approved the discontinuation of a two hundred seventy (270) bed hospital at 2300 Children's Plaza in Chicago (Lincoln Park) and establish a new two hundred eighty-eight (288) bed hospital at 215 East Chicago Avenue (Streeterville facility), on the campus of Northwestern University of Chicago, to provide pediatric health services at a cost of approximately \$863 million. The new hospital opened in June of 2012 moving the majority of hospital operations from Lincoln Park to the Streeterville facility in downtown Chicago. The Lincoln Park facility was closed as of June 2012 and is currently decommissioned and idle. The Hospital provides a complete range of pediatric health services, including pediatric inpatient medical and surgical care, tertiary care services, and emergency services. The Hospital also operates more than fifty (50) specialty and primary care outpatient clinics at its main campus in the Streeterville neighborhood and other Chicago area locations, and twelve (12) outpatient specialty centers in the metro Chicago areas.

The proposed project will transfer patients from Lurie Children's Hospital of Chicago and Children's Outpatient Services at Westchester to the proposed new facility. The American Society of Anesthesiologists (ASA) Physical Status (PS) system rates patients from 1 - 5, with 5 being the sickest. Most of the patients at Northbrook will be ASA PS category 1 or 2. A Task Force report (*Task Force for Children's Surgical Care*) states that the Task Force Basic (Level I) covers ASA PS 1 - 2, and the Advanced (Level II) covers ASA PS 1-3. Occasionally there may be an ASA PS Level 3 patient at Northbrook when the patient is medically stable and having a minor procedure. The intent is to minimize ASA PS 3 patients being done at Northbrook. The American College of Surgeons has a newly developed three level designation system intended to gauge children's hospitals' surgical capacity and scope of services and ensure they match the medical and surgical needs of infants, children and adolescents treated there. In this case, Level I is the highest of the three levels (similar to trauma center Level I being highest). ACOS has designated Lurie Children's hospital as the only Level I surgical program in Illinois and one of only 4 Level I centers in the US. [Additional Information provided by the applicants December 2, 2016]

Table One and Two below outlines the number of patients and amount of net revenue for these two (2) facilities for CY 2015. These two (2) facilities are approximately thirty-nine (39) and thirty-three (33) minutes from the proposed facility respectively.

TABLE ONE Lurie Children's Hospital of Chicago Number of Patients and Amount of Net Revenue by Payor Source				
Payor Source	Patients		Revenue	
	Number	% of Total	Amount	% of Total
Medicare	1,313	0.24%	\$2,570,515	0.42%
Medicaid	244,613	44.34%	\$209,891,110	34.02%
Other Public	1,960	0.36%	\$10,467,322	1.70%
Private Insurance	285,238	51.70%	\$387,930,569	62.88%
Private Pay	18,544	3.36%	\$6,105,494	0.99%
Total	551,668	100.00%	\$616,965,010	100.00%
Charity	4,121	0.75%	\$1,515,795	0.25%

TABLE TWO Children's Outpatient Services at Westchester Number of Patients and Amount of Net Revenue by Payor Source				
Payor Source	Patients		Revenue	
	Number	% of Total	Amount	% of Total
Medicare	1	0.08%	\$322	0.00%
Medicaid	348	26.48%	\$464,800	5.45%
Other Public	9	0.68%	\$22,552	0.26%
Private Insurance	940	71.54%	\$8,044,387	94.24%
Private Pay	1	0.08%	\$3,950	0.05%
Total	1,314	100.00%	\$8,536,011	100.00%
Charity	15	1.14%	\$0	0.25%

The proposed facility will be Medicare and Medicaid certified. As can be seen from the tables above the applicants provide care to low income persons and have stated “*Lurie Children's is the largest provider of Medicaid pediatric services in the State of Illinois. Lurie Children's is one of the nineteen (19) safety net hospitals in Illinois as defined in statute. The hospital plans to continue to provide the same access to all patients at all locations have provided.*” [See 305 ILCS 5/5-5e.1]

The proposed payor mix of the new facility will be

Proposed Payor Mix by Number of Patients	
Medicaid	30-35%
Private Insurance	60-65%
Private Pay	3-4%
Charity Care	1%

The proposed project will be located in Health Service Area VII. HSA VII is comprised of Suburban Cook and DuPage County. This project is subject to a Part 1110 and Part 1120 review. The establishment of a new health care facility is subject to a one hundred

twenty-day (120) review (77 IAC 1130.610 (b)). Financial commitment will occur after permit issuance.

IV. **Project Details**

Ann & Robert H. Lurie Children's Hospital of Chicago and its parent, Children's Hospital of Chicago Medical Center, propose to establish a multi-purpose pediatric ASTC, with 4 ORs and 14 recovery rooms. The facility location is 1121 Techny Road, Northbrook, in north suburban Cook County. Ann & Robert H. Lurie Children's Hospital of Chicago will be the operating entity and licensee. The 26,298 sq ft modernization project involves the interior remodeling of an existing unoccupied building. The building will accommodate four (4) operating rooms, fourteen (14) stations for preparation and recovery, an MRI suite, physician office and exam space, support functions and mechanical systems.

V. **Project Costs and Sources of Funds**

Total project capital cost is \$35,555,707. This amount includes \$19,956,707 in the costs of modernization, contingencies, movable equipment, and related project costs, and \$15,599,000 as Fair Market Value ("FMV") of leased space. The applicants are funding this project with cash of \$4,118,051, bond proceeds of \$15,838,657 and the FMV of leased space of \$15,599,000. Estimated start-up costs and operating deficit cost is \$5,628,572.

TABLE THREE
Project Costs and Sources of Funds

Uses of Funds	Reviewable	Non-Reviewable	Total
Preplanning	\$8,514	\$6,486	\$15,000
Offsite Work		\$163,713	\$163,713
Modernization Contracts	\$4,916,627	\$4,290,343	\$9,206,970
Contingencies	\$484,870	\$369,419	\$854,289
A/E Fees	\$327,724	\$249,690	\$577,414
Consultant Fees	\$361,980	\$275,790	\$637,770
Movable Equipment	\$7,601,784	\$716,381	\$8,318,165
Bond Issuance Expense	\$109,567	\$48,820	\$158,387
FMV of Leased Space ⁽¹⁾	\$8,853,551	\$6,745,449	\$15,599,000
Other Capital Costs	\$14,189	\$10,811	\$25,000
Total	\$22,678,806	\$12,876,901	\$35,555,707
Sources of Funds	Reviewable	Non-Reviewable	Total
Cash	\$2,868,569	\$1,249,482	\$4,118,051
Bonds	\$10,956,687	\$4,881,970	\$15,838,657
FMV of Lease	\$8,853,551	\$6,745,449	\$15,599,000
Total	\$22,678,806	\$12,876,901	\$35,555,707
1. A tenant improvement allowance of \$2,024,840 will be provided by the developer and is not included in the schedule above.			
2. Information provided at page 5 of the Application for Permit.			

VI. Cost Space Requirements

Table Two displays the project's space requirements for the clinical and non-clinical portions of the project. The definition of non-clinical as defined in the Planning Act [20 ILCS 3960/3] states, "non-clinical service area means an area for the benefit of the patients, visitors, staff or employees of a health care facility and not directly related to the diagnosis, treatment, or rehabilitation of persons receiving treatment at the health care facility."

TABLE FOUR				
Cost Space Requirements				
Department/Area	Costs	Proposed	Modernized	
Surgery				
Operating Rooms	\$1,368,417	3,166	3,166	
Pre-Op Recovery	\$1,415,677	4,354	4,354	
Nurses Station	\$69,173	274	274	
Corridor Interior	\$818,464	3,242	3,242	
MD Workspace	\$91,137	361	361	
OR Support	\$549,610	2,080	2,080	
MRI Suite	\$604,149	1,449	1,449	
Total Reviewable	\$4,916,627	14,926	14,926	
Storage	\$190,857	756	756	
Soiled Room	\$44,937	178	178	
AV Closet	\$10,603	42	42	
Building System	\$2,492,388	4,609	4,609	
Lockers/Lounge	\$517,795	1,850	1,850	
Waiting/Reception/Registration	\$580,887	2,176	2,176	
Exam Space	\$452,876	1,761	1,761	
Total Non Reviewable	\$4,290,343	11,372	11,372	
Total	\$9,206,970	26,298	26,298	
Other Costs ⁽¹⁾	\$26,348,738			
Total	\$35,555,707			

Information provided at page 41 of the Application for Permit.

VII. Purpose of the Project, Safety Net Impact Statement, Alternatives to the Proposed Project

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

To determine compliance with this criterion the applicants must document that the project will improve health to the market area population, define the planning or market area, identify the existing problems, and detail how the proposed project will address the problems identified.

The purpose of the establishment of the ASTC for pediatric patients in Northbrook is to improve health care services to the population residing in northern Cook and Lake Counties.

The applicants stated in part:

"The proposed ASTC will enhance access to pediatric outpatient surgery by providing a range of surgical services to residents of northeastern Illinois at a location significantly more convenient than the facilities in

Streeterville at Ann & Robert H. Lurie Children's Hospital of Chicago. The proposed facility will provide a setting for the delivery of lower cost surgical services compared to the costs in the Lurie Children's hospital surgical department. The outpatient center in Northbrook will not be encumbered with many of the overhead costs associated with the downtown Chicago facility. Lower cost delivery responds to the demands by patients with higher deductibles and their insurance carriers. Providing care in lower cost settings is an integral part of Lurie Children's strategy to expand access for Medicaid patients by embracing Medicaid managed care products and promoting access for Illinois Exchange patients enabled through the Affordable Care Act. Surgical rates at the ASTC will be approximately 20 percent below charges for outpatient surgical services at Lurie Children's hospital, due to a combination of a lower charge structure and efficiencies gained in an ambulatory surgery center. The proposed facility will provide access to imaging services specifically directed to the needs of children through including an MRI in the project to accommodate demand stemming from the Lurie Children's Outpatient Facility in Northbrook, an existing adjacent medical office building, as well as for Lurie Children's patients residing in Northeast Illinois.

While there are many hospital surgery departments and ASTCs in northeastern Illinois, only Lurie Children's and its ASTC in Westchester are dedicated to pediatric surgery. Of the fifty-seven (57) ASTCs in Cook and Lake Counties, only eleven (11) perform more than one surgery per week on average on children ages 14 and under.

For purposes of this project, the Planning Area is composed of 100 zip codes in northern Illinois, including all of Lake County and extending from Lake Michigan to McHenry, northern Cook County and some areas in northern Chicago and northeast DuPage County. This is a significant part of the Lurie Children's primary service area, which is the entire seven county metropolitan area. Of the total 10,082 outpatient surgery cases done last year at Lurie Children's main hospital, 31 percent came from the 100 zip codes in the Planning Area. It is anticipated that approximately two-thirds of the residents of the Planning Area having outpatient pediatric surgery will utilize the Northbrook facility. The remainder will have surgery at Lurie Children's downtown, and some at the Westchester ASTC. An estimated 96 percent of the surgical cases performed at the proposed Northbrook ASTC will be from the Planning Area

There are four major benefits associated with a pediatric ASTC. A pediatric ASTC offers specialized staff expertise, special instrumentation and equipment, and a more comforting/less anxiety producing patient treatment environment than at an adult surgery center. Finally, care delivery in an ASTC setting (for children or adults) is more efficient. Emergency and complex cases at Lurie Children's main hospital location can pre-empt or "bump" the more routine outpatient cases. Lurie Children's operating rooms function for both inpatients and outpatients. Without the complexity of cases or emergency cases at the ASTC, surgical operations are on schedule, more predictable, more convenient and less stressful for the family and patients, and a more efficient overall operation."

Note: The population source (Claritas) used by the applicants for the patient origin for this criterion defines pediatric as ages 0 – 17 years. A complete discussion of the purpose of the project can be found at pages 48-54 of the application for permit.

Reviewer Note: The applicants defined the market area or planning area for this project as one hundred (100) zip codes in Northern Illinois. However, for the establishment of an ASTC the planning area is defined as forty-five (45) minutes in all direction from the location of the proposed site [See 77 IAC 1110.1540 (c) (2)]. The number of zip codes in the forty-five (45) minute geographical service area is one hundred eighty-five (185).

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

To demonstrate compliance with this criterion the applicants must provide a safety net impact statement and schedule documenting the number of Medicaid patients and amount of Medicaid revenue and the number of charity care patients and amount of charity care expense for the prior three years.

The applicants stated the following:

“Ann & Robert H. Lurie Children Hospital of Chicago ("Lurie Children's") provides more pediatric patient care than any other hospital in Illinois in nearly every pediatric and surgical specialty. Lurie Children's is the largest provider of Medicaid pediatric services in the State of Illinois. Lurie Children's is one of the nineteen (19) safety net hospitals in Illinois as defined in statute. The hospital plans to continue to provide the same access to all patients at all locations.

For the fiscal year ended August 31, 2015, Lurie Children's total unreimbursed care and community benefit was \$127.4 million, including: \$85.1 million for charity care and unreimbursed cost of providing Medicaid services; \$16.7 million for education; \$7.4 million for research; \$1.3 million for language assistance/translation services; \$13 million for subsidized health services and \$3.9 million for bad debt that was not able to be collected.

As access to healthcare remains a challenge for patients, the intent of Lurie Children's expansion of services into Northbrook furthers the commitment to our patients by providing the same high quality level of care closer to our patients. This will reduce the burden on patients and their families as it relates to transportation challenges, appointment availability, and reduced anxiety due to the ease of an outpatient setting. The opening of an ASTC in the northern region will not inhibit Lurie Children's ability to provide safety net services but, rather, will expand the provision of these services in this region.

Other area hospitals provide emergency care, inpatient psychiatry and other services they consider safety net services. They and ASTCs in the area also provide surgical services similar to the proposed ASTC, although none are dedicated to the unique and specialized needs of children. The proposed Northbrook pediatric ASTC is not designed to, and to our knowledge, will not prevent another provider from providing essential safety net services. The new ASTC will serve existing patient volumes now seen at Ann & Robert H. Lurie Children's Hospital of Chicago and to a lesser extent at the Children's Outpatient Surgery at Westchester facility. We do not anticipate any diversion of pediatric patients from other existing area hospitals and ASTCs. As a result, there should be no detrimental impact on other area providers who draw revenues from their surgical services to subsidize their safety net programs.

In FY2015, Lurie Children's cared for 173,000 individual children from every county in Illinois, 50 states and 46 countries. Lurie Children's is dedicated to making health care services accessible to pediatric patients without discrimination based on race, religion, gender, national origin, sexual orientation, or ability to pay.” [For complete discussion see pages 163-169 of the Application for Permit]

TABLE FIVE			
Safety Net Impact Statement			
	FY13	FY14	FY15
Net Patient Service Revenue	\$571,695,543	\$622,825,298	\$645,272,675 ⁽¹⁾
Charity (# of patients)			
Inpatient	243	253	257
Outpatient	1,922	2,780	3,294
Total	2,165	3,033	3,551
Charity (cost in dollars)			
Inpatient	\$518,510	\$383,188	\$526,014
Outpatient	\$1,021,880	\$1,005,290	\$1,008,446
Total	\$1,540,390	\$1,388,478	\$1,534,460
% of Charity Care Exp. to Net Patient Service Revenue	0.27%	0.22%	0.24%
Medicaid			
Medicaid (# of patients)			
Inpatient	4,299	4,574	4,412
Outpatient	50,896	50,203	56,086
Total	55,195	54,777	60,498
Medicaid (cost in dollars)			
Inpatient	\$154,696,002	\$167,973,638	\$157,675,579
Outpatient	\$80,736,952	\$80,803,510	\$89,669,177
Total	\$235,432,954	\$248,777,148	\$247,344,756
% of Medicaid Revenue to Net Patient Revenue	41.18%	39.94%	38.33%
1. Revenue reported in the Safety Net Table is by Fiscal Year and not Calendar Year as reported in Table One on page 4 of this report.			

C) Criterion 1110.230 (c) – Alternatives to the Proposed Project

To demonstrate compliance with this criterion the applicants must document the alternatives considered and the reasons for the rejection.

The applicants considered five (5) alternatives to the proposed project.

1. Construct three (3) operating rooms and to seek approval to shell a fourth operating room to be brought into service at a future date.

This alternative was rejected because there are additional costs associated with renovating an existing facility to construct a fourth operating room at a later date. The costs of equipment and outfitting the room at a later date are also expected to be higher than if done during the initial project. There are additional resources and time associated with obtaining a second permit as well. Construction of a fourth OR, after the facility has been open and in operation, results in difficult infection control and operations issues associated with managing a construction project while there are ongoing operations. The capital costs for this alternative is approximately \$250,000 - \$300,000 more than the proposed project. This includes a premium for labor required to work evenings and

weekends to avoid disruption to daytime service, escalation of equipment and construction costs, and the costs of obtaining a second permit.

2. Partner with an Existing Ambulatory Surgical Treatment Center in the Planning Area

This option was rejected because the existing facilities in the Planning Area are adult-focused. Because of the need for different and specialized equipment, as well as medications and supplies for pediatric versus adult patients, there are also potential operational concerns for co-location of pediatric surgical services with those for adult surgical patients. The proposed facility will be dedicated to pediatrics and will be staffed with pediatric anesthesiologists and surgeons (who are board-eligible or board-certified in accordance with the Medical Staff requirements of Lurie Children's). The applicants did not estimate a cost for this option, because there are no ASTCs which specialize in pediatric surgery, or adult centers with capacity for the required 4,900 hours per year.

3. Partner with Northwestern Lake Forest Hospital ("NLFH")

This option was rejected because the NLFH project is too far along in construction to make that kind of modification without requiring the building to be re-planned. Given the timing of the development of the new Lake Forest hospital facility, a change in their construction plan would have added complexity and cost to their construction project significantly greater than the cost of the proposed ASTC project. There are no shelled spaces in the Lake Forest project, so the footprint would have to be expanded at significant cost. The cost to rent out and build space at Northwestern Lake Forest Hospital (NLFH) would be similar to the Northbrook ASTC project. There would be an additional cost to reprogram and relocate NLFH uses from space that would be converted to the pediatric ASTC. The disruption to the NLFH program and certain delay of the NLFH project prevented serious analysis of this option, so there was no estimate of cost. A guestimate is in the \$5 million range.

4. Alternative Site/New Construction

The option was rejected because the anticipated construction costs of this option were estimated to be twenty (20) to twenty-five (25) percent greater than the option selected, which involves an existing building. Further, the location of the proposed project is within an office complex where Lurie Children's and its affiliated physicians already provide outpatient medical services. This location, adjacent to this existing medical clinic and a day care center operated by a third party, is ideal for our patients. The structure was already constructed. The location further complements the care at the existing Lurie Children's clinic in this development. Because the clinic is operating at near-capacity, the ability to offer an MRI and additional physician offices as part of the project further fills a need for other necessary clinical services in support of the existing medical clinic. Moreover, the patients seen at the existing Northbrook outpatient center may require surgical services and the new ambulatory surgical center would be a welcome, convenient option for them. Finally, existing parking and parking to be constructed in connection with the project is ample to accommodate both patients at the clinic now in operation and the new ASTC. This option would be 20 - 25% higher as a

new construction project than for the proposed modernization. The construction and contingency build-out cost for the preferred project is approximately \$10,060,000. The increase over and above the Northbrook ASTC project would be \$2.0 - \$2.5 million.

5. Alternative Site/Existing Building

As part of its decision-making process, Lurie Children's engaged a market survey of the existing available spaces in the region and evaluated nine existing buildings where medical use was an option. The spaces were evaluated based upon criteria including cost, location, convenience for patients, parking, necessary development, and the ability to house a back-up generator. Based upon all of these factors, the current site was selected as the optimal location for the project, given the ability to adapt the space to meet the functional requirements of operating the surgery center as well as its proximity to Lurie Children's existing outpatient facility and convenience to patients. The cost of building out the project in a different existing vacant building would be expected to be about the same, assuming that those buildings already have sufficient parking that did not need to be constructed, and site improvement costs are similar to the proposed site. However, none of those properties have the advantage of being adjacent to an existing Lurie Children's building with medical offices. [Application for Permit pages 56-57]

VIII. Size of the Project, Projected Utilization, Assurances

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

To demonstrate compliance with this criterion the applicants must document that the gross square footage meets the standards established in Section 1110 Appendix B.

The applicants are proposing a total of 26,298/dgsf. The clinical space includes four (4) operating rooms and fourteen (14) Phase I/Phase II recovery rooms, patient support areas, clean supply, and work space for physicians and staff. An MRI suite is also included in the clinical space. As can be seen from the table below the applicants are in compliance with the State Board standards in Section 1110 Appendix A. [See Table below]

TABLE SIX					
Size of the Proposed Project					
Rooms	# of Rooms	State Board Standard	Proposed	Met Standard	
		Per Room	Total		
Surgery Rooms	4	2,750/dgsf/OR	11,000/dgsf		
Recovery Rooms	14	180/dgsf/Room ⁽¹⁾⁽²⁾	2,520/dgsf		
Total			13,520/dgsf	13,477/dgsf	Yes
MRI	1	1,800dgsf/room	1,800/dgsf	1,449/dgsf	Yes
Total Clinical			14,926/dgsf		
<ol style="list-style-type: none"> Note: The State Board no longer has a standard for recovery rooms for ASTCs. The Standard presented here is for Hospitals which the applicants have met. Clinical size of the surgery area includes nurse stations, OR support area, MD workspace, and interior corridors. 					

Reviewer Note: Spaces to be included in the applicant's determination of square footage shall include all functional areas minimally required for the applicable service areas by the appropriate rules required for IDPH licensure and/or federal certification and any additional spaces required by the applicant's operational program. [Part 1120 Appendix A]

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 IAC 1110.234 (a))

B) Criterion 1110.234 (b) – Projected Utilization

To demonstrate compliance with this criterion the applicants must document that the proposed project will achieve the target occupancy of 80% within two years after project completion.

The applicants stated that 3,622 outpatient surgical cases at Lurie Children's Hospital or Lurie Children's Westchester ASTC were patients residing in the Planning Area (i.e. 100 zip codes) in Lake County, northern Cook County, eastern McHenry and northern DuPage County (based on patient origin by zip code of residence).

The applicants estimated that approximately two-thirds (2/3) or 2,454 [$3,622 \times 67\% = 2,454$] cases identified above would be appropriate for outpatient surgery. The applicants used an average case time of 1.3 hours or 3,306 hours of surgery to estimate the number of hours in the baseline year of 2015 [$2,454 \times 1.3 \text{ hours} = 3,306$]. The average case time is based upon average case time for all procedures performed at Lurie Children's Hospital Outpatient Surgery Department for CY 2015 [See 2015 Lurie Children's Hospital Profile at the end of this report].

The applicants believe that the outpatient surgery hours will continue to grow at approximately 7.1% annually for the next six (6) years as demonstrated in Table Seven below [$12,700 - 9,885 = 2,815 / 9,885 = 28.5 / 4 = 7.1\%$]. This 7.1% growth in surgery hours is based upon the growth at Lurie Children's Hospital for the period 2011-2015. According to the applicants this growth is the result of

"1) Growth of partner relationships with Chicago area hospitals. Lurie Children's has developed clinical service relationships with fifteen (15) Chicago area hospitals in the city and suburbs, placing pediatric specialists and assisting in the running of pediatric services at those hospitals. Seven of those partner relationships have been established in just the past five years. The relationships are intended to strengthen pediatric care in those hospitals and keep patients in their local communities, but also have the effect of increasing referral cases (some surgery) to downtown.

2) Growth in recruits to Lurie Children's medical staff. It is increasingly a center of pediatric care excellence and attracts clinicians in all service categories. Lurie Children's Hospital is now the 6th ranked pediatric hospital in the United States (US News and World Report), and one of nine (9) pediatric hospitals recognized by Leapfrog. Physicians at Lurie Children's Hospital are recognized by pediatricians throughout the Chicago area, who refer their patients when appropriate.

3) *Closure of pediatric beds at area hospitals. Since 2013, hospitals in the Chicago area have closed over 130 pediatric medical/surgical beds. Some of the surgery has shifted to Lurie Children's.*

4) *Shift from inpatient to outpatient. With new techniques and equipment in surgery and anesthesiology, surgery continues to shift from inpatient to outpatient for appropriate conditions.*"[Additional information provided by the applicants December 8, 2016]

If the growth in surgery hours materializes the applicants can justify the four (4) surgery rooms being proposed. Additionally the applicants have provided thirty-nine (39) physicians referral letters that indicate that 3,475 cases will be referred to the proposed new facility by the second year after project completion. If these cases materialize the applicants can justify the four (4) operating rooms [3,475 cases x 1.3 hours = 4,518 hours/1,500 hours = 4 operating rooms].

TABLE SEVEN
Projected Utilization

Year	Lurie Children's Hospital Outpatient Surgery Cases	Lurie Children's Hospital Outpatient Surgery Hours	Projected Surgery Cases	Projected Surgery Hours	Number of OR's Justified
2011	8,741	9,885			
2012	9,387	11,433			
2013	9,434	11,605			
2014	10,317	11,638			
2015	10,082	12,700	2,454	3,306	3
2016			2,724	3,541	3
2017			2,917	3,792	3
2018			3,124	4,061	3
2019			3,347	4,350	3
2020			3,584	4,659	4
2021			3,838	4,989	4

TABLE EIGHT Case time for surgical specialties being proposed				
Surgical Specialty	State of Illinois Hospitals OP	State of Illinois ASTCs	Lurie Children's Hospital	Children's Outpatient Services at Westchester
	Case Time			
Oral/Maxillofacial (Dentistry)	2.4	1.04	2.7	2.7
Gastroenterology	0.8	0.8	0.9	0.9
Ophthalmology	1.1	0.69	1.5	0.95
Orthopedic Surgery	1.9	1.35	2.5	2.47
Otolaryngology	1.5	1.17	1.0	0.97
General Surgery	1.6	1.07	0.8	0.84
Plastic Surgery	2.1	2.11	1.9	1.90
Urology	1.5	1.22	1.8	1.78
Average Case Time	1.62	1.19	1.64	1.57

THE

STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH PROJECTED UTILIZATION (77 IAC 1110.234 (b))

C) Criterion 1110.234 (e) –Assurances

To document compliance with this criterion the applicants must attest that the proposed project will be at target occupancy by the second year after project completion.

The applicants have attested that by the second year after project completion the proposed project will be at target occupancy. [Application for Permit page 100]

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH ASSURANCES (77 IAC 1110.234 (e))

IX. Non-Hospital Based Ambulatory Surgical Treatment Center Services

A) Criterion 1110.1540 (b) (1) (3) - Background of the Applicants

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

- 1) Any adverse action taken against the applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed healthcare facility, or against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.
 - 2) A listing of all health care facilities currently owned and/or operated by the applicant in Illinois or elsewhere, including licensing, certification and accreditation identification numbers, as applicable;
1. The applicants provided documentation attesting that there have been no adverse actions taken against any facility owned or operated by the applicants during the three (3) years prior to the filing of this application.

2. The applicants are in compliance with Executive Order #2006-5 and the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended 17 IAC 4180).
3. All required reports have been filed with the Illinois Department of Public Health including APORS, Cancer Registry, and the Annual Hospital and ASTC Questionnaires.
4. The applicants authorized the Illinois Health Facilities & Services Review Board and the Illinois Department of Public Health to access their records to verify information submitted in the application. [Source: Application for Permit pages 40-43]
5. All physicians that submitted referral letters for the proposed ASTC are licensed in the State of Illinois and were never disciplined. www.idfpr.com

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANTS (77 IAC 1110.1540 (b) (1) (3))

- B) Criterion 1110.1540 (c)(2) (A) & (B) - Geographic Service Area (“GSA”) Need**
To document compliance with this criterion the applicants must document that the proposed project will serve the residents of the proposed GSA by providing a listing of the all zip codes within the proposed GSA and patient origin information by zip code for all referrals for the last twelve (12) months by the referring physicians.

The State Board uses a methodology that determines the need for an ASTC based upon the existing operating/procedure room capacity for inpatient and outpatient operating/procedure rooms in a forty-five (45) minute geographical service area using the current utilization of existing providers (Hospitals and ASTCs) within the GSA and whether the proposed projects’ referrals can be accommodated with the existing capacity.

The applicants have identified approximately one hundred eighty-five (185) zip codes within the proposed forty-five (45) minute GSA with a population of approximately 5.7 million. Seventy-two percent (72%) of the outpatient surgery and GI procedures performed at Lurie Children’s Hospital in 2015 came from within the proposed GSA. [Application for Permit pages 65-70]

Based upon the information provided in the application for permit, the proposed project will serve the residents of the proposed forty-five minute (45) geographic service area.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION GEOGRAPHIC SERVICE AREA (77 IAC 1110.1540 (c) (2) (A) (B))

- C) Criterion 1110.1540 (d) (1) & (2) - Service Demand – Establishment of an ASTC Facility**

To document compliance with this criterion the applicants must document that the proposed project is necessary to accommodate service demand in the proposed GSA. The applicants must document the historical referrals to licensed ASTCs and hospitals for the prior two (2) years of the physicians proposing to refer patients to the proposed facility and the projected number of referrals to the proposed facility by these same physicians.

The applicants provided the physician referral letters, patient origin by zip code, and the number of referrals to other facilities in the proposed GSA as required by the State Board.

1. Historical Referrals

Thirty-nine (39) physicians provided referral letters for the proposed project. Of these thirty-nine (39) physicians nineteen (19) physicians referred patients to facilities in the proposed GSA. These nineteen (19) physicians referred 1,057 patients for outpatient surgery to thirteen (13) different facilities for the years 2014 and 2015. The twenty (20) remaining physicians referred patients for outpatient surgery to Ann & Robert H. Lurie Children's Hospital of Chicago or Lurie Children's Outpatient Surgical Center in Westchester.

The Table below documents the total number of referrals to other licensed health care facilities for the years 2014 and 2015. The hospitals identified below are all operating above the State Board's target utilization of 1,500 hours per operating room and it appears that the proposed project will not impact these facilities should the proposed project be approved. The one ASTC in which referrals were made is not operating at target occupancy. However, the seven (7) referrals over the past two (2) years to this ASTC or sixteen (16) hours per year does not reduce that facilities justified surgery rooms below their current justified surgery rooms.

**TABLE SIX
Physician Referrals to Other Facilities in the GSA**

Facility	Operating/Proc Rooms	Total Hours 2015	Number of Referrals 2014- 2015	Referral Hours	Hours minus referral hours	Number of Rooms Justified
Advocate Lutheran General	33	54,053	5	7	54,046	37
Advocate Sherman Hospital	16	23,053	1	2	23,051	16
St Alexius Medical Center	11	16,859	8	11	16,848	12
Central DuPage Hospital	26	41,252	408	531	40,721	28
Evanston Hospital	16	22,585	5	7	22,578	16
Glenbrook Hospital	9	12,720	8	11	12,709	9
John H. Stroger Hospital	20	33,940	1	2	33,938	23
Northwest Community Hospital	14	22,263	25	33	22,230	15
NW. Comm. Day Surgery Ctr.	10	9,620	24	32	9,588	7
Northwestern Lake Forest	8	12,650	240	312	12,338	9

TABLE SIX
Physician Referrals to Other Facilities in the GSA

Facility	Operating/Proc Rooms	Total Hours 2015	Number of Referrals 2014- 2015	Referral Hours	Hours minus referral hours	Number of Rooms Justified
Hosp.						
Northwestern Memorial Hosp.	62	100,873	23	30	100,843	68
Rush University Medical Center	31	62,337	204	266	62,071	42
University of Illinois Hospital	20	43,713	105	137	43,576	30
Total			1,057	1,381		

Source: Application for Permit page 81

1. Total hours for 2014 and 2015 calculated as the cases times 1.3 hours average case time. [Column 4 times 1.3 hours = Column 5]
2. Total hours minus referral hours. Column 2-Column 5 = Column 6
3. Column 6 divided by 1,500 hours = Number of operating rooms justified.

2. Projected Service Demand

The applicants provided physician referrals for the past twelve (12) months prior to submission of the application for permit by zip code of residence. The estimated number of referrals to the proposed ASTC was provided and the number of referrals did not exceed the physician historical caseload for all thirty nine (39) physicians. Each letter was notarized and signed as required, and an attestation that the referrals have not been used to justify any other application for certificate of need was provided. See Table below of a summary of the referral letters.

TABLE TEN					
Summary of Referral Letters					
#	Physician	Specialty	2015	2014	Refer to ASTC
1	Lee M Bass, MD	Gastro	210	201	120
2	Kathleen R Billings, MD	Otolaryn	807	692	500
3	Jeffrey B Brown, MD	Gastro	122	105	60
4	Earl Y Cheng, MD	Urology	272	243	183
5	Valeria Cohran, MD	Gastro	78	60	12
6	Craig J Finlayson, MD	Ortho	293	226	120
7	Arun K Gosain, MD	Plastic	189	217	140
8	Julia E Grabowski, MD	Pediatric	133	0	84
9	John J Grayhack, MD	Ortho	87	110	35
10	Maria Greene, MD	Gastro	94	67	30
11	Catherine Jane Hunter, MD	Pediatric	62	101	25
12	Jonathan B Ida, MD	Otolaryn	463	374	200
13	Ray J Jurado, DDS	Dentistry	197	138	150
14	Rashmi Kabre, MD	Pediatric	155	98	50
15	Amir F Kagalwalla, MD	Gastro	180	185	20
16	Sudhi P Kurup, MD	Ophthal	99	96	61
17	Johnny Kuttub, DDS	Dentistry	73	42	35
18	Timothy B Lautz, MD	Pediatric	48	0	25
19	Bruce W Lindgren, MD	Urology	253	243	50
20	Dennis B Liu, MD	Urology	110	139	80
21	John Maddalozzo, MD	Otolaryn	616	423	300
22	Rebecca B Mets-Halgrimson MD	Ophthal	67	70	50
23	Saeed Mohammad, MD	Gastro	50	41	15
24	Suzanne P Nelson, MD	Gastro	160	194	155
25	Joshua D Prozialeck, MD	Gastro	96	96	48
26	Bahram Rahmani, MD	Ophthal	159	149	120
27	Marleta Reynolds, MD	Pediatric	182	218	50
28	Erin E Rowell, MD	Pediatric	159	174	50
29	John F Sarwark, MD	Ortho	69	81	30
30	James W Schroeder Jr. MD	Otolaryn	592	487	250
31	Jennifer Strople, MD	Gastro	75	48	50
32	Vineeta T Swaroop, MD	Ortho	90	76	36
33	Ashlee L Vorachek, DDS	Dentistry	88	74	32
34	Joshua Wechsler, MD	Gastro	94	88	46
35	Elizabeth B Yerkes, MD	Urology	178	171	100
36	Hawke H Yoon, MD	Ophthal	99	92	25
37	Nancy M Young, MD	Otolaryn	227	231	75
38	Janice Lasky-Zeid, MD	Ophthal	56	48	45
39	Marilyn B Mets, MD	Ophthal	36	34	18
Total			7,018	6,132	3,475

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Based upon the information documented above, it appears there is sufficient demand for the services being proposed by this project in the proposed GSA.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION SERVICE DEMAND (77 IAC 1110.1540 (d) (1) & (2))

D) Criterion 1110.1540 (f) (1) & (2) - Treatment Room Need Assessment

To document compliance with this criterion the applicants must provide the number of cases, the average time per case for each service proposed by the project, and the methodology used to establish the average time per patient case.

The applicants are proposing four (4) operating rooms at the new facility. The applicants are proposing to shift outpatient surgery from Ann & Robert H. Lurie Children's Hospital of Chicago and the Lurie Children's Outpatient Surgical Center in Westchester to the proposed new facility.

Thirty-nine (39) physicians have committed to refer a total of 3,475 cases to the proposed ASTC in CY 2020 two (2) years after project completion [See Table Ten above]. These surgeons conducted a total of 7,018 outpatient surgeries at Lurie Children's Hospital or the Westchester facility in 2015. At an average of 1.3 hours per case, this volume of 3,475 cases translates to 4,587 hours or four (4) operating rooms. [3,475 cases x 1.3 hours = 4,587 hours/1,500 hours = 4 operating rooms]

Table Eleven below outlines the surgical hours by specialty based upon the projected referrals.

TABLE ELEVEN

Surgery Hours based on average time per specialty by CY

Surgical Specialties	Hrs/Per Case ⁽¹⁾	2015	2016	2017	2018	2019	2020	2021
Surgery Hours								
Oral/Maxillofacial (Dentistry)	2.7	422	452	484	518	555	594	637
Gastroenterology	0.9	353	378	405	434	464	497	533
Ophthalmology	1.5	321	344	368	394	422	452	484
Orthopedic Surgery	2.5	392	420	450	482	516	553	592
Otolaryngology	1.0	940	1,007	1,079	1,155	1,237	1,325	1,419
General Surgery	0.8	161	173	185	198	212	227	243
Plastic Surgery	1.9	188	202	216	231	248	265	284
Urology	1.8	528	565	605	648	694	744	796
Total Hours		3,306	3,541	3,792	4,060	4,348	4,657	4,989
Number of Operating Rooms Justified		3	3	3	3	3	4	4

1. Average time per outpatient surgical case from Lurie Children's Hospital 2015 Hospital Profile.
2. Base year (2015) calculated using 7.1% growth in surgical hours compounded annually for the period 2011-2015.

Based upon the information reviewed by the State Board Staff, it appears that the number of treatment rooms being requested (4) is warranted.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION TREATMENT ROOM NEED ASSESSMENT (77 IAC 1110.1540 (f) (1) & (2))

E) Criterion 1110.1540 (g) - Service Accessibility

To document compliance with this criterion the applicants must document that the proposed ASTC services being established are necessary to improve access for residents of the GSA. The applicant must document that at least one of the following conditions exists in the GSA:

- 1) There are no other IDPH-licensed ASTCs within the identified GSA of the proposed project;
 - 2) The other IDPH-licensed ASTC and hospital surgical/treatment rooms used for those ASTC services proposed by the project within the identified GSA are utilized at or above the utilization level specified in 77 Ill. Adm. Code 1100;
 - 3) The ASTC services or specific types of procedures or operations that are components of an ASTC service are not currently available in the GSA or that existing underutilized services in the GSA have restrictive admission policies;
 - 4) The proposed project is a cooperative venture sponsored by two or more persons, at least one of which operates an existing hospital. Documentation shall provide evidence that:
 - A) The existing hospital is currently providing outpatient services to the population of the subject GSA;
 - B) The existing hospital has sufficient historical workload to justify the number of surgical/treatment rooms at the existing hospital and at the proposed ASTC, based upon the treatment room utilization standard specified in 77 Ill. Adm. Code 1100;
 - C) The existing hospital agrees not to increase its surgical/treatment room capacity until the proposed project's surgical/treatment rooms are operating at or above the utilization rate specified in 77 Ill. Adm. Code 1100 for a period of at least 12 consecutive months; and,
 - D) The proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.
1. There are existing IDPH licensed ASTCs within the proposed GSA as can be seen in Table Fourteen and Table Fifteen at the end of this report.
 2. There are existing hospitals and ASTCs that are not operating at capacity within the proposed GSA. [See Table Fourteen and Table Fifteen]
 3. There are existing IDPH licensed ASTCs and Hospitals within the proposed GSA that provide the same surgical services as that proposed by this application. [See Table Fourteen and Table Fifteen] Additionally no restrictive admission policies have been identified by the applicants.
 4. The proposed project is not considered a cooperative venture sponsored by two or more persons.

The applicants state that the proposed project will improve access to care in three (3) ways:

1. Functional by establishing a pediatric ASTC;
2. Geographical by providing a location closer to populations residing in the Planning Area, and
3. Cost efficiency, offering quality outpatient surgical care at lower cost.

The State Board does not distinguish between pediatric and adult ASTCs, nor does the State Board collect information on surgeries by age. According to the applicants for the Hospital's outpatient surgery department about ninety-four percent (94%) of the cases are age 0-14. The remainder of the cases range in ages

15 - 18, with a few being over age 18. Lurie's inpatient policy is to treat patients 18 and under. The hospital can and have treated some patients older than 18 with a) very specialized conditions, b) who have been treated by physicians at Lurie Children's and need continuity with the staff, and c) where clinical expertise does not exist at adult care hospitals. According to the applicants these are not big numbers.

According to the applicants, a pediatric ASTC will offer specialized staff expertise, special instrumentation and equipment, and a more comforting/less anxiety-producing patient treatment environment than at an adult surgery center. All clinical staff is specially trained to care for pediatric patients. One of the main differences between adult and pediatric surgery is anesthesiology. Pediatric anesthesiologists treat pediatric patients all day every day, not once a week which results in the safest anesthesia possible for pediatric patients of all ages.

The proposed facility will have a full range of types and sizes of equipment, medical devices and supplies, which is not the practice at adult centers. Adult centers do not do enough pediatric cases to provide, for example, three (3) millimeter scopes, a full range of small face masks, blade sizes to put breathing tubes through different sized voice boxes, ten (10) sizes of blood pressure cuffs, a full range of small syringes, and so on.

Reviewer Note: From information reviewed by the State Board Staff and discussions with IDPH licensure and design standards personnel, it does appear reasonable that a surgery center dedicated to pediatric surgery would be staffed, designed and equipped for surgery differently than for adult patients.

All procedures projected to be performed at the proposed facility are currently being performed at other facilities in the proposed GSA. There is existing capacity in the proposed GSA as demonstrated by the number of facilities not at target occupancy [See Tables Fourteen, Fifteen, and Sixteen at the end of this report]. Based upon the overcapacity in the proposed GSA, it does not appear that service access will be improved with the establishment of proposed facility.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION SERVICE ACCESSIBILITY (77 IAC 1110.1540 (g))

- F) Criterion 1110.1540 (h) (1) (2) (3) - Unnecessary Duplication/Maldistribution**
To document compliance with this criterion the applicants must document
- 1) That the project will not result in an unnecessary duplication;
 - 2) That the project will not result in maldistribution of services;
 - 3) The applicant shall document that, within 24 months after project completion, the proposed project:
 - A) will not lower the utilization of other area providers below the utilization standards specified in 77 Ill. Adm. Code 1100; and
 - B) will not lower, to a further extent, the utilization of other GSA facilities that are currently (during the latest 12-month period) operating below the utilization standards.

1. Unnecessary Duplication

Limited Specialty ASTCs

There are eighteen (18) limited specialty ASTCs with twenty-four (24) operating rooms and twelve (12) procedure rooms in the forty-five (45) minute GSA. Nine (9) of the limited specialty ASTCs are not at target occupancy. **Reviewer Note:** A limited specialty ASTC is required to submit a certificate of need to add a surgical specialty (77 IAC 1110.1540 a) 2)).

Multi-Specialty ASTCs

There are thirty-eight (38) multi-specialty ASTCs with one hundred forty-five (145) operating rooms and twenty-four (24) procedure rooms in the forty-five minute GSA. Thirty-two (32) of the multi-specialty ASTCs are not at target occupancy.

Hospitals

There are forty-nine (49) hospitals in the proposed forty-five (45) minute GSA with six hundred thirteen (613) operating rooms and two hundred eighty-nine (289) procedure rooms. Thirty-three (33) of the hospitals are not at target occupancy for CY 2015.

As can be seen by the information above, there are a number of facilities within the proposed GSA that are not capacity. It would appear that the projected caseload could be accommodated by the underutilized facilities.

2. Mal-distribution

A mal-distribution of service is characterized by a surplus of operating/procedure rooms in the proposed GSA. This surplus is determined by the ratio of operating/procedure rooms to population within the proposed GSA when compared to the State of Illinois ratio. A surplus exists when the ratio in the proposed GSA is 1.5 times greater than the State of Illinois ratio.

The State of Illinois ratio is one (1) operating/procedure room per every 4,207 residents. The proposed GSA ratio is one (1) operating/procedure room per every 5,165 residents. The ratio of operating/procedure rooms to population within the proposed GSA is not 1.5 times the State of Illinois. Based upon this comparison, there is no surplus of operating/procedure rooms in the proposed GSA.

State of Illinois			
Population 2015	12,978,800 ⁽¹⁾		
	Operating Rooms	Procedure Rooms	Total
Hospital	1,884	687	2,571
ASTC	373	141	514
Total Operating/Procedure Rooms	2,257	828	3,085 ⁽²⁾
45 Minute GSA			
2015 GSA Population	5,717,145 ⁽⁴⁾		
Hospital	613	289	902
ASTC	169	36	205
Total Operating/Procedure Rooms	782	325	1,107 ⁽³⁾
<ol style="list-style-type: none"> 1. 2015 State of Illinois population estimate from Illinois Department of Public Health 2. Total Operating/Procedure rooms taken from 2015 Hospital and ASTC State Summary 3. Total from facilities within forty-five (45) minutes of the proposed facility 4. Provided by applicants from Claritas 			

3. Impact on Other Facilities

The applicants believe the only impact this project will have on other area providers of surgical services is the impact on the Ann & Robert H. Lurie Children's Hospital of Chicago and Children's Outpatient Services at Westchester. That is because the entire volume of cases and hours at the proposed ASTC are due to a shift in cases from Lurie Children's Hospital and Lurie Children's Outpatient Services at Westchester for those patients residing in the Planning Area. It will have the effect of lowering utilization at these two facilities.

According to the applicants "Almost half of the ORs at Lurie Children's are restricted to dedicated subspecialty surgery. For several of these, there is not sufficient volume in the region to achieve 1,500 hours per year utilization. Yet it is important for public access that these services are available. As a pediatric subspecialty center and the pediatric teaching site for the Northwestern University Feinberg School of Medicine, Lurie Children's plays the role of a critical access hospital for subspecialty services not available at other pediatric centers in the Chicago region. The establishment of an ASTC in Northbrook will shift some of the outpatient surgery cases from the main Lurie surgical department. This will reduce OR utilization at Lurie Children's. Consideration can be given to closing some ORs at Lurie Children's, if required to achieve better OR utilization in support of the proposed project. However, such decisions would need to be guided by operational limitations due to unique services provided and dedicated functions available in the unique ORs at Lurie Children's."

The proposed project will not result in a maldistribution of service or appears to impact other facilities in the proposed GSA. However, there are a number of facilities that are not at target occupancy and it appears that the surgical procedures projected to be performed can be accommodated at these underutilized facilities.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION/MALDISTRIBUTION/IMPACT ON OTHER FACILITIES (77 IAC 1110.1540 (h) (1) (2) (3))

G) Criterion 1110.1540(i) (1) & (2) – Staffing

To document compliance with this criterion the applicants must document that relevant clinical and professional staffing needs for the proposed project were considered and that the staffing requirements of licensure and the Joint Commission can be met.

Physicians and dentists now affiliated with the Ann & Robert H, Lurie Children's Hospital of Chicago will perform surgeries and procedures at the Lurie Children's Outpatient Services and Surgical Center in Northbrook. Most will remain active on the downtown campus and have scheduled rotations at the Northbrook ASTC. Most of its staffing needs will be met by staff from Ann & Robert H, Lurie Children's Hospital of Chicago. A Medical Director will be appointed several months ahead of the opening of the facility. [Application for Permit page 94]

Reviewer Note: Should the proposed project be approved, IDPH licensure would require the Medical Director Resume, Supervising Nurses Resume, listing of medical staff, listing of physicians, podiatrists and dentists and their license number with privileges, a listing of personnel that will be employed by the facility, a copy of the transfer agreement with a hospital within fifteen (15) minutes of the proposed site, and possesses a valid Clinical Laboratory Improvement Amendments (CLIA) certificate or waiver for those tests performed by the facility or a written agreement with a laboratory that possesses a valid CLIA certificate or waiver to perform any required laboratory procedures that are not performed in the ASTC.

The Centers for Medicare & Medicaid Services (CMS) regulates all laboratory testing (except research) performed on humans in the U.S. through the Clinical Laboratory Improvement Amendments (CLIA). In total, CLIA covers approximately 254,000 laboratory entities. The objective of the CLIA program is to ensure quality laboratory testing. <https://www.cms.gov>

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION STAFFING (77 IAC 1110.1540 (i) (1) & (2))

H) Criterion 1110.1540 (j) - Charge Commitment

To document compliance with this criterion the applicants must provide a statement of all charges, except for any professional fee (physician charge); and a commitment that these charges will not be increased, at a minimum, for the first two years of operation unless a permit is first obtained pursuant to 77 Ill. Adm. Code 1130.310(a).

The applicants have provided a list a statement of all charges at the proposed ASTC and the comparable hospital charges and have committed that these charges will not be increased at a minimum for the first two years of operation unless a permit is obtained. [Application for Permit pages 95-98, See Table Seventeen at the end of this report]

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION CHARGE COMMITMENT (77 IAC 1110.1540 (j))

I) Criterion 1110.1540 (k) - Assurances

To document compliance with this criterion the applicants must document that a peer review program exists or will be implemented that evaluates whether patient outcomes are consistent with quality standards and the by the second year of operation after project completion the applicants will meet or exceed target occupancy.

The applicants have attested that *“Ann & Robert H. Lurie Children's Hospital of Chicago, as the license holder for the ASTC, will implement a peer review program for the ASTC services to evaluate whether patient outcomes are consistent with quality standards established by professional organizations for ambulatory surgical treatment centers, and if outcomes do not meet or exceed those quality standards, that a quality improvement plan will be initiated. Additionally the applicants have attested that the ASTC will meet or exceed the utilization standard specified in 77 III Administrative Code 1110.”*

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION ASSURANCES (77 IAC 1110.1540 (k) (1) & (2))

XI. Financial Viability

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 – Financial Viability

To document compliance with these criteria the applicants must either document an “A” or better bond rating or evidence of that sufficient cash is available to fund the project.

The applicants are funding this project with cash of \$4,118,051, bond proceeds of \$15,838,657 and the FMV of leased space of \$15,599,000. The applicants have provided evidence of an “A” or better bond rating from FitchRatings and S&P Global Ratings. Additionally the applicants also provided the audited financial statements for Children's Hospital of Chicago Medical Center and Affiliated Corporations. (Application for Permit pages 101-151)

Based upon the information reviewed by the State Board Staff the applicants have the ability to adequately fund the proposed project.

TABLE TWELVE
Children's Hospital of Chicago Medical Center
and Affiliated Corporations
August 31, 2015 and 2014
(audited)

	2015	2014
Cash	\$27,695,157	\$24,823,702
Current Assets	\$173,276,907	\$158,908,650
Total Assets	\$2,262,048,447	\$2,248,233,463
Current Liabilities	\$141,479,370	\$109,533,047
LTD	\$368,758,475	\$373,297,036
Total Liabilities	\$653,458,970	\$644,726,180
Net Patient Revenue	\$725,751,759	\$706,172,736
Total Revenue	\$854,856,636	\$825,842,023
Operating Expenses	\$794,559,246	\$764,798,093
Income From Operations	\$37,863,329	\$37,579,860
Non operating (loss) income	-\$20,408,260	\$90,005,665
Excess of Revenues Over Expenses	\$17,455,069	\$127,585,525

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERIA AVAILABILITY OF FUNDS FINANCIAL VIABILITY (77 IAC 1120.120, 77 IAC 1120.130)

XII. Economic Feasibility

A) Criterion 1120.140 (a) - Reasonableness of Financing Arrangements

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

To document compliance with these criteria the applicants must document that the terms of the lease are reasonable and the financing of the project will be at the lowest net cost available.

The State Board considers lease financing as debt financing. The proposed lease is for approximately 25,748 of rentable square footage for a period of fifteen (15) years and six (6) months at a cost of \$24.50 rentable square footage with an annual increase of eighty cents (\$.80) per rentable square footage beginning September 2018. The applicants attested that the selected form of debt financing (i.e. bond financing) will be at the lowest net cost available and also affirmed that leasing results in a project that is less expensive than constructing and owning a new building. (Application for Permit page 26 and page 153)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERIA REASONABLENESS OF DEBT FINANCING TERMS OF DEBT FINANCING (77 IAC 1120.140 (a) 77 IAC 1120.140 (b))

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

To document compliance with this criterion the applicants must document that the costs are reasonable and are in compliance with Part 1120 Appendix A.

The applicants do not meet the movable equipment standard of \$364,416 per operating room.

TABLE THIRTEEN					
Reasonableness of Project Costs					
Use of Funds	Reviewable Costs	State Standard	Project Costs		Met Standard?
		% or GSF	Total		
Preplanning	\$8,514	1.80%	\$234,059	<1%	Yes
Modernization Contracts and Contingencies	\$5,401,497	\$379.69/GSF ⁽¹⁾	\$5,667,253	\$362/GSF	Yes
Contingencies	\$484,870	10-15%	\$737,494	9.86%	Yes
A/E Fees	\$327,724	9.82%	\$530,427	6.07%	Yes
Movable Equipment	\$7,601,784	\$461,631/OR	\$1,846,524	\$1,830,002/OR	Yes
Consultant Fees	\$361,980	Not applicable			
Bond Issuance Expense	\$109,567	Not applicable			
FMV of Leased Space	\$8,853,551	Not applicable			
Other Capital Costs	\$14,189	Not applicable			
Total	\$22,678,806				

1. **Reviewer Note:** The State Board defines modernization as a modification of an existing health care facility by means of building, alteration, reconstruction, remodeling, replacement and/or expansion, the erection of new buildings, or the acquisition, alteration or replacement of equipment. The State Board Construction Standard used for this project is the new construction standard because the building is not an existing health care facility. [77 IAC 1100.220]
2. The new construction standard is based upon standards published in Part 1120 Appendix A for 2015 for ASTCs and inflated by 3% to the midpoint of construction. Movable equipment standard is based upon standards published in Part 1120 Appendix A for 2008 for ASTCs and inflated by 3% to the midpoint of construction.
3. The moveable equipment costs include \$7,320,008 in costs related to operating rooms.

Per the applicants this ASTC had unusual requirements that are not typically found in ASTCs that have been approved by the State Board.

1. Existing Shell Upgrade Premium

The proposed project is planned to be constructed in an existing building shell adjacent to a clinic operated by Lurie Children's Hospital. This existing building shell is wood frame construction and was intended for retail use. The modernization cost for the proposed project includes the additional infrastructure required to upgrade the wood shell to support the operation of an ambulatory surgical treatment center.

2. MRI Premium

The proposed project includes an MRI which requires radiation protection and additional structure above what is typically provided in an ASTC.

3. Pediatric Family Centered Care Premium

Lurie is a pediatric facility that provides family centered care requiring a higher level of patient privacy than an adult facility. The modernization costs include the cost associated with the construction of private recovery rooms. These costs are higher than those associated with an open bay recovery configuration.

4. Larger OR Premium

The size of the ORs at this facility will be larger than those typically provided in an ambulatory setting. Three (3) of the four (4) proposed ORs will be 600 SF while the fourth, smaller OR is 515 SF. These sizes are all larger than the 450 SF OR typically provided in an ASTC. The cost/sf associated with building an OR is higher than any of the other clinical spaces because of the specialty ceilings and hygienic panels required for sterile environment and additional door and wall protection.

Existing Shell Upgrade Premium	\$21.81/SF
MRI Premium	\$14.69/SF
Family Centered Care Premium	\$10.12/SF
Larger OR Premium	<u>\$2.62/SF</u>
Total	\$49.24/SF

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 IAC 1120.140 (c))

D) Criterion 1120.140 (d) – Direct Operating Costs

To document compliance with this criterion the applicants must document the direct operating costs per equivalent patient day by 2020 the first year at target utilization.

The applicants are estimating \$3,365 in direct operating costs per equivalent patient day by 2020.

E) Criterion 1120.140 (d) – Effect of the Project on Capital Costs

To document compliance with this criterion the applicants must document the capital costs per equivalent patient day by 2020 the first year at target utilization.

The applicants are estimating a \$229 in capital costs per equivalent patient day by 2020.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERIA DIRECT OPERATING COSTS, EFFECT OF THE PROJECT ON CAPITAL COSTS (77 IAC 1120.140 (d) 77 IAC 1120.140 (e))

TABLE FOURTEEN
Limited Specialty ASTCs ^{(1) (2)}

Facilities	City	Adj. Time	Type	ORs	Hours	Specialties	Procedure Rooms	Hours	Met Standard?
The Glen Endoscopy Center	Glenview	6	Limited	0	0	Gastro	3	3,357	Yes
Lakeshore Surgery Center	Chicago	13	Limited	2	1,082	Ortho, Pain Management			No
Albany Medical Surgical Center	Chicago	18	Limited	2	2,476	OB/GYN	1	353	Yes
North Shore Endoscopy Center	Lake Bluff	18	Limited	0	0	Gastro	2	2,489	Yes
Ravine Way Surgery Center	Glenview	18	Limited	3	3,463	Ortho	1	0	No
Advantage Health Care	Wood Dale	26	Limited	2	1,940	OB/Gyn, Urology			Yes
Chicago Endoscopy Center	Chicago	29	Limited	0	0	Gastro	1	605	Yes
Northwestern Grayslake Endoscopy Center	Grayslake	30	Limited	0	0	Gastro	2	1,395	No
Novamed Surgery Center Of Chicago Northshore	Chicago	30	Limited	1	1,261	Ophthalmology, Laser Eye	1	0	No
Eye Surgery Center Of Hinsdale	Hinsdale	35	Limited	2	1,633	Ophthalmology, Laser Eye	1	353	No
South Loop Endoscopy & Wellness Center	Chicago	35	Limited	0	0	Gastro	2	328	No
Chicago Prostate Cancer Surgery Center	Westmont	38	Limited	2	629	Urology			No
Elmhurst Foot & Ankle	Elmhurst	38	Limited	1	162	Podiatry			Yes
Illinois Hand & Upper Extremity Center	Arlington Heights	38	Limited	1	875	Orthopedic			Yes
United Urology Center Lagrange	Lagrange	38	Limited	1	2,480	Urology			
Elmwood Park Same Day Surgery Center	Elmwood Park	39	Limited	3	289	Ortho, Pain Man.			No
Hyde Park Same Day Surgicenter	Chicago	41	Limited	1	449	Ophthalmology, Pain Management			Yes
Ambulatory Surgicenter of Downers Grove	Downers Grove	43	Limited	3	952	OB/GYN, Urology	1	372	No
				24	17691		15	9,252	12
<ol style="list-style-type: none"> Travel Time determined by MapQuest and adjusted per 1100.510 (d) Normal Travel Time. Number of Operating and Procedure Rooms and Hours taken from 2015 ASTC Survey Data. Information sorted by adjusted time. 									

TABLE FIFTEEN
Multi-Specialty ASTCs within forty-five minutes

Name	City	Adj. Time	Type	ORs	Hours	Specialties	Procedure Rooms	Hours	Met Standard?
Regenerative Surgery Center	Des Plaines	4	Multi	3	1,194	Ortho, Pain Man, Podiatry			No
Lindhurst Surgery Center	Lindhurst	17	Multi	4	1,992	General, Neuro, OB/GYN, Ophthal, Ortho, Otolaryn, Pain Man, Podiatry, Urology	2	0	No
River North Same Day Surgery Center	Chicago	20	Multi	4	5,019	OB/Gyn, Oral/Max, Ortho, Otolaryn, Pain Man, Plastic, Podiatry, Urology			Yes
Six Corners Same Day Surgery	Chicago	20	Multi	4	200	General, Ortho, Pain Man	1		No
Northwest Community Day Surgery	Arlington Heights	22	Multi	10	9,620	General, OB/GYN, Ophthal, Oral/Max, Ortho, Otolaryn, Pain Man, Plastic, Podiatry, Urology	1	9	No
Hinsdale Surgical Center	Hinsdale	23	Multi	4	5,316	General, OB/Gyn, Ophthalmology, Ortho, Oral/Max, Otolaryngology, Pain Management, Plastic, Podiatry, Urology	2		No
Vernon Square Surgicenter	Vernon Hills	23	Multi	2	1,428	Ophthal, Pain Man., Plastic			No
Hawthorne Place Outpatient Surgery Center	Vernon Hills	24	Multi	5	6,317	Cardio, Derm, General, Neuro, OB/GYN, Oral/Max, Ortho, Otolaryn, Podiatry, Urology			Yes
Western Diversey Surgical Center	Chicago	24	Multi	2	1,345	OB/GYN, Pain Man., Podiatry			No
NovaMed Surgery Center Of River Forest	River Forest	25	Multi	2	545	Laser Eye, Ophthal, Plastic			No
Fullerton Kimball Medical & Surgical Center	Chicago	26	Multi	2	843	Gastro, General, Ortho, Pain Man, Plastic, Podiatry			No
Golf Surgical Center	Des Plaines	28	Multi	5	4,133	General, Ophthal, Oral/Max, Ortho, Otolaryn, Pain Man., Plastic, Podiatry, Urology	3	1,048	No
Apollo Surgical Center	Des Plaines	29	Multi	2	132	OB/GYN, Pain Man., Urology		237	No
Illinois Sports Medicine & Orthopedic Surgery Center	Morton Grove	30	Multi	4	2,889	Ortho, Otolaryn, Plastic, Podiatry	1	559	No
Fullerton Surgery Center	Chicago	31	Multi	3	2,048	Gastro, General, Ortho, Pain Man, Plastic, Podiatry, Urology			No
Rogers Park One Day Surgery Center	Chicago	31	Multi	2	359	General, Ortho, Pain Man, Podiatry			No
Rush Surgicenter - Professional Building	Chicago	32	Multi	4	6,255	General, OB/Gyn, Ophthal, Oral/Max, Ortho, Otolaryn, Pain Man, Plastic, Urology			Yes

The Surgery Center At 900 North Michigan Avenue	Chicago	32	Multi	5	7,645	General, OB/Gyn, Ophthal, Ortho, Otolaryn, Pain Man, Plastic, Urology	2	924	No
Children's Outpatient Services At Westchester	Westchester	33	Multi	3	2,794	Derm, Gastro, General, Ophthal, Oral/Max, Ortho, Otolaryn, Plastic, Urology			No
Gold Coast Surgicenter	Chicago	33	Multi	3	4,310	Neuro, OB/GYN, Otolaryn, Plastic, Podiatry	1	71	Yes
Grand Avenue Surgical Center	Chicago	33	Multi	3	852	Gastro, General, OB/GYN, Ortho, Pain Man, Podiatry			No
The Hoffman Estates Surgery Center	Hoffman Estates	35	Multi	3	4,752	General, Laser Eye, OB/Gyn, Ophthalmology, Ortho, Otolaryngology, Pain Management, Podiatry	1		Yes
Northwestern Grayslake Ambulatory Surgery Center	Grayslake	35	Multi	4	1,209	General, OB/GYN, Ortho, Otolaryn, Plastic, Podiatry, Urology			No
Advanced Ambulatory Surgical Center	Chicago	36	Multi	3	949	Cardiovascular, Dermatology, Gastro, General, Laser Eye, Neuro, OB/GYN, Ophthalmology, Oral/Max, Ortho, Otolaryn, Pain Management, Plastic, Podiatry, Urology			No
Elmhurst Outpatient Surgery Center	Elmhurst	36	Multi	4	1,856	General, OB/Gyn, Ophthal., Oral/Max., Ortho, Otolaryn., Pain Man., Plastic, Podiatry	4	1,476	No
Belmont/Harlem Surgery Center	Chicago	37	Multi	4	1,852	Gastro, Laser Eye, Ophthalmology, Ortho, Pain Management, Podiatry, Urology			No
Aiden Center For Day Surgery	Addison	39	Multi	4	531	Gastro, OB/GYN, Podiatry			No
Loyola Ambulatory Surgery Center At Oakbrook	Villa Park	39	Multi	3	2,468	Dermatology, General, Neuro, OB/GYN, Ophthal, Oral/Max, Ortho, Otolaryn, Podiatry, Urology,			No
Midwest Center For Day Surgery	Downers Grove	39	Multi	5	3,434	Gastroenterology, General, OB/GYN, Ophthalmology, Ortho, Otolaryngology, Plastic, Podiatry, Urology			No
Barrington Pain And Spine Institute	Barrington	40	Multi	4	531	Gastro, OB/GYN, Podiatry'		857	No
Loyola University Ambulatory Surgery Center	Maywood	40	Multi	8	9,884	Gastro, General, Neuro, OB/GYN, Ophthal, Oral/Max, Ortho, Otolaryn, Plastic, Urology			No
25 East Same Day Surgery	Chicago	41	Multi	4	2,248	OB/Gyn, Ophthalmology, Ortho, Pain Management, Plastic, Podiatry, Urology			No

North Shore Surgical Center	Lincolnwood	41	Multi	3	2,558	Gastro, General, OB/GYN, Ophthal, Pain Man, Podiatry Urology			No
Oak Brook Surgical Centre	Oak Brook	41	Multi	5	2,090	General, Neuro, OB/GYN, Ophthal, Ortho, Pain Man, Plastic, Podiatry, Urology	1	716	No
Peterson Medical Surgicenter	Chicago	41	Multi	2	31	General, Ortho, Podiatry	2	175	No
Salt Creek Surgery Center	Westmont	41	Multi	4	3,574	Ortho, Pain Management, Plastic, Podiatry			No
Dupage Medical Group Surgery Center	Lombard	43	Multi	5	9,845	General, OB/GYN, Ophthal, Oral/Max, Ortho, Otolaryn, Pain Man., Plastic, Podiatry, Urology	3	6,893	Yes
Ashton Center For Day Surgery	Hoffman Estates	44	Multi	4	1,705	Ortho, Pain Management, Plastic, Podiatry			No
				145	114,753		24	12,965	70
1. Travel Time determined by MapQuest and adjusted per 1100.510 (d) Normal Travel Time. 2. Number of Operating and Procedure Rooms and Hours taken from 2015 ASTC Survey Data. 3. Information sorted by adjusted time.									

TABLE SIXTEEN
Hospitals within forty-five minutes ⁽¹⁾⁽²⁾

Hospital	City	Adjusted Travel Time	ORs	Hours	Procedure Rooms	Hours	Met Standard?
Glenbrook Hospital	Glenview	10	9	12,720	7	16,396	Yes
Advocate Lutheran General Hospital	Park Ridge	14	24	43,362	9	10,398	Yes
Skokie Hospital	Skokie	16	10	11,434	7	11,893	No
Highland Park Hospital	Highland Park	17	11	12,984	7	15,255	Yes
Presence Holy Family Hospital	Des Plaines	17	5	1,591	6	560	No
Northwestern Lake Forest Hospital	Lake Forest	22	8	12,650	9	4,647	No
Evanston Hospital	Evanston	23	16	22,586	9	20,421	Yes
Advocate Condell Medical Center	Libertyville	25	12	21,742	7	3,348	No
Community First Medical Center	Chicago	28	9	3,826	5	3,708	No
Presence St. Francis Hospital	Evanston	28	14	8,912	4	2,934	No
Swedish Covenant Hospital	Chicago	28	10	16,604	7	3,931	No
Presence Resurrection Medical Center	Chicago	29	13	11,958	10	4,484	No
Northwest Community Hospital	Arlington Heights	31	14	22,263	9	11,136	Yes
John H. Stroger Hospital of Cook County	Chicago	32	20	33,940	8	9,967	Yes
Presence St. Elizabeth Hospital	Chicago	32	5	1,233	1	0	No
Northwestern Memorial Hospital	Chicago	33	62	100,873	18	25,272	Yes
Presence St Mary of Nazareth	Chicago	33	9	7,765	0	0	No
Alexian Brothers Medical Center	Elk Grove Villa	35	14	21,164	18	14,706	No
Elmhurst Memorial Hospital	Elmhurst	35	14	25,128	6	6,700	Yes
Kindred Hospital	Chicago	35	1	728	0	0	Yes
Norwegian American Hospital	Chicago	35	5	2,652	2	166	No
Advocate Illinois Masonic Medical Center	Chicago	36	18	25,807	9	8,483	No
Gottlieb Memorial Hospital	Melrose Park	36	9	10,360	2	3,150	No
Thorek Memorial Hospital	Chicago	36	5	3,010	2	1,440	No
Ann & Robert Lurie Children's Hospital of Chicago	Chicago	37	18	22,860	2	1,069	No
Methodist Hospital of Chicago	Chicago	37	4	2,203	2	2,319	No
Rush University Medical Center	Chicago	37	31	62,337	11	11,868	Yes
University of Illinois Hospital	Chicago	37	20	43,713	7	6,986	Yes
Adventist LaGrange Memorial Hospital	LaGrange	38	11	12,846	4	3,476	No
Advocate Good Samaritan Hospital	Downers Grove	38	15	23,181	8	5,345	No
Loretto Hospital	Chicago	38	5	707	3	137	No

Loyola University Medical Center/Foster G. McGaw	Maywood	38	25	59,391	10	17,877	Yes
Mercy Hospital & Medical Center	Chicago	38	6	10,173	7	5,987	Yes
VHS Westlake Hospital	Melrose Park	39	6	2,674	3	606	No
Vista Medical Center East	Waukegan	39	11	7,884	1	151	No
Adventist Hinsdale Hospital	Hinsdale	40	12	19,172	6	6,001	No
Provident Hospital of Cook County	Chicago	40	8	3,287	0	0	No
Rush Oak Park Hospital	Oak Park	40	9	7,473	3	1,759	No
Shriner's Hospitals for Children	Elmwood Park	40	4	3,121	0	0	No
VHS West Suburban Medical Center	Oak Park	40	8	8,794	4	8,229	Yes
Louis A. Weiss Memorial Hospital	Chicago	41	10	8,928	4	1,906	No
Presence Saint Joseph Hospital	Chicago	41	11	11,012	7	3,916	No
St. Alexius Medical Center	Hoffman Estates	41	11	16,859	11	10,988	No
St. Anthony Hospital	Chicago	41	4	2,831	2	764	No
University Of Chicago Medical Center	Chicago	41	35	78,903	18	16,311	Yes
Adventist Glen Oaks Medical Center	Glendale Heights	43	5	3,015	3	1,143	No
Advocate Good Shepherd Hospital	Barrington	43	11	20,108	7	6,498	Yes
Mount Sinai Hospital Medical Center	Chicago	43	9	11,237	4	2,653	No
St. Bernard Hospital	Chicago	43	7	2,311	0	0	No
Total			613	880,312	289	294,984	

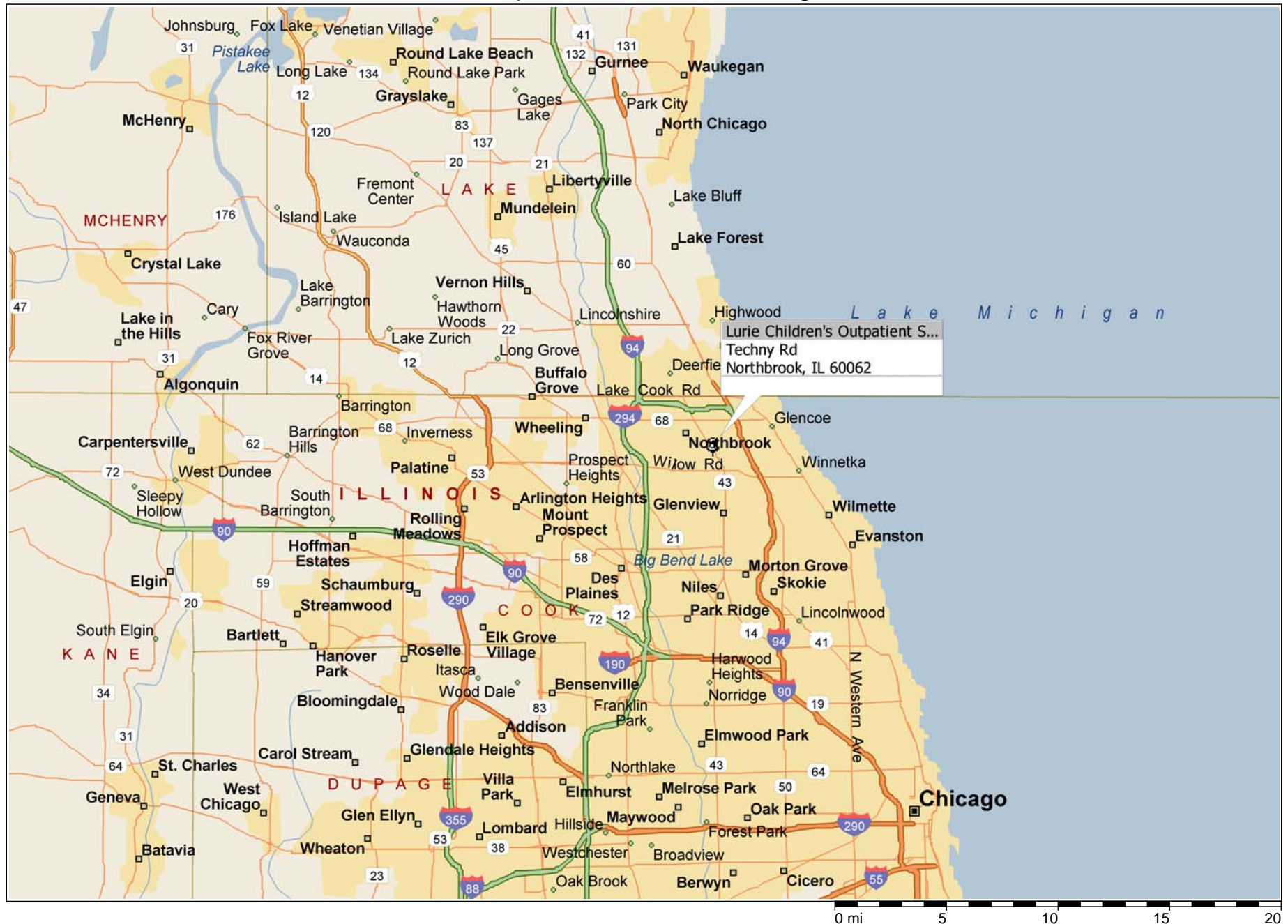
1. Travel Time determined by MapQuest and adjusted per 1100.510 (d) Normal Travel Time.
2. Number of Operating and Procedure Rooms and Hours taken from 2015 Hospital Survey Data.
3. Information sorted by adjusted time.

TABLE SEVENTEEN
Charges for Proposed ASTC

CPT Code Description	ASTC	Hospital	Difference	% Difference
11100 BIOPSY SKIN LESION	\$13,803	\$15,420	-\$1,617	-10.49%
11402 EXC TR-EXT B9+MARG 1.1-2 CM	\$9,661	\$12,576	-\$2,915	-23.18%
11420 EXC H-F-NK-SP B9+MARG 0.5	\$10,282	\$12,381	-\$2,099	-16.95%
11421 EXC H-F-NK-SP B9+MARG 0.6-1	\$10,581	\$14,128	-\$3,547	-25.11%
11441 EXC FACE-MM B9+MARG 0.6-1 CM	\$9,735	\$11,668	-\$1,933	-16.57%
15850 REMOVAL OF SUTURES	\$4,552	\$6,281	-\$1,729	-27.53%
20680 REMOVAL OF SUPPORT IMPLANT	\$15,295	\$17,186	-\$1,891	-11.00%
26055 INCISE FINGER TENDON SHEATH	\$10,835	\$13,199	-\$2,364	-17.91%
29807 SHOULDER ARTHRO/SURGERY	\$22,645	\$30,869	-\$8,224	-26.64%
29874 KNEE ARTHROSCOPY/SURGERY	\$16,267	\$18,880	-\$2,613	-13.84%
29875 KNEE ARTHROSCOPY/SURGERY	\$15,953	\$22,955	-\$7,002	-30.50%
29882 KNEE ARTHROSCOPY/SURGERY	\$20,171	\$38,171	-\$18,000	-47.16%
29888 KNEE ARTHROSCOPY/SURGERY	\$30,135	\$34,046	-\$3,911	-11.49%
31238 NASAL/SINUS ENDOSCOPY SURG	\$10,465	\$18,713	-\$8,248	-44.08%
41010 INCISION OF TONGUE FOLD	\$4,502	\$5,276	-\$774	-14.67%
41115 EXCISION OF TONGUE FOLD	\$4,781	\$4,986	-\$205	-4.11%
41520 RECONSTRUCTION TONGUE FOLD	\$8,662	\$10,842	-\$2,180	-20.11%
41899 DENTAL SURGERY PROCEDURE	\$14,389	\$15,570	-\$1,181	-7.59%
42820 REMOVE TONSILS AND ADENOIDS	\$12,882	\$17,002	-\$4,120	-24.23%
42821 REMOVE TONSILS AND ADENOIDS	\$12,948	\$17,225	-\$4,277	-24.83%
42825 REMOVAL OF TONSILS	\$12,715	\$15,653	-\$2,938	-18.77%
42830 REMOVAL OF ADENOIDS	\$11,575	\$12,936	-\$1,361	-10.52%
42831 REMOVAL OF ADENOIDS	\$11,981	\$13,757	-\$1,776	-12.91%
42835 REMOVAL OF ADENOIDS	\$13,896	\$17,067	-\$3,171	-18.58%
43239 UPPER GI ENDOSCOPY BIOPSY	\$11,314	\$12,591	-\$1,277	-10.14%
43254 EGD ENDO MUCOSAL RESECTION	\$10,887	\$12,212	-\$1,325	-10.85%
45380 COLONOSCOPY AND BIOPSY	\$10,466	\$13,645	-\$3,179	-23.30%
49500 RPR ING HERNIA INIT REDUCE	\$15,537	\$16,050	-\$513	-3.20%
49507 PRP I/HERN INIT BLDCK >S YR	\$15,927	\$22,868	-\$6,941	-30.35%
49580 RPR UMBIL HERN REDUC < 5 YR	\$12,107	\$14,331	-\$2,224	-15.52%
52000 CYSTOSCOPY	\$12,368	\$14,687	-\$2,319	-15.79%
52005 CYSTOSCOPY URETER CATHETER	\$12,645	\$17,764	-\$5,119	-28.82%
52310 CYSTOSCOPY AND TREATMENT	\$9,720	\$10,709	-\$989	-9.24%

53450 REVISION OF URETHRA	\$9,684	\$10,611	-\$927	-8.74%
54060 EXCISION OF PENIS LESION(S)	\$6,638	\$9,558	-\$2,920	-30.55%
541S0 CIRCUMCISION W/REGIONL BLOCK	\$7,015	\$8,119	-\$1,104	-13.60%
54161 CIRCUM 28 DAYS OR OLDER	\$11,607	\$12,358	-\$751	-6.08%
54162 LYSIS PENIL CIRCUMIC LESION	\$7,269	\$7,860	-\$591	-7.52%
54163 REPAIR OF CIRCUMCISION	\$6,466	\$11,808	-\$5,342	-45.24%
54300 REVISION OF PENIS	\$13,802	\$17,050	-\$3,248	-19.05%
54304 REVISION OF PENIS	\$16,645	\$18,621	-\$1,976	-10.61%
54322 RECONSTRUCTION OF URETHRA	\$6,780	\$14,991	-\$8,211	-54.77%
54324 RECONSTRUCTION OF URETHRA	\$15,428	\$23,043	-\$7,615	-33.05%
54640 SUSPENSION OF TESTIS	\$16,651	\$18,497	-\$1,846	-9.98%
54692 LAPAROSCOPIC ORCHIOPEXY	\$21,870	\$26,021	-\$4,151	-15.95%
55500 REMOVAL OF HYDROCELE	\$14,959	\$16,104	-\$1,145	-7.11%
55S30 REVISE SPERMATIC CORD VEINS	\$19,146	\$19,988	-\$842	-4.21%
67311 REVISE EYE MUSCLE	\$14,321	\$18,009	-\$3,688	-20.48%
67314 REVISE EYE MUSCLE	\$13,510	\$16,990	-\$3,480	-20.48%
67412 EXPLORE/TREAT EYE SOCKET	\$11,066	\$13,916	-\$2,850	-20.48%
67840 REMOVE EYELID LESION	\$9,448	\$13,763	-\$4,315	-31.35%
67904 REPAIR EYELID DEFECT	\$15,703	\$19,747	-\$4,044	-20.48%
68811 PROBE NASOLACRIMAL DUCT	\$7,464	\$9,386	-\$1,922	-20.48%
6881S PROBE NASOLACRIMAL DUCT	\$11,932	\$15,006	-\$3,074	-20.49%
68816 PROBE NL DUCT W/BALLOON	\$9,459	\$13,190	-\$3,731	-28.29%
69145 REMOVE EAR CANAL LESION(S)	\$12,160	\$15,816	-\$3,656	-23.12%
69421 INCISION OF EARDRUM	\$8,203	\$18,159	-\$9,956	-54.83%
69424 REMOVE VENTILATING TUBE	\$7,447	\$10,489	-\$3,042	-29.00%
69436 CREATE EARDRUM OPENING	\$8,283	\$9,536	-\$1,253	-13.14%
69610 REPAIR OF EARDRUM	\$7,807	\$9,442	-\$1,635	-17.32%
69631 REPAIR EARDRUM STRUCTURES	\$25,040	\$25,298	-\$258	-1.02%
69641 REVISE MIDDLE EAR MASTOID	\$32,376	\$33,760	-\$1,384	-4.10%
Average				-19.64%
Data based on single procedures performed. Prices listed represent charges as of September 1, 2017.				
#N/A denotes not enough data to report.				

16-044 Lurie Children's Outpatient Services and Surgical Center - Northbrook



Ownership, Management and General Information			Patients by Race		Patients by Ethnicity	
ADMINISTRATOR NAME:	Patrick Magoon	White	39.4%	Hispanic or Latino:	32.6%	
ADMINISTRATOR PHONE	(312) 227-4350	Black	17.7%	Not Hispanic or Latino:	61.6%	
OWNERSHIP:	Ann & Robert H. Lurie Children's Hospital of Chicago	American Indian	0.1%	Unknown:	5.9%	
OPERATOR:	Ann & Robert H. Lurie Children's Hospital of Chicago	Asian	4.3%			
MANAGEMENT:	Not for Profit Corporation (Not Church-R	Hawaiian/ Pacific	0.1%	IDPH Number:	5843	
CERTIFICATION:	(Not Answered)	Unknown	38.4%	HPA	A-01	
FACILITY DESIGNATION:	Children's Speciality Care Hospital			HSA	6	
ADDRESS	225 E. Chicago Avenue	CITY: Chicago	COUNTY: Suburban Cook (Chicago)			

Facility Utilization Data by Category of Service										
Clinical Service	Authorized CON Beds 12/31/2015	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
Medical/Surgical	0	0	0	0	0	0	0.0	0.0	0.0	0.0
0-14 Years				0	0					
15-44 Years				0	0					
45-64 Years				0	0					
65-74 Years				0	0					
75 Years +				0	0					
Pediatric	124	124	124	6,950	27,778	3,458	4.5	85.6	69.0	69.0
Intensive Care	92	92	88	4,690	22,785	250	4.9	63.1	68.6	68.6
Direct Admission				3,633	16,396					
Transfers				1,057	6,389					
Obstetric/Gynecology	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Maternity				0	0					
Clean Gynecology				0	0					
Neonatal	60	60	60	896	18,338	3	20.5	50.2	83.7	83.7
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	12	12	12	494	3,411	0	6.9	9.3	77.9	77.9
Rehabilitation	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	10					1976				
Facility Utilization	288			11,973	72,312	5,687	6.5	213.7	74.2	

(Includes ICU Direct Admissions Only)

Inpatients and Outpatients Served by Payor Source							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	0.4%	51.0%	0.5%	44.7%	1.2%	2.2%	
	46	6107	59	5353	149	259	11,973
Outpatients	0.2%	43.9%	0.3%	51.5%	3.4%	0.7%	
	1267	238506	1901	279885	18395	3862	543,816

Financial Year Reported:	9/1/2014 to	8/31/2015	Inpatient and Outpatient Net Revenue by Payor Source					Charity Care Expense	Total Charity Care Expense
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals			
Inpatient Revenue (\$)	0.3%	40.3%	2.0%	57.0%	0.5%	100.0%			1,515,795
	1,034,579	148,960,131	7,376,935	210,574,434	1,740,970	369,687,049	526,014		
Outpatient Revenue (\$)	0.6%	24.6%	1.2%	71.7%	1.8%	100.0%			Total Charity Care as % of Net Revenue
	1,535,936	60,930,979	3,090,387	177,356,135	4,364,524	247,277,961	989,781		0.2%

Birthing Data			Newborn Nursery Utilization			Organ Transplantation	
Number of Total Births:	0		Level I	Level II	Level II+	Kidney:	16
Number of Live Births:	0	Beds	0	0	0	Heart:	11
Birthing Rooms:	0	Patient Days	0	0	0	Lung:	0
Labor Rooms:	0	Total Newborn Patient Days			0	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	0					Liver:	12
Labor-Delivery-Recovery-Postpartum Rooms:	0					Total:	39
C-Section Rooms:	0	Inpatient Studies			340,118		
CSections Performed:	0	Outpatient Studies			472,728		
		Studies Performed Under Contract			17,718		

Surgery and Operating Room Utilization

Surgical Specialty	Operating Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	2	2	378	31	2067	39	2106	5.5	1.3
Dermatology	0	0	0	0	0	1	0	2	2	0.0	2.0
General	0	0	3	3	1279	1298	2548	1276	3824	2.0	1.0
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	3	3	793	65	2300	83	2383	2.9	1.3
OB/Gynecology	0	0	0	0	0	0	0	0	0	0.0	0.0
Oral/Maxillofacial	0	0	0	0	9	444	41	1366	1407	4.6	3.1
Ophthalmology	0	0	1	1	16	666	47	981	1028	2.9	1.5
Orthopedic	0	0	3	3	384	976	1732	1723	3455	4.5	1.8
Otolaryngology	0	0	3	3	519	3344	941	2700	3641	1.8	0.8
Plastic Surgery	0	0	1	1	126	592	553	1203	1756	4.4	2.0
Podiatry	0	0	0	0	0	0	0	0	0	0.0	0.0
Thoracic	0	0	0	0	0	0	0	0	0	0.0	0.0
Urology	0	0	2	2	182	1499	752	2506	3258	4.1	1.7
Totals	0	0	18	18	3686	8916	10981	11879	22860	3.0	1.3

SURGICAL RECOVERY STATIONS

Stage 1 Recovery Stations

26

Stage 2 Recovery Stations

92

Dedicated and Non-Dedicated Procedure Room Utilization

Procedure Type	Procedure Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	2	2	216	1166	248	821	1069	1.1	0.7
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
<u>Multipurpose Non-Dedicated Rooms</u>											
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Emergency/Trauma Care

Certified Trauma Center	Yes
Level of Trauma Service	Level 1
	Pediatric
Operating Rooms Dedicated for Trauma Care	Not Answered
Number of Trauma Visits:	1
Patients Admitted from Trauma	888
Emergency Service Type:	710
Number of Emergency Room Stations	Comprehensive
Persons Treated by Emergency Services:	43
Patients Admitted from Emergency:	54,014
Total ED Visits (Emergency+Trauma):	5,347
	54,902

Free-Standing Emergency Center

Beds in Free-Standing Centers	0
Patient Visits in Free-Standing Centers	0
Hospital Admissions from Free-Standing Center	0

Outpatient Service Data

Total Outpatient Visits	543,816
Outpatient Visits at the Hospital/ Campus:	272,707
Outpatient Visits Offsite/off campus	271,109

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	3
Cath Labs used for Angiography procedures	1
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	1

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	536
Diagnostic Catheterizations (0-14)	191
Diagnostic Catheterizations (15+)	125
Interventional Catheterizations (0-14):	116
Interventional Catheterization (15+)	33
EP Catheterizations (15+)	71

Cardiac Surgery Data

Total Cardiac Surgery Cases:	244
Pediatric (0 - 14 Years):	228
Adult (15 Years and Older):	16
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	0

Diagnostic/Interventional Equipment**Examinations****Therapeutic Equipment****Therapies/**

	Owned Contract		Inpatient	Outpt	Contract		Owned Contract		Treatments
General Radiography/Fluoroscopy	33	0	20,551	38,671	0	Lithotripsy	0	0	0
Nuclear Medicine	2	0	67	554	0	Linear Accelerator	0	0	0
Mammography	0	0	0	0	0	Image Guided Rad Therapy			0
Ultrasound	16	0	4,609	15,441	0	Intensity Modulated Rad Thrp			0
Angiography	3	0				High Dose Brachytherapy	0	0	0
Diagnostic Angiography			0	0	0	Proton Beam Therapy	0	0	0
Interventional Angiography			3,979	2,193	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	1	0	37	173	0	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	3	0	2,258	3,382	0				
Magnetic Resonance Imaging	4	1	2,970	12,746	1,385				