



# STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

<b>DOCKET ITEM:</b> A-03	<b>BOARD MEETING:</b> December 4, 2018	<b>PROJECT NUMBER:</b> 17-059
<b>PERMIT HOLDERS(S):</b> Deerpath Orthopedic Surgical Center		
<b>FACILITY NAME and LOCATION:</b> Deerpath Orthopedic Surgical Center, Morris		

## **STATE BOARD STAFF REPORT** **PERMIT RENEWAL REQUEST**

### **I. Background**

On January 9, 2018, the State Board approved Project #17-059. The permit authorized the addition of surgical specialties to an existing limited specialty ASTC in Morris, and becoming a multi-specialty ASTC. The State Agency notes the project is not obligated, and the current project completion date is December 31, 2018. Project cost: \$600,000.

State Board Staff notes the permit holders submitted the permit renewal request on November 13, 2018. This submittal was in accordance with 77 IAC 1130.740(d), which states that the State Board must receive renewal requests at least 45 days prior to the permit expiration date. A \$500.00 permit renewal fee accompanied the renewal request.

### **II. Findings**

State Board Staff notes this is the first renewal request for this project and the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal.

### **III. The Permit Renewal Request**

- A. Requested Completion Date: The permit holders request a project completion date of September 30, 2019. This would extend the project's completion date nine months, from December 31, 2018 to September 30, 2019.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the addition of Endoscopy and Ophthalmology is complete, ENT should be added by December 2018, and the remaining surgical specialties (Urology, OB/GYN, General Surgery, and Pain Management), should be operational by September 30, 2019.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the project requires careful coordination, planning, and staff training on the newly acquired equipment and instruments. This training, combined with delays experienced during the purchasing and acquisition of the equipment/instruments, presented the need for this permit renewal request.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate that \$440,104 (73.3% of the overall project cost), has been expended to date, and the permit holders can attest to the existence of sufficient financial resources to complete the project.
- E. Anticipated Final Cost of the Project: The permit holders estimate the project will not deviate from the original permit amount of \$600,000.

### **IV. Project Description & Other Background Information**

The permit authorized the addition of seven surgical specialties to an existing limited-specialty ASTC in Morris. Project cost: \$600,000.

Permit Issuance Date:	January 9, 2018
Project Obligation Date:	December 9, 2018
Original Project Completion Date:	December 31, 2018
Proposed Project Completion Date: (9-month renewal request)	September 30, 2019

**V. Applicable Rules for Permit Renewal Requests**

77 IAC 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 IAC 1130.230(h)(5) states that failure to complete a project or to renew a permit within the prescribed timeframes will subject the permit holders to the sanctions and penalties provided in the Act and this Subpart.

77 IAC 1130.740(b) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(c) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date; 3) a statement as to the reasons why the project has not been completed; and 4) confirmatory evidence by the permit holders' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(d) states the State Board staff will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFSRB criteria, and if this is the first request for this project, then the request, staff's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, will approve, deny or refer the request to the HFSRB for action. If staff finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFSRB for action, then HFSRB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFSRB's Notice of Intent to revoke a permit and the permit holders will be afforded an opportunity for an administrative hearing.

**VI. Other Information**

Appended to this report are the following: the permit holders' documents for a permit renewal.

# DEERPATH AMBULATORY SURGICAL

CENTER RECEIVED

November 8, 2018

Courtney Avery, Administrator  
Health Facilities and Services Review Board  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

NOV 13 2018

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

RE: PERMIT RENEWAL REQUEST  
CON Permit #17-059

Dear Ms. Avery:

Deerpath Orthopedic Surgical Center, LLC in Morris, Illinois, is requesting a renewal for permit #17-059. This permit is for the expansion of surgical specialties within the ASTC. The current Project Cost is \$600,000. The current Project Completion Date is December 31, 2018.

The following is the pertinent information as outlined in the Board's rules, Section 1130.740 Renewal of a Permit.

#### **Requested Renewal:**

We are requesting a Renewal of the permit with a Project Completion Date of September 30, 2019. The project timeline has been extended due to the following:

#### **Unanticipated delays have impacted the timeline for expanding surgical services.**

1. Adding these new specialties to an ASTC already in operation requires careful coordination and planning to insure staff is properly trained on all new specialties and the related equipment and instruments. The ASTC insures proper sterilization processes as a high priority while coordinating staff support and training with our partner, Morris Hospital.
2. While attempting to negotiate for the best quality and competitive pricing, we have experienced some delays in the acquisition of equipment and instruments. To some extent, we underestimated the complexity of simply working through the maze of revamping the block schedules for both our existing and new physicians, some already busy in multiple locations.

#### **Current Status:**

1. To date the following surgical specialties have been added to the ASTC: Endoscopy and Ophthalmology. The launch of ENT is scheduled for December 7, 2018.
2. The ASTC is on track to add one new specialty in each two to three-month period and plan for all four additional specialties (Urology, GYN, General Surgery, and Pain Management) to be successfully launched by September 30, 2019.



Accredited by  
Accreditation Association  
for Ambulatory Health Care, Inc.

Deerpath Ambulatory Surgical Center, LLC

1051 W. Rt. 6 • Morris, IL 60450 • (815) 318-5666 • Fax: (815) 318-5676

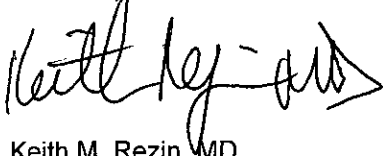
3. The Project Scope is consistent with the approved CON permit. The required project costs remain in line and have not exceeded the approved permit amounts. To date, the ASTC has spent \$440,104.
4. The source of the funds remains same as the original permit. It is anticipated that the project will not exceed the Total Project Cost approved in the original permit (Attachment 1).

This is our first request for an Renewal of the permit. We are confident that our project will be completed within the budget and within the requested completion date.

Enclosed is a check for the processing fee of \$500.00.

We appreciate your consideration of this request. If you have any questions please contact our consultant, Jeffrey Mark at 312.804.9401.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith M. Rezin", with a stylized flourish at the end.

Keith M. Rezin, MD  
Chairman, Board of Directors

CC: Mark Steadham, Chief Executive Officer of Morris Hospital and Healthcare Centers  
Tom Dohm, Vice President, Professional Services  
Michele Cheshareck, ASTC Administrator  
Charles A. Owen, President and CEO of HVP (ASTC Management Company)  
Jeffrey Mark, CON Consultant

**PERMIT RENEWAL REQUEST  
CON Permit #17-059**

**PROJECT COSTS AND SOURCES OF FUNDS**

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>Approved Total</b>	<b>Expended to Date</b>	<b>Anticipated Total</b>
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees	55,000		55,000
Movable or Other Equipment (not in construction contracts)	527,500	440,104	527,500
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized (equipment contingency)	\$17,500		\$17,500
Acquisition of Building or Other Property (excluding land)			
<b>TOTAL USES OF FUNDS</b>	<b>\$600,000</b>	<b>\$440,104</b>	<b>\$600,000</b>
<b>SOURCE OF FUNDS</b>	<b>Approved Total</b>	<b>Expended to Date</b>	<b>Anticipated Total</b>
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources (Bank Loan)	\$600,000	\$440,104	\$600,000
<b>TOTAL SOURCES OF FUNDS</b>			