STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-09	BOARD MEETING: January 24, 2017	PROJECT NO: 16-045	PROJECT COST: Original: $31,078,943
FACILITY NAME: Champaign SurgiCenter		CITY: Champaign	
TYPE OF PROJECT: Substantive			HSA: IV

PROJECT DESCRIPTION: The applicants (The Carle Foundation, Carle Health Care, Inc., and Champaign SurgiCenter, LLC) are proposing to relocate and expand a multi-specialty ambulatory surgical treatment facility (ASTC) in Champaign at a cost of $31,078,943. The project completion date is June 30, 2019.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (The Carle Foundation, Carle Health Care, Inc., and Champaign SurgiCenter, LLC) are proposing to relocate and expand a multi-specialty ambulatory surgical treatment facility at a cost of $31,078,943 on the northeast corner of south Staley Road and west Curtis Road, in Champaign. **The project completion date is June 30, 2019.**
- The proposed facility will be a multi-specialty ASTC with eight (8) operating rooms, one (1) procedure room, eight (8) Stage 1 recovery stations, sixteen (16) Stage 2 recovery stations, and clinical support space. The proposed facility will offer general surgery, gynecological/obstetrical surgery, gastroenterology, otolaryngology, orthopedic surgery, plastic surgery, urological surgery, vitreous retinal surgery, podiatry, oral/maxillofacial, ophthalmology, neurology, cardiovascular, reproductive endocrinology, hand surgery, interventional radiology, colon/rectal surgery, and pain management surgical services.
- An Exemption to Application (#E-060-16 - Champaign SurgiCenter), was submitted simultaneously, to discontinue the existing multi-specialty ASTC. Both applications will be heard at today's meeting.
- The proposed project is a substantive project subject to part 1110 and 1120 review. A Safety Net Impact statement accompanied the application.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

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

PURPOSE OF THE PROJECT:

The applicants stated:

"The purpose of this project is to improve access and quality of care for patients in the broad geographical service area served by Carle. Given the rural nature of communities outlying Champaign-Urbana, Carle Foundation Hospital serves a large 28-county area. Its primary services area extends from Kankakee County in the north, to Richland County in the south, as far west as Decatur, and east into western Indiana. The ASTC has a similar service area and on relocation, the area it serves will not change. Outpatient or "ambulatory" surgery in the United States has expanded substantially since the late 1990's. Changes in population demographics, disease prevalence, Medicare, and other payor coverage decisions and technological advancements have all contributed to its growth."(Application, p. 60)

PUBLIC HEARING/COMMENT:

- A public hearing was offered in regard to the proposed project, but no public hearing was requested.
- No letters of opposition were received by Board Staff. Letters of support were received from
    - Chapin Rose, State Senator
    - Deborah Feinen, Mayor of Champaign
    - Nancy Greenwalt, Executive Director of Promise Healthcare
    - Dr. Leland Phipps, Chief of Staff, Paris Community Hospital
    - Ryan Porter, M.D., Associate Medical Director
    - Mark Johnson, Chief Executive Officer, YMCA
    - Robert Woodward, MD, MBA, McKinley Health Center Medical Director, University of Illinois at Urbana-Champaign McKinley Health Center
    - Robert D. Palinkas, MD, Director, University of Illinois at Urbana-Champaign McKinley Health Center
    - Steven Tenhouse, FACHE, CEO, Kirby Medical Center

CONCLUSIONS:

- The State Board Staff reviewed the application for permit and additional information provided by the applicants and note the following:
- The proposed project is essentially a discontinuation (#E-060-16) of a multi specialty ASTC at one site in Champaign and the relocation/expansion of a multi-specialty ASTC facility at another site in Champaign. The proposed relocation will increase the number of operating/treatment rooms from five (5) rooms to nine (9) rooms. One of the reasons cited for this expansion is to enhance the availability of surgical services the lower cost setting of an ambulatory surgical treatment center.
- There are approximately eighty-one (81) zip codes within the proposed geographical service area (GSA) with a population of approximately 370,000. The applicants expect ninety (90%) of the referrals will come from within this proposed GSA.
- Other than the applicant's existing multi-specialty surgery center which will be relocated in connection with this application and #E-060-16, there is no other multi-specialty ASTCs in this forty-five (45) minute service area. There are three (3) hospitals (one of which is The Carle Foundation Hospital) and one (1) limited specialty ASTC in the forty-five (45) minute geographic service area. Champaign SurgiCenter is the only ASTC in the service area that treated Medicaid or Charity Care patients in 2015
- The applicants addressed a total of twenty-two (22) criteria and were found compliant with all criteria with the exception of the following:

State Board Standards Not Met	
Criteria	**Reasons for Non-Compliance**
Criterion 1110.1540 (g) – Service Accessibility	The applicants addressed the cooperative venture provision of this criterion. This criterion requires that the cooperative venture hospital (i.e. The Carle Foundation Hospital) has sufficient historical utilization to justify the number of operating/procedure rooms at the hospital (32 rooms) and the number of operating/procedure rooms being proposed by the ASTC (9 rooms). The Carle Foundation Hospital CY 2015 historical utilization supports a total twenty-nine (29) rooms; nineteen (19) operating rooms, two (2) ophthalmology procedure rooms, one (1) pain management procedure room and seven (7) endoscopy rooms and not the forty-one (41) rooms being requested. [See report below pages 15-18 for discussion]

Champaign SurgiCenter
STATE BOARD STAFF REPORT
Project #16-045

APPLICATION CHRONOLOGY	
Applicants(s)	The Carle Foundation, Carle Health Care, Inc. Champaign SurgiCenter, LLC
Facility Name	Champaign SurgiCenter
Location	NE Corner of Staley Road and W Curtis Road, Champaign
Permit Holder	Champaign SurgiCenter, LLC
Operating Entity/Licensee	Champaign SurgiCenter, LLC
Owner of Site	The Carle Foundation
Gross Square Feet	44,845 GSF
Application Received	October 28, 2016
Application Deemed Complete	November 1, 2016
Financial Commitment Date	January 24, 2019
Anticipated Completion Date	June 30, 2019
Review Period Ends	March 31, 2016
Review Period Extended by the State Board Staff?	No
Can the applicants request a deferral?	Yes

I. Project Description

The applicants (The Carle Foundation, Carle Health Care, Inc., and Champaign SurgiCenter, LLC) are proposing to establish a multi-specialty ambulatory surgical treatment facility at a cost of $31,078,943, located on the northeast corner of south Staley Road and west Curtis Road, in Champaign. The project completion date is June 30, 2019.

II. Summary of Findings

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

B. The State Board Staff finds the proposed project is in conformance with all relevant provisions of Part 1120.

III. General Information

The applicants are The Carle Foundation, Carle Health Care, Inc., and Champaign SurgiCenter, LLC. The proposed project is essentially a discontinuation/relocation project to relocate an existing ASTC. Champaign SurgiCenter is currently located at 1702 South Mattis Avenue, Champaign. Champaign SurgiCenter is a multi-specialty ASTC, and an Exemption to Permit was filed concurrently with the application for this project, for the discontinuation. Exemption #E-060-16 is scheduled for the January 24, 2017 Health Facilities and Services Review Board meeting. The date of discontinuation is contingent with the project completion date for this project.

The Carle Foundation Hospital has two (2) active permits as of the date of this report.

CON 15-002 - Outpatient Orthopedic and Sports Medicine Facility
The CON permit for project #15-002 was approved on April 21, 2015 to construct a two (2) story Orthopedic and Sports Medicine Facility in Champaign that will provide diagnostic services and treatment rooms at a cost of $23,100,000. The project completion date of record is January 31, 2017.

CON 15-031- Curtis Rd. Clinic Expansion
The CON permit for project #15-031 was approved on August 25, 2015 to expand an existing two (2) story outpatient medical office building located in Champaign, Illinois by building 79,600 GSF of new construction and modernizing 9,000 GSF of existing space at a cost of $28,500,000. The project completion date is October 31, 2017.

IV. Health Service Area/Health Planning Area

The proposed ASTC will be located in Champaign County in Health Service Area IV and the Hospital Planning Area D-01. HSA-IV includes Champaign, Clark, Coles, Cumberland, DeWitt, Douglas, Edgar, Ford, Iroquois, Livingston, Macon, McLean, Moultrie, Piatt, Shelby, and Vermilion counties. There are four (4) hospitals in Hospital Planning Area D-01 and two (2) Ambulatory Surgical Treatment Centers.

TABLE ONE

Hospitals and ASTCs in the HPA D-01 Hospital Planning Area	
Hospitals	
The Carle Foundation Hospital	Urbana
Gibson Community Hospital	Gibson City
Kirby Medical Center	Monticello
Presence Covenant Medical Center	Urbana
ASTCs	
Champaign SurgiCenter, LLC	Champaign
Olympian Surgical Suites	Champaign

The applicants state that Champaign SurgiCenter, LLC serves a twenty-eight (28) county area, and much of the service area is considered rural. Ambulatory surgery has experienced significant growth in the last two decades, due primarily to advances in modern medicine, and medical reimbursements/payor coverages. The applicants note the project will improve access to quality surgical health care for patients in the service area.

TABLE TWO
Utilization of Surgical Services at Champaign SurgiCenter

Year	Surgical Hours	# of Surgery Rooms	# of Surgery Rooms Justified	Procedure Rooms	Hours	Total OR/Procedure Rooms	Total Hours	Rooms Justified
2015	5,739	5	4	0	0	5	5,739	4
2014	5,099	5	4	0	0	5	5,099	4
2013	5,303	5	4	0	0	5	5,303	4
2012	4,772	5	4	0	0	5	4,772	4
2011	5,644	5	4	0	0	5	5,644	4

Source: Data Taken from ASTC Profiles for Years 2011, 2012, 2013, 2014, and 2015
1. 2012 surgical hours revised per applicant email dated 2016-12-13
2. Total Hours include prep and clean-up

V. Project Description

Champaign SurgiCenter is currently located at 1702 South Mattis Avenue, Champaign. The multi-specialty ASTC contains 5 ORs, 12 Stage I recovery stations, 6 Stage II recovery stations, and no procedure rooms. The applicants proposed to discontinue the existing facility via Exemption #E-060-16 and relocate the ASTC to the northeast corner of Staley Road and Curtis road, approximately 4 miles away. The proposed surgery center will also be designated as multi-specialty, with 8 ORs, 1 procedure room, 8 Stage I, and 16 Stage II recovery stations. The ASTC will consist of 44,845 GSF of space, and will provide Gastroenterology, General Surgery, Neurology, Otolaryngology, Orthopedic, Podiatry, Plastic Surgery, Cardiovascular Surgery, Interventional Radiology, Colon/Rectal Surgery, Obstetrics/Gynecology, Ophthalmology, Oral/Maxillofacial, Hand Surgery, Vitreous Retinol Surgery, Reproductive Endocrinology, Pain Management, and Urology surgical specialties.

VI. Project Costs

The applicants are proposing to fund the project with a combination of cash in the amount of $10,010,000, bond issues totaling $20,790,000, and the net book value (NBV) of existing equipment totaling $278,943. There were no estimated start-up costs or operating deficit reported for this project.

Table Three Project Uses and Sources of Funds			
Use of Funds	**Reviewable**	**Non Reviewable**	**Total**
Preplanning Costs	$200,000	$276,221	$476,221
Site Survey/Soil Investigation	$55,000	$150,000	$205,000
Site Preparation	$400,000	$2,150,000	$2,550,000
Off Site Work	$0	$1,237,620	$1,237,620
New Construction Contracts	$9,150,00	$6,945,000	$16,095,000
Contingencies	$825,000	$485,147	$1,310,147
Architectural/Engineering Fees	$711,262	$620,000	$1,331,262
Consulting and Other Fees	$160,000	$160,000	$320,000
Moveable & Other Equipment	$3,550,000	$1,900,000	$5,450,000
Bond Issuance Expense	$269,561	$254,629	$524,190
Net Interest Expense During Construction	$283,122	$267,438	$550,560
Other Costs to be Capitalized	$249,558	$779,385	$1,028,943
Total Use of Funds	**$15,853,503**	**$15,225,440**	**$31,078,943**
Sources of Funds			
Cash and Securities	$5,071,282	$4,938,718	$10,010,000
Bond Issues (Project-Related)	$10,532,663	$10,257,337	20,790,000
Other Funds and Sources (NBV of Existing Equip.)	$249,558	$29,385	$278,943
Total Source of Funds	**$15,853,503**	**$15,225,440**	**$31,078,943**
Source: Application for Permit Page 7 Itemization of these line item amounts are at the end of this report.			

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

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

The applicants are asked to:

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

The applicants stated the following:

"The purpose of this project is to improve access and quality of care for patients in the broad geographic service area served by Carle...Given the rural nature of communities outlying Champaign-Urbana, Carle Foundation Hospital serves a large 28 county area. Its primary services area extends from Kankakee County in the north to Richland County in southern Illinois, as far west as Decatur and east into western Indiana. The ASTC has a similar service area, and on relocation, the area it serves will not change...Outpatient or "ambulatory" surgery in the United States has expanded substantially since the late 1990s. Changes in population demographics, disease prevalence, Medicare, and other payor coverage decisions and technological advancements have all contributed to this growth. Champaign Surgicenter's case volume increased by 17.5% from 2011 to 2015. (Application, p. 60)

Champaign SurgiCenter's utilization has increased at an annual growth rate of 4.1.% over the last five years, with the most significant growth occurring within the past two years. (Application, p. 65) An expanded, state of the art ASTC will allow Carle to shift appropriate procedures from its hospital outpatient surgical department (HOPD), to the replacement ASTC. (Application, p. 61) Carle's prevailing objectives are to enhance access to ambulatory surgical care for patients and to improve the quality of these services...These goals can be achieved at the time of project completion." (Application, p. 66)

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

The applicants are asked to document:

1. **The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.**
2. **The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.**

The applicants stated the following:

"The applicants seek to relocate and expand their existing ASTC. No services are being eliminated. The project will enhance the delivery of care at Champaign Surgicenter, and is not expected to have any adverse impact on safety net services in the community or on the ability of any other health care provider to deliver services." [Application for Permit Page 137]

TABLE FOUR			
Charity Care Information Champaign SurgiCenter			
Net Patient Revenue	**$14,580,234**	**$14,033,041**	**$15,903,156**
CHARITY			
	2013	2014	2015
# of Outpatients	413	442	447
Amount of Charity Care (charges)	$2,401,897	$2,287,164	$1,992,836
Cost of Charity Care	$442,535	$441,812	$384,564
Ratio of Charity Care to Net Patient Revenue	3.0%	3.1%	2.4%
MEDICAID			
Medicaid (# of patients)	2013	2014	2015
Outpatient	603	776	918
Medicaid (revenue)			
Outpatient	$218,354	$817,211	$1,553,709
% of Medicaid to Net Revenue	1.4%	5.8%	11%
Source: Application for Permit pages 138 & 162			

Table Five contains the 2015 outpatient payor mix for Carle Foundation Hospital and Champaign SurgiCenter.

TABLE FIVE
Carle Foundation Hospital Payor Mix
and Payor Mix for Champaign SurgiCenter

Insurance	Carle Foundation Hospital	Champaign SurgiCenter
Commercial Insurance	70.1%	83.3%
Medicare	21.5%	6.6%
Medicaid	7.8%	9.8%
Private Pay	.4%	.1%
Other Public	.2%	.2%
Total	100.00%	100.00%
Charity Care Expense	2.8%	2%

1. 2015 Hospital/ASTC Profile Information

C) Criterion 1110.230(c) Alternatives to the Project

To demonstrate compliance with this criterion the applicants must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

The applicants considered four alternatives in total. [Application for Permit page 76-77]

1. Project of Lesser Scope/Do Nothing

The applicants rejected this option, as it would do nothing for the steadily growing demand for outpatient surgical services in the service area. Furthermore, the applicants note this option would not address the existing size constraints on operating rooms, waiting areas, support spaces, and post-op areas. Failure to address the spatial limitations would negatively impact patient satisfaction, quality of service, and operational efficiency. The applicants did not identify a cost with this alternative.

2. Project of Greater Scope

The applicants initially considered this alternative, in light of the annual growth in ASTC utilization. However, future uncertainties led the applicants to take a more measured approach, leaving options for expansion open for future consideration. **Projected cost of this alternative: $36,800,000.**

3. Renovate Existing ASTC

This option was initially considered, but was ultimately rejected. The estimated cost to renovate the existing facility for expanded surgical volume was equivalent to that of new construction. In addition to the cost of this option, the applicants note that access would be negatively impacted during construction, and any options for future expansion would not be available at the existing site. **Projected cost of this alternative: $25,000,000.**

4. Relocate and Expand ASTC (Option Chosen)

The applicants ultimately decided to relocate and expand the ASTC, citing the ability to provide optimum patient care in a state of the art facility containing adequate space for future expansion, if necessary. This option will also allow continuous access to outpatient surgical services. **Projected cost of this alternative: $31,078,943.**

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

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

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

The applicants are proposing eight (8) operating rooms (Class C), one (1) procedure room (Class B), eight (8) Stage I and 16 Stage II recovery stations. The State Board Standard is 2,075-2,750 BGSF per operating room and 1,600-2,200 DGSF for procedure rooms. The State Board does not have gross square footage standards for recovery stations for ASTCs.

The State Board allows four (4) recovery stations per operating/procedure room or a total of thirty-six (36) recovery stations for the nine (9) operating/procedure rooms.

Based upon the information submitted by the applicants in the application for permit the applicants have met the requirements of the State Board. [Source: Application for Permit page 78]

B) Criterion 1110.234(b) – Projected Utilization

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

The State Board Standard is 1,500 hours per operating room or a total of 13,500 hours for the proposed nine (9) operating/procedure rooms. The applicants are projecting a total of 10,289 patients/cases (or 12,300 hours) by the second year after project completion (2020) [12,300 hours/1,500 hours = 8.33 operating/procedure rooms]. The projected utilization meets the State standard [Source: Application for Permit pages 79-81]. **Reviewer Note:** When determining the number of operating/procedure rooms that includes a fractional number (such as above) the State Board Staff rounds to the next highest number.

C) Criterion 1110.234 (e) – Assurances

To document compliance with this criterion the applicants must provide an attestation that the proposed project will be at target occupancy two years after project completion.

The applicants have provided the necessary attestation at page 113 of the Application for Permit.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA SIZE OF THE PROJECT, PROJECTED UTILIZATION, AND ASSURANCES (77 IAC 1110.234(a), (b), and (e))

IX. Establish an Ambulatory Surgical Treatment Center

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

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

1) Any adverse action taken against the applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed healthcare facility, or against any 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;

The Carle Foundation is the parent corporation of and has ownership interest in The Carle Foundation Hospital, Carle Hoopeston Regional Health Center, Carle SurgiCenter-Danville, and Champaign SurgiCenter-Champaign. The applicants supplied proof of licensure/accreditation, and attest that no adverse action has been taken against any Carle facility. The applicants supplied a letter permitting the State Board, and IDPH to verify any information contained in this application. [Source: Application for Permit pages 52-59]

All physicians that submitted referral letters for the proposed ASTC are licensed in the State of Illinois. www.idfpr.com

A copy of the non-binding term sheet for the lease of the building between The Carle Foundation and Champaign Surgicenter, LLC was provided at pages 33-37 as evidence of site ownership.

The Carle Foundation indirectly through Carle Health Care Incorporated holds a 75% interest in Champaign SurgiCenter, LLC. and Christi Clinic owns a 25% interest in the facility.

The proposed facility will not be located in a flood hazard zone and is in compliance with Executive Order #2006-05. [Application for Permit page 44-45]

The Illinois Historic Preservation Agency is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420) to review state funded, permitted or licensed undertakings for their effect on cultural resources. The Historic Preservation Agency *"has determined, based on the available information, that no significant historic architectural or archaeological resources are located within the proposed project area."* [Application for Permit page 46]

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

B) Criterion 1110.1540(c)(2)(A) and (B) – Service to GSA Residents

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

1. By rule the applicants are to identify all zip codes within forty-five (45) minutes of the proposed ASTC. The applicants provided this information at pages 86-88 of the application for permit. There are approximately eighty-one (81) zip codes within this forty-five (45) minute geographical service area with a population of 369,286.

2. The applicants provided four (4) referral letters. The letters came from: Carle Foundation Physicians Group (54 physicians), agreeing to refer 9,548 patients, Indiana Fertility Institute (1 physician), committing to the referral of forty-nine (49) patients. Bette Anderson, M.D. (1 physician), agreeing to refer one hundred seventy-four (174) patients, and Christie Clinic (16 physicians) projecting to refer five hundred eighteen (518) patients.

   Based upon the information provided in the application for permit and summarized above it appears that the proposed ASTC will provide services to the residents of the forty-five (45) minute geographic service area.

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

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

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

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

1. The applicants submitted four (4) referral letters from physicians and physician groups in the service area. There are 72 physicians mentioned in these letters,

projecting to refer approximately 10,289 patients to the facility upon project completion. The referring physicians/physician groups have referred patients to Champaign SurgiCenter in the past, and attest that these referrals were not used in as referral sources for other projects.

2. Patient origin by zip code of residence was provided for **all** physicians in each referral letter. The name and location of the recipient hospitals and ASTCs, the number of referrals for CY 2015 and the estimated number to be referred within twenty-four (24) months after project completion were provided. The referral letters were signed and notarized as required and the appropriate attestation was made. The applicants did not provide referral information for CY 2014.

3. The stated purpose of the proposed project as documented above at 77 IAC 1110.230(a), is to improve access and quality of care for patients in the expansive geographic service area (GSA), served by Carle. The applicants submitted referral letters from Carle physicians, Indiana Fertility physicians, Christie Clinic, and Dr. Bette Anderson, M.D. The applicants note Carle Physicians Group and Christie Clinic are Champaign-based providers, and are responsible for a majority of the projected referrals.

4. The State Board Staff's review of the projected referrals to the proposed facility shows the 54 physicians from Carle Clinic responsible for 9,548 (93%), of the referrals, 16 Christie Clinic physicians responsible for 518 (5%) of the referrals, Dr. Bette Anderson, M.D. responsible for 174 (1.6%), and Dr. John Jarret, M.D. (Indiana Fertility), responsible for 49 (.4%), of the total projected referrals to the facility upon project completion.

   Based upon the projected referrals there is sufficient demand to warrant the nine (9) operating/procedure rooms requested.

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

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

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

1. Based upon the State Board Staff's review of the referral letters the applicants can justify 12,300 hours in the first year after project completion. This number of operating/procedure hours will justify the nine (9) operating/procedure rooms being requested by the applicants [12,300/1,500 = 8.33 rooms]

2. The applicants supplied an estimated time per procedure (application, p. 98), which includes prep/clean-up. This time was gathered from historical surgical procedures performed at Champaign SurgiCenter between 9/2015 and 8/2016. The average time per procedure was 82.5 minutes. The average case time per procedure for the physicians referring patients to the facility is approximately eighty-five (85) minutes.

TABLE SIX
Average Case Time

Specialty	Physician Average Case Time	State of Illinois ASTC Average Case Time 2015	Difference Physician Time and State of Illinois Time
Cardiovascular Surgery [1]	2.13	0.8	1.33
Colon/Rectal	0.75	0.8	-0.05
Gastro	0.78	0.8	-0.02
General Surgery	2	1.07	0.93
Gynecology	1.16	0.95	0.21
Hand Surgery	1.16	1.35	-0.19
Int. Radiology [2]	1.63		
Neurosurgery	2.81	1.17	1.64
Ophthalmology	0.8825	0.69	0.1925
Oral/Max	2.675	1.04	1.635
Ortho	1.3	1.35	-0.05
Otolaryn	1.5	1.17	0.33
Pain Medicine	0.92	0.5	0.42
Plastic Surgery	0.7	2.11	-1.41
Podiatry	1.344	1.36	-0.016
Reprod. Med.	1.06	0.95	0.11
Urology	1.27	1.22	0.05
Vitreous/Retinal [2]	1.78		
Average	85 Min.	68 Min.	

1. Cardiovascular procedures will be for peripheral vascular conditions like blood clots or other lesions in the veins in the arms, legs, etc. Complex cases will still be performed at the hospital in the main ORs. All heart surgery and catheterization procedures will continue to be performed at the hospital.
2. No average time reported

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION TREATMENT ROOM NEED ASSESSMENT (77 IAC 1110.1540(f)(1) and (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 is necessary to improve access for residents of the GSA by documenting <u>one</u> of the following:

1) There are no other IDPH-licensed ASTCs within the identified GSA of the proposed project;
2) The other IDPH-licensed ASTC and hospital surgical/treatment rooms used for those ASTC services proposed by the project within the identified GSA are utilized at or above the utilization level specified in 77 Ill. Adm. Code 1100;

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

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

A) The existing hospital is currently providing outpatient services to the population of the subject GSA;

B) The existing hospital has sufficient historical workload to justify the number of surgical/treatment rooms at the existing hospital and 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 ASTCs in the identified GSA. [See Table Seven below]
2. There are underutilized ASTC and hospital surgical/treatment rooms in the identified GSA. [See Table Seven below]
3. The proposed surgical services are available in the GSA. However, the only other ASTC (Olympian Surgical Suites, is a limited specialty ASTC) and does not treat Medicaid/Medicare patients.
4. The State Board Staff considers the proposed project a cooperative venture with one of the members of the venture operating an existing hospital – The Carle Foundation Hospital.

A) Based upon the zip code information provided by the applicants, Champaign SurgiCenter is the only multi-specialty ASTC to provide surgical services in the community, and the only ASTC in the service area that treated Medicaid or Charity Care patients in 2015. The applicants seek to relocate and expand their existing ASTC in an effort to continue in this provision of surgical care to these populations, and address the steadily increasing utilization of outpatient surgical services in the area. The State Board staff has identified other facilities serving the patient base identified as having accessibility issues (See Table Six).

B) The Carle Foundation Hospital must have sufficient historical utilization to justify the number of operating/procedure rooms (32 rooms) at the hospital and the proposed number of operating/procedure rooms at the ASTC (9 rooms). The 2015 capacity and utilization for The Carle Foundation Hospital surgical rooms was as follows:

The Carle Foundation Hospital Surgical Suite			
	Rooms	Hours	Rooms Justified
Operating Rooms	19	28,100	19
Gastro Procedure Rooms	10	9,257	7
Ophthalmology Procedure Rooms	2	1,775	2
Pain Management Procedure Rooms	1	872	1
Total	32		29

C) The applicants have attested in supplemental information dated December 20, 2016 that the surgery/endoscopy procedure room capacity will not be increased at The Carle Foundation Hospital until such time as the proposed project is operating at target utilization (80%) for a period of twelve (12) months and upon the approval of the State Board.

D) The applicants provided information comparing the proposed ASTC charges to the Carle outpatient surgery/procedure room charges to determine that the ASTC charges are less than the hospital outpatient charges.

The applicants' stated:
"The relocation is one phase of the modernization of surgical services in the Carle system. There are three primary reasons to expand the ASC beyond the current capacity as part of this modernization. First, expanding the ASC will provide more capacity for a generally less costly outpatient surgery option. Second, there has been significant growth in Carle surgical services. This growth requires expansion of the Carle surgical program overall. Third, the main Hospital surgical department was constructed over 30 years ago in 1985 so addressing some of the growth in a new facility will partially achieve modernization of the surgical program without immediate construction in the main Hospital surgical department. The ASC relocation is expected to be completed in 2019. Based on utilization trends discussed below, the Hospital's main surgical department and the endoscopy rooms in the Dr. Eugene Greenberg Digestive Health Institute will be operating above target utilization at the time the ASC opens at the new location. Carle anticipates transitioning the caseload of several employed physicians to the relocated surgery center including 2,418 hours of cases currently being performed in the main Hospital operating rooms and 1,215 hours of endoscopy cases currently provided in the Digestive Health Institute. These transfers are reflected in the Carle referral letter beginning on page 164 of the CON application. Transitioning some endoscopy cases to the surgery center will allow the Hospital to continue to meet demand for upper endoscopy and colonoscopy services at the main Hospital campus while providing an alternative lower-cost setting for endoscopy at the surgery center.

As reflected in the published annual hospital reports, from CY 2012 to CY 2015, Carle's general surgical program experienced a significant increase of utilization averaging 9.3% annual growth and endoscopy volume grew an average of about 25% per year based on hours. For the general operating rooms, annualizing the 2016 data that is available for the Hospital general operating room utilization for 2016 will be 28,356 hours which has 18 of the 19 rooms at full capacity and the 19th room with 1,356 hours. We believe this utilization shows these operating rooms are fully utilized. Further, for planning purposes Carle must anticipate growth trends to continue into the future so the general operating rooms will be serving well in excess of 1,500 hours per room by the time any cases are transferred to the ASC in 2019. T

The Digestive Health Institute is also projected to have well in excess of 1,500 hours per room before the ASC is relocated - 1,794 hours per room by 2018 based on the growth trend. Even with more modest growth that reflected by historical growth, the rooms should be fully utilized at both sites. Thus, we believe Carle's surgical program will support the number of rooms that it has at both sites and that the ASC will help to meet growing demand. [Additional information dated December 20, 2016]

The State Board's Cooperative Venture provisions of the Service Accessibility Criterion requires the Board Staff to take into consideration **all** operating/procedure rooms of the hospital and the proposed ASTC and compare the total number of operating/procedure rooms to the hospitals' operating/procedure room historical utilization. The applicants are proposing a total of forty-one (41) operating/procedure rooms at the hospital (32 rooms) and the proposed ASTC (9 rooms). The applicants can justify a total of twenty-nine (29) operating/procedure rooms.

If the CY 2015 historical utilization of both the existing ASTC and the hospital were used to determine the number of rooms justified, the applicants could justify thirty-three (33) operating/procedure rooms, twenty-nine (29) at the hospital and four (4) at the ASTC and not the forty-one (41) being proposed. If the applicant's projected utilization which it bases on recent historical utilization is accepted, the number of rooms proposed would be justified by the project completion date.

The applicants have not successfully addressed this criterion.

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

F) Criterion 1110.1540(h) (1), (2), and (3) - Unnecessary Duplication/Mal-distribution/Impact on Other Providers

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

The applicants stated the following to address this criterion:
The applicants identified a general service area (GSA), extending 45 minutes in all directions from the site of the proposed ASTC. This GSA includes 81 zip codes, and the 2015 population estimates for this GSA is 369,286, per Nielsen Pop-Facts.

There are a total of three (3) hospitals and one (1) other ASTC in the identified service area. [See Table Seven].

1. Unnecessary Duplication of Service

a. Hospitals

There are three (3) hospitals within the forty-five (45) minute geographical service area. There are a total of forty-nine (49) operating/procedure rooms at these hospitals. CY 2015 utilization information justifies thirty-five (35) operating/procedure rooms at these hospitals.

b. Limited Specialty ASTC

There is one (1) limited specialty ASTC within the forty-five (45) minute geographical service area with two (2) operating/procedure rooms. This facility has reported 367 hours of utilization. Based upon CY 2015 utilization information, only one (1) operating/procedure room is justified.

c. Multi-Specialty ASTC

There is no other multi-specialty ASTCs in the 45-minute service area.

2. Mal-Distribution

According to the applicants, the proposed ASTC's geographic service area has an estimated population of 369,286. The number of operating/procedure rooms within this area is approximately 93 operating/procedure rooms. That equates to one (1) operating/procedure room per every 3,971 individuals. The State of Illinois estimated population for 2015 is 12,900,879.The number of operating/procedure rooms in the State of Illinois is 3,054 rooms. The ratio of population to operating/procedure rooms is one (1) operating/procedure room per every 4,224 individuals. Based upon this analysis it does not appear there is a surplus of operating/procedure rooms in this forty-five minute geographical service area**.**

Reviewer Note: A surplus is defined as the ratio of operating/procedure rooms to the population within the forty-five (45) minute GSA [GSA Ratio], to the State of Illinois ratio that is 1.5 times the GSA ratio.]

3. Impact on Other Facilities

The applicants stated that no other provider within the forty-five (45) minute service area will be impacted because the proposed project calls for the relocation/expansion of an existing ASTC, and the proposed referral data is being supplied from physicians already on staff at the ASTC and the hospital.

TABLE SEVEN Facilities in the 45 Minute Travel Radius of Carle SurgiCenter							
Facility	**City**	**Time**	**Rooms**	**Hours**	**Medicaid**	**Medicare**	**Utilization Met?**
ASTC							
Champaign SurgiCenter*	Champaign	N/A	5	5,739	Y	Y	No
Olympian Surgical Suites	Champaign	11	2	367	N	N	No
Total			7	6,106			
HOSPITALS							
Carle Foundation Hospital	Urbana	17	32	40,004	Y	Y	No
Presence Covenant Medical Center	Urbana	17	14	11,424	Y	Y	No
Kirby Medical Center	Monticello	24	3	412	Y	Y	No
Total Hospitals			49	51,840			
*Applicant Facility Travel time determined using formula in 77IAC 1100.510 Data taken from CY 2015 Hospital/ASTC Profiles							

It appears from the data reviewed by the State Board Staff and summarized above, the proposed relocation and expansion will not result in a mal-distribution of service in the forty-five (45) minute service area, or have a negative impact on any facilities in the area, due to the fact that the only other ASTC in the service area is a limited-specialty facility, and does not accept Medicare/Medicaid patients. It also appears that the proposed relocation and expansion will not result in an unnecessary duplication of service because the proposed relocated ASTC is currently operating in the geographic service area and the referrals to the new facility for the additional operating/procedure rooms will be from physicians currently referring to the hospital.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION OF SERVICE, MALDISTRIBUTION/ IMPACT ON OTHER FACILITIES (77 IAC 1110.1540 (h)(1), (2), and (3))

G) Criterion 1110.1540 (i) - Staffing

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

To address this criterion the applicants provided a narrative explaining how the staffing requirements will be met at the proposed ASTC.

"The proposed ASTC will be staffed with relevant clinical and professional personnel, using applicable licensure, accreditation, and other regulatory agencies' standards as a minimum level for actual staffing. ASTC positions are generally highly sought-after positions, and that fact, coupled with the Applicants' history of having great success in

attracting highly qualified staff, provide the Applicants with a high degree of certainty that difficulties will not arise during the recruitment process. Initially, positions will be made available to qualified personnel employed by the Applicants. Should any positions remain unfilled, normal recruitment methods, including professional journals and appropriate websites will be used. A Medical Director, appropriately credentialed to oversee the clinical aspects of the ASTC, including active participation in the recruitment process and the development of policies and procedures relating to clinical matters, will be named prior to the ASTC's opening." [Application for Permit page 106]

Based upon the information provided in the application for permit, it appears that the proposed ASTC will be properly staffed and will meet all IDPH licensing and accreditation requirements.

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

H) Criterion 1110.1540 (j) - Charge Commitment

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

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

The applicants provided a representative sampling of the surgical procedures to be performed at the proposed ASTC and a sampling of Medicare payment rates for ASTCs compare to hospitals. Additionally the applicants have attested that the applicants will not increase charges for services in the first two (2) years of operation unless approved by the State Board. (Additional information dated December 20, 2016). Table Seven below compares a sample of charges at the ASTC and the hospital's outpatient surgery department and the difference. Table Eight compares the Medicare payment for a hospital outpatient surgery to an ASTC surgery for selected procedures.

TABLE SEVEN
Representative Sample of Charges at Champaign SurgiCenter and The Carle Hospital Foundation and the Difference

Primary CPT	Description	ASTC (1)	Hospital (2)	Difference (2)-(1)/(2)
64721	Carpal tunnel surgery	$4,149	$6,146	32.49%
26055	Incise finger tendon sheath	$4,117	$5,688	27.63%
20680	Removal of support implant	$5,520	$9,337	40.88%
52356	Cysto/uretero w/lithotripsy	$13,412	$16,767	20.01%
52332	Cystoscopy and treatment	$9,590	$15,600	38.53%
26160	Remove tendon sheath lesion	$4,582	$8,456	45.81%
42830	Removal of adenoids	$4,939	$6,687	26.15%
30520	Repair of nasal septum	$16,339	$17,943	8.94%
47562	Laparoscopic cholecystectomy	$14,427	$17,617	18.11%
64718	Revise ulnar nerve at elbow	$8,556	$13,666	37.39%
29806	Shoulder arthroscopy/surgery	$15,353	$16,937	9.35%

TABLE EIGHT
Medicare payment rates for hospitals compared to ASTCs

Primary CPT	Description	OPPS Pay (1)	OPPS Weight [1]	ASTC Pay (2)	ASTC Weight	% Difference (2)/(1)
64721	Carpal Tunnel surgery	$1,392.56	18.8886	$778.70	17.6268	55.90%
29881	Knee Arthro surgery	$2,395.59	32.4936	$1,339.58	30.323	55.90%
69436	Create eardrum opening	$1,616.9	21.9315	$904.15	20.4665	55.90%
42820	Remove tonsils and adenoids	$1,616.9	21.9315	$904.15	20.4665	55.90%
26055	Incise finger tendon sheath	$1,455.26	19.739	$813.76	18.4204	55.90%
20680	Removal of support implant	$1,414.28	19.1832	$790.85	17.9018	55.90%
29824	Shoulder Artho surgery	$2,395.59	32.4936	$1,339.58	30.323	55.90%
52356	Cyston/uretero w/lithtripsy	$3,393.73	46.0323	1,744.29	39.4841	51.40%
42826	Removal of tonsils	$1,616.9	21.9315	$904.15	20.4665	55.90%
23412	Repair rotator cuff	$4,969.26	67.4027	$2,486.22	56.5787	50.00%

1. The weight reflects the average level of resources for an average Medicare patient in the DRG, relative to the average level of resources for all Medicare patients. The weights are intended to account for cost variations between different types of treatments. More costly conditions are assigned higher DRG weights

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

I) Criterion 1110.1540 (k) - Assurances

To demonstrate compliance with this criterion the applicants must attest that a peer review program will be implemented and the proposed ASTC will be at target occupancy two years after project completion.

The applicants provided certified attestation (application, p. 113), that Champaign SurgiCenter will continue its existing peer review program to maintain quality patient care standards, and meet or exceed the utilization standards specified in 77 Il. Admin. Code 1100, by the second year of operation.

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

X. FINANCIAL VIABILITY

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 - Financial Viability

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

The applicants are funding this project with a combination of cash in the amount of $10,010,000, project-related bond issues totaling $20,790,000, and other funds and sources emanating from the net book value of existing equipment totaling $278,943. The applicants also provided proof of an A+ Bond Rating from Standard & Poor's Global Ratings Service (Application, p. 127), dated May 2016.

Board Staff's review of the Applicants financial viability and the A+ Bond rating reveals that sufficient cash is available to fund the project.

TABLE NINE
The Carle Foundation Hospital
December 31,
Dollars in Thousands
(audited)

	2015	2014
Cash	$82,802	$33,966
Current Assets	$590,222	$555,821
Total Assets	$2,061,381	$1,960,201
Current Liabilities	$200,853	$171,119
LTD	$534,613	$546,939
Total Liabilities	$614,273	$596,138
Net Assets	$1,246,255	$1,192,944
Net Patient Service Revenue	$936,460	$901,240
Total Revenue	$1,003,638	$954,008
Operating Expenses	$935,128	$833,935
Income from Operations	$68,510	$120,273
Non Operating Income	$65,420	$52,089
Excess of Revenues over Expenses	$131,393	$171,758

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS AND FINANCIAL VIABILITY (77 IAC 1120.120 and 77 IAC 1120.130)

XI. ECONOMIC FEASIBILITY

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

The applicants are funding this project with a combination of cash in the amount of $10,010,000, project-related bond issues totaling $20,790,000, and other funds and sources attributed to the net book value of existing equipment totaling $278,943. The applicants provided certified attestation that the selected form of financing represents the lowest net cost reasonably available to the applicants at this time, and has proven to be the most advantageous funding strategy available to the applicants.

The bond financing is part of Carle's recent issue of 30 year bonds, both tax-exempt and taxable. For both issues combined, the average bond life is 24.151 years and the all-in true interest cost is 3.812568% with an average coupon of 4.280505%. Actual yields on the tax-exempt serial bonds range from 1.71% - 4.05%. The taxable bonds are variable rate with rates reset weekly. For purposes of the issue, a 2.50% average coupon was assumed. [Application for Permit page 133 and additional information dated December 20, 2016]

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

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

The State Board staff applied the reported clinical costs against the applicable State Board standards.

Preplanning Costs are $200,000 and are 1.4% of new construction, contingencies, and movable equipment costs of $13,525,000. This appears reasonable compared to the State Board standard of 1.8%.

Site Survey/Soil Investigation/Site Preparation - are $455,000, and are 4.5% of new construction and contingencies cost of $9,975,000. This appears reasonable compared to the State Board standard of 5%.

New Construction and Contingencies – These costs total $9,975,000 or $378.28/GSF. ($9,975,000/26,369=$378.28). This appears reasonable when compared to the State Board Standard of $391.08/GSF (2018 mid-point of construction).

Contingencies – These costs total $825,000 and are 9% of new construction costs. This appears reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Fees – These costs total $711,262 and are 7.1% of new construction and contingencies. These costs appear reasonable when compared to the State Board Standard of 5.90% - 8.86%.

Consulting and Other Fees – These costs are $160,000. The State Board does not have a standard for these costs.

Movable Equipment – These costs total $3,550,000, or $394,444.44 per room for a nine (9) room facility. This appears reasonable when compared to the State Board standard is $475,480.30 per room for the year 2018 (mid-point of construction).

Bond Issuance Expense – is $269,561. The State Board does not have a standard for these costs.

Net Interest Expense During Construction – These costs total $283,122. The State Board does not have a standard for these costs.

Other Costs to be Capitalized – These cost total $249,558. The State Board does not have a standard for these costs.

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

D) Criterion 1120.140(d) Projected Operating Costs
To determine compliance with this criterion the applicants must provide documentation of the projected operating costs per procedure.

The applicants provided the necessary information as required. The projected operating cost per unit of service is $1,619. This appears reasonable when compared to previously approved projects.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED OPERATING COSTS (77 IAC 1120.140(d))

E) Criterion 1120.140(e) – Total Effect of the Project on Capital Costs To determine compliance with this criterion the applicants must provide documentation of the projected capital costs per equivalent patient day.

The applicants provided the necessary information as required. The projected capital cost per procedure is $255 per unit of service. This appears reasonable when compared to previously approved projects.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 IAC 1120.140(e))

TABLE TEN
Itemization of Uses of Funds

Uses of Funds		Reviewable	Non Reviewable	Total
Preplanning Costs				
	Preliminary Design	$140,000	$161,221	$301,221
	Precon Budgets	$60,000	$115,000	$175,000
	Total	$200,000	$276,221	$476,221
Site Survey and Soil Investigation		$55,000	$150,000	$205,000
Site Preparation		$400,000	$2,150,000	$2,550,000
Off Site Work		$0	$1,237,620	$1,237,620
New Construction Contracts		$9,150,000	$6,945,000	$16,095,000
Contingencies		$825,000	$485,147	$1,310,147
	Architectural Fees			
	Architecture Engineering	$331,262	$300,000	$631,262
	Mechanical Engineering	$260,000	$200,000	$460,000
	Structural Engineering	$80,000	$80,000	$160,000
	Code Review	$40,000	$40,000	$80,000
	Total	$711,262	$620,000	$1,331,262
Consulting and Other Fees				
	IDPH Permits	$20,000	$20,000	$40,000
	City Permits	$80,000	$80,000	$160,000
	Special Inspections	$20,000	$20,000	$40,000
	Commissioning	$20,000	$20,000	$40,000
	CON Fees/Expenses	$10,000	$10,000	$20,000
	Consultants	$10,000	$10,000	$20,000
	Total	$160,000	$160,000	$320,000
Movable or Other Equipment				
	Equipment General	$3,500,000	$1,350,000	$4,850,000
	Furniture	$0	$250,000	$250,000
	Security Access/Cameras	$20,000	$80,000	$100,000
	IT /Telecom	$20,000	$200,000	$220,000
	Signs/Wayfinding	$10,000	$20,000	$30,000
	Total	$3,550,000	$1,900,000	$5,450,000
Bond Issuance Expense		$269,561	$254,629	$524,190
Net Interest Expense During Construction		$283,122	$267,438	$550,560
Other Costs To Be Capitalized				
	Surface Parking Lots, Temporary Roads, lighting	$0	$750,000	$750,000
	NBV of Assets to be Transferred from Existing ASC	$249,558	$29,385	$278,943
	Total	$249,558	$779,385	$1,028,943
Total Uses of Funds		**$15,853,503**	**$15,225,440**	**$31,078,943**

TABLE ELEVEN

Proposed Referral by Physicians to the ASTC

Physician	Specialty	Referral Cases	Average Case Time	Total
Cradock, Kimberly A.	General Surgery	79	2.12	167.48
Dawson III Sherfield	General Surgery	157	2.17	340.69
Moore, Henry R.	General Surgery	36	1.88	67.68
Oliphant, Uretz J.	General Surgery	101	2.1	212.1
Rowitz, Blair Martin	General Surgery	30	1.93	57.9
Dabrowski, Melinda	Gynecology	22	0.98	21.56
Weisbaum, Jon S.	Gynecology	16	0.91	14.56
Johnson Jr. Clifford B.	Hand Surgery	683	1.26	860.58
Sobeske James K.	Hand Surgery	640	1.05	672
Bohonos, Melissa A.	Ophthalmology	216	1.23	265.68
Panagakis, George	Ophthalmology	1,010	0.93	939.3
Wandling, George R.	Ophthalmology	615	0.72	442.8
Bailey, Jonathan S.	Oral/Max	30	2.55	76.5
Norbutt, Craig S.	Oral/Max	31	2.8	86.8
Palermo, Mark E	Ortho	4	1.06	4.24
Bane, Robert A	Ortho	602	1.3	782.6
Gurtler, Robert A	Ortho	447	1.54	688.38
Amine, Muhamad A	Otolaryn	136	2.1	285.6
Cunningham, Kelly	Otolaryn	245	1.58	387.1
Maris, Charles	Otolaryn	1	1.03	1.03
Novak, Michael A	Otolaryn	172	0.95	163.4
Porter, Ryan Garrett	Otolaryn	375	1.17	438.75

Russo, Ronald C	Otolaryn	51	2.78	141.78
Stelle, Jacob A	Otolaryn	117	1.48	173.16
Browne, Timothy	Plastic Surgery	24	1.83	43.92
li, Paul Plastic	Plastic Surgery	160	2.7	432
Luckey, Natasha N	Plastic Surgery	129	3.21	414.09
Anderson, Sarah Pearl	Podiatry	117	0.7	81.9
Grambart, Sean T	Podiatry	683	0.94	642.02
Konchanin, Ronald P	Urology	121	1.22	147.62
Matz, Scott T	Urology	71	1.48	105.08
Maurer, Gregory M	Urology	152	1.21	183.92
Wolf, Richard M	Urology	68	1.42	96.56
Yang, Glen	Urology	155	1.15	178.25
Tsipursky, Michael	Vitreous/Retinal	274	1.78	487.72
Dodson, Robert W	Colon/Rectal	80	0.68	54.4
Greenberg, Eugene	Gastro	73	0.92	67.16
Hallett, Jeffrey	Gastro	238	0.67	159.46
Tender, Paul M	Colon/Rectal	95	0.71	67.45
Tangen, Lyn E	Colon/Rectal	106	0.84	89.04
Batey, Andrew	Gastro	310	0.62	192.2
Olson, Michelle M	Colon/Rectal	35	0.77	26.95
Youssef, Waell	Gastro	183	1	183
Henry, Patricia Ann	Gastro	197	0.71	139.87
Moy, Nelson	Gastro	157	0.68	106.76
Sharabash, Noura	Gastro	157	0.8	125.6
Babcock, Gregory A	Int. Radiology	22	1.68	36.96
Hogg, Jeremy R	Int. Radiology	23	1.6	36.8

Hong, Steve C	Int. Radiology	23	1.6	36.8
Santeler, Scott R	Int. Radiology	29	1.64	47.56
Wheatley, Brian J	Cardiovascular Surg.	22	2.13	46.86
Margetts, Jeffrey C	Neurosurgery	6	4.3	25.8
Olivero, William C	Neurosurgery	12	1.65	19.8
Teal, Kevin Renard	Neurosurgery	10	2.47	24.7
Jones, Douglas	General Surgery	5	1.75	8.75
Cooper-Morphew, Susan	Gynecology	4	1.43	5.72
Darko, Laura	Gynecology	1	1.32	1.32
Gutierrez, Bibiancy	Gynecology	6	1.3	7.8
Helfer, Tamara	Gynecology	3	1.08	3.24
King, Kieya	Gynecology	1	1.32	1.32
McGregor, Candace	Gynecology	9	0.98	8.82
Smith, Michael	Gynecology	10	1.12	11.2
Young, Sarah	Gynecology	8	1.12	8.96
Date, Amit	Otolaryn	317	0.88	278.96
King, Stuart	Pain Medicine	10	0.92	9.2
Kluesner, Andrew	Podiatry	17	1.93	32.81
Pierce, William	Podiatry	18	1.73	31.14
Spizzirri, Sarah	Podiatry	22	1.42	31.24
Helfer, Eric	Urology	65	1.03	66.95
Regan, John	Urology	22	1.4	30.8
Anderson, Bette L	Ophthalmology	174	0.65	113.1
Jarrett, John	Reprod. Med.	49	1.06	51.94
Total		**10,289**		**12,300**

16-045 Champaign Surgicenter - Champaign

Ownership, Management and General Information

ADMINISTRATOR NAME:	James C. Leonard, MD
ADMINSTRATOR PHONE	217-383-3220
OWNERSHIP:	The Carle Foundation
OPERATOR:	The Carle Foundation Hospital
MANAGEMENT:	Not for Profit Corporation (Not Church-R
CERTIFICATION:	(Not Answered)
FACILITY DESIGNATION:	General Hospital
ADDRESS	611 West Park Street **CITY:** Urbana **COUNTY:** Champaign County

Patients by Race

White	79.6%
Black	12.1%
American Indian	0.1%
Asian	1.6%
Hawaiian/ Pacific	0.0%
Unknown	6.6%

Patients by Ethnicity

Hispanic or Latino:	2.8%
Not Hispanic or Latino:	96.6%
Unknown:	0.6%

IDPH Number:	3798
HPA	D-01
HSA	4

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	260	271	271	17,692	80,125	3,076	4.7	227.9	87.7	84.1
0-14 Years				*121*	*145*					
15-44 Years				*3,420*	*13,442*					
45-64 Years				*5,870*	*26,009*					
65-74 Years				*3,372*	*16,440*					
75 Years +				*4,909*	*24,089*					
Pediatric	20	18	18	1,293	3,447	473	3.0	10.7	53.7	59.7
Intensive Care	38	38	38	2,513	8,838	17	3.5	24.3	63.8	63.8
Direct Admission				*1,067*	*4,004*					
Transfers				*1,446*	*4,834*					
Obstetric/Gynecology	35	36	36	2,992	7,791	100	2.6	21.6	61.8	60.1
Maternity				*2,992*	*7,791*					
Clean Gynecology				*0*	*0*					
Neonatal	25	25	20	513	3,753	0	7.3	10.3	41.1	41.1
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	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Rehabilitation	15	15	15	313	4,233	0	13.5	11.6	77.3	77.3
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedcated Observation	*28*					*3859*				
Facility Utilization	**393**			**23,870**	**108,187**	**7,525**	**4.8**	**317.0**	**80.7**	

(Includes ICU Direct Admissions Only)

Inpatients and Outpatients Served by Payor Source

	Medicare	*Medicaid*	*Other Public*	*Private Insurance*	*Private Pay*	*Charity Care*	*Totals*
Inpatients	**25.2%**	**21.8%**	**0.4%**	**42.2%**	**1.0%**	**9.5%**	
	6011	5206	84	10081	229	2259	**23,870**
Outpatients	**15.0%**	**18.1%**	**0.3%**	**58.6%**	**1.1%**	**6.8%**	
	226796	272509	4797	884279	16495	102911	**1,507,787**

Financial Year Reported: 1/1/2015 ***to*** 12/31/2015

Inpatient and Outpatient Net Revenue by Payor Source

	Medicare	*Medicaid*	*Other Public*	*Private Insurance*	*Private Pay*	*Totals*	*Charity Care Expense*
Inpatient Revenue ($)	**34.3%**	**25.9%**	**0.2%**	**39.4%**	**0.2%**	**100.0%**	
	113,214,000	85,428,000	772,000	130,064,000	556,000	330,034,000	6,633,540
Outpatient Revenue ($)	**21.5%**	**7.8%**	**0.2%**	**70.1%**	**0.4%**	**100.0%**	
	84,716,000	30,934,000	704,000	276,677,000	1,391,000	394,422,000	13,546,624

Total Charity Care Expense
20,180,164

Total Charity Care as % of Net Revenue
2.8%

Birthing Data

Number of Total Births:	2,802
Number of Live Births:	2,787
Birthing Rooms:	0
Labor Rooms:	0
Delivery Rooms:	0
Labor-Delivery-Recovery Rooms:	7
Labor-Delivery-Recovery-Postpartum Rooms:	6
C-Section Rooms:	2
CSections Performed:	890

Newborn Nursery Utilization

	Level I	Level II	Level II+
Beds	26	23	0
Patient Days	3,957	8,020	0

Total Newborn Patient Days **11,977**

Laboratory Studies

Inpatient Studies	99,226
Outpatient Studies	309,281
Studies Performed Under Contract	32,486

Organ Transplantation

Kidney:	0
Heart:	0
Lung:	0
Heart/Lung:	0
Pancreas:	0
Liver:	0
Total:	**0**

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	340	68	986	157	1143	2.9	2.3
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	3	3	1606	1591	4713	2823	7536	2.9	1.8
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	2	2	819	77	2981	205	3186	3.6	2.7
OB/Gynecology	0	0	2	2	462	789	1482	1071	2553	3.2	1.4
Oral/Maxillofacial	0	0	1	1	215	163	659	295	954	3.1	1.8
Ophthalmology	0	0	0	0	0	0	0	0	0	0.0	0.0
Orthopedic	0	0	2	2	1639	457	4164	779	4943	2.5	1.7
Otolaryngology	0	0	1	1	111	894	351	1459	1810	3.2	1.6
Plastic Surgery	0	0	1	1	105	129	511	370	881	4.9	2.9
Podiatry	0	0	1	1	288	223	451	268	719	1.6	1.2
Thoracic	0	0	2	2	498	26	2244	108	2352	4.5	4.2
Urology	0	0	2	2	430	829	947	1076	2023	2.2	1.3
Totals	**0**	**0**	**19**	**19**	**6513**	**5246**	**19489**	**8611**	**28100**	**3.0**	**1.6**

SURGICAL RECOVERY STATIONS Stage 1 Recovery Stations 17 Stage 2 Recovery Stations 60

Dedicated and Non-Dedicated Procedure Room Utilzation

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	10	10	2188	9470	1977	7280	9257	0.9	0.8
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	1	0	1	0	2617	0	872	872	0.0	0.3
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
Multipurpose Non-Dedicated Rooms											
Ophthalmology	0	0	2	2	9	1983	17	1758	1775	1.9	0.9
	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**	**Level 2**
	Adult	Not Answered
Operating Rooms Dedicated for Trauma Care		1
Number of Trauma Visits:		1,278
Patients Admitted from Trauma		956
Emergency Service Type:		Comprehensive
Number of Emergency Room Stations		56
Persons Treated by Emergency Services:		81,676
Patients Admitted from Emergency:		13,279
Total ED Visits (Emergency+Trauma):		**82,954**

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	**1,507,787**
Outpatient Visits at the Hospital/ Campus:	779,655
Outpatient Visits Offsite/off campus	728,132

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	**10**
Cath Labs used for Angiography procedures	3
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	2

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	**2,958**
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	1,648
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	845
EP Catheterizations (15+)	465

Cardiac Surgery Data

Total Cardiac Surgery Cases:	**390**
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	390
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	253

Diagnostic/Interventional Equipment	Owned	Contract	Examinations: Inpatient	Examinations: Outpt	Examinations: Contract
General Radiography/Fluoroscopy	19	0	28,358	113,432	0
Nuclear Medicine	5	0	355	2,495	0
Mammography	6	0	15	24,812	0
Ultrasound	42	0	13,980	50,394	0
Angiography	10	0			
Diagnostic Angiography			2,912	3,013	0
Interventional Angiography			2,589	2,177	0
Positron Emission Tomography (PET)	1	0	131	1,085	0
Computerized Axial Tomography (CAT)	7	0	8,695	42,454	0
Magnetic Resonance Imaging	6	1	2,188	15,381	105

Therapeutic Equipment	Owned	Contract	Therapies/ Treatments
Lithotripsy	0	1	149
Linear Accelerator	3	0	11,199
Image Guided Rad Therapy			8,948
Intensity Modulated Rad Thrp			4,627
High Dose Brachytherapy	0	0	0
Proton Beam Therapy	0	0	0
Gamma Knife	0	0	0
Cyber knife	0	0	0

Source: 2015 Annual Hospital Questionnaire, Illinois Department of Public Health, Health Systems Development.