

June 30, 2021

Via Electronic Mail

Ms. Courtney Avery, Administrator  
Mr. Mike Constantino, Supervisor  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, IL 62761

Re: Ortho Illinois Ambulatory Surgery Center, Elgin, Illinois  
Project #20-040

Ms. Avery and Mr. Constantino:

In reviewing the modification filed for the Project referenced above, it appears that some required items are incomplete. By letter dated February 4, 2021 the Applicants submitted additional information requested by the State Board staff. This filing included a Type A modification adding Rockford Orthopedic Associates, LTD. d/b/a OrthoIllinois as a co-applicant. We agree with the State Board that OrthoIllinois is a necessary party to the application and also believe that as a co-applicant additional information is required.

In making this modification, the Applicants added only two pages—a signature page and an attestation verifying that there was no adverse action and authorizing the Review Board and IDPH to access documents. Upon further review of this modification it appears that the additional documents listed below are required for all co-applicants and would be required for OrthoIllinois.<sup>1</sup> In addition, the projected payer mix and charity care is required but was not provided. (see p. 17 section below)

Page 1. Identification, General Information and Certification.

No contact information is provided nor has any Certificate of Good Standing been filed for OrthoIllinois.

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<sup>1</sup> Page numbers reference the pages of the Permit application as filed. Sections of the application are duplicated in this letter for ease of reference. Yellow highlighting has been added for emphasis.

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Page 2.      Organizational Chart.

Page 2 of the application form states:

**Organizational Relationships**

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

This information is not fully provided, particularly for the co-applicant, in Attachment 4 as required.

Page 9.      Background and Licensure Information

**BACKGROUND OF APPLICANT**

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

The co-applicants provided some of the information required in this section but did not provide licensure or certification information for the Rockford facility.

Page 17.      Financial Viability

Page 17 of the Application form requires all applicants *and co-applicant* to provide the following information:

**SECTION VII. 1120.130 - FINANCIAL VIABILITY**

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

...

The applicant or co-applicant that is 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**

...

	Historical 3 Years			Projected
<b>Enter Historical and/or Projected Years:</b>				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for **each co-applicant** and provide worksheets for each.

OrthoIllinois (Rockford) is providing both equity funding and lending funding to the Project. As a co-applicant OrthoIllinois (Rockford) is required to provide financial ratios and audited financial statements and the worksheets utilized in determining the ratios. This is important information for the State Board’s review of the Project.

We believe that financials ratios, work sheets and audited financial statements are required for OrthoIllinois and request that this information be provided before consideration of the application moves forward.

Page 21.      Charity Care Information

The Application for Permit form requires the following:

**Charity Care information MUST be furnished for ALL projects [1120.20(c)].**

1. All applicants and **co-applicants** shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

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3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

No table relating to OrthoIllinois (Rockford) was filed at the time OrthoIllinois was added as a co-applicant. More importantly, as required by number 3 above, the Applicants have never provided the projected patient mix by payer source nor the anticipated charity care expense and projected ratio of charity to net patient revenue. The payor mix and amount of charity care has become an important issue in this application and the application form requires that Applicant provide this information, including the mix of Medicaid and Medicare.

We respectfully request that the information required for OrthoIllinois, and the projected payer source, be provided and made a part of the Project file on the Board's web site.

Thank you for your consideration.

Sincerely,



Joe Ourth

JRO/eka