



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM: C-03	BOARD MEETING: March 5, 2019	EXEMPTION NUMBER: E-002-19
EXEMPTION APPLICANT(S): Ahmed 15, LLC, Belleville Surgical Center, LTD, d/b/a Physicians Surgical Center, and United Healthcare Group Incorporated		
FACILITY NAME and LOCATION: Physicians' Surgical Center, Belleville, Illinois		

STATE BOARD STAFF REPORT
CHANGE OF OWNERSHIP EXEMPTION REQUEST

I. The Exemption Application

The Applicants (Ahmed 15, LLC, Belleville Surgical Center, LTD, d/b/a Physicians' Surgical Center, and United Healthcare Group Incorporated) propose a change of ownership of Belleville Surgical Center, LTD, d/b/a Physicians' Surgical Center an ASTC located at 311 West Lincoln, Suite 300, Belleville, Illinois (#E-002-18). Ahmed 15, LLC proposes to purchase certain assets from Belleville Surgical Center, LTD including the operations of Physicians Surgical Center for \$50,000. The licensee /operating entity will be Ahmed 15, LLC and the owner of the site will be Belleville Family Medical Associates, Ltd. Ahmed 15, LLC is wholly owned by Dr. Sheekal Ahmed, MD.

Physicians' Surgery Center is currently owned 51 % by Belleville Surgical Center, LTD and 49% by physician investors. Belleville Surgical Center, LTD and Ahmed 15, LLC through assignment, have entered into a purchase agreement for the sale of assets relating to Physicians' Surgery Center. The purchase price is \$50,000. The expected completion date is April 1, 2019.

Staff Note: Belleville Surgical Center, LTD has operated two surgical centers (two separate licenses) within Belleville; one operating as Belleville Surgical Center (#E-003-19) and the other as Physicians' Surgical Center (#E-002-19).

The change of ownership exemption is before the State Board because the transaction is a change of ownership of a health care facility resulting in a change in the licensee/operating entity.

II. Background

Belleville Surgical Center, LTD, d/b/a Physicians Surgical Center is located in Belleville, Illinois in the HSA XI Health Service Area. HSA XI includes the counties of Clinton, Madison, Monroe, and St. Clair. There are 10 Hospitals and 9 ASTCs in this Health Service Area. Physicians' Surgical Center is a multi-specialty ASTC with one operating room and one procedure room and three recovery stations (2017 data). Below is a summary of historical data for this ASTC.

TABLE ONE ⁽¹⁾

Belleville Surgical Center, LTD d/b/a Physicians Surgical Center			
Year	2017	2016	2015
Surgical Cases	1,820	468	209
Hours	1,981	333	421
Medicare	\$1,137,905	\$603,619	\$654,598
Medicaid	\$728,271	\$0	\$0
Other Public	\$62,891	\$0	\$0
Private Ins.	\$3,734,813	\$1,705,000	\$2,179,477

TABLE ONE ⁽¹⁾ Belleville Surgical Center, LTD d/b/a Physicians Surgical Center			
Private Pay	\$1,040	\$0	\$4,760
Charity	\$0	\$0	\$0
Total Revenue	\$5,664,920	\$2,308,619	\$2,838,835

1. ASTC information from ASTC Profiles

III. **Applicable Rules**

The Illinois Health Facilities Planning Act defines a change of ownership as

“... a change in the person who has ownership or control of a health care facility’s physical plant and capital assets. A change in ownership is indicated by the following transactions: sale, transfer, acquisition, lease, change of sponsorship or other means of transferring control.”

The State Board’s rule (77 IAC 1130.500 & 77 ILAC 1130.520) specifies the requirements necessary for a change of ownership exemption application to be filed with the State Board. The State Board may, by rule, delegate authority to the Chairman to grant permits or exemptions when applications meet all of the State Board's review criteria and are unopposed [20 ILCS 3960/5].

An exemption shall be approved when information required by the Board by rule is submitted [20 ILCS 3960/6].

State Board Staff Notes: No support or opposition letters were submitted and there was no request for a public hearing. All of the requirements of the State Board have been met.

Section 1130.520 - Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

- a) Submission of Application for Exemption
Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.
- b) Application for Exemption
The application for exemption is subject to approval under Section 1130.560 and shall include the information required by Section 1130.500 and the following information:
 - 1) *Key terms of the transaction*, including the:
 - A) *names of the parties*;

- B) *background of the parties*, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application;
- C) *structure of the transaction*;
- D) *name of the person who will be the licensed or certified entity after the transaction*;
- E) *list of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction*, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons;
- F) *fair market value of assets to be transferred*; and
- G) *the purchase price or other forms of consideration to be provided for those assets*. [20 ILCS 3960/8.5(a)]

HFSRB NOTE: If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.

- 2) affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section;
- 3) if the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction;
- 4) a statement as to the anticipated benefits of the proposed changes in ownership to the community;
- 5) the anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;

- 6) a description of the facility's quality improvement program mechanism that will be utilized to assure quality control;
 - 7) a description of the selection process that the acquiring entity will use to select the facility's governing body;
 - 8) a statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility; and
 - 9) a description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.
- c) **Application for Exemption Among Related Persons**
When a change of ownership is among related persons, and there are no other changes being proposed at the health care facility that would otherwise require a permit or exemption under the Act, the applicant shall submit an application consisting of a standard notice in a form set forth by the Board briefly explaining the reasons for the proposed change of ownership. [20 ILCS 3960/8.5(a)]
- d) **Opportunity for Public Hearing**
Upon a finding by HFSRB staff that an application for a change of ownership is complete, the State Board staff shall publish a legal notice on one day in a newspaper of general circulation in the area or community to be affected and afford the public an opportunity to request a hearing. If the application is for a facility located in a Metropolitan Statistical Area, an additional legal notice shall be published in a newspaper of limited circulation, if one exists, in the area in which the facility is located. If the newspaper of limited circulation is published on a daily basis, the additional legal notice shall be published on one day. The applicant shall pay the cost incurred by the Board in publishing the change of ownership notice in the newspaper as required under this subsection. The legal notice shall also be posted on Health Facilities and Services Review Board web site and sent to the State Representative and State Senator of the district in which the health care facility is located. [20 ILCS 3960/8.5(a)] This legal notice shall provide the following:
- 1) Name of applicants and addresses;
 - 2) Name of facility and address;
 - 3) Description of the proposed project and estimated total cost;

- 4) Notice of request for public hearing;
 - 5) Notice of tentative HFSRB meeting and location; and
 - 6) Notice of tentative release of the State Board Staff Report and the time to comment on the State Board Staff Report. See HFSRB website (www.hfsrb.illinois.gov).
- e) Completion of Projects with Outstanding Permits
- 1) A permit or exemption cannot be transferred.
 - 2) *In connection with a change of ownership, the State Board may approve the transfer of an existing permit without regard to whether the permit to be transferred has yet been obligated, except for permits establishing a new facility or a new category of service. (see 20 ILCS 3960/6(b).)*
 - 3) If the requirements of this subsection (e) are not met, any outstanding permit will be considered a transfer of the permit and results in the permit being null and void.

STATE BOARD STAFF FINDS THE EXEMPTION FOR CHANGE OF OWNERSHIP IN CONFORMANCE WITH CRITERIA (77 ILAC 1130.500 & 77 ILAC 1130.520)

Reference Numbers Facility Id 7003191
 Health Service Area 011 Planning Service Area 163
 Belleville Surgical Center, LTD, dba Physicians' S
 311 West Lincoln, Ste. 300
 Belleville, IL 62220

Number of Operating Rooms 1
 Procedure Rooms 1
 Exam Rooms 0
 Number of Recovery Stations Stage 1 3
 Number of Recovery Stations Stage 2 0

Administrator Diane Krauss
Date Complete 5/7/2018
Contact Person Diane Krauss
Telephone 618-398-5705

Type of Ownership
 Limited Partnership (RA required)

Registered Agent
 CT Corporation System
Property Owner
 Belleville Family Medical
Legal Owner(s)

HOSPITAL TRANSFER RELATIONSHIPS

HOSPITAL NAME	NUMBER OF PATIENTS
Memorial Hospital Belleville, IL	2

STAFFING PATTERNS

PERSONNEL	FULL-TIME EQUIVALENTS
Administrator	1.00
Physicians	0.00
Nurse Anesthetists	0.00
Director of Nurses	1.00
Registered Nurses	4.00
Certified Aides	0.00
Other Health Profs.	3.00
Other Non-Health Profs	1.00
TOTAL	10.00

DAYS AND HOURS OF OPERATION

Monday	8
Tuesday	10
Wednesday	10
Thursday	10
Friday	8
Saturday	0
Sunday	0

NUMBER OF PATIENTS BY AGE GROUP

AGE	MALE	FEMALE	TOTAL
0-14 years	0	0	0
15-44 years	122	178	300
45-64 years	480	561	1,041
65-74 years	160	212	372
75+ years	36	71	107
TOTAL	798	1,022	1,820

NUMBER OF PATIENTS BY PRIMARY PAYMENT SOURCE

PAYMENT SOURCE	MALE	FEMALE	TOTAL
Medicaid	86	166	252
Medicare	189	260	449
Other Public	47	65	112
Insurance	472	532	1,004
Private Pay	3	0	3
Charity Care	0	0	0
TOTAL	797	1,023	1,820

NET REVENUE BY PAYOR SOURCE FOR FISCAL YEAR

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	TOTALS	Charity Care Expense	Charity Care Expense as % of Total Net Revenue
20.1%	12.9%	1.1%	65.9%	0.0%	100.0%		
1,137,905	728,271	62,891	3,734,813	1,040	5,664,920	0	0%

OPERATING ROOM UTILIZATION FOR THE REPORTING YEAR

SURGERY AREA	TOTAL SURGERIES	SURGERY TIME (HOURS)	SURGERY PREP AND CLEAN-UP TIME (HOURS)	TOTAL SURGERY TIME (HOURS)	AVERAGE CASE TIME (HOURS)
Cardiovascular	0	0.00	0.00	0.00	0.00
Dermatology	0	0.00	0.00	0.00	0.00
Gastroenterology	855	689.75	468.95	1158.70	1.36
General	2	1.50	2.00	3.50	1.75
Laser Eye Surgery	0	0.00	0.00	0.00	0.00
Neurology	0	0.00	0.00	0.00	0.00
OB/Gynecology	0	0.00	0.00	0.00	0.00
Ophthalmology	0	0.00	0.00	0.00	0.00
Oral/Maxillofacial	963	301.00	517.50	818.50	0.85
Orthopedic	0	0.00	0.00	0.00	0.00
Otolaryngology	0	0.00	0.00	0.00	0.00
Pain Management	0	0.00	0.00	0.00	0.00
Plastic Surgery	0	0.00	0.00	0.00	0.00
Podiatry	0	0.00	0.00	0.00	0.00
Thoracic	0	0.00	0.00	0.00	0.00
Urology	0	0.00	0.00	0.00	0.00
TOTAL	1820	992.25	988.45	1980.70	1.09

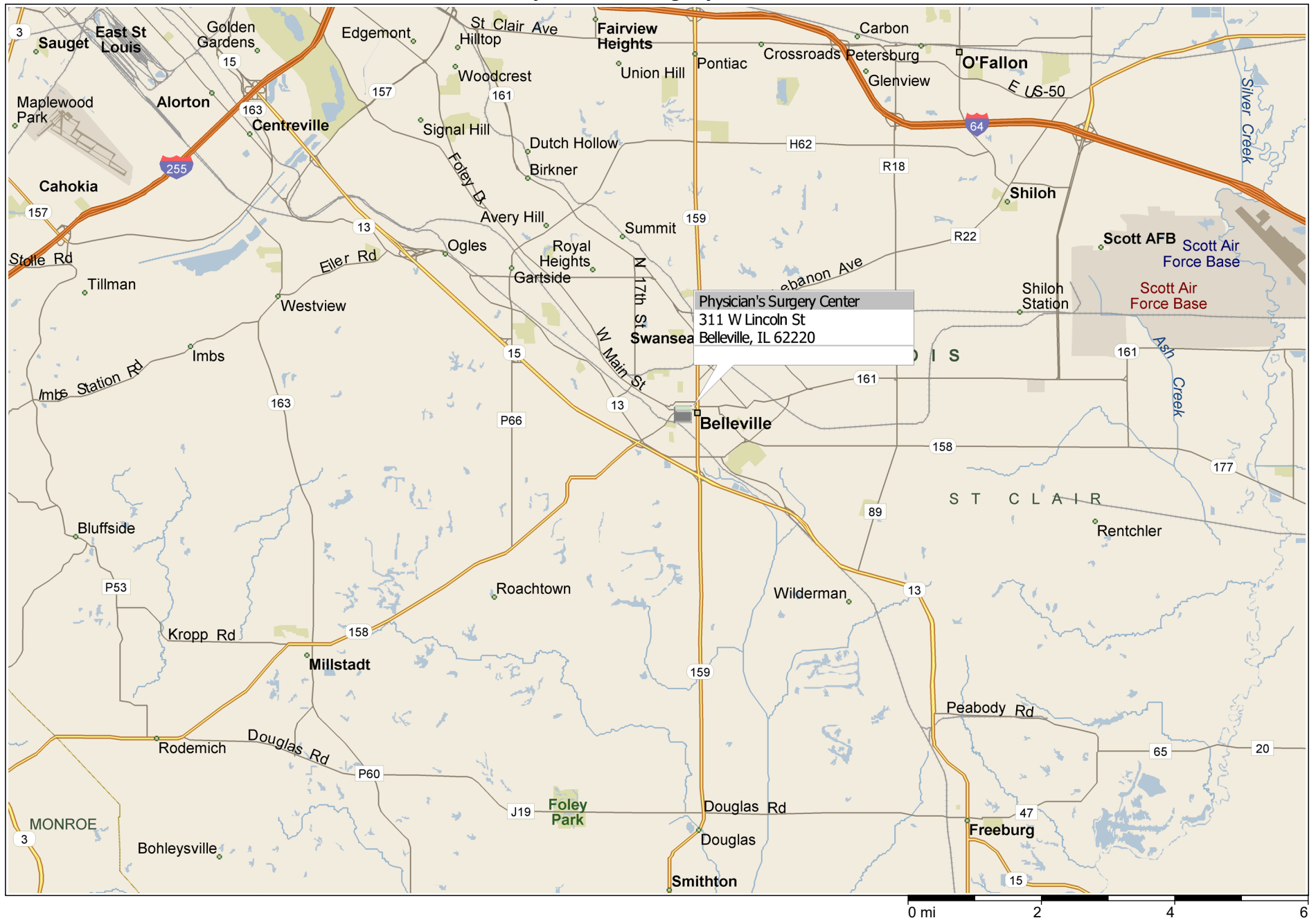
PROCEDURE ROOM UTILIZATION FOR THE REPORTING YEAR

SURGERY AREA	PROCEDURE ROOMS	TOTAL SURGERIES	SURGERY TIME (HOURS)	PREP AND CLEAN-UP TIME (HOURS)	TOTAL SURGERY TIME (HOURS)	AVERAGE CASE TIME (HOURS)
Cardiac Catheterizat	0	0	0	0	0	0.00
Gastro-Intestinal	2	1820	0	0	0	0.00
Laser Eye	0	0	0	0	0	0.00
Pain Management	0	0	0	0	0	0.00
TOTALS	2	1820	0	0	0	0.00

Leading Locations of Patient Residence

Zip Code City County Patients

E-002-19 Physicians Surgery Center - Belleville



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