



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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<b>DOCKET NO:</b> H-02	<b>BOARD MEETING:</b> December 10, 2019	<b>PROJECT NO:</b> 19-031	<b>PROJECT COST:</b> Original: \$6,098,521
<b>FACILITY NAME:</b> The Advanced Surgical Institute		<b>CITY:</b> Evergreen Park	
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA: VII</b>

**DESCRIPTION:** The Applicant (The Advanced Surgical Institute, LLC) is proposing the establishment of a single specialty ASTC at 3523 West 95<sup>th</sup> Street, Evergreen Park, Illinois. The cost of the project is \$6,098,521 and the expected completion date is April 22, 2021.

## **EXECUTIVE SUMMARY**

### **PROJECT DESCRIPTION:**

- The Applicant (The Advanced Surgical Institute, LLC) is proposing to establish a single specialty ASTC to 3523 West 95<sup>th</sup> Street, Evergreen Park, Illinois. The new ASTC will contain two operating rooms, seven recovery stations, and offer cardiovascular surgical services exclusively. The cost of the project is \$6,098,521 and the expected completion date is April 22, 2021.
- The 6,500 GSF facility will be a combination of modernized and newly constructed space (750 GSF). The proposed ASTC will be located adjacent to the Applicant's Heart, Vein, and Vascular Clinic, in Evergreen Park.

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

- The Applicants proposes to establish a health care facility as defined by the Illinois Health Facilities Planning Act (20 ILCS 3960/3).
- One of the objectives of the Health Facilities Planning Act is *"to assess the financial burden to patients caused by unnecessary health care construction and modification. Evidence-based assessments, projections and decisions will be applied regarding capacity, quality, value and equity in the delivery of health care services in Illinois. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process."* [20 ILCS 3960/2]

### **PUBLIC HEARING/COMMENT:**

- No public hearing was requested, and no letters of opposition were received. One letter of support was received from:
  - Jerry Coltro, M.D., Internal Medicine Physician, Merriquette Park Physicians Group

### **SUMMARY**

- When evaluating a proposed project by rule the State Board must consider if a proposed project best meets the needs of an area population. Need for a project considers such factors as demand, population growth, incidence and state and federal facility utilization (77 ILAC 1100.310).
- The Applicant proposes to develop an ASTC that will provide outpatient cardiovascular surgical services to an area lacking sufficient ASTC access. The Applicant believes the ASTC is necessary in this 10-mile GSA because reimbursement from insurance companies, including Medicare and Medicaid, and cost savings for patients are leading to the increased utilization of ASTCs for more surgical cases. The Centers for Medicare and Medicaid Services (CMS) has increased the number and type of procedures that are reimbursable when performed in an ASTC. Because ASTCs do not have the same overhead and ancillary service costs that a hospital does, patients are responsible for lower overall costs, as well as lower coinsurance costs.
- The Applicant addressed a total of 23-criteria and failed to meet the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
77 ILAC 1110.235 (c) (6) – Service Accessibility	The Applicant was unable to meet one of the four conditions required by this criterion (see pages 12-13 of this report)

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
77 ILAC 1110.235 (c)(7) – Unnecessary Duplication/Maldistribution	Of the 11 ASTCs in the planning area, 4 (36%) are operating at the State standard of 1,500 hours per room. Of the 11 ASTCs in the planning area, 2 (18%) are operating at the State standard of 1,500 hours per room. (see pages 14-17 of this report)
77 ILAC 1120.140(c) – Reasonableness of Project Costs	The Applicant exceeded the State Board standard for Site Preparation, New Construction/Proportionate Contingencies, and Moveable and Other Equipment. (see pages 23-24 of this report)

**STATE BOARD STAFF REPORT**  
**Project 19-031**  
**The Advanced Surgical Institute, LLC**

<b>APPLICATION/CHRONOLOGY/SUMMARY</b>	
Applicants	The Advanced Surgical Institute, LLC
Facility Name	The Advanced Surgical Institute, LLC
Location	3523 West 95 <sup>th</sup> Street, Evergreen Park, Illinois
Permit Holder	The Advanced Surgical Institute, LLC
Operating Entity	The Advanced Surgical Institute, LLC
Owner of Site	3545 West 95 <sup>th</sup> Street, LLC
Total GSF	6,500 GSF
Application Received	July 2, 2019
Application Deemed Complete	July 2, 2019
Review Period Ends	October 30, 2019
Financial Commitment Date	December 10, 2020
Project Completion Date	April 22, 2021
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes
Expedited Review?	No

**I. Project Description**

The Applicant (The Advanced Surgical Institute, LLC) proposes to establish a single-specialty ASTC located at 3523 West 95<sup>th</sup> Street, Evergreen Park, Illinois. The cost of the project is \$6,098,521 and the expected completion date is April 22, 2021.

**II. Summary of Findings**

- A. State Board Staff finds the proposed project is **not** in conformance with the provisions of 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project is **not** in conformance with the provisions of 77 ILAC 1120 (Part 1120).

**III. General Information**

The Advanced Surgical Institute, LLC is the sole Applicant. The Advanced Surgical Institute, LLC, is under the ownership/control of five licensed physicians holding equal ownership shares (20%). They are:

- Nouri Al-Khaled, M.D.
- John Burke, M.D.
- Chadi Nouneh, M.D.
- William Spear, M.D.
- Ali Zaidi, M.D.

Financial commitment will occur after permit approval.

#### IV. Center for Medicare and Medicaid Services

The proposed ASTC will be Medicare and Medicaid certified. The Center for Medicare and Medicaid Services requires that an ASC must be certified and approved (IDPH Licensed) to enter into a written agreement with CMS.

Participation as an ASC is limited to any distinct entity that operates exclusively for providing surgical services to patients not requiring hospitalization and in which the expected duration of services would not exceed 24 hours following an admission. An unanticipated medical circumstance may arise that would require an ASC patient to stay in the ASC longer than 24 hours, but such situations should be rare.

The regulatory definition of an ASC does not allow the ASC and another entity, such as an adjacent physician's office, to mix functions and operations in a common space during concurrent or overlapping hours of operations. CMS does permit two different Medicare-participating ASCs to use the same physical space, so long as they are temporally separated. That is, the two facilities must have entirely separate operations, records, etc., and may not be open at the same time. **State Board Staff Note:** The Illinois Department of Public Health **does not** license two ASCs at the same site or address.

ASCs are not permitted to share space, even when temporally separated, with a hospital or Critical Access Hospital outpatient surgery department, or with a Medicare-participating Independent Diagnostic Testing Facility (IDTF). Certain radiology services that are reasonable and necessary and integral to covered surgical procedures may be provided by an ASC; however, it is not necessary for the ASC to also participate in Medicare as an IDTF for these services to be covered. [Source: <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/ASCs.html>]

#### V. Health Service Area

The proposed ASTC will be in the HSA VII Health Service Area. The HSA VII Health Service Area consists of suburban Cook and DuPage counties. There are eleven licensed ASTCs in this 10-mile Service Area, and two of these facilities that have not been licensed/established yet. Board Staff notes of these facilities, only one will be licensed to provide cardiovascular surgical services (Premier Cardiac Surgery Center).

TABLE ONE ASTCs within the 10-mile GSA		
Facility/City/# of Rooms	Classification/ Distance	Utilization/State Standard?
Southwestern Medical Ctr., Bedford Park, 3 ORs	Multi/3.0	3,347/No
Oak Lawn Endoscopy, Oak Lawn, 2 Procedure	Single/3.45	1,122/No
Ctr. For Reconstructive Surgery, Oak Lawn, 4 ORs	Multi/3.7	1,122/No
Palos Surgicenter, LLC, Palos Heights, 3 ORs 2 Procedure	Multi/5.56	2,081/No
Palos Hills Surgery Ctr., Palos Hills, 2 ORs	Single/5.64	3,145/Yes
Justice Med/Surg Ctr., Justice, 2 OR, 2 Procedure	Limited/7.2	908/No
Hyde Park Surgical Ctr., Chicago, 1 OR	Multi/8.4	1,652/Yes

<b>TABLE ONE</b> <b>ASTCs within the 10-mile GSA</b>		
Facility/City/# of Rooms	Classification/ Distance	Utilization/State Standard?
Surgicore, Chicago, 1 OR	Single/9.14	170/Yes
South Loop Endoscopy/Wellness, Chicago, 2 Procedure	Single/9.9	1,986/Yes
*Premier Cardiac Surgery Ctr., Merrionette Park, 1 OR ^	Limited/2.6	N/A / N/A
*Vascular Access Ctrs of Illinois, Chicago, 3 Procedure	Single/3.1	N/A / N/A
Taken from 2018 ASTC Facility profiles #Distance in miles *CON Approved by IHFSRB, project not completed ^#17-058 Approved ASTC offering cardiovascular surgical procedures		

## VI. Project Costs and Sources of Funds

The Applicants are funding the project with Funds from Other Sources totaling \$3,953,521 and the Fair Market Value of the Lease in the amount of \$2,145,000.

<b>TABLE TWO</b> <b>Project Costs and Sources of Funds</b>				
	Reviewable	Non- Reviewable	Total	% of Total
Pre-Planning Costs	\$10,584.62	\$5,415.38	\$16,000.00	.03%
Site Preparation	\$66,153.85	\$33,846.15	\$100,000	1.6%
New Construction Contracts	\$203,423.08	\$104,076.92	\$307,500	5%
Modernization Contracts	\$989,000	\$506,000	\$1,495,000	25.4%
Contingencies	\$98,900	\$50,600	\$149,500	2.5%
Architectural/Engineering Fees	\$79,120	\$40,480	\$119,600	2%
Consulting & Other Fees	\$25,827.46	\$14,172.54	\$40,000	.07%
Movable or other Equipment (not in construction contracts)	\$1,599,602	\$126,319	\$1,725,921	28.3%
Fair Market Value of Leased Space or Equipment	\$1,419,000	\$726,000	\$2,145,000	35.1%
Total Uses of Funds	\$4,491,611	\$1,606,910	\$6,098,521	100.00%
Other Funds and Sources	\$3,072,611	\$880,910	\$3,953,521	64.8%
Leases (fair market value)	\$1,419,000	\$726,000	\$2,145,000	35.2%
Total Sources of Funds	\$4,491,611	\$1,606,910	\$6,098,521	100.00%
1. The value of the building to be built is \$564,300 for the ASTC space. This represents the actual value of the shell space of the building that is recovered in the lease payment.				

## **VII. Section 1110.110 - Background of the Applicant, Purpose of Project, Safety Net Impact Statement, and Alternatives**

### **A) Criterion 1110.110 (a) – Background of the Applicant**

*To demonstrate compliance with this criterion the applicant must document the qualifications, background, character and financial resources to adequately provide a proper service for the community and demonstrate that the project promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of facilities or service.*

The Applicant attests that The Advanced Surgical Institute, LLC does not own or operate any licensed health care facility, nor have they been cited for any class A violations for the past three years before the filing of the Application for Permit. The Applicant is in Good Standing with the State of Illinois, and the facility is working on licensure/accreditation at the time of filing of this Application for Permit. The site of the ASTC is in compliance with the Illinois Executive Order #2006-5, "Construction Activities in Special Flood Hazard Area"<sup>1</sup> and with the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420).<sup>2</sup>

### **B) Criterion 1110.110 (b) – Purpose of the Project**

*To demonstrate compliance with this criterion the Applicant must document that the project will provide health services that improve the health care or well-being of the market area population to be served.*

The purpose of the project is to provide cardiovascular-related ASTC services to a service area that lacks access. The Applicant proposes to meet these surgical needs in an environment that is high-quality, low cost, and accessible to the Evergreen Park community. The Applicant identified 11 ASTCs within a ten-mile radius/service area and notes that none of them currently provide cardiovascular outpatient surgical services. While one has recently been approved by the State Board, the Applicant notes the shortage of these services will continue to exist. Through the provision of their services, the Applicant party hopes to treat its patient base efficiently and, in a cost, effective manner, while providing the high-quality services their clinicians provided in a hospital setting. The Applicant acknowledges that the provision of surgical services in an outpatient setting has proven to provide the following attributes:

- Decreased risk of infection
- Decreased hospital stay
- Overall decreased cost
- Improved outcomes through specialized staffing
- Increased patient satisfaction
- Increased patient comfort

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<sup>1</sup> Illinois Executive Order #2006-5 requires State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of Executive Order #2006-5.

<sup>2</sup> Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420) requires State Agencies or the recipients of its funds, permits or licenses shall consult with the Illinois Historic Preservation Agency to determine the documentation requirements necessary for identification and treatment of historic resources.

Through the provision of outpatient cardiovascular surgical services to the service area, the Applicant hope to achieve the goal of providing patients with access to the safest, most affordable services.

See pages 73-112 of the Application for Permit for complete discussion of the purpose of the project.

**C) Criterion 1110.110 (c) – Safety Net Impact**

*All health care facilities, except for skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement, which shall be filed with an application for a substantive project (see Section 1110.40). Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]*

The Applicants stated: “*The Advanced Surgical Institute, LLC, will not have any material impact on safety net services in the Chicago Metropolitan Area. The primary purpose of the ASI is to deliver greater access for patients in the southwest-suburban area of Chicago. Thus, ASI will only improve access to safety net services. ASI will not negatively impact the ability of other providers to cross-subsidize safety-net services. The limited scope of ASI reduces its potential impact on other providers. The referrals to ASI will be for cases previously performed at Illinois hospitals, where operating rooms are frequently placed on diversion status for elective procedures of this nature. Accordingly, the Applicant does not believe ASI will impact the ability of providers to cross-subsidize safety net services.*

The proposed project involves the establishment of anew ASTC, and no historical data exists regarding charity care or Medicaid provided in the three years prior to submittal of this application. However, the applicant did provide projected charity care information for the ASTC by the end of its second year of operation (See Table Three)

TABLE THREE			
The Advanced Surgical Institute Charity and Medicaid Information			
	Year 1	Year 2	Year 3
Net Patient Revenue	\$9,478,471	\$10,634,844	\$11,932,295
Amount of Charity Care	\$284,354	\$319,045	\$357,170
Ratio of Charity Care to Net Patient Revenue	5%	5%	5%
Payor Mix (Projected)			
Medicare/Tricare/VA	543	597	657
Medicaid	106	117	128
Commercial	650	715	786
Charity/Indigent	37	41	45
Total Patients	1,366	1,470	1,616



#### **D) Criterion 1110.110(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 Applicant looked at three alternatives to the proposed project:

##### **1) Maintain Status Quo/Do Nothing**

The alternative of maintaining status quo would involve not establishing the ASTC and abandoning the project. The Applicant rejected this alternative, because it would not address the need for cardiovascular outpatient surgical services in the services area and prevent the introduction of necessary and preferred cardiovascular surgical services. If this option were pursued, cardiovascular surgery patients would continue to encounter low-quality, higher cost, and decreased access to cardiovascular surgery services. No project costs were identified with this alternative.

##### **2) Reduce Scope and Size of Current Project**

The Applicant initially considered a project of lesser scope, involving the establishment of one operating room with the required recovery stations. The Applicant dismissed this alternative, based on the projected surgical volume, which supports the need for two surgical suites and their respective recovery stations. While the project cost would be less than the project cost of the proposed project, the inevitable need to expand in the future would result in additional permitting, added expenses, and ultimately increased project costs exceeding those of the proposed project.

##### **3) Establish New ASTC/Project as Proposed**

The Applicant notes the alternative as proposed is the most feasible and cost efficient, based on service need and the projected utilization of the facility, once completed. The pursuit of this alternative affords enables the Applicant to meet the following:

- The need for Cardiology-focused surgical services in the planning area.
- The need for an improved clinical continuum for the Applicant's patients.
- Alignment with CMS, Payers, and Patients in the transition from Hospital to ASTC settings.

#### **VIII. Project Scope and Size, Utilization and Assurance**

##### **A) Criterion 1110.120 (a) - Size of Project**

*To demonstrate compliance with this criterion the Applicant must document that the physical space proposed for the project is necessary and appropriate. The proposed square footage cannot deviate from the square footage range indicated in Appendix B;<sup>3</sup> or exceed the square footage standard in Appendix B if the standard is a single number, unless square footage can be justified by documenting, as described in subsection (a)(2).*

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<sup>3</sup> Staff Note: Should the State Board approve this project the entire gross square feet (4,275 GSF) will be licensed by the Illinois Department of Public Health and the certificate of need permit will be for the total gross square feet and total project costs.

There is a total of 4,300 GSF of clinical space for the proposed two-suite ASTC. The State Board Standard for a modernized operating room is 2,2000 GSF. The State Board does not have a gross square footage standard for recovery stations located in an ASTC. The Applicants have met the requirements of this criterion.

<b>TABLE FOUR</b>				
<b>Size of the Project</b>				
	Proposed		State Standard	
Department	Rooms	GSF	GSF	Difference
Operating Room	2	4,300	4,400	-100
Recovery Stations	7	2,200*	0	0
TOTAL		6,500		

\*Spatial configuration includes nurse station, clean/soiled utility, and decontamination/scrub spaces

**B) Criterion 1110.120 (b) – Projected Utilization**

*To demonstrate compliance with this criterion the Applicant must document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B. The number of years projected shall not exceed the number of historical years documented. All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except where noted in 77 Ill. Adm. Code 1100. [Part 1110 Appendix B]*

The Applicant is estimating 2,645 outpatient cardiovascular procedures in the second year after project completion. The average case time including prep and clean-up time is 1.8 hours. The Applicants can justify the two operating rooms being requested.

**C) Criterion 1110.120 (e) – Assurances**

- 1) *The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the end of the second year of operation after project completion, the applicant will meet or exceed the utilization standards specified in Appendix B.*
- 2) *For shell space, the applicant shall submit the following:*
  - A) *Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at that time or the categories of service involved;*
  - B) *The anticipated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and*
  - C) *The estimated date when the shell space will be completed and placed into operation.*

The Applicant provided the necessary attestation at page 129 of the Application for Permit

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT, PROJECT UTILIZATION AND ASSURANCE (77 ILAC 1110.120 (a) (b) (c))**

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

### **A) Criterion 1110.235 (b) (2) (A) (B) - Geographic Service Area Need**

*The applicant shall document that the ASTC services and the number of surgical/treatment rooms to be established, added or expanded are necessary to serve the planning area's population, based on the following:*

- A) 77 Ill. Adm. Code 1100 (Formula Calculation)  
As stated in 77 Ill. Adm. Code 1100, no formula need determination for the number of ASTCs and the number of surgical/treatment rooms in a geographic service area has been established. Need shall be established pursuant to the applicable review criteria of this Part.*

There is no need formula for ASTCs or the number of surgical/treatment rooms in a GSA.

- B) Service to Geographic Service Area Residents  
The applicant shall document that the primary purpose of the project will be to provide necessary health care to the residents of the geographic service area (GSA) in which the proposed project will be physically located.
  - i) The applicant shall provide a list of zip code areas (in total or in part) that comprise the GSA. The GSA is the area consisting of all zip code areas that are located within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the project's site.*
  - ii) The applicant shall provide patient origin information by zip code for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the GSA. Patient origin information shall be based upon the patient's legal residence (other than a health care facility) for the last 6 months immediately prior to admission.**

The Applicant provided documentation that approximately 77% of the historical referrals came from one of zip codes within the 10-mile GSA. (Application for Permit pages 123-125)

### **B) Criterion 1110.235 (3) - Service Demand – Establishment of an ASTC Facility or Additional ASTC Service**

*The applicant shall document that the proposed project is necessary to accommodate the service demand experienced annually by the applicant, over the latest 2-year period, as evidenced by historical and projected referrals. The applicant shall document the information required by subsection (c)(3) and either subsection (c)(3)(B) or (C):*

The Geographical Service Area for a health care facility located in Cook County is a 10-mile radius containing 50 zip codes, and a population totaling 1,870,965 (77 ILAC 1130.510 (d)). The Applicant supplied referral information attesting that at least 50% the projected patients (1,645 patients) were referrals to local hospitals and came from within the 10-mile GSA. The Applicants have successfully addressed this criterion.

**TABLE FIVE**  
**Physicians Historical Referrals**

Hospital	City	Historic Referrals
Advocate Christ Medical Center	Oak Lawn	1,026
Little Company of Mary	Evergreen Park	357
Palos Community Hospital	Palos Heights	230
Saint James Hospital	Olympia Fields	7
St. Margaret Hospital	Spring Valley	25
Total		1645

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SERVICE TO GSA RESIDENTS AND SERVICE DEMAND (77 ILAC 1110.235 (c) (2) (A)(B) and (3))**

**C) Criterion 1110.235 (5) - Treatment Room Need Assessment**

A) *The applicant shall document that the proposed number of surgical/treatment rooms for each ASTC service is necessary to service the projected patient volume. The number of rooms shall be justified based upon an annual minimum utilization of 1,500 hours of use per room, as established in 77 Ill. Adm. Code 1100.*

B) *For each ASTC service, the applicant shall provide the number of patient treatments/sessions, the average time (including setup and cleanup time) per patient treatment/session, and the methodology used to establish the average time per patient treatment/session (e.g., experienced historical caseload data, industry norms or special studies).*

The Applicants are proposing two operating rooms and are estimating 1,470 procedures two years after project completion. The Applicants are estimating 1.8 hours per procedure (1,470 x 1.8 = 2,646 hours), which serves as justification for two operating rooms.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION TREATMENT ROOM NEED ASSESSMENT (77 ILAC 1110.235 (5))**

**D) Criterion 1110.235 (6) - Service Accessibility**

*The proposed ASTC services being established or added are necessary to improve access for residents of the GSA. The applicant shall document that at least one of the following conditions exists in the GSA:*

- A) *There are no other IDPH-licensed ASTCs within the identified GSA of the proposed project;*
- B) *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;*
- C) *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;*

- D) *The proposed project is a cooperative venture sponsored by 2 or more persons, at least one of which operates an existing hospital. Documentation shall provide evidence that:*
- i) *The existing hospital is currently providing outpatient services to the population of the subject GSA;*
  - ii) *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;*
  - iii) *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*
  - iv) *The proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.*

The Applicant is proposing to establish an ASTC containing 2 surgical suites, offering outpatient cardiovascular surgical services in Evergreen Park.

The Applicant was unable to meet one of the four conditions identified above as there are existing ASTC in the 10-mile GSA, the surgical specialty is available in the GSA, there are underutilized facilities in the GSA, and the proposed project is not a cooperative venture.

In response to this criterion the Applicant stated:

*“The proposed cardiovascular ASTC services are necessary to improve the access to care for resident of the service area, and it is clear that the services and procedures to offered are not currently available in the service area in compliance with section (c)(6)(C). Although there are nine (9) licensed ASTC's and two (2) approved but not yet operational ASTCs within the GSA, only the two ASTCs in development are intended to offer any cardiovascular surgical services. By design and function, neither of those facilities are intended to or capable of servicing the surgical volume and procedures contemplated by this project. As a result, the residents to be served by this proposed facility do not have an option within the Geographical Service Area (GSA) to receive treatment in a non-hospital ambulatory surgical center (ASTC).”*

<b>TABLE SIX</b> <b>The Advanced Surgical Institute, LLC</b> <b># of Patients by Payor Source</b>				
	Year 1	Year 2	Year 3	% of Total (3-years)
Medicaid	106	117	128	7.9%
Medicare/Tri Care/VA	543	597	657	40.6%
Commercial	650	715	786	48.7%
Charity/Indigent	37	41	45	2.8%
TOTAL	1,336	1,470	1,616	100.0%

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION SERVICE ACCESSIBILITY (77 ILAC 1110.235 (6))**

**E) Criterion 1110.235 (7) - Unnecessary Duplication/Maldistribution**

- A) The applicant shall document that the project will not result in an unnecessary duplication. The applicant shall provide the following information for the proposed GSA zip code areas identified in subsection (c)(2)(B)(i):*
- i) the total population of the GSA (based upon the most recent population numbers available for the State of Illinois); and*
  - ii) the names and locations of all existing or approved health care facilities located within the GSA that provide the ASTC services that are proposed by the project.*
- B) The applicant shall document that the project will not result in maldistribution of services. Maldistribution exists when the GSA has an excess supply of facilities and ASTC services characterized by such factors as, but not limited to:*
- i) a ratio of surgical/treatment rooms to population that exceeds one and one-half times the State average;*
  - ii) historical utilization (for the latest 12-month period prior to submission of the application) for existing surgical/treatment rooms for the ASTC services proposed by the project that are below the utilization standard specified in 77 Ill. Adm. Code 1100; or*
  - iii) insufficient population to provide the volume or caseload necessary to utilize the surgical/treatment rooms proposed by the project at or above utilization standards specified in 77 Ill. Adm. Code 1100.*
- C) The applicant shall document that, within 24 months after project completion, the proposed project:*
- i) will not lower the utilization of other area providers below the utilization standards specified in 77 Ill. Adm. Code 1100; and*
  - ii) 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.*

**Maldistribution**

There is a total of 247 operating/procedure rooms in the 10-mile GSA. There are approximately 1,870,965 residents (2017 population estimate-American Community Survey) in the 10-mile GSA. The ratio of operating/procedure rooms per 1,000 population is .1321 within this GSA [247 operating/procedure rooms ÷ (1,870,965/1,000 or 1,870.9) = .1321].

The State of Illinois population is 12,802,000 (2017 IDPH projected) and 2,712 operating procedure rooms (2018 data). The ratio of operating/procedure rooms per 1,000 population in the State of Illinois is .2118. To have a surplus of operating/procedure rooms within the 10-mile GSA the ratio of population to operating/procedure rooms must be 1.5 times the State of Illinois ratio or .3177 operating/procedure rooms per 1,000 population. There is a not a surplus of operating/ procedure rooms in the 10-mile GSA.

**Hospitals and ASTCs within the Proposed GSA**

There are eleven ASTCs and eleven hospitals within the 10-mile GSA. (see Table on next page). Only one of the ASTC's identified will provide outpatient cardiovascular surgical services and is currently under construction (Premier Cardiac Surgery Center Project #17-

058). There are no other ASTCs in the 10-mile service area performing cardiovascular surgical procedures on an outpatient basis.

The proposed ASTC will result in 2 ORs being added to the 10-mile GSA. Of the 11 ASTCs identified in the planning area, two are under construction, and 5 are not operating in accordance with the State standard. The proposed project will result in an unnecessary duplication of service. The Applicants have not successfully addressed this criterion.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN  
CONFORMANCE WITH CRITERION UNNECESSARY  
DUPLICATION/MALDISTRIBUTION (77 ILAC 1110.235(7))**

**TABLE SEVEN**  
**Hospitals and ASTCs in the 10-mile GSA**

Name	City	Miles	Specialty	Operating Rooms	Procedure Rooms	Operating Rooms Hours	Procedure Rooms Hours	Met 1,500 hours per Operating/Procedure Room
Southwestern Medical Center	Bedford Park	3.0	Multi	3	0	3,347	0	No
Oak Lawn Endoscopy	Oak Lawn	3.45	Gastro	0	2	0	1,122	No
Ctr. For Reconstructive Surgery	Oak Lawn	3.7	Multi	4	2	1,122	0	No
Palos Surgicenter, LLC	Palos Heights	5.56	Multi	3	2	1,583	497	No
Palos Hills Surgery Ctr.	Palos Hills	5.64	Single	2	0	3,145	0	Yes
Justice Medical Surgical Ctr.	Justice	7.2	Limited	2	2	397	509	No
Hyde Park Surgical Ctr.	Chicago	8.4	Multi	1	0	1,652	0	Yes
Surgicore	Chicago	9.14	Multi	1	0	170	0	Yes
South Loop Endoscopy/Wellness	Chicago	9.9	Single	0	2	0	1,986	Yes
*Premier Cardiac Surgery Ctr.	Merrionette Park	2.6	Limited	1	0	N/A	N/A	No
*Vascular Access Ctrs. of Illinois	Chicago	3.1	Single	0	3	N/A	N/A	No
Total				17	13			
Name	City	Miles	Specialty	Operating Rooms	Procedure Rooms	Operating Rooms Hours	Procedure Rooms Hours	Met 1,500 hours per Operating/Procedure Room
Little Company of Mary Hospital	Evergreen Park	1		10	5	6,644	2,432	No
Advocate Christ Medical Center	Oak Lawn	1.3		40	10	68,665	12,550	Yes
South Shore Hospital	Chicago	2.3		5	1	1,368	429	No
Jackson Park Hospital	Chicago	3.4		6	1	1,566	494	No
Holy Cross Hospital	Chicago	4.3		6	4	3,213	273	No
Advocate Trinity Hospital	Chicago	4.8		6	5	5,532	5,960	No
Roseland Community Hospital	Chicago	6.3		28	2	135	87	No
University of Chicago Med. Ctr.	Chicago	6.4		36	14	92,035	15,022	Yes



St Bernard Hospital	Chicago	7.5		9	0	3,415	0	No
Palos Community Hospital	Palos Heights	8		14	4	14,946	3,868	No
Provident Hospital of Cook County	Chicago	8.7		10	1	3,028	26	No
Total				170	47			

1. Information from 2018 Hospital and ASTC Profiles.

#### **F) Criterion 1110.235 (8) - Staffing**

- A) *Staffing Availability*  
*The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that the staffing requirements of licensure and The Joint Commission or other nationally recognized accrediting bodies can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.*
- B) *Medical Director*  
*It is recommended that the procedures to be performed for each ASTC service are under the direction of a physician who is board certified or board eligible by the appropriate professional standards organization or entity that credentials or certifies the health care worker for competency in that category of service.*

The Applicant attest that the Advanced Surgical Institute, LLC will operate with sufficient staffing levels as required by applicable licensure. All physicians will be Board-certified, and all clinicians will maintain acceptable accreditation/licensure requirements.

Note: The Joint Commission and the Accreditation Association for Ambulatory Health Care<sup>4</sup> does not define the specific qualifications or number of staffs required for an ASTC. The Joint Commission generalizes that the staff be adequate in number with appropriate training and supervision. The Applicants have successfully addressed this criterion.

#### **G) Criterion 1110.235 (9) - Charge Commitment**

*In order to meet the objectives of the Act, which are to improve the financial ability of the public to obtain necessary health services; and to establish an orderly and comprehensive health care delivery system that will guarantee the availability of quality health care to the general public; and cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process [20 ILCS 3960/2], the applicant shall submit the following:*

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

The Applicant provided the maximum charges for two years following completion of the project on pages 127-128 of the application, along with certification that these charges will not increase for two years following project completion. The Applicant has successfully addressed this criterion.

#### **H) Criterion 1110.235 (10) - Assurances**

- A) *The applicant shall attest that a peer review program exists or will be implemented that evaluates whether patient outcomes are consistent with quality standards established by professional organizations for the ASTC services, and if outcomes do not meet or exceed those standards, that a quality improvement plan will be initiated*

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<sup>4</sup> Joint Commission on Accreditation of Healthcare Organizations. Standards for Ambulatory Care. Oakbrook Terrace, IL: Joint Commission Resources;

- B) *The applicant shall document that, in the second year of operation after the project completion date, the annual utilization of the surgical/treatment rooms will meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100. Documentation shall include, but not be limited to, historical utilization trends, population growth, expansion of professional staff or programs (demonstrated by signed contracts with additional physicians) and the provision of new procedures that would increase utilization.*

The Applicants have provided the required attestation at page 129 of the Application for Permit that the proposed facility “*will operate a peer review program that evaluates whether patient outcomes are consistent with quality standards established by professional organizations for the ASTC services, and if outcomes do not meet or exceed those standards, that a quality improvement plan will be initiated. Furthermore, the Advanced Surgical Institute, LLC attests that by the second year of operation after the project completion date, the annual utilization of the surgical/treatment rooms at Physicians Surgical Center will meet or exceed the utilization standard specified in 77 Ill. Admin. Code 1100.*”

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION STAFFING, CHARGE COMMITMENT AND ASSURANCES (77 ILAC 1110.235 (c) (8) (9) (10))**

## **X. FINANCIAL VIABILITY**

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

*Applicants shall document that financial resources will be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of enough financial resources*

The Applicant is funding the project with the Fair Market Value of the Lease in the amount of \$2,145,000, and debt financing in the amount of \$3,953,521. The Applicants provided a letter from First Midwest Bank, dated June 21, 2019 that stated in part “*you have been a good and valuable customer of First Midwest Bank for several years. Should the Illinois Health Facilities and Services Review Board approve the proposed project and based upon the positive business experiences from working with The Advanced Surgical Institute LLC and yourself, First Midwest Bank is prepared to extend The Advanced Surgical Institute LLC up to \$4,000,000 in credit exposure to finance the ASTC project.*” (see page 123 of the Application for Permit)

The lease is an operating lease with a lease term of ten years, with a base rate of \$33.00 per GSF. The Applicant notes the Advanced Surgical Institute is a Limited liability company (LLC), formed in 2019, and has no audited financial statements to affirm its financial viability. However, the Applicant did provide a projected balance sheet and financial statement (application, p. 134-135), that supports their financial viability. The Applicants have adequate resources available to fund this project.

### **B) Criterion 1120.130 – Financial Viability**

*Applicants that are responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion unless the Applicant qualifies for the financial waiver.*

#### *a) Financial Viability Waiver*

*The applicant is NOT required to submit financial viability ratios if:*

- 1) all project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities or received pledges); or  
HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.*
- 2) the applicant's current debt financing or projected debt financing is insured or anticipated to be insured by Municipal Bond Insurance Association Inc. (MBIA) or its equivalent; or  
HFSRB NOTE: MBIA Inc is a holding company whose subsidiaries provide financial guarantee insurance for municipal bonds and structured financial projects. MBIA coverage is used to promote credit enhancement as MBIA would pay the debt (both principal and interest) in case of the bond issuer's default.*
- 3) the applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor (insurance company, bank or investing firm) guaranteeing project completion within the approved financial and project criteria.*

<b>TABLE EIGHT</b> <b>Historic/Projected Financial Ratios:</b> <b>The Advanced Surgical Institute, LLC</b>				
	<b>State Board Standard</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Current Ratio	1.5>	1.21	1.42	1.73
Net Margin Percentage	3.50%>	10%	17%	24%
Percent Debt to Total Capitalization	<80%	72%	50%	31%
Projected Debt Service Coverage	>1.75%	3.8%	6.1%	8.9%
Days Cash on Hand	>45 days	63	139	253
Cushion Ratio	>3	3.8	8.6	16.2

The Applicant is a newly formed entity (April 2019), and historical viability ratios do not exist. However, the Applicant supplied projected Viability Ratios that indicate all criteria in this section will be in excess of the State standard by the third year after project completion. The Applicants have successfully addressed this criterion. The projected income and balance sheet are attached at the end of this report.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 ILAC 1120.130)**

**XI. ECONOMIC VIABILITY**

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

*An Applicant must document the reasonableness of financing arrangements.*

The Applicant addressed the requirements of this criterion through a signed, notarized attestation (application, p. 138), that borrowing is less costly than liquidation of existing investments and that the existing investments being retained may be converted to cash or used to retire debt within a 60-day period, and that the selected form of debt financing for the project will be at the lowest net cost available.

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

*Applicants with projects involving debt financing shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:*

- 1) *That the selected form of debt financing for the project will be at the lowest net cost available;*
- 2) *That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required*

*mortgage, access to additional indebtedness, term (years), financing costs and other factors;*

*3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.*

The Applicant addressed the requirements of this criterion through a signed, notarized attestation (application, p. 138), that borrowing is less costly than liquidation of existing investments and that the existing investments being retained may be converted to cash or used to retire debt within a 60-day period, and that the selected form of debt financing for the project will be at the lowest net cost available.

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

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

*The applicant shall document that the estimated project costs are reasonable.*

By Statute only clinical costs (reviewable costs) are considered in evaluating the reasonableness of project costs. (20 ILCS 3960/3)

**Preplanning Costs** – These costs total 10,584, which is .36% of the new construction/modernization, contingencies, and equipment costs, totaling \$2,890,925. This is in compliance with the State standard of 1.8%.

**Site Preparation Costs** - are \$66,153 or 5.1% of new construction, modernization and contingency costs (\$1,291,323). This appears **high** when compared to the State Board Standard of 5.0%.

**New Construction and Proportionate Contingency Costs** are \$220,236 or \$443.13 per GSF (\$220,236/497 = \$443.13). This appears **high** when compared to the State Board Standard of \$414.90 the midpoint of construction (2020).

**Modernization and Proportionate Contingency Costs** are \$1,071,087 or \$281.64 per GSF (\$1,071,087/3,803 = \$281.64). This appears reasonable when compared to the State Board Standard of \$290.43 the midpoint of construction (2020).

**Staff Note:** The Standard for ASTC New construction and contingency costs is calculated by taking the base year of CY 2015 and inflating by 3% to the midpoint of construction. For this project the midpoint is CY 2020. Modernization Standard costs are determined by multiplying the new construction cost standard by 70% (\$414.90 x .7 = \$290.43).

Calendar Year	2015	2016	2017	2018	2019	2020	2021	2022
New Construction & Contingency Costs	\$357.89	\$368.63	\$379.69	\$391.08	\$402.81	\$414.89	\$427.34	\$440.16

**Contingency Costs, New Construction** are \$16,813 or 8.2% of new construction costs of \$203,423. This appears reasonable when compared to the State Board Standard of 10% for new construction.

**Contingency Costs, Modernization** are \$82,087 or 8.3% of modernization costs of \$989,000. This appears reasonable when compared to the State Board Standard of 10%-15% for new modernization.

**Architectural and Engineering Fees-New Construction** are \$13,450 which are 6.1% of new construction and contingency costs of \$220,236. This appears reasonable when compared to the State Board Standard of 9.28% - 14.22%. **Staff Note:** The Standard for ASTC Architectural and Engineering Fees is found at Centralized Fee Negotiation Professional Services and Fees Handbook (available at [www.cdb.state.il.us](http://www.cdb.state.il.us) or by contacting the Capital Development Board, 401 South Spring Street, Springfield, Illinois).

**Architectural and Engineering Fees-Modernization** are \$65,670 which are 6.1% of new modernization and contingency costs of \$1,071,087. This appears reasonable when compared to the State Board Standard of 7.76% - 11.66%. **Staff Note:** The Standard for ASTC Architectural and Engineering Fees is found at Centralized Fee Negotiation Professional Services and Fees Handbook (available at [www.cdb.state.il.us](http://www.cdb.state.il.us) or by contacting the Capital Development Board, 401 South Spring Street, Springfield, Illinois).

**Consulting and Other Fees** are \$25,827. The State Board does not have a standard for these costs.

**Moveable and Other Equipment not in Construction Contract** is \$1,599,602 for two rooms. room. This cost (\$799,801) appears **high** when compared to the State Board Standard of \$504,437 per room (2020 mid-point).

**Staff Note:** The Standard for ASTC moveable and other equipment not in construction contracts is calculated by taking the base year of CY 2008 standard of \$353,802 per room and inflating by 3% to the midpoint of construction. For this project the midpoint is CY 2021.

CY	2018	2019	2020	2021	2022
Moveable Equipment Room Cost	\$475,480	\$489,745	\$504,437	\$519,570	\$535,157

**Fair Market Value of Lease Space** is \$1,419,000. The State Board does not have a standard for these costs.

The Applicants have not met the requirements of the State Board for Site Preparation, New Construction/Proportionate Contingencies, and Moveable or Other Equipment not in Construction Contract. A negative finding results.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 ILAC 1120.140(c))**

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

*The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct costs mean the fully allocated costs of salaries, benefits and supplies for the service.*

The Applicant has provided the projected costs per procedure of \$4,138.17 at the ASTC should this project be approved. The Applicant has successfully addressed this criterion. **The Applicant notes:** “The operating costs per visit appear higher than many other ASTCs due to the high supply expense associated with the device-intensive cardiovascular procedures. In some instances, the reimbursement for a pacemaker procedure is up to 80% of the total fee paid.”

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

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

*The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.*

The Applicant has provided the total effect of the project on capital costs per procedure of \$506.08 should this project be approved. The State Board does not have a standard for this cost. The Applicant has successfully addressed this criterion.

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



The Advanced Surgical Institute LLC				
PROJECTED BALANCE SHEET				
	Year 1	Year 2	Year 3	
<b>ASSETS</b>				
<b>Current Assets</b>				
Checking/Savings	1,421,915	3,235,967	6,087,956	
Accounts Receivable	8,556,556	8,820,792	9,080,306	
<b>Total Current Assets</b>	9,978,471	12,056,759	15,168,262	
<b>Fixed Assets</b>				
Capital Expenditure	1,802,500	1,742,700	1,682,900	
Furniture and Equipment	1,725,921	1,484,775	1,243,628	
Depreciation	-300,946	-300,946	-300,946	
<b>Total Fixed Assets</b>	3,227,475	2,926,528	2,625,582	
<b>TOTAL ASSETS</b>	<b>13,205,945</b>	<b>14,983,287</b>	<b>17,793,844</b>	
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>	8,255,610	8,519,845	8,779,359	
<b>Total Current Liabilities</b>	8,255,610	8,519,845	8,779,359	
<b>Long Term Liabilities</b>				
Loan	3,578,351	3,203,180	2,828,010	
<b>Total Long Term Liabilities</b>	3,578,351	3,203,180	2,828,010	
<b>Total Liabilities</b>	11,833,960	11,723,025	11,607,369	
<b>Equity</b>				
Building & Equipment	-49,930	24,294	98,518	
Retained Earnings	921,915	2,735,967	5,587,956	
capital contribution	500,000	500,000	500,000	
<b>Total Equity</b>	1,371,985	3,260,261	6,186,474	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>13,205,945</b>	<b>14,983,287</b>	<b>17,793,844</b>	

Surgery Center of Illinois, LLC				
Projected Financial Statements				
	Projected Year 1	Projected Year 2	Projected Year 3	
<b>Revenue:</b>				
Surgeries and Injections Service (Reimbursement)	9,478,471	10,634,844	11,932,295	
Procedure Volume	1,336	1470	1,617	
<b>Total Income</b>	<b>9,478,471</b>	<b>10,634,844</b>	<b>11,932,295</b>	
<b>Expenses:</b>				
Salaries	738,856	805,194	853,783	
Repairs and Maintenance	50,000	51,500	53,045	
Management Fees	473,924	531,742	596,615	
Surgical Instruments/Supplies	4,568,086	4,586,790	4,607,365	
Billing & Collections	284,354	319,045	357,969	
Utilities	26,000	26,780	27,583	
Rent Expense	214,500	214,500	214,500	
Professional Fees	568,708	585,769	603,343	
Contracted Services	150,000	154,500	159,135	
Insurance	25,000	25,750	26,523	
Depreciation	300,946	300,946	300,946	
Employee Benefits	221,657	241,558	256,135	
General Admin	200,000	206,000	212,180	
Taxes and Licenses	50,000	51,500	53,045	
Interest Expense & Loan	375,170	375,170	375,170	
Bad Debt Expenses	284,354	319,045	357,969	
Other Expenses	25,000	25,000	25,000	
<b>Total Expenses</b>	<b>8,556,556</b>	<b>8,820,792</b>	<b>9,080,306</b>	
<b>Net Income</b>	<b>921,915</b>	<b>1,814,053</b>	<b>2,851,989</b>	

# 19-031 Advanced Surgical Institute - Evergreen Park

