



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

USPO **VIA EMAIL**

May 5, 2017

Charles Sheets, Attorney
Polsinelli, P.C.
161 North Clark Street, Suite 4200
Chicago, IL 60601

Re: PROJECT: 16-046 New Lenox Endoscopy Center, New Lenox
APPLICANTS: New Lenox Endoscopy, LLC, SGNL, LLC, Southwest Gastroenterology, S.C.

Dear Mr. Sheets:

We are in the process of preparing the State Board Staff Report for the June 2017 State Board Meeting and we need clarification of information that has been provided and some additional information.

1. Page 104 of the Application for Permit states the cost to build the ASTC is \$1,882,463.84. The FMV of the space as stated in the application is \$1,724,622. Please provide an explanation for this difference.
2. In supplemental information you state the fair market value of the leased space is based on the full amortization of the capitalized costs to construct the endoscopy center with a reasonable rate of return. Please provide the calculation (i.e. numbers) of how the FMV of the leased space was derived.
3. Please provide the projected balance sheet for New Lenox Endoscopy Center, LLC and SGNL, LLC for years 1-3.
4. The letter from Standard Bank and Trust Company states that the Southwest Gastroenterology S.C. maintains a balance in excess of \$250,000. (Application for Permit page 103) In supplemental information that Southwest Gastroenterology S.C. provided the current assets for 2016 was -\$50,307. Please provide a current bank statement and an explanation of the discrepancy between the statement in the bank letter and the financial information provided in the supplemental information.
5. Principle payments and interest expense were provided for New Lenox Endoscopy Center projected financial information. In the information provided in the application for permit a mortgage or a debt instrument is not being used to finance this project. Please explain. If the principle payments and interest expense was in error please provide new projected financial statements.
6. Is the depreciation expense on the projected income statement for New Lenox Endoscopy Center for the equipment or the building? The application states that SGNL, LLC is the owner of the

building; therefore depreciation for the building would not be recorded on the proposed licensee's income statement.

7. Please clarify the expected Medicaid population that will be served by the proposed facility and the expected charity care to be provided at New Lenox Endoscopy Center.

The supplemental information states the expected payor mix will be approximately 8.3% Medicaid and 1% charity care. The application for permit page 53 states that the Endoscopy Center projects at least 6% of its endoscopy patients will be Medicaid beneficiaries. In supplemental information the applicants state *New Lenox Endoscopy, LLC's commitment to charity care will be in line with other Illinois ambulatory surgical treatment centers. In 2015 charity care in Illinois provided by ASTCs as reported to the State Board in 2015 was .20% of net revenue.*

8. The opposition letter from Silver Cross Hospital and Medical Center questions the number of outpatient GI procedures performed at Silver Cross Hospital and Medical Center by Southwest GI physicians. The application for permit states 7,359 outpatient GI procedures were performed at Silver Cross Hospital while Silver Cross Hospital states that 6,321 outpatient GI procedures were performed at the Hospital or a difference of approximately 1,038 procedures. Please explain the difference.
9. Please provide an explanation of how many procedures will be moved from Silver Cross Hospital to the new ASTC if approved by the State Board.
10. The application for permit stated that the average time per procedure to be fifty-two (52) minutes. The average time per procedure in the State of Illinois is 39.6 minutes or 40 minutes (2015 ASTC State Summary Profile Data). Please explain the difference.
11. 77 IAC 1110.530 (b) (1) (3) – Background of Applicant requires a listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility. The State Board Staff has become aware of additional health care facilities that members of New Lenox Endoscopy Center, LLC and SGNL, LLC have an interest. (See page 6 of the opposition letter submitted by Silver Cross Hospital and Medical Center) Please provide the name of the members of the Oak Lawn Endoscopy Center, LLC and their percentage of ownership.

If you have any questions please contact Mike Constantino at 217.782.3516 or Mike.Constantino@illinois.gov

Sincerely,



Mike Constantino, Project Reviewer
Illinois Health Facilities and Services Review Board