



STATE OF ILLINOIS

## HEALTH FACILITIES AND SERVICES REVIEW BOARD

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<b>DOCKET NO:</b> H-11	<b>BOARD MEETING:</b> March 14, 2017	<b>PROJECT NO:</b> 16-059	<b>PROJECT COST:</b>  Original: \$13,216,496
<b>FACILITY NAME:</b> Palos Health Surgery Center		<b>CITY:</b> Orland Park	
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA: VII</b>

**PROJECT DESCRIPTION:** The applicants (The St. George Corporation, Palos Community Hospital, South Campus Partners, Inc., and Palos Health Surgery Center, LLC) are proposing to establish a multi-specialty ambulatory surgical treatment center ("ASTC") in Orland Park, Illinois at a cost of \$13,216,496. The project completion date provided by the applicant is June 30, 2019.

## EXECUTIVE SUMMARY

### **DESCRIPTION:**

- The applicants (The St. George Corporation, Palos Community Hospital, South Campus Partners, Inc., and Palos Health Surgery Center, LLC) are proposing to establish a multi-specialty ambulatory surgical treatment center (“ASTC”) in Orland Park, Illinois at a cost of \$13,216,496. The completion date is June 30, 2019.
- The applicants stated *“The project is a collaboration between Palos Community Hospital (“Palos”) and Loyola University Health System (“Loyola”). It will allow both hospitals to reposition outpatient surgical services closer to patients’ homes and lower the cost of services (Medicare payment rates for hospital surgical services are between 181% and 243% of surgical center rates for the same procedures). Approximately 94.4% of the cases at the proposed surgery center will be transferred from Palos and Loyola facilities.”* [See Page 17 of this report]

### **WHY THE PROJECT IS BEFORE THE STATE BOARD:**

- The project is before the State Board because the project proposes to establish a health care facility (hospital) as required by 20 ILCS 3960/3.

### **PURPOSE OF THE PROJECT:**

- *“The purpose of this project is to improve access and quality of care for patients in the broad geographic area served by Palos Community Hospital. The project will improve access in Planning Area A-04 to ambulatory surgical care. Access to ambulatory surgical care is essential to the overall well-being of the communities Palos services, particularly in light of the aging population and the co-morbidities associated with the shifting age cohort. It is anticipated to provide improved access to quality, coordinated, efficient and cost effective services for the residents of the Southwest Suburban communities of metropolitan Chicago.”*

### **PUBLIC COMMENT:**

- An opportunity for a public hearing was provided; however, no hearing was requested. No letters of support or opposition were received by State Board Staff.

### **SUMMARY:**

- State Board Staff reviewed the application for permit and additional information furnished by the applicants and note the following:
- It appears, should this project be approved, there is sufficient service demand to justify the number of operating/procedure rooms (four rooms) being requested. The applicants have identified approximately 4,451 surgical cases that could be accommodated at the proposed new ASTC. Additionally it appears that the majority of patients will come from within the forty-five (45) minute service area.
- Palos Community Hospital does not have sufficient historical utilization to justify the number of operating/procedure rooms at the hospital (nineteen (19) and the four (4) operating rooms at the proposed ASTC. Over the past five (5) years the hospital has averaged 24,732 hours annually, which will justify a total of seventeen (17) operating/procedure rooms.
- There is existing operating/procedure room capacity within the forty-five (45) minute service area. There are twenty-nine (29) ASTCs in the forty-five (45) minute service area. Two (2) of the ASTCs have recently been approved and are not yet operational. Of the twenty-seven (27) ASTC’s that are currently operating within the forty-five (45) minute service area, seven (7) are limited specialty ASTC’s and are not considered when assessing need for a new multi-specialty ASTC because these seven (7) facilities would have to submit an application for permit to add surgical specialties. The remaining twenty (20) facilities are multi-specialty ASTCs with one

hundred twenty-three (123) operating/procedure rooms. Of these twenty (20) facilities, two (2) are at the target occupancy of eighty percent (80%). There are twenty-four (24) hospitals within the proposed forty-five (45) minute service area with four hundred fifty-four (454) operating/procedure rooms. Of these twenty-four (24) hospitals, seven (7) are at target occupancy of eighty percent (80%).

**CONCLUSION:**

- The applicants addressed a total of twenty-two (22) criteria, and the State Board Staff Notes the following:

<b>State Board Standards Not Met</b>	
<b>Criteria</b>	<b>Reasons for Non-Compliance</b>
<b>77 IAC 1110.1540(g) Service Accessibility</b>	Palos Community Hospital does not have sufficient historical utilization to justify the number of operating/procedure rooms for both the proposed ASTC and the existing hospital (Palos Community Hospital). The number of operating/procedures rooms for both entities is twenty-three (23), nineteen (19) at the Palos Community Hospital and four (4) at the ASTC. Palos Community Hospital historical utilization will justify seventeen (17) operating/procedure rooms.
<b>77 IAC 1110.1540(h) Unnecessary Duplication of Service</b>	There is existing operating/procedure room capacity in the forty-five (45) minute service area. There are twenty (20) multi-specialty ASTCs within the 45-minute service area with one hundred twenty-three (123) operating/procedure rooms. Of these twenty (20) facilities two (2) are at the target occupancy of eighty percent (80%). There are twenty-four (24) hospitals within the proposed forty-five (45) minute service area with four hundred fifty-four (454) operating/procedure rooms. Of these twenty-four (24) hospitals seven (7) are at target occupancy of eighty percent (80%).

**STATE BOARD STAFF REPORT**  
**Project #16-059**  
**Palos Health Surgery Center**

<b>APPLICATION SUMMARY/CHRONOLOGY</b>	
Applicants	The St. George Corporation, Palos Community Hospital, South Campus Partners, Inc., and Palos Health Surgery Center, LLC
Facility Name	Palos Health Surgery Center
Location	Southwest Corner of 153 <sup>rd</sup> Street and West Avenue, Orland Park, Illinois
Application Received	December 29, 2016
Application Deemed Complete	January 4, 2017
Review Period Ends	May 3, 2017
Permit Holder	Palos Health Surgery Center, LLC
Operating Entity/Licensee	Palos Health Surgery Center, LLC
Owner of the Site	Palos Community Hospital
Project Financial Commitment Date	March 14, 2019
Gross Square Footage	15,770/GSF
Project Completion Date	June 30, 2019
Can Applicants Request a Deferral?	Yes
Has the Application been extended by the State Board?	No

**I. The Proposed Project**

The applicants (The St. George Corporation, Palos Community Hospital, South Campus Partners, Inc., and Palos Health Surgery Center, LLC) are proposing to establish a multi-specialty ambulatory surgical treatment center (“ASTC”) in Orland Park, Illinois at a cost of \$13,216,496. The project completion date is June 30, 2019.

**II. Summary of Findings**

- A. The State Board Staff finds the proposed project is 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**

Palos Community Hospital is an Illinois not-for-profit corporation whose sole corporate member is The St. George Corporation. The Hospital is a licensed 425-bed acute care facility located in Palos Heights, Illinois, providing inpatient, outpatient, and emergency care services primarily to residents of the southwest suburban of Chicago.

In 2013, Palos Community Hospital opened the Hospitaller Pavilion featuring fourteen (14) surgical suites, the area’s only hybrid operating room and the innovative Center for Short Stay Care. Palos Community Hospital operates two (2) satellite facilities, the Palos

Primary Care Center in Orland Park and the Palos Diagnostic and Women's Center in Tinley Park as well as one of the largest home health agencies in Illinois.

In 2015, Palos Community Hospital formed an affiliation with Loyola University Health System. Loyola University Health System (LUHS) is a member of Trinity Health. LUHS is a quaternary care system with a 61-acre main medical center campus, the 36-acre Gottlieb Memorial Hospital campus and more than thirty (30) primary and specialty care facilities in Cook, Will and DuPage counties. The two (2) systems are approximately eighteen (18) miles apart. The two (2) systems remain independent but collaborate on services and programs, and Loyola has established a cancer center at Palos Community Hospital.

**St George Corporation** is an Illinois not-for-profit corporation whose purpose is to solicit and receive contributions on behalf of Palos Community Hospital and St George Wellness Center support educational activities related to rendering health care services, promote scientific research relating to the care of the sick, and to support the Hospital and Wellness Center and their respective purposes.

**South Campus Partners, Inc.**, a general Illinois not for-profit corporation, is the sole member of Palos Health Surgery Center, LLC. Palos Community Hospital and Loyola University Medical Center are members of South Campus Partners. Palos Community Hospital currently holds a 51 % interest in the South Campus Partners entity and Loyola University Medical Center has a 49% interest.

**Palos Health Surgery Center, LLC** is an Illinois limited liability company and the planned operating entity for the surgery center. The sole cooperate member is South Campus Partners, Inc. The applicants may syndicate a non-controlling portion of the membership interests of the surgery center to other parties including to a management services company and/or surgeons who will use the surgery center as an extension of their practice. At this time, no contract or agreement to do so with any person exists and such changes are not expected to occur until after issuance of the CON permit.

The project is a substantive project subject to a Part 1110 and a Part 1120 review. Financial Commitment will occur after permit issuance. The State Board's Utilization Standard for Operating/Procedure rooms is 1,500 hours per year [Part 1110.Appendix B]

The proposed ASTC expected payor mix is as follows:

Medicare	52%
Commercial Pay	39%
Medicaid	5%
<u>Other</u>	<u>4%</u>

**Reviewer Note:** While the project is a collaboration between Palos Community Hospital and Loyola University Health System, Loyola University Health System is not a co-applicant on this application because

- 1) It is not the licensed entity;
- 2) It does not have final control of the licensed entity;
- 3) Is not financially responsible for guaranteeing or making payments on any debt related to the project; and
- 4) Is not actively involved in the provision of care and does not control the capital assets.

Palos Community Hospital has two (2) outstanding permits.

- **#08-075**

The State Board approved as Permit #08-075 a major modernization of Palos Community Hospital in March of 2009. The project included the construction of a new 8-level wing, which is located adjacent and connected to the existing hospital. In addition the project included the major modernization of medical/surgical services, intensive care services, surgery, recovery, emergency and other clinical and non-clinical services. The project consisted of a total of 399,669 GSF of new construction and 187,879 GSF of renovated space. The total estimated project cost was \$420,438,329.

In December of 2014 Palos Community Hospital was approved to alter Permit #08-075 to modernize the 2<sup>nd</sup> and 3<sup>rd</sup> floor, instead of floor three (3) and four (4) and relocate the forty-three (43) bed AMI unit from the 2<sup>nd</sup> floor to the 4<sup>th</sup> floor and discontinue three (3) AMI beds. The total project costs were reduced from \$420,438,329 to \$415,765,983.

In August of 2015 a second alteration was approved by the State Board to reduce the altered permit amount from \$415,438,983 to \$409,635,229. The total reduction in cost from the approved permit amount of \$420,438,329 to \$409,635,229 is \$10,803,100 or a reduction of 2.56%. The anticipated completion date is March 31, 2018.

- **#16-001**

In March 2016 Palos Community Hospital was approved to construct a four-story medical office building with a below grade parking structure and a building connector between the new structure and an existing medical office building at the South Campus in Orland Park. The cost of the project is \$133,202,791. The anticipated completion date is June 30, 2019.

### **III. Health Service Area/Health Planning Area**

The proposed ASTC will be located in Cook County in Health Service Area VII which includes Suburban Cook and DuPage counties.

The applicants state that the proposed ASTC is needed because of the growth in the number of cases and hours at Palos Community Hospital operating/procedure rooms and

to improve access for patients traveling to the hospital for outpatient surgery. Board Staff reviewed operating/procedure room cases and operating/procedure hours provided by the applicants over the past five (5) years, and data suggests the utilization of surgical and procedure rooms at Palos Community Hospital have seen little increase in the total number of surgical hours over this five (5) year period. Loyola University Medical Center has seen 8.5% growth annually over this same period. Additionally, the State Board has seen little or no growth in operating/procedure room hours for hospitals and ASTCs in the HSA VII Service Area – the location of the proposed ASTC.

The table below outlines the surgical/procedure room utilization for both Palos Community Hospital and Loyola University Medical Center for the period 2011-2015.

<b>TABLE ONE</b>							
<b>Utilization of Surgical Services at Palos Community Hospital</b>							
<b>Year</b>	<b># of Surgery Rooms</b>	<b>Surgical Hours</b>	<b>Procedure Rooms</b>	<b>Procedure Hours</b>	<b>Total OR/Procedure Rooms</b>	<b>Total Hours</b>	<b>Rooms Justified</b>
2015	14	20,009	5	6,359	19	26,368	18
2014	14	18,575	5	5,422	19	23,997	16
2013	14	18,134	5	6,279	19	24,413	17
2012	12	17,062	4	5,206	16	22,268	15
2011	12	18,060	4	8,553	16	26,613	18
Data Taken from Hospital Profiles for Years 2011, 2012, 2013, 2014, and 2015							
Rooms Justified = Total Hours/1,500 Hours							

<b>TABLE TWO</b>							
<b>Utilization of Surgical Services at Loyola University Medical Center</b>							
<b>Year</b>	<b># of Surgery Rooms</b>	<b>Surgical Hours</b>	<b>Procedure Rooms</b>	<b>Procedure Hours</b>	<b>Total OR/Procedure Rooms</b>	<b>Total Hours</b>	<b>Rooms Justified</b>
2015	28	59,391	10	17,877	38	77,268	52
2014	27	60,335	10	16,786	37	77,121	52
2013	27	58,154	10	12,750	37	70,904	48
2012	27	64,843	10	11,369	37	76,212	51
2011	27	43,292	6	10,636	33	53,928	36
Data Taken from Hospital Profiles for Years 2011, 2012, 2013, 2014, and 2015							
Rooms Justified = Total Hours/1,500 Hours							

#### **IV. Project Description**

Palos Health Surgery Center will consist of four (4) Class C Operating Rooms, sixteen (16) recovery stations, and support/administrative and public spaces. The 15,440 GSF ASTC will be located in the medical office building approved as Project #16-001.

The proposed surgery center will be considered multi-specialty ASTC providing Gastroenterology, General Surgery, Obstetric/Gyn., Ophthalmology, Oral/Maxillofacial, Orthopedic, Otolaryngology, Plastic Surgery, Pain Management, Podiatry, and Urology surgical specialties.

## V. Project Uses and Sources of Funds

The applicants are funding this project with cash in the amount of \$8,785,126 and a lease with a fair market value of \$4,431,370. Estimated start-up costs and operating deficit cost is \$940,568.

TABLE THREE Project Uses and Sources of Funds			
Project Uses	Reviewable	Non-Reviewable	Total
New Construction Contracts	\$2,243,531	\$2,061,831	\$4,305,362
Contingencies	\$224,353	\$309,275	\$533,628
Architectural and Engineering Fees	\$246,265	\$236,608	\$482,873
Consulting and Other Fees	\$0	\$170,000	\$170,000
Movable or Other Equipment	\$1,901,921	\$423,891	\$2,325,812
FMV of Leased Space	\$1,839,145	\$2,592,225	\$4,431,370
Other Costs to be Capitalized	\$662,951	\$304,500	\$967,451
Total	\$7,118,166	\$6,098,330	\$13,216,496
Project Sources			
Cash and Securities	\$5,279,021	\$3,506,105	\$8,785,126
FMV of Leased Space	\$1,839,145	\$2,592,225	\$4,431,370
Total	\$7,118,166	\$6,098,330	\$13,216,496

## VI. Cost Space Requirements

The applicants are proposing 15,770 GSF of space of which 6,545 GSF is reviewable space. For new construction, the standards are based on the inclusion of all building components and are expressed in building gross square feet (BGSF). For modernization projects, the standards are based upon interior build-out only and are expressed in departmental gross square feet (DGSF). 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 1110.Appendix B]

**Reviewer Note Gross Square Foot (GSF) means:** The sum of all areas on all floors of a building included within the outside faces of its exterior walls, including all vertical penetration areas, for circulation and shaft areas that connect one floor to another.

*"Non-clinical Service Area" or non-reviewable 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 services from the health care facility. "Non-clinical service areas" include, but are not limited to, chapels; gift shops; newsstands; computer systems; tunnels, walkways, and elevators; telephone systems; projects to comply with life safety codes; educational facilities; student housing; patient, employee, staff, and visitor dining areas; administration and volunteer offices;*



modernization of structural components (such as roof replacement and masonry work); boiler repair or replacement; vehicle maintenance and storage facilities; parking facilities; mechanical systems for heating, ventilation, and air conditioning; loading docks; and repair or replacement of carpeting, tile, wall coverings, window coverings or treatments, or furniture. Solely for the purpose of this definition, "non-clinical service area" does not include health and fitness centers. [20 ILCS 3960/3]

<b>TABLE FOUR</b>			
<b>Cost Space Requirements</b>			
<b>Department/Area</b>	<b>Costs</b>	<b>Proposed</b>	<b>Modernized</b>
Operating Rooms	\$1,137,911	2,480	2,480
Prep and Recovery Rooms	\$921,308	2,640	2,640
Nurse Stations	\$184,312	660	660
Building Gross	\$0	765	765
Total Reviewable	\$2,243,531	6,545	6,545
Administrative Offices	\$176,042	850	850
Reception Registration	\$305,349	992	992
Storage Supplies Equipment	\$682,762	2,992	2,992
Patient Toilet	\$49,507	237	237
Staff Lockers, Toilets, Lounges	\$195,364	905	905
MEP, Facilities, Housekeeping	\$258,917	882	882
Communications, IT, Electric	\$77,259	282	282
Decontamination and Sterilization	\$316,631	1,000	1,000
Building Gross	\$0	1,085	1,085
Total Non Reviewable	\$2,061,831	9,225	9,225
Total	\$4,305,362	15,770	15,770

## **VII. Purpose of Project, Safety Net Impact Statement and Alternatives**

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

**To demonstrate compliance with this criterion, the applicants must document that the project will provide health services that**

- 1. improves the care or well-being of the market area population to be served;**
- 2. identifies the issues or problems that the project is proposing to address or solve; and**
- 3. defines the planning area or market area.**

According to the applicants

*“The purpose of this project is to improve access and quality of care for patients in the broad geographic area served by Palos Community Hospital. The project will improve access in Planning Area A-04 to ambulatory surgical care. Access to ambulatory surgical care is essential to the overall well-being of the communities Palos services, particularly in light of the aging population and the co-morbidities associated with the shifting age cohort. It is anticipated to provide improved access to quality, coordinated, efficient and cost effective services for the residents of the Southwest Suburban communities of metropolitan Chicago.”* [Application, p. 50]

The proposed service area is forty-five (45) minutes in all directions from the proposed surgery center. The Surgery Center will allow Palos Community Hospital and Loyola University Medical Center to shift appropriate procedures from their hospital outpatient

surgical departments to the Surgery Center. For many patients, this location will be closer to home.

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

**To demonstrate compliance with this criterion, 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 proposed Surgery Center will not adversely impact safety net services in the community. To the contrary the proposed Surgery Center will improve access to surgical services to uninsured and underinsured patients. The facility will accept all patients who are medically appropriate for admission at an ambulatory surgery center regardless of ability to pay. Uninsured patients ineligible for or pending Medicaid approval and unable to pay for services will be eligible for free care. Further, patients with incomes between 100% (sic) to 200% of the federal poverty level will be eligible for discounts ranging from 25% to 100%. Accordingly, the proposed Surgery Center will enhance safety net services in the community.*

*The proposed Surgery Center will not impact the ability of other providers to cross-subsidize safety net services. A central purpose of the proposed Surgery Center is to allow Palos and Loyola to shift appropriate procedures from their HOPDs to the Surgery Center. Ambulatory surgery centers provide high quality surgical care, excellent outcomes and a high level of patient satisfaction at a lower cost than HOPDs. Surgical procedures performed in an ASTC are reimbursed at a lower rate than HOPDs and result in lower out of-pocket expenses for patients. As surgical cases will primarily be transferred from Palos and Loyola to the proposed Surgery Center, it will not impact the ability of other providers to cross-subsidize safety net services. [Application, p. 109]*

<b>TABLE FIVE</b> <b>Safety Net Information</b> <b>Palos Community Hospital</b>			
<b>Net Revenue</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	\$315,296,194	\$340,954,308	\$367,378,672
<b>Charity Care</b>			
Charity (# of patients)			
Inpatient	860	748	653
Outpatient	4,305	3,586	2,933
<b>Total</b>	<b>5,165</b>	<b>4,334</b>	<b>3,586</b>
Charity (cost In dollars)			
Inpatient	\$3,272,896	\$2,962,744	\$1,154,357
Outpatient	\$2,615,864	\$2,209,552	\$1,552,282
<b>Total</b>	<b>\$5,888,760</b>	<b>\$5,172,296</b>	<b>\$2,706,639</b>
<b>% of Net Revenue</b>	<b>1.87%</b>	<b>1.52%</b>	<b>0.74%</b>
<b>Medicaid</b>			
Medicaid (# of patients)			
Inpatient	686	1,228	1,366
Outpatient	19,793	24,329	24,334
<b>Total</b>	<b>20,479</b>	<b>25,557</b>	<b>25,700</b>
Medicaid (revenue)			
Inpatient	\$15,283,868	\$14,202,274	\$6,385,875
Outpatient	\$3,070,682	\$6,588,101	\$6,961,113
<b>Total</b>	<b>\$18,454,550</b>	<b>\$20,790,375</b>	<b>\$13,346,988</b>
<b>% of Net Revenue</b>	<b>5.82%</b>	<b>6.10%</b>	<b>3.63%</b>

**C) Criterion 1110.230(c) – Alternatives to the Proposed 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 explored three (3) options prior to determining to establish the Surgery Center on the South Campus of Palos Community Hospital. The options considered are as follows:

- Maintain the Status Quo
- Locate the Surgery Center on the Palos Community Hospital main campus; and
- Locate the Surgery Center elsewhere in the geographic service area.

**1. Maintain Status Quo**

The applicants rejected this alternative outright. No discussion was provided.

**2. Establish Surgery Center on the Palos Main Campus**

The applicants rejected this alternative for the following reasons.

*“Although Palos' main campus is located in Palos Heights, its geographic service area is centered in Orland Park. The patients anticipated to utilize the Surgery Center similarly will be from the communities surrounding the South Campus in Orland Park. Developing ASTC services on the South Campus allows for the expansion of facilities to more fully expand Palos' affiliation with Loyola through the development of physician office space and radiation therapy services. Loyola has projected the placement of 25 FTE physicians in multiple specialties all with demonstrated market need to be located on the South Campus. Palos continues to grow its primary care and specialist physician complement as well. This mix of academic and community based physicians will allow patients to receive high quality coordinated care from two highly regarded health care systems at a lower cost to patients and payers through integration that will reduce duplicative treatments and testing.”*

**3. Locate the Surgery Center elsewhere in the geographic service area**

*“Recognizing the growing demand for outpatient care and in response to population growth, Palos was among the first hospitals in the area to expand to satellite facilities. In 1985, Palos established its primary care center satellite facility on the South Campus. Subsequent expansions in 1988 and 1999 expanded the services offered on the South Campus to include quality diagnostic treatment services for both medical and behavioral issues while assuring the presence of an excellent primary care and specialist physician complement. Today, the South Campus houses the Immediate Care Center, outpatient lab and imaging services, outpatient behavioral health services, including partial hospitalization and chemical dependency programs, pharmacy, infusion and cancer treatment services, and more than 70 physician and dentist offices. The proposed Surgery Center will complement the existing services already provided on the South Campus. Establishing a surgery center elsewhere in the geographic service area will result in unnecessary and costly duplication of services. It is counter to the goals of the affiliation to provide the right service for the patient at the right location at the right time. Loyola projects the placement of 25 FTE physicians in multiple specialties all with demonstrated market need to be located on the South Campus. Palos continues to grow its primary care and specialist physician complement as well. The mix of academic and community based physicians will allow patients to receive high quality coordinated care from two highly regarded health care systems at a lower cost to patients and payers.” [Application, pp. 52-53]*

In additional information, the applicants stated; *“A stand-alone surgery center on the Palos Main Campus is not feasible as there is insufficient land to build the Surgery Center. As a result, Palos did not calculate the costs for such a project. Palos rejected the option to build a stand-alone surgery center elsewhere in the geographic service area due to the higher cost. Exclusive of land acquisition, Palos calculated the cost to build a stand-alone surgery center at another location outside the geographic service area to be \$17,891,696 (or 35% higher than building the Surgery Center on the Palos South Campus). As a result, Palos rejected that option and elected to build the Surgery Center on the Palos South Campus.” [Additional Information 2/8/2017, p. 2]*

## **VII. Size of the Project, Projected Utilization of the Project, Assurances**

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

**To demonstrate 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 four (4) operating rooms (Class C), and sixteen (16) recovery stations. The State Board Standard is 2,075-2,750 BGSF per operating room. 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 room or a total of sixteen (16) recovery stations for the four (4) operating rooms being proposed. For the four (4) operating rooms the applicants are proposing a total of 6,545 BGSF or 1,637 BGSF per operating room.

Based upon the information submitted by the applicants the applicants have met the requirements of the State Board. [Source: Application for Permit page 54]

### **B) Criterion 1110.234(b) – Projected Utilization**

**To demonstrate compliance with this criterion, the applicants must document that the proposed surgical rooms will be at target utilization or 1,500 hours per operating 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 6,000 hours for the proposed four (4) operating rooms. The applicants are projecting a total of 4,451 cases (or 4,738 hours) in 2020. The State Board Staff's review of the projected referral letters from eighty-seven (87) physicians would indicate there will be sufficient cases to justify the four (4) operating rooms being requested. [Source: Application for Permit pages 111-293]

<b>TABLE SIX</b>				
<b>Projected Utilization</b>				
<b>Surgical Specialties</b>	<b>Cases</b>	<b>Total Surgery Time</b>	<b>Average Case Time</b>	<b>State of Illinois Average Case Time</b>
Gastroenterology	821	656	0.80	0.80
General/Other	640	687	1.07	1.07
Obstetric/GYN	235	224	0.95	0.95
Ophthalmology	944	652	0.69	0.69
Oral/Maxillofacial	8	8	1.04	1.04
Orthopedic	701	945	1.35	1.35
Plastics	386	816	2.11	2.11
Pain Management	195	97	0.50	0.50
Podiatry	95	138	1.45	1.36
Otolaryngology	119	139	1.17	1.17
Urology	307	375	1.22	1.22
<b>Total</b>	<b>4,451</b>	<b>4,738</b>		

**C) Criterion 1110.234(e) – Assurances**

**To demonstrate 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 provided the necessary attestation at page 96 of the Application for Permit.

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

## **VIII. Non-Hospital Based Ambulatory Surgical Treatment Center Services**

### **A) Criterion 1110.1540(b)(1) through (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;
  - 3) ***Adverse action means a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois.***
- 
1. The applicants provided a letter attesting that no adverse actions have been taken against the them in the past three (3) years from the date of filing of this application for permit, a listing of all facilities owned by the applicants and their Medicare certification number and authorization permitting IDPH and the State Board access to any documents necessary to verify the information submitted in the application for permit.
  2. The project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard. [Application for Permit pages 38-39].
  3. 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 41]
  4. Palos Community Hospital, The St. George Corporation, and South Campus Partners, Inc., are Domestic Corporations, incorporated in the State of Illinois and appear to have complied with all the provisions of The General Not For Profit Corporation Act of this State, and are in Good Standing as a Domestic Corporation in the State Of Illinois. [Application for Permit pages 27-31]
  5. Palos Health Surgery Center, LLC is an Illinois limited liability corporation incorporated in the State of Illinois authorized to transact business in the State of Illinois and is in Good Standing. [Application for Permit page 31]
  6. Proof of ownership of the property was provided at pages 41-47 of the application for permit.

7. All required reports of the State Board and the Illinois Department of Public Health have been provided.
8. All physicians providing referral letters are currently licensed by the State of Illinois.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANTS (77 IAC 1110.1540(b)(1) - (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 45-minute geographic service area. The applicants 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 will be residents of the 45-minute geographic service area.**

**(A)** A list of the zip codes of the forty-five (45) minute geographic service area has been provided as required. There are one hundred eighty-five (185) zip codes within this forty-five minute GSA.

**(B)** From the State Board Staff's Review of the patient origin information for the prior twelve (12) months, it appears that approximately eighty-four percent (84%) of the patients resided within this forty-five minute GSA.

From the information provided it appears that at least fifty percent (50%) of the patients will come from within the forty-five (45) minute service area.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SERVICE TO GSA RESIDENTS (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 compliance 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.

The applicants provided eighty-seven (87) physicians referral letters at pages 111-293 of the application for permit. The referral letters contained all of the information documented above that is required by the State Board.

The eighty-seven (87) physicians are expected to refer approximately 4,451 patients to the proposed ASTC within two (2) years after project completion. It would appear there will be sufficient service demand to justify the number of operating rooms (4 rooms) being requested. [See Table Seven and Table Seventeen below] From the historical referrals it appears that approximately eighty percent (80%) of the referrals to the proposed ASTC will be coming from four (4) facilities controlled by Loyola University Health System.

Facility	Historical Referrals	% of Total
Loyola University Medical Center ^	12,846	58.18%
Loyola University ASTC ^	3,626	16.42%
Palos Community Hospital	3,411	15.45%
Loyola Ambulatory Surgery Center Oakbrook^	507	2.30%
Gottlieb Memorial Hospital^	456	2.07%
Ingalls Same Days Surgery	310	1.40%
Palos Surgery Center	214	0.97%
Advocate Christ Medical Center	181	0.82%
Ingalls Memorial Hospital	181	0.82%
Advocate South Suburban	135	0.61%
Franciscan St. James Olympia Fields	87	0.39%
Center for Minimally Invasive Surgery	78	0.35%
Silver Cross Hospital and Medical Center	42	0.19%
Forest Med Surg Center	5	0.02%

^ Facilities controlled by Loyola University Health System.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT 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 demonstrate 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 State Board Staff's review of the referral letters, the applicants can justify 4,738 hours in the first year after project completion. This number of operating/procedure hours will justify the four (4) operating/procedure rooms being requested by the applicants [4,738 hours/1,500 hours = 3.16 operating rooms or 4 operating rooms]. **Reviewer Note:** It has been the practice of the State Board to round to the next highest amount when a fractional number appears in a calculation.
2. The average case time for the physicians' cases was provided by the applicants as required. As can be seen in the table below, the applicants' average case time is exactly the same for all surgical specialties as the State of Illinois average case time for CY 2015 except for podiatry.

<b>TABLE SEVEN</b>				
<b>Surgical Specialties to be performed at the Proposed Facility</b>				
<b>Surgical Specialties</b>	<b>Cases</b>	<b>Total Surgery Time</b>	<b>Average Case Time</b>	<b>State of Illinois Average Case Time</b>
Gastroenterology	821	656	0.80	0.80
General/Other	640	687	1.07	1.07
Obstetric/GYN	235	224	0.95	0.95
Ophthalmology	944	652	0.69	0.69
Oral/Maxillofacial	8	8	1.04	1.04
Orthopedic	701	945	1.35	1.35
Plastics	386	816	2.11	2.11
Pain Management	195	97	0.50	0.50
Podiatry	95	138	1.45	1.36
Otolaryngology	119	139	1.17	1.17
Urology	307	375	1.22	1.22
<b>Total</b>	<b>4,451</b>	<b>4,738</b>		

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

**E) Criterion 1110.1540(g)(1), (2), (3) and (4) - Service Accessibility**

**To demonstrate 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 one 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 twenty-nine (29) existing ambulatory surgical treatment centers (ASTC's) in the proposed forty-five (45) minute service area. Two (2) of the facilities were recently approved by the State Board Permit # 16-031 – Rush Oak Park Surgery Center and Permit #16-021 Silver Cross Ambulatory Surgery Center
  2. Of the twenty-seven (27) ASTC's that are currently operating, seven (7) are limited specialty ASTC's and are not considered because these facilities would have to submit an application for permit to add surgical specialties. The remaining twenty (20) facilities are multi-specialty ASTCs with one hundred twenty-three (123) operating/procedure rooms. Of these twenty (20) facilities, two (2) are at target occupancy. There are twenty-four (24) hospitals within the proposed forty-five (45) minute service area with four hundred fifty-four (454) operating/procedure rooms. Of these twenty-four (24) hospitals, seven (7) are at target occupancy of eighty percent (80%).
  3. All surgical specialties being proposed by the applicants are available within the proposed forty-five (45) minute geographical service area.
  4. According to the applicants the proposed project is collaboration between Palos Community Hospital and Loyola University Health System. The applicants stated

*“As reflected in the State Board's published annual hospital report, utilization of Loyola's surgical program increased by 7%, and its operating rooms has operated well over 100% for over 4 years. In 2015, physicians performed over 72,000 hours of surgery in Loyola's operating rooms and procedure rooms, over 35% above the State Board standard of 1,500 hours. Similarly, utilization of Palos' surgical program increased 18% over that same four year period. At Palos Community Hospital, physicians performed over 26,000 surgery hours in 2015. Thirteen (13) of the operating rooms are operating at the State Board standard, and the fourteenth room is necessary for overflow on days with heavy surgical volumes to avoid backlogs and delay. Similarly, the four endoscopy rooms are operating at target utilization with a fifth non-dedicated procedure room utilized for minor procedures that are inappropriate for an operating room and do not involve endoscopic procedures. Thus, the hospital programs which expect to transfer cases to the proposed surgery center are effectively operating at target capacity. [Application, p. 74]*

**Reviewer Note:** 1110.1540(g)(4)(B) states that the existing hospital (Palos Community Hospital) must have sufficient historical utilization to justify the number of operating/procedure rooms for both the proposed ASTC and the existing hospital, in this case Palos Community Hospital. Palos Community Hospital does not have sufficient historical utilization to justify the number of operating/procedure rooms at the hospital (nineteen (19) and the four (4) operating rooms at the proposed ASTC). Over the past five (5) years the hospital has averaged 24,732 hours annually which will justify a total of seventeen (17) operating/procedure rooms in both places. The number of operating/procedures rooms for both entities is twenty-three (23), nineteen (19) at the hospital and four (4) at the ASTC.

3. Palos Community Hospital has agreed not to increase its surgical/treatment room capacity until the proposed surgery center's surgical /treatment rooms are operating at or above 1,500 hours for twelve (12) consecutive months.
4. Per the applicants the proposed charges for comparable procedures at the Surgery Center will be generally lower than those of Palos Community Hospital and Loyola University Medical Center for the same procedures, but Medicare payment rates for ASCs are on average 55% of what CMS pays hospitals. This comparison helps demonstrate the value provided by the proposed Surgery Center.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION SERVICE ACCESSIBILITY (77 IAC 1110.1540(g)(1), (2), (3) and (4))**

**F) Criterion 1110.1540(h)(1), (2) and (3) - Unnecessary Duplication/  
Maldistribution –**

**To demonstrate compliance with this criterion, the applicants must document that the proposed project will not result in**

- 1. an unnecessary duplication of services;**
- 2. a maldistribution of services;**
- 3. a lower utilization of other area providers below the target utilization of eighty percent (80% or 1,500 hours per operating/procedure room); or a lower, to a further extent, the utilization of other GSA facilities that are currently operating below the eighty (80%) percent utilization standards.**

**1. Unnecessary Duplication of Services**

To demonstrate compliance with this sub-criterion the applicants must document that additional capacity is needed by demonstrating that all ASTCs and Hospital's operating/procedure rooms are operating at capacity.

- a) There are seven (7) limited specialty ASTCs within the proposed geographic service area. To add specialties, these seven facilities would need approval from the State Board. These seven (7) facilities have a total of 15 operating/procedure rooms and can justify thirteen operating/procedure rooms at the target occupancy of 80% or 1,500 hours per operating/procedure room. [See Table Thirteen at the end of this report]
- b) There are twenty-two (22) multi-specialty ASTCs within the proposed geographic service area. Of these twenty-two (22) facilities two (2) are not yet operational. Of these twenty (20) facilities two (2) are at target occupancy of 80% or 1,500 hours per operating/procedure room. These twenty (20) facilities have a total of 123 operating/procedure rooms and can justify eighty-three operating/procedure rooms at target occupancy of 80% or 1,500 hours per operating/procedure room. [See Table Fourteen at the end of this report]
- c) There are twenty-four (24) hospitals within the proposed geographic service area. Seven (7) of the twenty-four (24) hospitals are operating at target occupancy. There are a total of four hundred fifty-four (454) operating/procedure rooms at these hospitals and the hospitals can justify four hundred five (405) operating/procedure rooms at target occupancy. [See Table Fifteen at the end of this report]

**2. Mal-distribution of Service**

To demonstrate compliance with this sub-criterion the applicants must document that there is not a surplus of operating/procedure rooms in this GSA by comparing the ratio of operating/procedure rooms to the population in the GSA to the State of Illinois ratio of operating/procedure rooms to the population. To have a surplus the ratio in the GSA must be 1.5 times the State of Illinois ratio.

There are a total of five hundred ninety-two (592) operating/procedure rooms in the GSA with a population of 5,286,323 or one (1) operating/procedure room per every 8,930 resident. The State of Illinois has 2,975 operating/procedure rooms and a population of 12,830,632. The ratio is one (1) operating/procedure room per 4,313 residents. A surplus of operating/procedure rooms does not exist in this GSA. In addition it appears that the proposed project will have sufficient population in the proposed GSA to achieve target utilization within two (2) year after completion.

### **3. Impact on Other Providers**

To demonstrate compliance with this sub-criterion the applicants must document that the proposed project will not impact other providers in the proposed GSA.

The applicants stated the following *“The Surgery Center will not have an adverse impact on existing facilities in the GSA. The proposed facility will not lower the utilization of other area providers that are operating below the occupancy standards.”*

### **STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION OF SERVICE (77 IAC 1110.1540(h)(1), (2) and (3))**

#### **G) Criterion 1110.1540(i)(1) and (2) - Staffing**

**To demonstrate compliance with this criterion, the applicants must document that relevant clinical and professional staff are available and a medical director has been or will be appointed who is board certified or board eligible to the appropriate professional standards.**

Palos Health Surgery Center will be staffed in accordance with all IDPH and Medicare staffing requirements. Palos Health Surgery Center, LLC will be staffed as follows:

- Administrator (1 FTE)
- Director of Nursing (1 FTE)
- Operating Room Staffing
  - Operating Room RNs (4 FTEs)
  - Surgical Technologist (4 FTEs)
  - Central Supply Technologist (1 FTE)
  - Materials Manager (1 FTE)
  - Radiology Technologist (1 FTE)
- Preoperative/Post Operative Unit
  - Pre/Post Operative RNs (4 FTEs)

#### **Reviewer Note:**

The Illinois Department of Public Health requires a facility to be licensed as an ASTC provide a listing of the medical staff, their specialty, name, and license

number of each physician, podiatrist, or dentist granted privileges to perform surgical procedures in the center be provided. Additionally, a copy of the transfer agreement with a licensed hospital within approximately fifteen (15) minutes travel time of the facility or other documentation demonstrating compliance with Section 77 IAC 205.540-Ambulatory Surgical Treatment Center Licensing Requirements- Postoperative Care. A copy of the medical director's resume is also required.

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

**H) Criterion 1110.1540(j)(1) and (2) - Charge Commitment**

**To demonstrate compliance with this criterion, the applicants must provide a statement of all charges, except professional fees and a commitment that these charges will not be increased, at a minimum for the first two years of operation unless a permit is obtained.**

The applicants provided a list of the procedures to be performed at Palos Health Surgery Center, LLC with the proposed charges and a letter signed by the applicants attesting that the charges will not be increased at a minimum, for the first two years of operation unless a permit is first obtained. (Application for Permit pages 91-94) [See Table Sixteen at the end of this report].

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION CHARGE COMMITMENT (77 IAC 1110.1540(j)(1) and (2))**

**I) Criterion 1110.154(k) – Assurances**

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

The applicants provided the necessary attestation at page 96 of the application for permit attesting that proposed facility will be at target occupancy within two (2) years after project completion and a peer review program will be implemented at Palos Health Surgery Center should the project be approved.

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

**IX. FINANCIAL VIABILITY**

**A) Criterion 1120.120 – Availability of Funds**

**B) Criterion 1120.130 – Financial Viability**

**To demonstrate compliance with these criteria, the applicants must document that funds are available and the applicants have an “A” or better bond rating.**

The applicants are funding this project with cash in the amount of \$8,785,126 and the FMV of the lease of \$4,431,370. The applicants provided evidence of an “AA-” from Fitch Rating Services. The applicants successfully addressed these criteria.

<b>TABLE EIGHT</b> <b>Palos Community Hospital</b> <b>Audited Financial Statements</b> <b>December 31, 2015 and 2014</b> <b>(In thousands)</b>		
	2015	2014
Cash and cash equivalents	\$2,918	\$11,617
Total current assets	\$162,258	\$90,053
PPE	\$482,124	\$440,373
Total assets	\$702,440	\$872,502
Total current liabilities	\$130,732	\$105,570
LTD	\$370,228	\$370,767
Total liabilities	\$538,117	\$514,297
Patient service revenue	\$374,276	\$343,946
Total net patient service revenue	\$362,800	\$340,954
Total expenses	\$361,743	\$339,957
Operating income	\$12,183	\$38,361
Non Operating Income	-\$6,403	\$803
Excess of Revenues over Expenses	\$5,780	\$39,164
Information provided by applicants February 9, 2017.		

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

**X. ECONOMIC FEASIBILITY**

**A) Criterion 1120.140(a) – Reasonableness of Financing Arrangements**

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

**To demonstrate compliance with this criterion, the applicants must document that the terms of the lease are reasonable.**

A lease is considered a form of debt financing by the State Board. The applicants are proposing to lease the space in the medical office building for the proposed ASTC. The applicants provided a non-binding term sheet regarding the lease of the space for the proposed ASTC. The lease is contingent on the applicants receiving a certificate of need for the proposed project.



<b>TABLE NINE Non-Binding Terms of Lease</b>	
Tenant	Palos Health Surgery Center, LLC
Landlord	Palos Community Hospital
Primary Term	Ten (10) years effective upon the later of the completion of construction or lessee occupancy. Landlord will grant two (2) renewal options each for a period of five (5) years.
Rent	A monthly payment in amount sufficient to allow the Landlord to recover the fully amortized capital costs to construct the ambulatory surgery center with a sufficient rate of return. The Lease shall provide for annual increased based on the Consumer Price Index (CPI). The Rent shall be paid absolutely net to Landlord, free of all impositions, assessments, utility charges, operating expenses, refurbishing, insurance premiums or any other charge or expense in connection with the Premises. All expenses and charges, whether for upkeep, maintenance, repair, refurbishing, refurbishing, restoration, replacement, insurance premiums, taxes, utilities, and other operating or other charges of a like nature or otherwise, shall be paid by Tenant.
Information provided by applicants February 9, 2017.	

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

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

**To demonstrate compliance with this criterion, the applicants must document the costs of the project are in compliance with the standards in Part 1120 Appendix A.**

The costs of the project are in compliance with the standards published in Part 1120 Appendix A.

TABLE TEN					
Reasonableness of Project Costs					
Use of Funds	Reviewable Costs	State Board Standard		Project Costs	Met Standards
New Construction and Contingencies	\$2,467,884	\$391.08/gsf	\$1,785,541.45	\$377.06/gsf	Yes
Contingencies	\$224,353	10%	\$336,529.65	10.00%	Yes
Architectural and Engineering Fees	\$246,265	7.06%-10.60%	\$234,942.56	9.98%	Yes
Movable or Other Equipment	\$1,901,921	\$475,480/OR	\$1,901,921	\$475,480per OR	Yes
Consulting and Other Fees	\$0	No Standards			
FMV of Leased Space	\$1,839,145				
Other Costs to be Capitalized	\$662,951				
1.	New Construction and Contingency Costs are \$357.89 GSF (2015 data) inflated by 3% to the midpoint of construction May 2018.				
2.	Contingency costs are 10-15% of Modernization Costs of \$2,243,531.				
3.	Architectural and Engineering Fees are based Capital Development Board Centralized Fee Negotiation Professional Services and Fees Handbook Section 1120 Part A				
4.	Movable Equipment is \$353,802 per room (2008 data) inflated by 3% to the midpoint of construction.				

**Reviewer Note:** Standards for capital equipment not included in construction contracts (i.e. movable or other equipment) are established by type of facility and are derived from the third quartile costs of previously approved projects for which data are available. The standard for the establishment of an ASTC is calculated for the year 2008 and is \$353,802. This amount is inflated by three percent (3%) to the midpoint of construction.

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

**Reviewer Note:**

The criteria below do not have State Board Standards. The applicants have successfully addressed these two criteria when the direct cost per procedure and the capital cost per procedure were provided.

**D) Criterion 1120.140(d) – Direct Operating Costs**

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

**To demonstrate compliance with these two criteria, the applicants must provide the direct operating costs per treatment and the capital costs per treatment for the proposed ASTC.**

The applicants anticipate operating expenses per treatment to be \$876.98 and \$270.84 per capital costs per treatment.

<b>TABLE ELEVEN</b>	
<b>Direct Operating Expenses</b>	
Salaries	\$1,768,860
Benefits	\$398,004
Supplies	\$1,736,580
Total	\$3,903,444
Procedures:	4,451
Direct Operating Expense per Procedure:	\$876.98

<b>TABLE TWELVE</b>	
<b>Capital Costs</b>	
Depreciation & Amortization:	\$945,540
Interest:	\$259,979
Total Capital Costs:	\$1,205,519
Procedures: 4,451	4,451
Capital Costs per Procedure:	\$270.84

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

TABLE THIRTEEN Limited Specialty <sup>(1)</sup>											
Name	City	Type	Surgical Specialties	Adjusted Time <sup>(2)</sup>	Operating Rooms	Hours	Procedure Rooms	Hours	Total Rooms	Total Hours	Rooms Justified
Palos Hills Surgery Center	Palos Hills	Limited	Ortho, Pain Management	20.7	2	1,671	0	0	2	1,671	2
Oak Lawn Endoscopy Center	Oak Lawn	Limited	Gastro-Intestinal	25.3	0	0	2	5,513	2	5,513	4
Midwest Eye Center	Calumet City	Limited	Ophthalmology, Pain Man.	31.05	2	859	1	552	3	1,411	1
United Urology Center LaGrange	LaGrange	Limited	Urology	33.35	1	2,480	0	0	1	2,480	2
Eye Surgery Center of Hinsdale	Hinsdale	Limited	Ophthalmology	35.65	2	1,633	1	353	3	1,986	2
Ambulatory Surgicenter of Downers Grove	Downers Grove	Limited	OB/Gynecology	37.95	3	952	0	0	3	952	1
Elmhurst Foot & Ankle	Elmhurst	Limited	Podiatry	39.1	1	162	0	0	1	162	1
Total					11				15		13
1. Information for operating/procedure rooms, and hours taken from 2015 Annual ASTC Survey Questionnaire 2. Adjusted time from MapQuest and adjusted per 1100.510 (d) Normal Travel Time											

<b>TABLE FOURTEEN</b> <b>Multi-Specialty ASTC <sup>(3)</sup></b>											
<b>Name</b>	<b>City</b>	<b>Type</b>	<b>Surgical Specialties</b>	<b>Adjusted Time <sup>(4)</sup></b>	<b>Operating Rooms</b>	<b>Hours</b>	<b>Procedure Rooms</b>	<b>Hours</b>	<b>Total Rooms</b>	<b>Total Hours</b>	<b>Rooms Justified</b>
Preferred Surgicenter, LLC	Orland Park	Multi	Neurological, OB/Gynecology, Orthopedic, Pain Management, Plastic, Podiatry	5.75	4	155	1	94	5	249	1
Tinley Woods Surgery Center	Tinley Park	Multi	General, OB/Gynecology, Ophthalmology, Oral/Maxillofacial, Orthopedic, Otolaryngology, Plastic, Podiatry, Urology	10.35	4	3,196	1	588	5	3,783	3
Ingalls Same Day Surgery	Tinley Park	Multi	General, OB/Gynecology, Ophthalmology, Oral/Maxillofacial, Orthopedic, Otolaryngology, Plastic, Podiatry, Urology	13.8	4	4,295	0	0	4	4,295	3
Southwest Surgery Center	Mokena	Multi	General, OB/Gynecology, Ophthalmology, Orthopedic, Otolaryngology, Plastic, Podiatry	14.95	4	6,321	1	0	5	6,321	5
Palos Surgicenter	Palos Heights	Multi	General, Laser Eye, Neurological, Ophthalmology, Ortho, Pain Management, Plastic, Podiatry	17.25	3	2,525	2	529	5	3,054	3
Forest Medical Surgical Center	Justice	Multi	Gastroenterology, General, Pain Management, Podiatry, Urology	23	2	640	2	125	4	765	1
Novamed Center for Reconstructive Surgery	Oak Lawn	Multi	Ophthalmology, Ortho, Pain Man., Plastic, Podiatry	26.45	4	1,589	0	0	4	1,589	2
Southwestern Medical Center	Bedford Park	Multi	General, OB/Gyn, Ophthalmology, Ortho, Otolaryngology, Pain Management, Podiatry	36.8	3	2,192	0	0	3	2,192	2
Hinsdale Surgical Center	Hinsdale	Multi	General, OB/Gynecology, Ophthalmology, Oral/Maxillofacial, Orthopedic, Otolaryngology, Plastic, Podiatry, Urology	36.8	4	5,316	2	372	6	5,688	4

TABLE FOURTEEN Multi-Specialty ASTC <sup>(3)</sup>											
Name	City	Type	Surgical Specialties	Adjusted Time <sup>(4)</sup>	Operating Rooms	Hours	Procedure Rooms	Hours	Total Rooms	Total Hours	Rooms Justified
Amsurg Surgery Center	Joliet	Multi	Cardiovascular, Dermatology, Gastro, General, OB/Gyn, Ophthalmology, Oral, Maxillofacial, Ortho., Otolaryngology, Pain Management, Plastic, Podiatry, Thoracic, Urology	36.8	4	6,370	3	2,501	7	8,871	6
Salt Creek Surgery Center	Westmont	Multi	Orthopedic, Pain Management, Podiatry	37.95	4	3,574	0	0	4	3,574	3
Elmhurst Outpatient Surgery Center	Elmhurst	Multi	General, OB/Gynecology, Oral/Maxillofacial, Orthopedic, Otolaryngology, Plastic, Podiatry, Urology, Laser Eye, Pain Management, Gastro	39.1	4	1,856	4	1,476	8	3,332	3
Oak Brook Surgical Centre	Oak Brook	Multi	General, OB/Gynecology, Ophthalmology, Orthopedic, Otolaryngology, Plastic, Podiatry, Urology, Pain Management	40.25	5	2,090	1	718	6	2,808	2
Children's Outpatient Services at Westchester	Westchester	Multi	Dermatology, Gastro, General, Oral Maxillofacial, Orthopedic, Otolaryngology, Plastic, Urology	41.4	3	2,794	0	0	3	2,794	2
Loyola Ambulatory Surgery Center at Oakbrook	Villa Park	Multi	Cardiovascular, Derm., Gastro, General, Neurological, OB/Gyn, Ophthalmology, Oral/Maxillofacial, Ortho., Otolaryngology, Pain Management, Plastic, Podiatry, Urology	41.4	3	2,466	0	0	3	2,466	2
The Center for Surgery	Naperville	Multi	General, OB/Gynecology, Ophthalmology, Orthopedic, Otolaryngology, Plastic, Podiatry, Urology, Pain Management	41.4	8	3,714	3	492	11	4,206	3
Northwestern Medicine Surgery Ctr.	Warrenville	Multi	Orthopedic, Pain Management, Podiatry	42.55	4	4,341	0	0	4	4,341	3
DuPage Medical Group Surgery Center	Lombard	Multi	General, OB/Gynecology, Ophthalmology, Orthopedic, Otolaryngology, Plastic, Podiatry, Urology, Pain Management	42.55	5	9,845	3	6,893	8	16,737	12

TABLE FOURTEEN Multi-Specialty ASTC <sup>(3)</sup>											
Name	City	Type	Surgical Specialties	Adjusted Time <sup>(4)</sup>	Operating Rooms	Hours	Procedure Rooms	Hours	Total Rooms	Total Hours	Rooms Justified
Midwest Center for Day Surgery	Downers Grove	Multi	Gastroenterology, General, OB/Gyn, Ophthalmology, Orthopedic, Otolaryngology, Podiatry, Urology	42.55	5	3,434	0	0	5	3,434	3
Loyola University Ambulatory Surgery Center	Maywood	Multi	Gastroenterology, General, Neurological, OB/Gyn, Oral/Maxillofacial, Ophthalmology, Orthopedic, Otolaryngology, Plastic Urology	44.85	8	9,884	0	0	8	9,884	7
					<b>96</b>		<b>27</b>		<b>123</b>		<b>83</b>
1. Rush Oak Brook Surgery Center, Oak Brook approved by the State Board as Permit #16-031 October 25, 2016 2. Silver Cross Ambulatory Treatment Center, New Lenox approved by the State Board as Permit #16-021 September 13, 2016 3. Information for operating/procedure rooms, and hours taken from 2015 Annual ASTC Survey Questionnaire 4. Adjusted time from MapQuest and adjusted per 1100.510 (d) Normal Travel Time											

**TABLE FIFTEEN**  
**Hospitals within forty-five (45) Minutes of Proposed Project**

NAME	CITY	Adjusted Time <sup>(2)</sup>	Operating Rooms <sup>(1)</sup>	Hours	Procedure Rooms	Hours	Total Rooms	Total Hours	Number Justified
Palos Community Hospital	Palos Heights	14.95	14	20,009	5	6,359	19	26,368	18
Franciscan St. James Hospital & Health Center	Olympia Fields	27.6	7	3,499	6	2,524	13	6,023	5
Ingalls Memorial Hospital	Harvey	29.9	9	9,569	4	1,091	13	10,660	8
Adventist Bolingbrook Hospital	Bolingbrook	33.35	6	7,138	6	4,169	12	11,307	8
MetroSouth Medical Center	Blue Island	33.35	10	6,911	5	4,545	15	11,456	8
Adventist LaGrange Memorial Hospital	LaGrange	35.65	11	12,846	4	3,476	15	16,322	11
Franciscan St. James Hospital & Health Center	Chicago Heights	37.95	10	6,725	5	577	15	7,302	5
Advocate Good Samaritan Hospital	Downers Grove	39.1	15	23,181	8	5,345	23	28,526	20
Little Company of Mary Hospital and Health Care Center	Evergreen Park	39.1	9	8,580	8	4,749	17	13,329	9
Roseland Community Hospital	Chicago	39.1	4	803	6	1,216	10	2,019	2
Mercy Hospital & Medical Center	Chicago	40.25	6	10,713	7	5,987	13	16,700	12
Mount Sinai Hospital Medical Center	Chicago	40.25	9	11,237	6	2,653	15	13,890	10
St. Anthony Hospital	Chicago	40.25	4	2,831	2	764	6	3,595	3
Advocate Trinity Hospital	Chicago	42.55	6	6,350	6	3,873	12	10,223	7
St. Bernard Hospital	Chicago	42.55	7	2,311	0	0	7	2,311	2
Edward Hospital	Naperville	44.85	18	25,898	9	5,914	27	31,812	22
MacNeal Memorial Hospital	Berwyn	44.85	18	18,148	0	0	18	18,148	13
Silver Cross Hospital	New Lenox	20.7	11	21,394	5	6,181	16	27,575	19
Advocate South Suburban Hospital	Hazel Crest	26.45	9	13,140	2	3,239	11	16,379	11
Advocate Christ Hospital and Medical Center	Oak Lawn	34.5	39	72,429	10	12,019	49	84,448	57
Adventist Hinsdale Hospital	Hinsdale	37.95	12	19,172	5	4,858	17	24,030	17
Elmhurst Memorial Hospital	Elmhurst	40.25	14	25,128	6	6,700	20	31,828	22
Loyola University Medical Center/Foster G. McGaw	Maywood	43.7	28	59,391	10	17,877	38	77,268	52
University Of Chicago Medical Center	Chicago	44.85	35	78,903	18	16,311	53	95,214	64
			311		143		454	586,733	405
1. Information for operating/procedure rooms, and hours taken from 2015 Annual ASTC Survey Questionnaire 2. Adjusted time from MapQuest and adjusted per 1100.510 (d) Normal Travel Time									



TABLE SIXTEEN								
Expected Charges for Procedures to be Performed at proposed Facility								
CPT	Code Description	Hospital Average Costs	ASC Charge	Hospital Medicare Reimbursement	National ASC Reimbursement	Palos ASC Reimbursement	Difference	% Difference
		1	2	3	4	5	(3)-(4)	
19125	Open excisional biopsy identified by radiologic marker	\$32,999.51	\$9,938.00	\$2,499.48	\$1,007.05	\$1,029.36	\$1,470.12	243.00%
19301	Partial mastectomy or lumpectomy when the tumor is removed and special attention is paid to the surgical margins	\$41,864.72	\$17,125.00	\$2,499.48	\$1,007.05	\$1,029.36	\$1,470.12	243.00%
20680	Removal of implant, deep	\$20,713.79	\$10,852.00	\$2,148.91	\$1,032.03	\$1,054.89	\$1,094.02	204.00%
28296	Correction, Hallux valgus (Bunion) with or without sesamoidectomy; simple exostectomy	\$24,469.48	\$12,652.00	\$2,438.34	\$1,219.54	\$1,246.55	\$1,191.79	196.00%
29827	Arthroscopy, shoulder surgical; decompression or subacromial space with partial acromioplasty release when performed	\$38,358.14	\$23,701.00	\$5,221.57	\$2,651.09	\$2,709.81	\$2,511.76	193.00%
29880	Arthroscopy, knee, surgical with meniscectomy (medical AND lateral including any meniscal shaving)	\$23,304.14	\$17,839.00	\$2,438.34	\$1,219.54	\$1,246.55	\$1,191.79	196.00%
29881	Arthroscopy, knee, surgical; with meniscectomy (medial OR lateral including any meniscal shaving)	\$22,040.25	\$17,390.00	\$2,438.34	\$1,219.54	\$1,246.55	\$1,191.79	196.00%
30520	Septoplasty or submucous resection, with or without cartilage scouring, contouring or replacement with graft	\$27,975.94	\$12,467.00	\$2,173.69	\$940.94	\$961.78	\$1,211.91	226.00%
36561	Under Insertion of Central Venous Access Device	\$9,955.25	\$15,420.00	\$2,360.60	\$1,276.35	\$1,304.62	\$1,055.98	181.00%
43239	Esophagogastroduodenoscopy, flexible, transoral; with biopsy, single or multiple	\$15,217.54	\$6,797.00	\$699.79	\$378.37	\$386.75	\$313.04	181.00%
45378	Colonoscopy	\$9,672.70	\$6,264.00	\$667.67	\$361.01	\$369.01	\$298.66	181.00%
45380	Colonoscopy, with biopsy, single or multiple	\$10,534.50	\$7,180.00	\$877.60	\$474.51	\$485.02	\$392.58	181.00%
45385	Colonoscopy with removal of tumor(s) polyp(s) lesion(s) by snare technique	\$10,768.40	\$7,985.00	\$877.60	\$474.51	\$484.02	\$392.58	181.00%
47562	Removal of Gallbladder	\$23,125.75	\$13,540.00	\$4,199.13	\$2,040.04	\$2,085.23	\$2,113.90	201.00%
49505	Repair initial inguinal hernia	\$29,385.16	\$9,938.00	\$2,862.74	\$1,454.83	\$1,487.05	\$1,375.69	193.00%
52000	Cystourethroscopy with soudning and vaginoscopy	\$11,278.24	\$6,008.00	\$549.44	\$297.08	\$303.66	\$245.78	181.00%
52310	Cystourethroscopy with removal of foreign body, calculus or ureteral stent	\$23,755.70	\$11,500.00	\$1,644.66	\$792.79	\$810.35	\$834.31	203.00%
52332	Cystourethroscopy, with insertion of indwelling ureteral stent	\$24,696.06	\$10,741.00	\$2,542.56	\$1,181.53	\$1,207.70	\$1,334.86	211.00%

TABLE SIXTEEN								
Expected Charges for Procedures to be Performed at proposed Facility								
52356	Cystourethroscopy, with ureteroscopy and/or pyeloscopy; with lithotripsy (ureteral catheterization is included)	\$24,588.49	\$14,315.00	\$3,484.01	\$1,741.26	\$1,779.83	\$1,704.18	196.00%
58558	Hysteroscopy, diagnostic, separate procedure	\$18,137.37	\$11,407.00	\$2,085.47	\$1,066.87	\$1,090.50	\$994.97	191.00%
64493	Injection(s), diagnostic or therapeutic agent, paravertebral facet (zygapophyseal) joint (or nerves innervating that joint with image guidance (fluoroscopy or CT) lumbar or sacral, single level	\$12,122.56	\$3,875.00	\$638.93	\$345.46	\$353.11	\$282.82	181.00%
64721	Carpal Tunnel Release	\$13,200.49	\$10,162.00	\$1,563.42	\$789.34	\$806.82	\$756.60	194.00%
66982	Extracapsular cataract extraction removal with insertion of intraocular lens prosthesis(one stage procedure), manual or mechanical technique, complex, requiring devisies or techniques not generally used in routine catatract surgery or performed on patients in the amblyogenic	\$15,418.12	\$7,850.00	\$1,824.35	\$978.21	\$99.88	\$824.47	182.00%
66984	Extracapsular cataract removal with insertion of intraocular lens prosthesis(one stage procedure) manual or mechanical technique	\$14,957.20	\$7,271.00	\$1,824.35	\$978.21	\$999.39	\$824.47	182.00%
Information provided by the applicants in additional information provided February 9, 2017.								

**TABLE SEVENTEEN**

**Physician Referrals**

Physician	Surgical Specialty	Loyola University Medical Center	Gottlieb Memorial Hospital	Loyola Ambulatory Surgery Center Oakbrook	Loyola University ASTC	Silver Cross	Palos Surgery Center	Advocate Christ Medical Center	Palos Community Hospital	Ingalls Memorial Hospital	Ingalls Same Days Surgery	Advocate South Suburban	Franciscan St. James Olympia Fields	Forest Med Surg Center	Center for Minimally Invasive Surgery	Referrals
Abood, Gerard	Oncology	12	13	30												2
Agnew Sonya	Plastic Surgery	2			95											7
Auveloa, Bernadette	Vascular Surgery	19			95											21
Benya, Richard	Gastro	2,081														183
Bernstein, Mitchell	Ortho	66														9
Borrowdale, Richard	ENT	268														34
Bouchard, Charles	Ophthalmology	219														14
Buck, Troy	Pain Management	539	87	133												88
Cimono, Victor	Plastic Surgery	27	3		26											19
Crisostomo, Paul	Vascular Surgery	10			34											5
Davis, Patricia	Ophthalmology	1			5											3
De-Jong, Steven	General	253		45	1											46
Dickey, Sarah	Podiatry	1			15											4
Eberhardt, Joshua	Colorectal	79	63		16											10
Evans, Douglas	Ortho	6		105	80											17
Faroog, Abner	Urology	80			111											29
Flanagan, Robert	Urology	46	39	49	62											13
Garbis, Nickolas	Ortho	25	30		113											26
Godellas, Constantine	Oncology	55	20		95											24
Gorbonos, Alex	Urology	47			103											20
Gupta, Gopal	Oncology	33			68											16
Gupta, Neil	Gastro	803														80
Halandras, Pegge	Vascular Surgery	61			2											7

TABLE SEVENTEEN Physician Referrals																
Physician	Surgical Specialty	Loyola University Medical Center	Gottlieb Memorial Hospital	Loyola Ambulatory Surgery Center Oakbrook	Loyola University ASTC	Silver Cross	Palos Surgery Center	Advocate Christ Medical Center	Palos Community Hospital	Ingalls Memorial Hospital	Ingalls Same Days Surgery	Advocate South Suburban	Franciscan St. James Olympia Fields	Forest Med Surg Center	Center for Minimally Invasive Surgery	Referrals
Harris, George	Vascular Surgery		15		6											2
Hayden, Dana	Colorectal	79			53											9
Holtman, Joseph	Pain Management	228														17
Hotaling, Andrew	Otolaryngology	56			332											69
Jones, Paul	Otolaryngology	11			61											10
Kabaker, Adam	General	143														13
Khan, Noureen	Ophthalmology				35											5
Khan, Omar	Gastro	1,131														254
Kircher, Matthew	Otolaryn	2	9		214											25
Lack, William	Ortho	65														5
Leonetti, John	Otolaryngology	276														30
Leya, Jack	Gastro	225														35
Liotta, Margaret	Gyn	97			69											18
Luchette, Frederick	General	45			60											20
MacLeod, Stephen	Oral Surgery	76			26											7
Malhotra, Varun	Ophthalmology			19	51											4
Marzo, Sam	Otolaryngology	103			3											10
Matoka, Derek	Urology	8	8		302											46
Mcasey, Craig	Ortho				1											4
Naik, Amar	Gastro	938														175
Nystrom, Lukas	Ortho	63			17											8
Palmer, Lena	Gastro	531		4	85											36
Patadia, Monica	Otolaryngology	34		22												21
Patel, Parit	Plastic Surgery	41			156											25
Perez, Claudia	Oncology	27			82											10
Potkul, Ronald	Gyn	130		50	64											19
Puri, Sameeer	Ortho	7			133											13

TABLE SEVENTEEN Physician Referrals																
Physician	Surgical Specialty	Loyola University Medical Center	Gottlieb Memorial Hospital	Loyola Ambulatory Surgery Center Oakbrook	Loyola University ASTC	Silver Cross	Palos Surgery Center	Advocate Christ Medical Center	Palos Community Hospital	Ingalls Memorial Hospital	Ingalls Same Days Surgery	Advocate South Suburban	Franciscan St. James Olympia Fields	Forest Med Surg Center	Center for Minimally Invasive Surgery	Referrals
Raghavendra, Meda	Pain Management	168														30
Rhee, Lesley	Gastro	676		47												145
Rottlier, Francis	Podiatry				23											4
Saclaridas, Theodore	Colorectal	83	11													14
Shah, Marmy	Gastro	726														144
Shastri, Nikhil	Gastro	355														37
Sprang, Michael	Gastro	608														114
Summers, Hobie	Ortho	67														2
Tidow-Kebritchi, Susanne	Ophthalmology		158		277											55
Tonino, Pietro	Ortho				112											10
Turk, Thomas	Urology	44			162											25
Vaince, Faaiza	Oncology	27		3	94											13
Vandevender, Dari	Plastic Surgery	120			38											12
Venu, Michael	Gastro	774														167
Wiley, Lena	OB/GYN	8			25											6
Wrzosek, Mariusz	Oral Surgery	36			22											5
Wu, Karen	Ortho	17														4
Yang, Linda	OB/GYN	88			64											40
Yoo, David	Ophthalmology				138											7
Arndt,Thomas	Endoscopy								650							170
Brink, Dale	Podiatry								20	150	150					20
Butler, David	Ortho						3		62							65
Hasan, Sohail	Ophthalmology								103	11						110
Joy, Esward	Ortho															75
Katsoulakis, Nicholas P.	Ophthalmology						147		8						78	125
Kroik, James	Ortho															50

**TABLE SEVENTEEN**  
**Physician Referrals**

Physician	Surgical Specialty	Loyola University Medical Center	Gottlieb Memorial Hospital	Loyola Ambulatory Surgery Center Oakbrook	Loyola University ASTC	Silver Cross	Palos Surgery Center	Advocate Christ Medical Center	Palos Community Hospital	Ingalls Memorial Hospital	Ingalls Same Days Surgery	Advocate South Suburban	Franciscan St. James Olympia Fields	Forest Med Surg Center	Center for Minimally Invasive Surgery	Referrals
Krygsheld, Timothy	Podiatry								120	10	60					20
Leonard, James	Ortho					42	64	181	2							75
Lue, Wayne	Endoscopy								598							160
Muscarello, Vincent	Endoscopy								632							15
Pacella, Daniel	General								412							400
Schmidt, Mathew L.	Ophthalmology								433							375
Schultz, Kara L.	Ophthalmology								185							150
Seshardri, Venkat	Ortho											135	87			50
Sreckovic, George	Urologist								156		40			5		100
Weber, Daniel	Ortho															100
Wittmayer, Brian	Podiatry								30	10	60					20
Total		12,846	456	507	3,626	42	214	181	3,411	181	310	135	87	5	78	

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# 16-059 Palos Health Surgery Center - Orland Park





<u>Ownership, Management and General Information</u>			<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Terence Moisan, M.D.		White	86.9%	Hispanic or Latino:	1.4%
ADMINSTRATOR PHONE	708-923-5000		Black	3.2%	Not Hispanic or Latino:	90.6%
OWNERSHIP:	Palos Community Hospital		American Indian	0.0%	Unknown:	7.9%
OPERATOR:	Palos Community Hospital		Asian	0.5%		
MANAGEMENT:	Not for Profit Corporation (Not Church-R		Hawaiian/ Pacific	0.0%	IDPH Number:	3210
CERTIFICATION:	(Not Answered)		Unknown	9.3%	HPA	A-04
FACILITY DESIGNATION:	General Hospital				HSA	7
ADDRESS	12251 South 80th Avenue	CITY: Palos Heights	COUNTY:	Suburban Cook County		

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	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	306	270	268	14,554	72,190	10,763	5.7	227.3	74.3	84.2
0-14 Years				5	7					
15-44 Years				1,039	3,783					
45-64 Years				3,272	14,286					
65-74 Years				3,202	16,351					
75 Years +				7,036	37,763					
Pediatric	15	15	9	172	324	144	2.7	1.3	8.5	8.5
Intensive Care	36	24	22	2,439	5,534	0	2.3	15.2	42.1	63.2
Direct Admission				1,605	3,497					
Transfers				834	2,037					
Obstetric/Gynecology	28	28	18	995	2,412	417	2.8	7.8	27.7	27.7
Maternity				995	2,412					
Clean Gynecology				0	0					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
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	40	38	34	1,433	6,795	0	4.7	18.6	46.5	49.0
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					822				
Facility Utilization	425			18,759	87,255	12,146	5.3	272.3	64.1	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	60.4%	7.3%	0.0%	28.4%	0.5%	3.5%	
	11322	1366	0	5328	90	653	18,759
Outpatients	41.3%	8.8%	0.0%	47.7%	1.2%	1.1%	
	114353	24334	0	132261	3318	2933	277,199

<u>Financial Year Reported:</u>	1/1/2015 to	12/31/2015	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>					<u>Charity Care Expense</u>	<u>Total Charity Care Expense</u>
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals			
Inpatient Revenue ( \$ )	56.5%	3.5%	0.0%	37.5%	2.5%	100.0%			2,706,639
	102,862,739	6,385,875	0	68,228,510	4,599,854	182,076,978	1,154,357		
Outpatient Revenue ( \$ )	25.4%	3.8%	0.0%	62.9%	7.9%	100.0%			
	47,003,641	6,961,113	0	116,639,532	14,697,408	185,301,694	1,552,282		Total Charity Care as % of Net Revenue 0.7%

<u>Birthing Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	832		Level I	Level II	Level II+	Kidney:	0
Number of Live Births:	829		Beds	26	11	Heart:	0
Birthing Rooms:	0		Patient Days	1,674	263	Lung:	0
Labor Rooms:	0		Total Newborn Patient Days			Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	0					Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	26		Inpatient Studies		654,388	Total:	0
C-Section Rooms:	2		Outpatient Studies		552,445		
CSections Performed:	280		Studies Performed Under Contract		63,463		

**Surgery and Operating Room Utilization**

<b>Surgical Specialty</b>	<b>Operating Rooms</b>				<b>Surgical Cases</b>		<b>Surgical Hours</b>			<b>Hours per Case</b>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	2	2	277	0	1171	0	1171	4.2	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	12	12	1391	1100	3894	2156	6050	2.8	2.0
Gastroenterology	0	0	0	0	4	4	6	8	14	1.5	2.0
Neurology	0	0	0	0	0	0	0	0	0	0.0	0.0
OB/Gynecology	0	0	0	0	159	583	452	1013	1465	2.8	1.7
Oral/Maxillofacial	0	0	0	0	19	44	67	114	181	3.5	2.6
Ophthalmology	0	0	0	0	4	906	6	1248	1254	1.5	1.4
Orthopedic	0	0	0	0	1355	880	3796	1872	5668	2.8	2.1
Otolaryngology	0	0	0	0	48	171	84	284	368	1.8	1.7
Plastic Surgery	0	0	0	0	171	453	277	765	1042	1.6	1.7
Podiatry	0	0	0	0	74	99	122	237	359	1.6	2.4
Thoracic	0	0	0	0	212	26	565	35	600	2.7	1.3
Urology	0	0	0	0	274	733	621	1216	1837	2.3	1.7
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>14</b>	<b>3988</b>	<b>4999</b>	<b>11061</b>	<b>8948</b>	<b>20009</b>	<b>2.8</b>	<b>1.8</b>

**SURGICAL RECOVERY STATIONS**

Stage 1 Recovery Stations

15

Stage 2 Recovery Stations

55

**Dedicated and Non-Dedicated Procedure Room Utilization**

<b>Procedure Type</b>	<b>Procedure Rooms</b>				<b>Surgical Cases</b>		<b>Surgical Hours</b>			<b>Hours per Case</b>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	4	4	2075	4773	1918	3905	5823	0.9	0.8
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

**Multipurpose Non-Dedicated Rooms**

Minor Procedures	0	0	1	1	47	527	73	463	536	1.6	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	No
Level of Trauma Service	<b>Level 1</b>
	(Not Answered)
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	31
Persons Treated by Emergency Services:	56,100
Patients Admitted from Emergency:	14,950
Total ED Visits (Emergency+Trauma):	<b>56,100</b>

**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	<b>277,199</b>
Outpatient Visits at the Hospital/ Campus:	166,319
Outpatient Visits Offsite/off campus	110,880

**Cardiac Catheterization Labs**

Total Cath Labs (Dedicated+Nondedicated labs):	<b>2</b>
Cath Labs used for Angiography procedures	1
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

**Cardiac Catheterization Utilization**

Total Cardiac Cath Procedures:	<b>2,348</b>
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	1,478
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	521
EP Catheterizations (15+)	349

**Cardiac Surgery Data**

Total Cardiac Surgery Cases:	<b>247</b>
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	247
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	143

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

	<b>Owned Contract</b>		<b>Inpatient</b>	<b>Outpt</b>	<b>Contract</b>		<b>Owned Contract</b>		<b>Treatments</b>
General Radiography/Fluoroscopy	11	0	22,961	48,539	0	Lithotripsy	0	0	0
Nuclear Medicine	3	0	1,592	3,569	0	Linear Accelerator	0	0	0
Mammography	3	0	51	11,526	0	Image Guided Rad Therapy			0
Ultrasound	10	0	6,580	13,451	0	Intensity Modulated Rad Thrp			0
Angiography	2	0				High Dose Brachytherapy	0	0	0
Diagnostic Angiography			226	148	0	Proton Beam Therapy	0	0	0
Interventional Angiography			1,660	1,085	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	0	0	0	0	0	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	4	0	7,636	30,756	0				
Magnetic Resonance Imaging	1	0	2,030	3,199	0				