

July 7, 2021

Via Electronic Mail

Ms. Courtney Avery, Administrator
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
Letter of opposition

Dear Ms. Avery:

Thank you for requesting from the Applicants information that was required for the application but missing from the application and the modification to the application. The information provided in the July 1, 2021 letter from Applicants counsel is helpful for determining the corporate structure of the Applicants and whether there are owners of 5% or more. I believe it is also particularly helpful to the Board members, staff and public to understand the payor mix for the Project.

Because the Applicants have often compared the proposed Project to the OrthoIllinois Facility in Rockford, we believe it similarly valuable to compare the payer mixes.

OrthoIllinois Surgery Centers Payor Mix Summary

| | Elgin | Rockford* |
|-------------------|--------------|------------------|
| Medicare | 39.5% | 23.1% |
| Medicaid | 2.75% | 0.8% |
| Private Pay | .45% | 0.5% |
| Private Insurance | 57.3% | 64.7% |
| Charity Care | 0.0% | 0.0% |

*Source: 2020 Comp Data

One item that I had requested but which was not supplied is the following financial viability information relating to the co-applicant. As you can see from the application form, this information is specifically required for both applicants and co-applicants.

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 |
|---|-----------------------|--|--|-----------|
| Enter Historical and/or Projected Years: | | | | |
| 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.

According to counsel’s July 1 letter, this information was submitted to the Review Board and staff which means that the Board and staff believed the information to be important for their review of the Project. This information, however, was not made available to the public because it was “proprietary”. Many CON applicants have information they believe to be proprietary, but traditionally the Board has required this information to be filed and published on the Board’s web site. I know of applicants who did not want to disclose this formation in the past, but were told that it is a requirement if they wanted to obtain a permit. Information that is used by a public body

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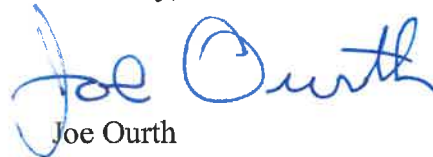
in making a decision should be information available to the public as part of the review process. We do not understand why there should be an exception to the prior practice.

We ask that the information required by the application be posted on the web site and that the State Board Report include an analysis of the financial viability ratios. Alternatively, we can request this information through FOIA. We believe this information to be particularly important given how much attention it has given to Advocate Aurora's financial statements.

I believe Board members wish for the CON process to be open and transparent and ask that this information be made available.

Thank you for your consideration.

Sincerely,



Joe Ourth

JRO/eka