



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-06	BOARD MEETING: January 9, 2018	PROJECT NO: 17-047	PROJECT COST: Original: \$1,207,344
FACILITY NAME: Vascular Access Centers of Illinois		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

PROJECT DESCRIPTION: The applicant (Associates in Nephrology, S.C. d/b/a Vascular Access Centers of Illinois) is proposing to establish a single-specialty ambulatory surgical treatment facility (ASTC) in Chicago at a cost of \$1,207,344. The project completion date as stated in the application is March 31, 2018.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicant (Associates in Nephrology S.C. d/b/a Vascular Access Centers of Illinois) is proposing to establish a single-specialty ambulatory surgical treatment facility at 1701 West Monterey Avenue, Chicago. The project cost is \$1,207,344. The project completion date as stated in the application is March 31, 2018.
- The proposed facility will be single-specialty, with three (3) procedure rooms; will be classified under the General/Other category of service; and will focus on vascular access procedures for patient populations suffering from renal disease.
- Associates in Nephrology (AIN), d/b/a Vascular Access Centers of Illinois (VACI) was founded in 1971, as a single-specialty practice by a group of Nephrology physicians serving patients and hospitals primarily in Chicago. AIN continue to operate as one of the largest nephrology groups in the United States.
- The proposed project is a substantive project subject to 77 IAC 1100 (Part 1110) and 77 IAC 1120 (Part 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 applicant stated:

“The ambulatory surgery treatment center is designed to allow VACI to continue its commitment to providing quality care, academic enrichment, and organizational excellence to patients within the community where they live. As the HFSRB has learned from similar projects in geographically different areas, there have been significant changes in the reimbursement for vascular access procedures. The goal of these changes appears to be to drive these procedures out of physician offices and vascular access centers and into hospital surgical suites and ambulatory surgery treatment centers. The core purpose of this project is to ensure continued access to patient care for patients already being served by VACI, to make certain they continue to have access to the vascular care and surgical procedures they require.”(Application, p. 74)

PUBLIC HEARING/COMMENT:

- A public hearing was offered in regard to the proposed project, but no public hearing was requested. No letters of opposition or support were received by the Board Staff in regard to the proposed project.

SUMMARY:

- The State Board Staff reviewed the application for permit and additional information provided by the applicant and note the following:
- The proposed project is a request by the applicant for the State Board to determine the need to establish a licensed ASTC. The Illinois Department of Public Health defines an ambulatory surgery center as *“Any institution or building devoted primarily to the maintenance and operation of facilities for the performance of surgical procedures, and any place that meets and complies with the definition of an ambulatory surgical treatment center under the Act and this Part, as evidenced by use of the facilities by physicians, podiatrists or dentists in the performance of surgical procedures that constitutes more than 50 percent of the activities at that location (77 IAC 205.110).*
- **Reviewer Note:** While the Illinois Department of Public Health (IDPH) defines what constitutes a licensed surgical center the Department does not determine the need for an ASTC. The Illinois Health Facilities and Services Review Board determines the need for an ASTC. Should the State Board approve this project the applicant will then petition IDPH to license the approved ASTC.
- **Reviewer Note:** In November 2016 CMS released its Final Rule on the 2017 Medicare Physician Fee Schedule in which dialysis vascular access services provided by interventional nephrologists will be reduced because of the CMS policy requiring services that are billed together more than 75% of the time to be bundled. This became effective January 1, 2017.
- There is excess capacity in the proposed 45-minute geographical service area at hospitals and the multi-specialty ASTCs. Limited specialty ASTCs are not considered in the evaluation of excess capacity because these facilities are required to submit an application for permit to the State Board to add additional specialties.
- The applicant argues that the proposed ASTC will provide vascular access surgery, exclusively in an outpatient setting. These vascular access procedures are considered non-emergent in nature, are not high reimbursement procedures, and are often under-prioritized in the inpatient hospital setting for more complex, emergent surgical needs. The proposed project will ensure the vascular access needs of the community will be met.

The applicant addressed a total of twenty-two (22) criteria and was not compliant with the following:

Criteria	Reasons for Non-Compliance
77 IAC 1110.1540(d) – Service Demand	By rule referrals to health care providers other than licensed IDPH-ASTCs or hospitals are not included in determining projected patient volume (i.e. patient demand). The applicant’s referrals are all from the office-based setting which is not a licensed ASTC or hospital.
77 IAC 1110.1540(g) - Service Accessibility	There is unused surgical capacity at both hospitals and ASTCs in the proposed geographical service area that would be able to absorb the workload of the proposed facility. (See Table Six at the end of this report)
77 IAC 1110.1540(h)(1) – Unnecessary Duplication of Service/Maldistribution/Impact on Other Facilities	There are thirty one (31) hospitals within forty-five (45) minutes of the proposed project, seventeen (17/54.8%) are not at target occupancy. Of the twenty-nine (29) operating ASTCs within forty-five (45) minutes sixteen (16/55.1%) are not at target occupancy. (See Table Six at the end of this report)

**Vascular Access Centers of Illinois
STATE BOARD STAFF REPORT
Project #17-047**

APPLICATION CHRONOLOGY	
Applicant	Associates in Nephrology, S.C. d/b/a Vascular Access Centers of Illinois (VACI)
Facility Name	Vascular Access Centers of Illinois
Location	1701 West Monterey Avenue, Chicago
Permit Holder	Vascular Access Centers of Illinois
Operating Entity/Licensee	Vascular Access Centers of Illinois
Owner of Site	AIN Investements, LLC
Gross Square Feet	7,600 GSF
Application Received	September 1, 2017
Application Deemed Complete	September 5, 2017
Financial Commitment Date	Upon Permit Issuance
Anticipated Completion Date	March 31, 2018
Review Period Ends	January 3, 2018
Review Period Extended by the State Board Staff?	No
Can the applicant request a deferral?	Yes

I. Project Description

The applicant (Associates in Nephrology, S.C. d/b/a Vascular Access Centers of Illinois (VACI)) is proposing to establish a single-specialty ambulatory surgical treatment facility at a cost of \$1,207,344, located at 1701 West Monterey Avenue, Chicago. The project completion date is March 31, 2018.

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 applicant is Associates in Nephrology, S.C d/b/a Vascular Access Centers of Illinois (VACI). The proposed project will establish a single-specialty ASTC, providing surgical vascular access procedures to dialysis patients in the Chicago/Chicago metropolitan service area.

IV. Health Service Area/Health Planning Area

The proposed ASTC will be located in Cook County in Health Service Area 06. HSA-06 includes the city of Chicago in Cook County. There are twenty (20) Ambulatory Surgical Treatment Centers in HSA-06, and two other facilities reported as specializing in vascular access surgical services, in the Chicago/Metropolitan Chicago area. They are:

- #17-005, Chicago Vascular ASC, Westmont: Approved: May 2, 2017, Scheduled complete: December 31, 2018.
- #17-018, DuPage Vascular Care, Woodridge: Approved: September 26, 2017, Scheduled complete: December 1, 2018.

V. Project Description

Associates in Nephrology/VACI proposes to establish a single-specialty ASTC in Chicago that specializes in vascular access procedures. The applicant is currently providing vascular access services at a site where the building lease is about to expire, and wishes to continue its provision of procedures necessary to support and maintain vascular access for end-stage renal dialysis patients. The proposed 7,600 GSF facility will be located at 1701 West Monterey Avenue and contain three procedure rooms.

VI. Project Costs

The applicant is proposing to fund the project with a combination of cash in the amount of \$468,346, and the fair market value (FMV) of leases totaling \$738,998. There is no estimated start-up costs as this is the conversion of an existing business/facility.

Table Three			
Project Uses and Sources of Funds			
Use of Funds	Reviewable	Non Reviewable	Total
Modernization Contracts	\$0	\$0	\$0
Contingencies	\$0	\$0	\$0
Architectural/engineering Fees	\$0	\$0	\$0
Consulting and Other Fees	\$0	\$75,000	\$75,000
Moveable or Other Equipment	\$393,346	\$0	\$393,346
Fair Market Value of Leased Space/Equipment	\$475,070	\$263,928	\$738,998
Other Costs to be Capitalized	\$0	\$0	\$
Total Use of Funds	\$868,416	\$338,928	\$1,207,344
Sources of Funds			
Cash and Securities	\$393,346	\$75,000	\$468,346
FMV of Leases	\$475,070	\$263,928	\$738,998
Total Source of Funds	\$868,416	\$338,928	\$1,207,344
Source: Application for Permit Page 5			

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

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

The applicant is 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 applicant stated the following:

“The ambulatory surgery treatment center is designed to allow VACI to continue its commitment to providing quality care, academic enrichment, and organizational excellence to patients within the community where they live. As the HFSRB has learned from similar projects in geographically different areas, there have been significant changes in the reimbursement for vascular access procedures. The goal of these changes appears to be to drive these procedures out of physician offices and vascular access centers and into hospital surgical suites and ambulatory surgery treatment centers. The core purpose of this project is to ensure continued access to patient care for patients already being served by VACI, to make certain they continue to have access to the vascular care and surgical procedures they require.”(Application, p. 74).

B) Criterion 1110.230(b) – Safety Net Impact Statement**The applicant is 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 applicant stated the following:

The project will have no impact on safety net services. Vascular access procedures are not considered a safety net procedure. If anything, doing these procedures in an ASC setting versus a hospital will lessen the burden on hospitals, which do provide safety net services. Further, it will decrease the costs of payers for safety net services, such as Medicaid and Medicare.

TABLE FOUR			
Charity Care Information			
Vascular Access Centers of Illinois (VACI)			
Net Patient Revenue	\$2,903,425	\$3,147,312	\$3,347,312
CHARITY			
	2014	2015	2016
# of Charity Care (Self-Pay)	256	228	161
Amount/Cost of Charity Care	\$157,771	\$86,906	\$48,184
Ratio of Charity Care to Net Patient Revenue	.54%	.28%	.14%
MEDICAID			
	2014	2015	2016
Medicaid (# of patients)	2,067	2,438	2,732
Medicaid (revenue)	\$1,364,494	\$1,255,710	\$1,409,548
% of Medicaid to Net Revenue	47%	39.9%	42.1%
Source: Application for Permit pages 168-169			

C) Criterion 1110.230(c) Alternatives to the Project

To demonstrate compliance with this criterion the applicant 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 applicant considered four alternatives in total. [Application for Permit page 76-77]

1. Continue to Operate as a Vascular Access Center (Do Nothing)

The applicant rejected this option, because continuing operations at the existing site is impossible (expiring lease), and the need for vascular access services increases the need for a facility dedicated to serving this distinct population. Further, changes to the reimbursement model for this service have resulted in these procedures being moved to the hospital/ASTC environments, resulting in the need for such a facility. VACI is committed to their patient base, and will continue to provide this care in a safe and economical setting.

2. Exit the Marketplace

The applicant rejected this alternative because the hospitals and ASTCs see vascular access procedures as not having sufficient reimbursement capabilities, and often “prioritize” other procedures over or ahead of them, in terms of scheduling of procedures. The applicant understands the importance of maintaining vascular access services, and while considering the number of providers expected to exit the marketplace, anticipates the need said services to increase exponentially. VACI has reports having hundreds of patients who rely on its practice to perform these surgical services, and the applicant intends to meet the needs of its patient base.

3. Utilize Existing Capacity at Other Hospitals/Surgery Centers

As mentioned earlier, the scheduling of cases at surgery centers (ASTCs), often results in vascular access patients not being “prioritized” due to low reimbursement, which often results in the patients placing their health at risk by not having vascular access procedures performed. The applicant wants to ensure their ESRD patients have continued access to this modality, in a setting where the clinicians are familiar with the surgical practices associated with dialysis and vascular access. There were no costs identified with this option.

4. Project as Proposed

The applicant states the project as proposed is the most cost-effective, patient-centered, and comprehensive means of ensuring access to the quality of care these patients deserve. While the identified modality of care is not considered a high-reimbursement procedure among other hospitals and ASTCs, the applicant is familiar with the unique needs of its ESRD patient base, and is committed to provide this care to its existing and future patient base, regardless of its reimbursement rate. Cost associated with this option: \$1,207,344.

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 applicant must document that the proposed surgical rooms and recovery stations meet the State Board GSF Standard’s in Section 1110.Appendix B.

The applicant is proposing to utilize an existing vascular access center containing three (3) procedure rooms, to meet specifications for an Ambulatory Surgery Treatment Center (ASTC) with 5,600 BGSF of clinical space. The State standard for ASTC rooms is 1600-2,200DGSF per room, and it appears the applicant has met the requirements of the criterion.

B) 1110.234(b) – Projected Utilization

To document compliance with this criterion the applicant 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. The applicant identified an average procedure time of 165 minutes (2.75 hrs) and a total of 1,928 patients by the second year of operation. These data (1,928 patients x 2.75 hrs. = 5,302 hrs.) support the need for 3 surgical/procedure rooms. The applicant met the requirements of this criterion. (application, p. 87).

C) Criterion 1110.234(e) – Assurances

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

The applicant provided the necessary attestation at page 127 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 applicant 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;

Associates in Nephrology, S.C. d/b/a Vascular Access Centers of Illinois (VACI) is the sole applicant and owner of Vascular Access Centers of Illinois. Associates in Nephrology, S.C. consists of 41 physicians who specialize in nephrology. The applicant supplied proof of their Certificates of Good Standing, and licensure/accreditation, which will occur should the project be approved. A letter was supplied, permitting the State Board and IDPH to verify any information contained in this application. [Source: Application for Permit pg. 71]

Dr. Vijaykumar Rao, M.D., President, Associates in Nephrology, S.C. (AIN), submitted a referral letter on behalf of AIN/VACI agreeing to the referral of approximately 1,800 procedures to the proposed ASTC, in the first two years following project completion. (application, p. 118)

A copy of the term sheet for the renewal of the building lease between AIN/VACI and AIN Investments, LLC was provided at pages 25-55 as evidence of site ownership.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANT (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 applicant 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 applicant is to identify all zip codes within the geographical service area (45 minutes) of the proposed ASTC. The applicant provided this information on page 114 of the application for permit. The applicant also provided a list of vascular access procedures, and the estimated time for each (application, p. 88).

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 compliance with this criterion the applicant 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.

By rule the referrals to a proposed ASTC must be from IDPH licensed ASTC or hospitals. The applicant submitted a referral letter attesting to the historical patient referrals for 1,753 vascular access procedures in the past year, and the approximate referral of patients for 1,800 procedures to the ASTC, by the second year after project completion. However these referrals were not from IDPH-licensed ASTCs or hospitals in the proposed GSA and cannot be accepted. These referrals are from the individual physician practices at Associates in Nephrology S.C. (AIN) which are not licensed by the Illinois Department of Public Health. The applicant has not met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT 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 applicant must provide the projected patient volume or hours to justify the number of operating rooms being requested. The applicant must document the average treatment time per procedure.

1. Based upon the State Board Staff's review of the referral letter, the applicant can justify 4,820 hours (1,753 treatments x 2.75 hrs), in the first year after project completion. This number of operating/procedure hours will justify the three (3) procedure rooms being requested by the applicant.
2. The applicant supplied an estimated time per procedure (application, p. 120), which includes prep/clean-up. This time was gathered from historical access procedures performed at Vascular Access Illinois ASC in the past 12 months (2016). The average time per procedure was 165 minutes (2.75 hours).

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 applicant 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 existing ASTCs/Hospitals in the identified GSA that are under-utilized. [See Table Six at the end of this report.]
2. The proposed surgical services are available in the GSA. However, the applicant notes a fundamental change in the reimbursement model/scheduling prioritization for these procedures predicates the need to provide this service in a more focused/cost effective manner, in facilities outside of the traditional hospital surgical suite. Currently, there are underutilized ASTCs and Hospital surgical suites in the service area. However, the supply of vascular access facilities is limited, making this access to this specialized service in demand.
3. The State Board Staff does not consider the proposed project a cooperative venture with one of the persons operating an existing hospital.

Table Six shows that there are existing ASTCs and hospitals in the service area with surgical services functioning beneath the State Board standard. The applicant has not met the requirements of this criterion.

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

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

1. To demonstrate compliance with this criterion the applicant must provide a list of all licensed hospitals and ASTCs 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 applicant 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 applicant 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 applicant stated the following to address this criterion:

State Board Staff identified a general service area (GSA) extending 45 minutes in all directions from the site of the proposed ASTC. This GSA includes 109 zip codes outside of Cook and DuPage counties, and the 2015 population estimates for this GSA is 7,671,497, per Nielsen Pop-Facts.

There are a total of thirty one (31) hospitals and twenty nine (29) ASTCs in the identified 45-minute service area. [See Table Six at the end of this report].

1. Unnecessary Duplication of Service

1. Limited/Multi-Specialty ASTCs

There are twenty-nine (29) limited/multi-specialty ASTCs within forty-five minutes, thirteen (13/44.8%) are at target occupancy. Eighteen (18/62%) of the twenty-nine (29) ASTCs did not provide Medicaid services in CY 2016.

Reviewer Note: Multi-specialty ASTCs can add a specialty without approval of the State Board until January 2018. Two limited-specialty ASTCs being established will provide vascular access services exclusively. Chicago Vascular ASC (Project #17-005) was approved by IHFSRB at its May 2017 board meeting, with a scheduled completion date of December 31, 2018. DuPage Vascular Care (Project #17-018), was approved at the September 26, 2017 IHFSRB meeting, with a scheduled completion date of December 1, 2018.

2. Hospitals

There are thirty one (31) hospitals within the proposed 45-minute GSA, sixteen (14/45.1%) of the hospitals are at the target occupancy of 1,500 hours for surgery/procedure room services.

2. **Mal-Distribution**

According to the applicant, maldistribution does not exist, based on the specialty services provided, and the tendency of area hospitals and ASTCs to de-prioritize vascular procedures. As mentioned earlier, these procedures are not considered profitable, and are often reserved for non-traditional surgery hours. State Board staff identified a significant number of hospitals and ASTCs that could be classified as underperforming (see Table Six). Based on these findings, maldistribution does exist in the 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 applicant stated that no other provider within the forty-five (45) minute service area will be impacted because the proposed project calls for the licensing of an existing physicians practice with an existing patient base, providing vascular access service for dialysis treatments. The procedure is considered specialized and is normally performed in hospital operating/procedure rooms. The proposed project will actually allow the applicant to perform more of the specialized procedures in an ASTC setting, and allow practicing physicians in the service area to increase their referral volume. The proposed project will not negatively impact area facilities.

The applicant has not met this requirement because there are number of existing ASTCs and hospitals currently underutilized in the proposed GSA.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT 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 applicant 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 applicant provided a staffing list of employees

already working in the facility and their positions (application, p. 123). The applicant will appoint one of the existing VACI physicians (all Board-certified Nephrologists), to serve as medical director of the facility upon project completion. Based upon the information provided in the application for permit, it appears that the proposed ASTC will be properly staffed.

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 applicant 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 applicant supplied a statement of charges (application, p. 124-125) with attestation that the identified charges will not increase for at least the first two years in operation as an ASTC. [See Table Seven at the end of this report]

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 applicant 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 applicant provided certified attestation (see project file) that Vascular Access Centers of Illinois (VACI) ASC will implement a peer review program to maintain quality patient care standards, and meet or exceed the utilization standards specified in 77 IAC 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

The purpose of the Illinois Health Facilities Act “This Act shall establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and financial resources to adequately provide a proper service for the community; (2) that promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of such facilities; and (3) that promotes planning for and development of health care facilities needed for comprehensive health care especially in areas where the health planning process has identified unmet needs.” [20 ILCS 3960]

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 - Financial Viability

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

The applicant is funding this project with a combination of cash/securities in the amount of \$468,346, and leases with a fair market value totaling \$738,998.

The applicant supplied a letter, attesting to Vascular Access Center of Illinois (VACI) having over \$1,207,344, the cost of the project in its entirety, deposited to support the purchase of equipment. It appears that the applicant have met the requirements of this criterion.

The applicant supplied financial viability data for the first two years after project completion. These data are contained in Table Five below.

TABLE FIVE Projected Financial Ratios: Vascular Access Centers of Illinois (VACI)		
	State Board Standard	2019 (Projected)
Current Ratio	1.5	1.66
Net Margin Percentage	2.50%>	23.7%
Percent Debt to Total Capitalization	<50%	0%
Projected Debt Service Coverage	>1.5	N/A
Days Cash on Hand	>45 days	207.18
Cushion Ratio	>3	5.65

Sources	Reviewable	Non Reviewable	Total	% of Total
Cash and Securities	\$393,346	\$75,000	\$468,346	38.8%
FMV of Leases	\$475,070	\$263,928	\$738,998	61.2%
Total Source of Funds	\$868,416	\$338,928	\$1,207,344	100%
Source: Application for Permit Page 6				

Based upon the information reviewed it appears that funds are available.

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 applicant is funding this project with a combination of cash/securities in the amount of \$468,346 and the fair market value of the lease totaling \$738,998. The applicant provided documentation proving financing for the proposed project comes from internal sources, and that sufficient financial viability exists to fund the project in its entirety. Therefore, these criteria have been met

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.

Consulting and Other Fees – These costs total \$75,000, and is classified as non-clinical. The State Board does not have a standard for these costs.

Moveable or Other Equipment – These costs total \$393,346, amounting to \$131,115 per room (3 rooms). These costs appear reasonable when compared to the State Board Standard of \$475,480 per room (2018 standard).

Fair Market Value of Lease Space/Equipment – These cost total \$475,070. The State Board does not have a standard for these costs.

The applicant has met the requirements of this criterion.

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 applicant must provide documentation of the projected operating costs per procedure.

The applicant provided the necessary information as required. The projected operating cost per day is \$287.46. The State Board has no applicable standard for these costs.

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 applicant must provide
documentation of the projected capital costs per equivalent patient day.

The applicant provided the necessary information as required. The projected capital cost per patient day is \$594.43. The State Board has no applicable standard for these costs.

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 SIX

Facilities in the 45 Minute Travel Radius of Proposed Facility

Facility	City	Type	Time	OR/Procedure Rooms	Hours	Medicaid	Medicare	Met Standard?
ASTC								
Ingalls Same Day Surgery Ctr.	Tinley Park	Multi	20	4	4,038	N	Y	N
South Loop Endoscopy & Wellness	Chicago	Single*	22.5	2	1,616	Y	Y	Y
Midwest Eye Ctr.	Calumet City	Limited	23.75	2/1	1,063	Y	Y	N
Surgicore	Chicago	Single	25	1	274	N	Y	Y
Tinley Woods Surgery Ctr.	Tinley Park	Multi	25	4/1	3,654	N	Y	N
Southwest Surgery Ctr.	Mokena	Multi	26.25	4/1	5,844	N	Y	Y
Novamed Ctr. for Reconstructive Surgery	Oak Lawn	Multi	26.25	4	1,444	Y	Y	N
Hyde Park Same Day Surgery Ctr.	Chicago	Multi	27.5	1	1,532	N	Y	Y
Oak Lawn Endoscopy Ctr.	Oak Lawn	Single*	28.75	2	5,929	Y	Y	Y
Palos Hills Surgery Ctr.	Palos Hills	Limited	28.75	2	2,055	N	Y	Y
Palos Surgicenter	Palos Heights	Multi	30	3/2	5,172	N	Y	Y
Preferred Surgicenter, LLC	Orland Park	Multi	32.5	4/1	538	N	Y	N
Forest Medical-Surgical Ctr.	Justice	Limited	33.75	2/2	684	N	Y	N
Hinsdale Surgical Ctr.	Hinsdale	Multi	35	4/2	5,373	Y	Y	Y
Rush Surgicenter	Chicago	Multi	35	4	6,062	N	Y	Y
Gold Coast Surgicenter	Chicago	Multi	36.25	4	4,323	N	Y	N
Eye Surgery Center Hinsdale	Hinsdale	Limited	36.25	2/1	629	N	Y	N
Grand Avenue Surgery Ctr.	Chicago	Multi	37.5	3	818	N	N	N
Chicago Prostate Cancer Surgery Ctr.	Westmont	Single	38.75	2	581	N	Y	N
Silver Cross Ambulatory Surgery Ctr.	New Lenox	Limited	38.75		N/A*	N	Y	N/A*
25 East Same Day Surgery	Chicago	Multi	38.75	4/1	1,811	Y	Y	N
River North Same Day Surgery	Chicago	Multi	38.75	4	3,373	Y	Y	N
Surgery Ctr. 900 N. Michigan Ave.	Chicago	Multi	38.75	5/2	7,497	N	Y	Y

TABLE SIX

Facilities in the 45 Minute Travel Radius of Proposed Facility

Facility	City	Type	Time	OR/Procedure Rooms	Hours	Medicaid	Medicare	Met Standard?
ASTC								
Elmhurst Outpatient Surgery Ctr.	Elmhurst	Multi	40	4/4	7,774	N	Y	Y
United Urology Ctr. LaGrange	LaGrange	Single	40	1	2,258	Y	Y	Y
Southwestern Medical Ctr.	Bedford Park	Multi	40	3	2,487	Y	Y	N
Elmhurst Foot & Ankle	Elmhurst	Single	41.25	1	252	Y	Y	Y
Children's Outpatient Svcs. Westchester	Westchester	Multi	41.25	3	2,804	Y	N	N
Salt Creek Surgery Ctr.	Westmont	Multi	42.5	4	3,031	N	Y	N

TABLE SIX (continued)

HOSPITALS WITHIN 45-MINUTES OF PROPOSED PROJECT

Facility	City	Time	OR/Procedure Rooms	Hours	Medicaid	Medicare	Utilization Met?
Roseland Community Hospital	Chicago	11.25	2/3	568/90	Y	Y	N/N
MetroSouth Medical Ctr.	Blue Island	12.5	10/5	6,520/4,244	Y	Y	N/N
Ingalls Memorial Hospital	Harvey	16.25	9/4	9,305/858	Y	Y	N/N
Little Company of Mary	Evergreen Park	16.25	9/7	7,610/4,254	Y	Y	N/N
Advocate Trinity Hospital	Chicago	17.5	6/6	4,716/3,415	Y	Y	N/N
St. Bernard Hospital	Chicago	17.5	7	2,416	Y	Y	N
Jackson Park Hospital	Chicago	21.25	6	1,990	Y	Y	N
Provident Hospital Cook County	Chicago	22.5	8	2,414	Y	Y	N
Advocate South Suburban	Hazel Crest	22.5	9/2	12,497/3,947	Y	Y	Y/Y
Franciscan St. James Hospital	Olympia Fields	22.5	7/6	2,666/3,185	Y	Y	N/N

TABLE SIX (continued)
HOSPITALS WITHIN 45-MINUTES OF PROPOSED PROJECT

Facility	City	Time	OR/Procedure Rooms	Hours	Medicaid	Medicare	Utilization Met?
University of Chicago Hospital	Chicago	23.75	35/15	83,192/14,994	Y	Y	Y/N
Mercy Hospital & Medical Ctr.	Chicago	23.75	6/6	10,603/5,662	Y	Y	Y/N
Advocate Christ Hospital	Oak Lawn	25	40/10	71,008/14,610	Y	Y	Y/Y
South Shore Hospital	Chicago	26.25	5	2,021	Y	Y	N
LaRabida Children's Hospital	Chicago	28.75	0/0	0/0	Y	Y	N
Holy Cross Hospital	Chicago	28.75	6/5	3,663/2,765	Y	Y	N/N
Silver Cross Hospital	New Lenox	31.25	11/6	23,449/7,011	Y	Y	Y/N
University of Illinois Hospital	Chicago	32.5	20/7	44,327/6,768	Y	Y	Y/N
Stroger Hospital Cook Co.	Chicago	33.75	20/8	35,421/11,938	Y	Y	Y/Y
Franciscan St. James Med. Ctr.	Chicago Heights	33.75	9/5	7,146/775	Y	Y	N/N
Northwestern Memorial Hosp.	Chicago	35	70/18	102,415/29,816	Y	Y	N/Y
Palos Community Hospital	Palos Heights	36.25	14/4	20,434/6,608	Y	Y	Y/Y
Adventist LaGrange Hospital	LaGrange	37.5	11/4	12,630/2,673	Y	Y	N/N
Adventist Hinsdale Hospital	Hinsdale	37.5	12/5	18,913/4,364	Y	Y	Y/N
Presence St. Joseph Hospital	Chicago	38.75	43/3	10,862/375	Y	Y	N/N
Weiss Memorial Hospital	Chicago	40	10/4	8,008/2,258	Y	Y	N/N

TABLE SIX (continued)
HOSPITALS WITHIN 45-MINUTES OF PROPOSED PROJECT

Facility	City	Time	OR/Procedure Rooms	Hours	Medicaid	Medicare	Utilization Met?
Mt. Sinai Hospital	Chicago	40	9/4	12,060/3,028	Y	Y	Y/N
Lurie Children's Hospital	Chicago	41.25	21	34,507	Y	Y	Y
Thorek Memorial Hospital	Chicago	41.25	70/7	2,894/1,400	Y	Y	N/N
St. Anthony Hospital	Chicago	42.5	4/1	3,276/1,143	Y	Y	N/Y
Advocate Illinois Masonic	Chicago	45	18/9	26,225/8,145	Y	Y	Y/N
Travel time determined using formula in 77IAC 1100.510 (d) Data taken from CY 2016 Hospital/ASTC Profiles NA – information not available							

TABLE SEVEN		
Charges for Procedures Performed at Proposed ASTC		
CPT Description	2017 CPT Code	Charge
Angiogram	36901	\$1,200
Angioplasty	36902	\$2,600
Stent + Angioplasty	36903	\$12,000
Thrombectomy	36904	\$3,800
Thrombectomy + Angioplasty	36905	\$4,900
Stent + Thrombectomy	36906	\$14,500
Angioplasty/Central Segment	36907	\$1,600
Stent/Central Segment	36908	\$5,700
Vascular Embolization	36909	\$4,200
Fem/pop Revascularization	37224	\$8,400
Angiography/Radiological Supervision	75710	\$350
Selective Catheterization/Artery	36215	\$2,600
Selective Cath./Artery/2nd Order Artery	36216	\$2,800
Selective Cath,1 st Order Artery/Lower Extremity	36245	\$3,000
Selective Cath. Venous	36011	\$2,600
Selective Cath. Venous/2 nd Order Venous	36012	\$487
Cath./Retrograde Brachial Artery	36120	\$1,100
Transcatheter Placement/Intravascular Stent/Initial Vein	37238	\$8,810
Transcatheter Placement?Intravascular Stent/Add. Vein	37239	\$4,400
Venous Thrombectomy	37187	\$4,455
Ligation/Banding of Angioaccess Arteriovenous Fistula	37607	\$900
Vascular Embolization or Occlusion/Venous	37241	\$10,000
Vascular Embolization or Occlusion/Arterial	37242	\$16,370
Transcatheter Therapy/Embolization/Radiological Supervision	75898	\$270
Mechanical Thrombectomy	37184	\$5,000
Secondary Mechanical Thrombectomy	37186	\$3,400
Transcatheter Retrieval of Intravascular Foreign Body	37197	\$4,202
Contrast	Q9967	\$.50
Central Venous Catheter Insertion	36558	\$1,460
Central Venous Catheter Exchange	36581	\$1,300
Repair Central Venous Catheter	36575	\$400
Insertion of Non-Tunneled Venous Catheter	36556	\$600
Fluoroscopic Guidance for Central Venous Access Device	77001	\$190
Ultrasound Guidance	76937	\$85
Fibrin Sheath Removal	36595	\$1,750
Radiological Supervision/Interpretation of Fibrin Sheath Removal	75901	\$400
Venipuncture Requiring Physician's Skill	36410	\$38
Angiography/Radiological Supervision Each Add. Vessel	75774	\$150
Venography, Venous Sinus or Jugular, Catheter, Radiological Supervision and Interpretation	75860	\$247
Tunneled Catheter Removal	36589	\$360
Evaluation of Existing Tunneled Catheter	36598	\$290
Dec clotting by Thrombolytic Agent on Implanted Vascular Access Device or Catheter	36593	\$100
Mechanical Removal of Obstructive Material from Central Venous Device	36596	\$400
tPA	j2997	\$150
Injection Procedure for Extremity Venography	36005	\$700
Vein Mapping	G0365	\$400
Venography, Extremity, Unilateral/Radiological	75820	\$250

Supervision and Interpretation		
Venography, Extremity, Bilateral/Radiological Supervision and Interpretation	75822	\$300
Superior Vena Cava Angiogram/Radiological Supervision and Interpretation	75827	\$300
Duplex Scan, Upper Extremity Arteries/Complete Bilateral Study	93930	\$410
Duplex Scan, Upper Extremity Arteries/Unilateral Limited Study	93931	\$290
Duplex Scan, Upper Extremity Veins/Complete Bilateral Study	93970	\$450
Duplex Scan, Upper Extremity Veins/Unilateral, Limited Study	93971	\$300
Duplex Scan of Hemodialysis Access	93990	\$400
Moderate Sedation Initial 15 Minutes	99152	\$100
Moderate Sedation Each Additional 15 Minutes	99153	\$25
Injection/Midazolam Hydrochloride	J2250	\$2
Injection/Fentanyl	J3010	\$1

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