ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Advocate Surgery Center - Libertyville		
Street Address:	825 S. Milwaukee Avenue		
City and Zip Code:	Libertyville, IL 60048		
County: Lake	Health Service Area:	8	Health Planning Area: 97

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Advocate Cond	lell Ambulatory Surgery Center, LLC
Street Address: 825 S. Milwaul	kee Avenue
City and Zip Code: Libertyville 60	048
Name of Registered Agent:	CT Corporation System
Registered Agent Street Address:	208 S. LaSalle Street, Suite 814
Registered Agent City and Zip Code:	Chicago, IL 60604
Name of Chief Executive Officer:	Catherine Mark
CAO Street Address:	825 S. Milwaukee Avenue
CAO City and Zip Code:	Libertyville 60048
CAO Telephone Number:	224/504-2215
h	

Type of Ownership of Applicants

Non-profit Corporation For-profit Corporation Limited Liability Company		Partnership Governmental Sole Proprietorship		Other
-------------------------------------------------------------------------------	--	----------------------------------------------------	--	-------

- Corporations and limited liability companies must provide an Illinois certificate of good standing.
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Joe Ourth	
Title:	Attorney	
Company Name:	Saul Ewing Arnstein & Lehr LLP	
Address:	161 N. Clark Street, Chicago, IL 60101	
Telephone Number:	312-876-7100	_
E-mail Address:	joe.ourth@saul.com	
Fax Number:	312/876-6215	
Additional Contact	[Person who is also authorized to discuss the application for permit]	
Name:	Catherine Mark	
Title:	Administrator	
Company Name:	Advocate Surgery Center - Libertyville	
Address:	825 S. Milwaukee Avenue, Libertyville, IL 60048	
Telephone Number:	224/504-2215	
E-mail Address:	catherine.mark@scasurgery.com	
Fax Number:		

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

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Street Address:	825 S. Milwaukee Avenue		
City and Zip Code:	Libertyville, IL 60048		
County: Lake	Health Service Area:	8	Health Planning Area: 97

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	UnitedHealth Group Incorporated
Street Address:	9900 Bren Road
City and Zip Code:	East Minnetonka, MN 55343
Name of Registered Agent:	CT Corporation System
Registered Agent Street Address	: 1010 Dale Street N
Registered Agent City and Zip Co	ode: St. Paul, MN 55343
Name of Chief Executive Officer:	David S. Wichmann
CEO Street Address:	9900 Bren Road
CEO City and Zip Code:	East Minnetonka, MN 55343
CEO Telephone Number:	952-936-1300

Type of Ownership of Applicants

	Non-profit Corporation For-profit Corporation Limited Liability Company		Partnership Governmental Sole Proprietorship		Other
0	Corporations and limited liability standing. Partnerships must provide the n address of each partner specifyi	ame of the state	e in which they are organiz	ed and the na	
	ID DOCUMENTATION AS ATTACHMENT CATION FORM.	1 IN NUMERIC SE	QUENTIAL ORDER AFTER TH	E LAST PAGE C	F THE

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Title:	Attorney
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Address:	161 N. Clark Street, Chicago, IL 60101
Telephone Number:	312-876-7100
E-mail Address:	joe.ourth@saul.com
Fax Number:	312/876-6215
Additional Contact	[Person who is also authorized to discuss the application for permit]
Name:	Catherine Mark
Title:	Administrator
Company Name:	Advocate Surgery Center - Libertyville
Address:	825 S. Milwaukee Avenue, Libertyville, IL 60048
Telephone Number:	224/504-2215
E-mail Address:	catherine.mark@scasurgery.com
Fax Number:	
37542504.3.doc	

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]

Name:	Catherine Mark
Title:	Administrator
Company Name:	Advocate Surgery Center - Libertyville
Address:	825 S. Milwaukee Avenue, Libertyville, IL 60048
Telephone Number:	224/504-2215
E-mail Address:	Catherine.mark@scasurgery.com
Fax Number:	

Site Ownership

[Provide this information for each applicable site]

	Legal Name of Site Owner: Advocate				
-			, Libertyville, IL 60048		
Proof of are prop	Address or Legal Description of the Site: of ownership or control of the site is to be operty tax statements, tax assessor's docu	provideo mentatio	as Attachment 2. Examples, deed, notarized stateme	es of proof of ow	nership
attestin	ng to ownership, an option to lease, a lette	r of inte	it to lease, or a lease.		and the latest of
	ID DOCUMENTATION AS <u>ATTACHMENT 2.</u> IN NU CATION FORM.	JMERIC S	EQUENTIAL ORDER AFTER T	HE LAST PAGE OF	THE
	ating Identity/Licensee de this information for each applicable fac	ility and	insert after this page.]		
Exact L	Legal Name: Advocate Condell Ambulate	ory Surg	ery Center, LLC		
Addres	ss: 825 S. Milwaukee Avenue,	Liberty	/ille, IL 60048		
	Non-profit Corporation For-profit Corporation Limited Liability Company		Partnership Governmental Sole Proprietorship		Other
0 0 0	Corporations and limited liability compa Partnerships must provide the name of each partner specifying whether each is Persons with 5 percent or greater int ownership.	the stat	e in which organized and eral or limited partner.	the name and a	ddress of
	ID DOCUMENTATION AS ATTACHMENT 3, IN NU CATION FORM.	JMERIC S	EQUENTIAL ORDER AFTER T	THE LAST PAGE OF	THE
Organ	nizational Relationships				
Provide	te (for each applicant) an organizational o	hart cor	ntaining the name and rela	tionship of any r	person or

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.

APPEND DOCUMENTATION AS <u>ATTACHMENT 4</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at <u>www.FEMA.gov</u> or <u>www.illinoisfloodmaps.org</u>. This map must be in a **readable format**. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (http://www.hfsrb.illinois.gov).

APPEND DOCUMENTATION AS <u>ATTACHMENT 5.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS <u>ATTACHMENT 6.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. **Project Classification**

[Check those applicable - refer to Part 1110.20 and Part 1120.20(b)]

Part 1110 Classification:

- Substantive
- Non-substantive

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Advocate Surgery Center – Libertyville ("ASC-L") is a multi-specialty ambulatory surgical treatment center located at 825 S. Milwaukee Avenue in Libertyville and on the campus of Advocate Condell Medical Center. ASC-L is currently authorized to perform General Surgery, Orthopedic Surgery, Otolaryngology, and Urology, procedures and proposes to add Pain Management, Podiatry and Plastic Surgery as approved specialties.

The surgery center is a joint venture among affiliates of Surgical Care Affiliates, Advocate Aurora Health, and certain area physicians.

The proposed procedures will be performed in the existing operating rooms and there will be no new construction and there are no additional Projects costs. The Project is classified as "Non-substantive" because it does not meet the Board's definition of "Substantive" project.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
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			
Movable or Other Equipment (not in construction contracts)			
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			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$0	\$0	\$0
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$0	\$0	\$0

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project Purchase Price: \$ Fair Market Value: \$
The project involves the establishment of a new facility or a new category of service Yes X No
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.
Estimated start-up costs and operating deficit cost is \$N/A
Project Status and Completion Schedules
For facilities in which prior permits have been issued please provide the permit numbers. Indicate the stage of the project's architectural drawings:
None or not applicable Preliminary
Schematics Final Working
Anticipated project completion date (refer to Part 1130.140): <u>April 1, 2020</u>
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):
 Purchase orders, leases or contracts pertaining to the project have been executed. Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies Financial Commitment will occur after permit issuance.
APPEND DOCUMENTATION AS <u>ATTACHMENT 8,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
State Agency Submittals [Section 1130.620(c)]
Are the following submittals up to date as applicable:
APORS (N/A) All formal document requests such as IDPH Questionnaires and Annual Bed Reports
been submitted
All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for

permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs <u>MUST</u> equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space**.

		Gross So	quare Feet		sed Total Gross Square Feet That Is:		
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is available.** Include observation days in the patient day totals for each bed service. Any bed capacity discrepancy from the Inventory will result in the application being deemed incomplete.

FACILITY NAME:			CITY:			
REPORTING PERIOD DATES	: Fro	m:		to:		
Category of Service	Authorized Beds	Admis	ssions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical						
Obstetrics						
Pediatrics						
Intensive Care						
Comprehensive Physical Rehabilitation						
Acute/Chronic Mental Illness						
Neonatal Intensive Care						
General Long Term Care						
Specialized Long Term Care						
Long Term Acute Care						
Other ((identify)						
TOTALS:						

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of <u>Advocate Condell Ambulatory Surgery Center, LLC*</u> in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

LUANN PREPHAN PRINTED NAME

BOARD MEMBE PRINTED TITLE

SIGN PRIN

Notarization: Subscribed and sworn to before me this _____ day of _____ Notarization: Subscribed and sworn to before me this ______ day of _____

Signature of Notary

Seal

Seal

Signature of Notary

*Insert the EXACT legal name of the applicant

and an in the summarian

CERTIFICATION

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- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of <u>UnitedHealth Group Incorporated</u>* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

Subscribed and sworn to before me

this 9th day of December 2020

AZ. PRINTED NAME

Assistant PRINTED TITLE

SIGNATURE

PRINTED NAME

Assistant Secre PRINTED TITLE

Notarization: Subscribed and sworn to before me this 9th day of December 2020

otches Jommul Ra Signature of Notary

TAMMIE RAE GOTCHER

Notary Public

Minnesota Managerineeapp

ammu 1001 Signature of Notary

Seal

icant

TAMMIE RAE GOTCHER Notary Public Minnesota My Commission Expires Jan 31, 2022

Notarization:

Seal

*Insert th

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required 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.
- For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
 - a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.
 - b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.
 - c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.
 - d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.
 - e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.
- 4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.
- 5. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS <u>ATTACHMENT 11</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1110.110(b) & (d)

PURPOSE OF PROJECT

- 1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
- 2. Define the planning area or market area, or other relevant area, per the applicant's definition.
- 3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
- 4. Cite the sources of the documentation.
- 5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
- 6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report.

APPEND DOCUMENTATION AS <u>ATTACHMENT 12.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify <u>ALL</u> of the alternatives to the proposed project:

Alternative options must include:

- Proposing a project of greater or lesser scope and cost;
- B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
- C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
- D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS <u>ATTACHMENT 13,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

- 1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. This must be a narrative and it shall include the basis used for determining the space and the methodology applied.
- 2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.
 - c. The project involves the conversion of existing space that results in excess square footage.
 - d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

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NDARD	STA	NDARD?
1		

APPEND DOCUMENTATION AS <u>ATTACHMENT 14.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB <u>has established</u> utilization standards or occupancy targets in 77 III. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION								
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?			
YEAR 1								
YEAR 2								

APPEND DOCUMENTATION AS <u>ATTACHMENT 15.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

- 1. Total gross square footage (GSF) of the proposed shell space.
- 2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function.
- 3. Evidence that the shell space is being constructed due to:
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
- 4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data is available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS <u>ATTACHMENT 16,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

- 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 the time or the categories of service involved.
- 2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
- 3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS <u>ATTACHMENT 17</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

APPEND DOCUMENTATION AS <u>ATTACHMENT 22</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

G. Non-Hospital Based Ambulatory Surgery

Applicants proposing to establish, expand and/or modernize the Non-Hospital Based Ambulatory Surgery category of service must submit the following information.

ASTC Service
Cardiovascular
Colon and Rectal Surgery
Dermatology
General Dentistry
General Surgery
Gastroenterology
Neurological Surgery
Nuclear Medicine
Obstetrics/Gynecology
Ophthalmology
Oral/Maxillofacial Surgery
Orthopedic Surgery
⊠ Otolaryngology
🛛 Pain Management
Physical Medicine and Rehabilitation
Plastic Surgery
Podiatric Surgery
Radiology
Thoracic Surgery
Other

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria**:

APPLICABLE REVIEW CRITERIA	Establish New ASTC or Service	Expand Existin Service	
1110.235(c)(2)(B) - Service to GSA Residents	X	Х	
1110.235(c)(3) – Service Demand – Establishment of an ASTC or Additional ASTC Service	X		
1110.235(c)(4) – Service Demand – Expansion of Existing ASTC Service		Х	
1110.235(c)(5) - Treatment Room Need Assessment	x	Х	
1110.235(c)(6) – Service Accessibility	X		
1110.235(c)(7)(A) – Unnecessary Duplication/Maldistribution	x		
1110.235(c)(7)(B) – Maldistribution	X		
1110.235(c)(7)(C) – Impact to Area Providers	X		
1110.235(c)(8) – Staffing	X	X	

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1110.235(c)(9) – Charge Commitment	X	X
1110.235(c)(10) – Assurances	X	Х

APPEND DOCUMENTATION AS <u>ATTACHMENT 24.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Н.

The following Sections <u>DO NOT</u> need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds Review Criteria
- Section 1120.130 Financial Viability Review Criteria
- Section 1120.140 Economic Feasibility Review Criteria, subsection (a)

VI. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [Indicate the dollar amount to be provided from the following sources]:

	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	 the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	 interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	 b) Pledges - for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience. c) Gifts and Bequests - verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
;;	 Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	 For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	 For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	 For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5) For any option to lease, a copy of the option, including all terms and conditions.
	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
	TOTAL FUNDS AVAILABLE
37542504.3.doc	

APPEND DOCUMENTATION AS <u>ATTACHMENT 33.</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

/

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.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

- 1. "A" Bond rating or better
- 2. All of the projects capital expenditures are completely funded through internal sources
- 3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
- 4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	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.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS <u>ATTACHMENT 35.</u> IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII.1120.140 - ECONOMIC FEASIBILITY

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant 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.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
A	В	с	D	E	F	G	Н	T ()	
Cost/Squ New	are Foot Mod.	Gross New	Sq. Ft. Circ.*	Gross Mod.	Sq. Ft. Circ <i>.</i> *	Const. \$ (A x C)	Mod. \$ (B x E)	Total Cost (G + H)	
	A Cost/Squ New	A B Cost/Square Foot	A B C Cost/Square Foot Gross New Mod.	A B C D Cost/Square Foot New Gross Sq. Ft. New Circ.* Image: Cost/Square Foot Mod. Image: Cost Circ.* Image: Cost Circ.* Image: Cost Mod. Image: Cost Circ.* Image: Cost Circ.* Image: Cost Mod. Image: Cost Circ.* Image: Cost Circ.* Image: Cost Mod. Image: Cost Circ.* Image: Cost Circ.*	A B C D E Cost/Square Foot New Gross Sq. Ft. New Gross Circ.* Gross Mod. Image: Control of the second se	A B C D E F Cost/Square Foot New Gross Sq. Ft. New Gross Sq. Ft. Circ.* Gross Sq. Ft. Mod. Circ.* Image: Control	A B C D E F G Cost/Square Foot New Gross Sq. Ft. New Gross Sq. Ft. Circ.* Gross Sq. Ft. Mod. Const. \$ (A x C) Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Const. Square Foot (A x C) Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Const. Square Foot (A x C) Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Const. Square Foot (A x C) Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Const. Square Foot (A x C) Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Const. Square Foot (A x C) Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Const. Square Foot (A x C) Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Const. Square Foot (A x C) Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Const. Square Foot (A x C) Image: Const. Square Foot Mod. Image: Const. Square Foot Mod. Image: Const. Square Foot (A x C) Const. Square Foot (A x C)	A B C D E F G H Cost/Square Foot Gross Sq. Ft. Gross Sq. Ft. Const. \$ Mod. \$	

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 cost means the fully allocated costs of salaries, benefits and supplies for the service.

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.

APPEND DOCUMENTATION AS <u>ATTACHMENT 36,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all the following must be submitted for <u>ALL SUBSTANTIVE</u> <u>PROJECTS AND PROJECTS TO DISCONTINUE HEALTH CARE FACILITIES</u> [20 ILCS 3960/5.4]:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

	CHARITY CARE		
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost In dollars)			
Inpatient			
Outpatient			
Total			
	MEDICAID Year	Year	Yea
Medicaid (# of patients)		Year	Yea
Medicaid (# of patients)		Year	Yea
Medicaid (# of patients) Inpatient Outpatient		Year	Yea
Medicaid (# of patients) Inpatient Outpatient Total		Year	Yea
Medicaid (# of patients) Inpatient Outpatient		Year	Yea

A table in the following format must be provided as part of Attachment 37.

	Total				
APPEND DOCU	MENTATION AS ATT	ACHMENT 37, IN NU	MERIC SEQUENT	ER THE LAST F	AGE OF THE

SECTION X. CHARITY CARE INFORMATION

Charity Care information <u>MUST</u> be furnished for <u>ALL</u> projects [1120.20(c)].

- 1. All applicants and co-applicants shall indicate the amount of charity care for the latest three <u>audited</u> 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.
- 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.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care <u>must</u> be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 39.

CHARITY CARE					
	Year	Year	Year		
Net Patient Revenue					
Amount of Charity Care (charges)					
Cost of Charity Care					

APPEND DOCUMENTATION AS <u>ATTACHMENT 38</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

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Section I, Type of Ownership of Applicant/Co-Applicant

Attachment 1

- Advocate Condell Ambulatory Surgery Center, L.L.C.: is an Illinois limited liability company and is the licensee for Advocate Surgery Center – Libertyville ("ASC-L"). A copy of its Good Standing Certificate is attached.
- Surgical Care Affiliates, LLC ("SCA"): SCA is a Delaware limited liability company registered to do business in Illinois. SCA is a subsidiary of UnitedHealth Group ("UHG") and is the company that conducts surgical care operations for UHG. SCA is not a necessary co-applicant and is included for informational purposes.
- UnitedHealth Care Group, Incorporated ("UHG"): UHG is a Delaware for profit corporation. Under the Review Board's regulation UHG is the entity deemed to have "final control" of ASC-L and is included as a co-applicant. A copy of UHG's Good Standing Certificate is a attached.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of

Business Services. I certify that

ADVOCATE CONDELL AMBULATORY SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON FEBRUARY 13, 2015, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 10TH day of DECEMBER A.D. 2020.

Authentication #: 2034503116 verifiable until 12/10/2021 Authenticate at: http://www.cyberdriveillinois.com

Desse White

SECRETARY OF STATE

Attachment 1

#20-049



Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "UNITEDHEALTH GROUP INCORPORATED" IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TENTH DAY OF DECEMBER, A.D. 2020.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.



5777355 8300 SR# 20208610514 You may verify this certificate online at corp.delaware.gov/authver.shtml

cretary of State

Authentication: 204281873 Date: 12-10-20

Attachment 1

#20-049

Section I, Site Ownership

Attachment 2

Attached is a copy of the Lease between Advocate Condell Medical Center ("Lessor") and Advocate Condell Ambulatory Surgery Center, L.L.C., which shows that ASC-L has control of the site.

#20-049

SURGERY CENTER LEASE

÷.

BY AND BETWEEN

ADVOCATE CONDELL MEDICAL CENTER AN ILLINOIS NOT FOR PROFIT CORPORATION

AND

ADVOCATE CONDELL AMBULATORY SURGERY CENTER, LLC, AN ILLINOIS LIMITED LIABILITY COMPANY

ATTACHMENT 2

#20-049

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SURGERY CENTER LEASE

THIS SURGERY CENTER LEASE ("Lease") is made as of this _____ day of June, 2016, by and between ADVOCATE CONDELL MEDICAL CENTER, an Illinois not for profit corporation (the "Landlord"), and ADVOCATE CONDELL AMBULATORY SURGERY CENTER, LLC an Illinois limited liability company ("Tenant").

1. BASIC LEASE PROVISIONS.

А.	Landlord and Address:	Advocate Condell Medical Center 3075 Highland Parkway, Sulte 600 Downers Grove, Illinois 60515	
в	Tenant and Current	Advocate Condell Ambulatory Surgery Center,	
	Address:	LLC Attn: Administrator	
	Address.	825 S. Milwaukee Ave.	
		Libertyville, Illinois 60048	
C ,	Guarantor(s) and Current Address(es):	None.	
D.	Building and Address:	825 S. Milwaukee Ave. Libertyville, Illinois 60048	
В.	Premises:	Bntire Building	
F.	Term:	10 years	
G.	Commencement Date:	See Exhibit B	
H.	Expiration Date:	See Exhibit B	
I.	Annual Base Rent:	See Exhibit A	
J.	Monthly Base Rent:	See Exhibit A	
K.	Rentable Area of Premises:	Approximately 11,939 square feet	
L	Permitted Use:	Ambulatory Surgery Center	-
М.	Parcel:	Approximately 7.88 acres containing the Building, a medical office building ("MOB") and shared Parking (as depicted on Exhibit C)	

The words identified in this Section 1 shall have the meanings ascribed to them in Section 1 for all purposes of this Lease.

2. DEMISE.

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises and the non-exclusive right to use the Parcel for automobile parking for the Term and upon the terms, covenants and conditions set forth in this Lease. This Lease shall be in full force and effect from the date it is signed and delivered by Landlord and Tenant.

3. TERM.

A. <u>Term</u>. The Term of this Lease shall be of the duration set forth in Section 1 hereof and shall commence on the earlier of the following dates in (1) or (2) below, ("Commencement Date"), and shall terminate on the last day of the month in which the 10th anniversary of the Commencement Date occurs, unless extended or sooner terminated as set forth in this Lease:

1. The date on which Tenant opens for business in the Premises; or

2. The date which is ninety (90) days after the date that Landlord has delivered actual possession of the Premises to Tenant for Tenant's build out of the Premises. Promptly after the Commencement Date, Landlord and Tenant shall execute a memorandum stating the actual Commencement Date and Expiration Date in the form of the Commencement Date Rider attached hereto as <u>Exhibit B</u>.

4. RENT.

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A. Tenant shall pay to Landlord, without offset or deduction and without notice or demand, the sums set forth on Schedule A (collectively, "Base Rent"), payable in advance on the first day of each calendar month of the Term in equal monthly installments for the period commencing on the Commencement Date and continuing thereafter throughout the Term. The first installment of Base Rent shall be due and payable on the Commencement Date hereof. Base Rent shall be paid in lawful money of the United States to Landlord at the office of Landlord or at such other place as Landlord shall direct from time to time by written notice to Tenant.

Tenant covenants and agrees to pay to Landlord, as additional rent ("Additional B. Rent"), its proportionate share of Real Estate Taxes and Operating Expenses attributable to the Parcel. Tenant shall pay in advance, estimated monthly installments equal to one-twelfth (1/12) of the total amount of the projected Real Estate Taxes and Operating Expenses multiplied by the Tenant's proportionate share which is currently estimated to be 20.6% of the Parcel. The Additional Rent payments for Real Estate Taxes and Operating Expenses shall be reconciled annually at the end of each Calendar Year based on actual expenditures. If Tenant's total Additional Rent payments are less than Tenant's proportionate share of Real-Estate Taxes and Operating Expenses at the end of each calendar year, then Tenant shall pay the difference to Landlord upon demand. If Tenant's total Additional Rent payments are more than Tenant's proportionate share of Real Estate Taxes and Operating Expenses, Landlord shall retain such excess and credit it to Tenant's future Additional Rent payments. After the end of each Calendar Year the estimated monthly installment payments for Additional Rent will be subject to adjustment on the basis of the actual cost for such previous year and Tenant agrees to pay an adjusted Additional Rent payment each month. Notwithstanding anything contained in this paragraph, or any paragraphs in this Lease, if the Parcel or any building located on the Parcel is partially or wholly exempt for real estate tax purposes, then Tenant agrees that its proportionate additional rent for Real Estate Tax purposes shall be increased to reflect its proportionate share of Real Estate Taxes for the portion of the Parcel which is assessed for Real Estate Taxes.

The following Terms shall have the meanings set forth below:

1. "Calendar Year" shall mean January I through December 31 of any lease year during the Term.

"Operating Expenses" shall mean and include all expenses paid by or on behalf of 2. Landlord with respect to the operation, maintenance, repair, and management of the Parcel (excluding any expenses which are exclusively attributable to the MOB) as determined in accordance with generally accepted accounting principles, including the following costs by way of illustration, but not limitation: water and sewer charges; insurance charges of or relating to all insurance policies relating in any manner to the protection, preservation or operation of the Parcel; utility costs, including, but not limited to the costs of heat, light, power, steam, gas, and waste disposal charges, landscaping, maintenance and repair of the parking lot and shared atrium, the cost of security and alarm services; labor costs, costs and expenses of managing the Parcel including management fees, material costs; equipment costs including the cost of maintenance, repair and service agreements and rental and leasing costs; purchase costs of equipment other than capital items; tool costs; licenses, permits and inspection fees; wages and salaries; employee benefits and payroll taxes (only those related to the use or operation of the Parcel); accounting and legal fees (only those related to the Parcel). Operating Expenses shall not include the following:

- (i) any costs of utilities separately metered to Tenant or other tenants of the Parcel;
- (ii) any costs charged directly to and paid by Tenant or other tenants of the Parcel;
- (iii) any costs of obtaining new tenants of the Parcel, including brokerage commissions and tenant improvement costs;
- (iv) Real Estate Taxes;

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- (v) principal and interest payments with respect to indebtedness secured by the Parcel and/or any payments under a ground lease;
- (vi) welfare, retirement, vacation, holiday and other paid absences, fringe benefits and salaries of executives or employees of Landlord above the level of property manager for the Parcel;
- (vii) interest, fines and penalties, except to the extent caused by any act or omission of Tenant;
- (viii) bad debts loss, rent loss or reserves for bad debts or rent loss;
- (ix) costs incurred in connection with tenant improvement work performed by Landlord within the premises of any tenant of the Parcel for the exclusive benefit of such tenant;
- (x) repairs and replacements to the extent effected at no cost to Landlord pursuant to warranties, guaranties or insurance;
- (xi) damage and repairs for which and to the extent that Landlord actually receives insurance proceeds or would have received proceeds if Landlord had carried the insurance required to be carried by Landlord under this Lease;
- (xii) depreciation and amortization of debt;
- (xiii) real estate brokerage commissions paid in connection with leasing of space on the Parcel;
- (xiv) costs associated with the financing or refinancing of the Building or Parcel:
- (xv) costs of structural repairs, replacements, additions and improvements;
- (xvi) costs for which Landlord is actually reimbursed or receives a credit (other than tenant reimbursements for Operating Expenses);
- (xvii) increases in insurance premiums for insurance carried by Landlord under this Lease to the extent such increases are solely and directly caused by the particular use of other tenants or other users of the Parcel;
- (xviii) costs of compliance with laws, except to the extent such costs are incurred due to any act or omission of Tenant;
- (xix) attorneys' fees incurred in connection with negotiating and enforcing leases or other agreements with tenants or other users of the Parcel;
- (xx) costs for goods and services paid to any related person or entity of Landlord in excess of the fair market value of such goods and services if provided or rendered by an unrelated third party; (xvi) costs for services provided to some tenants but not to Tenant;
- (xxi) costs related to maintaining Landlord's existence as an entity;
- (xxii) costs incurred in connection with the defense of Landlord's title to the Building;
- (xxiii) costs of acquiring, leasing, restoring, insuring, maintaining or displaying sculptures, paintings or other objects of art located in or about the Building or Parcel; and
- (xxiv) reserves for anticipated future expenses.

3. Tenant's Proportionate Share is determined by dividing the rentable area of the Premises by the total rentable area of any building on the Parcel. The parties agree to recompute Tenant's Proportionate Share in the event the rentable area of the Premises, or the rentable area of any building on the Parcel, changes during the Term hereof or if the MOB or Premises is partially or wholly exempt from Real Estate Taxes.

4. "Real Estate Taxes" shall mean real estate taxes assessments (special and general) and government charges of any kind and nature whatsoever, which are due for payment or paid in a Calendar Year rather than Taxes that are assessed or become a lien during such Calendar Year. Taxes shall include all fees and costs, including reasonable attorneys' fees, appraisals and consultants' fees, incurred by Landlord in seeking to obtain a reduction of, or a limit on the increase in, any Taxes, regardless of whether any reduction or limitation is obtained. If, at any time during the Term, the method of taxation then prevailing shall be altered so that any new tax, assessment, levy, imposition or charge shall be imposed upon Landlord in place, or partly in place, of any such Taxes and shall be measured by or based in whole or in part upon the land (the "Land") upon which the Building is situated (the Building and the Land collectively the "Real Property"), the Building, or other income from the Real Property, including, without limitation, Minimum Rent hereunder, then all such new Taxes, assessments, levies, impositions or charges, to the extent that they are so measured or based, shall be included in Taxes.

The Additional Rent shall be prorated for partial Calendar Years during the Term based upon the number of days of the Term falling within such partial Calendar Year.

This Lease shall be deemed and construed to be a fully "net lease" and Tenant shall C. pay to Landlord, absolutely net throughout the Term, all Base Rent and Additional Rent (collectively, "Rent"), free of any charges assessments, impositions or deduction of any kind and without abatement, deduction or setoff whatsoever in the manner set out above for payment of Base Rent, and under no circumstances or conditions, whether now existing or hereafter arising, or whether beyond the present contemplation of the parties, shall Landlord be expected or required to make any payment of any kind whatsoever relating to the Premises or the Parcel or be under any other obligation or liability hereunder or otherwise, except as herein otherwise expressly set forth. Except for debt service on any indebtedness of Landlord, Tenant shall pay all costs, expenses and charges of every kind and nature relating to the Premises which may arise or become due or payable prior to, during or after (but attributable to a period falling within) the Term, including all costs, expenses and charges related to all recorded or unrecorded agreements, easements, declarations, restrictions or other matters affecting the title to the Premises, and Tenant hereby agrees to indemnify landlord against and hold Landlord harmless from the same. Except as otherwise specifically provided in this Lease, Tenant's obligation to pay Rent hereunder shall not terminate prior to the Expiration Date and all the obligations of Tenant hereunder shall be absolute and shall not be affected for any reason whatsoever, including, without limitation, by any damage to or destruction of the Premises of any part thereof, any taking of the Premises or any part thereof or interest therein by condemnation or otherwise, any prohibition, limitation, restriction or prevention of Tenant's use, occupancy of enjoyment of the Premises or any part thereof, or any interference with such use, occupancy or enjoyment by any person or for any reason, any matter affecting title to the Premises, any default by Landlord, Tenant or both, any action of any governmental authority, Tenant's acquisition of ownership of all or part of the Premises (unless this Lease shall be terminate by a writing signed by all persons having an interest in the Premises), any breach of warranty or misrepresentation, or any other cause whether similar to or dissimilar from the foregoing and whether or not Tenant shall have notice or knowledge thereof and whether or not such cause shall not be foreseeable. The parties intend that the obligations of Tenant under this Lease shall be separate and independent covenants and agreements and shall continue unaffected unless such obligations have been modified or terminated pursuant to an express provision of this Lease.

D. Except as may otherwise be provided in this Lease, Tenant hereby waives all right (i) to terminate this Lease, or (ii) to surrender this Lease, or (iii) to any abatement, deferment, reduction, setoff, counterclaim or defense with respect to any Rent payable hereunder. Tenant shall remain obligated under this Lease in accordance with its terms and, except as may otherwise be provided in this Lease, Tenant hereby waives any and all rights now or hereafter conferred by statute or otherwise to modify or to avoid strict compliance with its obligations under this Lease

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as it relates to the payment of Rent. Notwithstanding any such statute or otherwise, Tenant shall be bound by all the terms and provisions contained in this Lease.

5. IMPOSITIONS.

Tenant shall pay or cause to be paid, in a timely manner as hereinafter provided, all A. of the following items, if any, as may be exclusively attributable to the Premises ("Impositions"): (a) real property taxes and assessments (which are solely attributable to the Premises and if attributable to more than the Premises than its Proportionate Share as described in Section 4 herein); (b) personal property taxes; (c) occupancy and rent taxes (d) water, water meter and sewer rents, rates and charges; (e) vault charges; (f) levies; (g) license and permit fees; (h) service charges, with respect to security services, police protection, fire protection, street and highway maintenance, construction and lighting, sanitation and water supply, if any, (i) gross receipts, excise or similar taxes (i.e., taxes customarily based upon gross income or receipts which fail to take into account deductions relating to the Premises) imposed or levied upon, assessed against or measured by Base Rent or other Rent payable hereunder, but only to the extent that such taxes would be payable if the Premises were the only property of Landlord; (j) all excise, sales, value added, use and similar taxes; (k) charges for utilities, communications and other services rendered or used in or about the Premises; (1) payments in lieu of each of the foregoing, whether or not expressly so designated; (m) fines, penalties and other similar or like governmental charges applicable to any of the foregoing and any interest or costs with respect thereto; and (n) any and all other federal, state, county and municipal governmental and quasi-governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of every kind and nature whatsoever, and any interest or costs with respect thereto, which at any time during, prior to or after (but attributable to a period falling within) the Term are (1) assessed, levied, confirmed, imposed upon or would grow or become due and payable out of or in respect of, or would be charged with respect to, the Premises, or any document to which Tenant is a party creating or transferring an interest or estate in the Premises, the use and occupancy thereof by Tenant, or this transaction, and/or (2) encumbrances of liens on (i) the Premises; (ii) any vault, passageway or space in or under the sidewalks to streets in front of or adjoining the Premises; (ili) any other appurtenances of the Premises; (iv) any personal property, equipment or other facility used in the operation thereof; or (v) the Rent (or any portion thereof) payable by Tenant hereunder. Each such imposition, or installment thereof, during the Term shall be paid before the last day the same may be paid without fine, penalty, interest or additional cost; provided, however, that if, by law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may exercise the option to pay the same in such installments and shall be responsible for the payment of such installments only, provided that all such installment payments relating to the periods prior to the date definitely fixed or for the expiration of the Term are required to be made prior to the **Expiration Date.**

B. Tenant, from time to time upon request of Landlord, shall furnish to Landlord, within the earlier of (i) thirty (30) days after the date when an Imposition is due and payable under this Lease, or (ii) thirty (30) days after the date when an official receipt of the appropriate imposing authority is received, such official receipt, or if not such receipt has been received by Tenant, other evidence reasonably satisfactory to Landlord evidencing the payment of the Imposition.

C. Except as provided this Section 5.C. below, nothing contained in this Article 5 shall require Tenant to pay municipal, state or federal income, inheritance, estate, succession, capital levy, stamp, excess profit, revenue or gift taxes of Landlord, or any corporate franchise tax imposed upon Landlord. If at any time during the Term, a tax or excise on Rent or the right to receive rents of other tax, however described, is levied or assessed against Landlord as a substitute in whole or in part for any Impositions theretofore payable by Tenant, Tenant shall pay and discharge such tax or excise on Rent or other tax before interest or penalties accrue, and the same shall be deemed to be an Imposition levied against the Premises.

D. Any Imposition against the Premises relating to a fiscal period of the imposing authority, a part of which period is included within that Term and a part of which is included in a period of time after the date definitely fixed for the expiration of the Term (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Premises, or shall become payable during the Term) shall be apportioned between Landlord and Tenant as of such date definitely fixed for the expiration of the Term, so that Tenant shall pay that portion of such Imposition which that part of such fiscal period included in the period of time before such date definitely fixed for the expiration of the Term bears to the entirety of such fiscal period, and Landlord shall pay the remainder thereof.

E. Tenant shall have the right to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, but only after payment on such Imposition, unless such payment would operate as a bar to such contest, in which event, notwithstanding the provisions of Section 5.A. hereof, payment of such Imposition shall be postponed if and only as long as:

(i) Neither the Premises nor any part thereof would, by reason of such postponement or deferment, be, in the reasonable judgment of Landlord, in danger of being forfeited, lost or adversely affected;

(ii) Such contest shall not subject Landlord to the risk of any criminal or civil liability;

(iii) Such contest shall not cause Landlord to be in default under any mortgage;

(iv) Such contest shall not, in the reasonable judgment of Landlord, result in any Imposition being increased.

Upon the termination of such proceedings, it shall be the obligation of Tenant to pay the amount of such Imposition or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees (including attorneys' fees and disbursements), interest, penalties of other liabilities in connection therewith.

and

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F. Subject to the provisions in Section 5.B., Tenant shall have the right to seck a reduction in the assessed valuation of the Premises for the real property tax purposes and to prosecute any action or proceedings in connection therewith.

G. Landlord shall not be required to join in any proceedings referred to in Section 5.E. or 5.F. hereto unless the provision of any law, rule or regulation at the time in effect shall require that such proceedings be brought by and/or in the name of Landlord, in which event, Landlord shall join and cooperate in such proceedings or permit the same to be brought in its name but shall not be liable for the payment of any costs of expenses in connection with any such proceedings, and Tenant shall reimburse and indemnify Landlord for any and all costs or expenses which Landlord shall sustain or incur in connection with any such proceedings.

H. Any certificate, advice or bill of the appropriate official designated by law to make or issue the same or to receive payment of an Imposition asserting nonpayment of such Imposition shall be prima facie evidence that such Imposition is due and unpaid at the time of the making of issuance of such certificate, advice or bill.

6. USE OF PREMISES; COMPLIANCE WITH LAWS.

A. <u>Permitted Use</u>. Tenant shall use and occupy the Premises solely for as an ambulatory surgery center.

B. <u>No Waste, etc.</u> Tenant shall not commit, or suffer to be committed, any annoyance, waste, nuisance, act or thing against public policy.

C. <u>Compliance with Laws</u>. Tenant shall operate the Premises and Building, respectively, in compliance with all applicable federal, state and municipal laws, ordinances and regulations and shall not knowingly, directly or indirectly, make any use of the Premises or Building which is prohibited by any such laws, ordinances or regulations.

7. SIGNS.

Tenant shall not, without the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed), place any signs or advertising matter or material on the exterior or interior of the Building. Tenant shall not install any signage except that constructed and installed in accordance with plans and specifications submitted to Landlord and approved in writing by Landlord prior to any such installation, which consent shall not be unreasonably withheld, conditioned or delayed. At the end of the Term, Tenant shall immediately remove all such signs at its cost and expense and repair any damage to the Premises or Building caused by such removal.

8. QUIET ENJOYMENT AND COVENANT OF TITLE.

Landlord covenants that it has full right, power and authority to execute this Lease and to grant the estate demised herein, and that Tenant, upon payment of the Rents herein reserved and performance of the terms, conditions, and covenants herein contained with respect to Tenant, shall peacefully and quietly have, hold, and enjoy the Premises during the full Term of this Lease, and any extension hereof, from the adverse claims by all persons, parties, or entities claiming through or as a result of Landlord.

9. ALTERATIONS BY TENANT.

Tenant shall not make any structural alterations to the Premises without obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. No structural alteration shall be allowed if it reduces in any manner the value of the Premises to the Landlord. Upon the expiration of the Term hereof, provided that Tenant shall have fully complied with all other terms and conditions hereof in a timely manner, Tenant may remove all nonstructural additions, installations, furnishings and equipment installed in the Premises and paid for by Tenant, provided that the Tenant shall at its cost and expense repair any damage to the Premises resulting from such removal, all prior to expiration of the Term of this Lease. Any and all alterations, additions or other improvements made by Tenant, regardless of how attached, shall, if not so removed, become immediately upon expiration or earlier termination of this Lease, the sole and exclusive property of Landlord without compensation therefor to Tenant. Landlord shall have the right to require that Tenant, upon the termination or at the expiration of this Lease, remove any or all such alterations, additions and improvements and restore the Premises to their original condition, normal wear and tear excepted; provided, further. that (i) Landlord may not require Tenant to remove any alterations, additions, or improvements which are in place as of the date of this Lease, and (ii) in the event that Landlord requires that Tenant remove any alterations, additions or improvements which are made by Tenant subsequent to the date of this Lease, Landlord shall so notify Tenant, in writing, at the time that Tenant makes said alteration, addition, or improvement. Any alterations made by Tenant to the Premises shall be made in full compliance with all laws, rules, regulations and requirements of all governmental agencies and authorities having jurisdiction thereof.

10. TRANSFER OF TENANT'S INTEREST.

A. Tenant shall not sell, assign, encumber, mortgage or transfer this Lease or any interest therein, sublet or permit the occupancy or use by others of the Premises or any part thereof, or allow any transfer hereof or any lien upon Tenant's interest by operation of law or otherwise (collectively, a "<u>Transfer</u>"), without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Any Transfer which is not in compliance with the provisions of this Section shall, at the option of Landlord, be void and of no force or effect. Tenant shall, by written notice in the form specified in the following sentence, advise Landlord of Tenant's intention on a stated date (which shall not be less than thirty (30) days after date of Tenant's notice) to sublet, assign, mortgage, or transfer any part of the Premises or its interest therein for the balance of the Term. Tenant's notice shall state the name and address of the proposed subtenant, assignee, pledgee, mortgagee or transferee, and a true and complete copy of the proposed sublease, assignment, pledge, mortgage or other conveyance and all related documentation, executed by both parties shall be delivered to Landlord with said notice.

B. The consent by Landlord to any Transfer shall not be construed as a waiver or release of Tenant from liability for the performance of all covenants and obligations to be performed by Tenant under this Lease, and Tenant shall remain liable therefor. Nor shall the collection or acceptance of Rent from any assignee, subtenant or occupant constitute a waiver or release of Tenant from any of its obligations or liabilities under this Lease. Any consent given pursuant to this Section shall not be construed as relieving Tenant from the obligation of obtaining Landlord's prior written consent to any subsequent assignment or subletting.

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C. In the event Landlord consents to any such assignment or subletting, and as a condition thereto, Tenant shall pay to Landlord alone one half (1/2) of the excess consideration derived by Tenant from such assignment of subletting. For purposes of the foregoing, excess consideration shall be deemed to include, but shall not be limited to, the amount paid or payable to Tenant to effect or to induce Tenant to enter into any such transaction, in excess of the rent, and additional charges, payable by Tenant under this Lease, which amount is to be prorated where a part of the Premises is subleased or assigned. If a part of the excess consideration for such assignment or subletting shall be payable other than in cash, the payment to Landlord or such non-cash excess consideration shall be in such form as is reasonably satisfactory to Landlord.

D. Notwithstanding anything to the contrary contained in this Lease, (i) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant), (ii) a sale of corporate shares of capital stock in Tenant in connection with an initial public offering of Tenant's stock on a nationally-recognized stock exchange, (iii) an assignment of the Lease or subletting of all or a portion of the Premises to an entity which acquires fifty percent (50%) or more of the stock or other ownership interests or assets of Tenant, (iv) so long as Tenant is operating a medical surgery center, a transfer of stock or other ownership interests of Tenant by any doctor or other medical services provider in conjunction with the commencement, continuation, or termination of employment by or with Tenant (each, an "Employment Change Event"), or (v) an assignment of the Lease or a subletting of all or a portion of the Premises to an entity which is the resulting entity of a merger or consolidation of Tenant, shall not be deemed to be a Transfer requiring Landlord's consent.

REPAIRS AND REPLACEMENTS. Tenant, at its expense, shall take good care of the 11. Premises, including, without limitation the generality of the foregoing, all equipment, roofs, foundations, and appurtences thereto, all vaults and all water, sewer and gas connections, pipes and mains which service the Premises and which neither the municipality nor a utility company is obligated to repair and maintain, and shall put, keep and maintain the Building in good and safe order and working condition, and make all repairs therein and thereon, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, capital or noncapital, necessary to keep the same and in good and safe order and working condition howsoever the necessity or desirability therefor may occur, and whether or not necessitated by wear and tear, obsolescence or defects, latent or otherwise. The necessity and adequacy of repairs made shall be measured by standards, which are appropriate for buildings of similar age, construction and use. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent waste, damage or injury to the Premises. When used in this Lease, the term "repairs" shall include alterations, additions, installations, replacements, removals, renewals and restorations. All repairs made by Tenant shall be in at least equal in quality and class to the original work.

12. DISPOSAL OF INFECTIOUS AND PATHOLOGICAL WASTE AND BIOLOGICALS.

Tenant agrees to comply at all times with the Ordinances of the municipality in which the Building is located and the state of Illinois, the regulations of the Illinois Environmental Protection Agency and/or the federal Environmental Protection Agency in Tenant's use and occupancy of the Premises. Tenant agrees to enter into a separate contract with the waste hauler and to be solely

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responsible for the costs (based upon competitive rates) associated with the disposal of such wastes from the Premises.

13. DAMAGE OR DESTRUCTION.

A. If all or any portion of the Building shall be partially or totally damaged or destroyed by fire or other casualty, then, Landlord shall, with reasonable dispatch and continuity, perform all work necessary to repair, restore, replace and rebuild the Building or the damaged portion thereof, including the Premises and all alterations, improvements and additions therein regardless of by whom made (the "Landlord's Restoration Work").

B. If the Premises is rendered partially untenantable as a result of a fire or other casualty, Rent payable hereunder shall be abated in proportion to the area of the Premises that is rendered untenantable for the period from the date of such damage or destruction to the date upon which Landlord's Restoration Work is completed. If the Premises is rendered totally untenantable, rent payable hereunder shall abate completely for the period from the date of such damage or destruction to the date or destruction to the date upon which Landlord's Restoration Work is completely for the period from the date of such damage or destruction to the date upon which Landlord's Restoration Work is completely for the period from the date of such damage or destruction to the date upon which Landlord's Restoration Work is completed.

C. If twenty-five percent (25%) or more of the Premises is rendered untenantable by fire or other casualty, Tenant or Landlord may, at their option, terminate this Lease by giving written notice to the other party within forty-five (45) days after the date of such fire or other casualty. Such termination shall be effective on the date specified in such notice of termination, which shall be no later than thirty (30) days after the date of such notice.

D. If Landlord shall not complete Landlord's Restoration Work within one hundred and fifty (150) days after the date of any fire or other casualty, Tenant may, at its option, terminate this Lease by giving written notice to Landlord at any time after said one hundred and fifty (150) day period and prior to the date Landlord completes Landlord's Restoration Work. Such termination shall be effective on the date specified in Tenant's notice of termination, which shall be no later than thirty (30) days after the date of such notice.

14. EMINENT DOMAIN.

In the event that the whole or any substantial part of the Premises shall be lawfully condemned or taken in any manner for any public or quasi-public use, this Lease and the term hereby granted shall forthwith cease and terminate on the date of the taking of possession of the Building and/or Premises by the condemning authority and Landlord shall be entitled to receive the entire award without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest in such awards, if any.

15. INSURANCE; INDEMNITY.

A. Tenant shall, at all times during the Term and any renewal thereof, carry with an insurance carrier or carriers licensed to operate in Illinois and satisfactory to Landlord:

(i) general commercial liability insurance covering the Premises and naming Landlord as an additional named insured, with limits of liability of not less than \$1,000,000 with respect to personal injury to one person, \$3,000,000 with respect to personal injury in

the aggregate for any one occurrence and \$1,000,000 with respect to damage to the property of others; and

(ii) property insurance \$1,000,000; and

(iii) professional liability coverage of not less than \$3,000,000 to cover any errors, omissions or negligence of Tenant (or, if Tenant is a corporation or a partnership, the physicians comprising Tenant) concerning the practice of medicine by Tenant (or, if Tenant is a corporation or partnership, the physicians comprising Tenant); and

(iv) Workers Compensation / Bmployers Liability Insurance - statutory limits.

A certificate in form reasonably satisfactory to Landlord of each such insurance policy shall be furnished to Landlord prior to Tenant's entry into possession of the Premises whether to perform any work therein or to commence the conduct of Tenant's business. Tenant shall notify Landlord promptly of any accident or loss involving Tenant, Tenant's staff or employees, agents, or invitees in the Premises or the Building or of any defects discovered by Tenant in the Premises or in the equipment and fixtures of the Premises. Tenant shall furnish to Landlord copies of such policies and/or such evidence of insurance as Landlord may require to establish that such coverage is in effect and the premiums with respect thereto have been fully paid. Such policies shall provide for not less than thirty (30) days prior written notice to Landlord before any cancellation or change in coverage.

B. Landlord and its agents shall not be liable for any injury to persons or loss or damage to property resulting from any cause other than the negligence of Landlord, its agents, employees or invitees. Tenant shall indemnify and save Landlord harmless from all suits, actions, damages (including damage to the person or property of others), liability and expense arising from or out of any occurrence in, upon, at, or from the Premises or the occupancy or use by Tenant of the Premises, and occasioned wholly or in part by any negligent act or omission of Tenant, its employees, agents or invitees.

C. Tenant agrees to indemnify and hold harmless Landlord, and Landlord's respective officers, directors, partners, agents, and employees, from and against any and all claims, demands, actions, liabilities, damages, costs and expenses (including reasonable attorneys' fees), for injuries to or death of any person and damage to or theft or misappropriation or loss of property occurring on or about the Premises or the Building and arising from (i) Tenant's occupancy of the Premises or the Building, (ii) the conduct of Tenant's business, (iii) any activity, work, or thing done, permitted or suffered by Tenant on or about the Premises or the Building, (iv) any breach or default on-the-part of Tenant-in-the-performance of any-covenant-or-agreement on the part of Tenant to be-performed under this Lease, or (v) any other act or omission of Tenant, or Tenant's partners, officers, directors, agents and employees, except in the event the claim, demand, action, liability, damage, cost or expense is caused by the sole negligence or intentionally wrongful conduct of Landlord, or Landlord's respective officers, directors, partners, agents or employees. If any such proceeding is filed against Landlord or any other indemnified party, Tenant agrees to defend such proceeding at Tenant's sole cost, if requested by Landlord.

16. RIGHTS RESERVED TO LANDLORD.

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Landlord shall have the following rights without notice or liability to Tenant (a) to change the name or street address of the Building; (b) to install and maintain a sign or signs on the exterior or in the interior of the Building; (c) to exhibit the Premises to prospective tenants (during the last year of the Term or, if applicable, any Renewal Term), purchasers or others; (d) to designate and control all types of window treatment; (e) to enter and decorate, remodel, repair, alter or otherwise prepare the Premises for re-occupancy at any time after Tenant abandons the Premises; (f) to take any and all measures, including inspections, repairs, alterations, additions and improvements to the Premises or to the Building as may be necessary or desirable for the safety, protection or preservation of the Premises or the Building or Landlord's interests therein, or as may be necessary or desirable in the operation of the Building; (g) to designate, control or render any business and any service in or to the Building and its tenants; (h) to retain at all times, and to use in appropriate instances, keys to all doors and locked spaces within and into the Premises exclusive of Tenant's vaults and safes, and (i) to close the Building during non-business hours, or at such other reasonable times as Landlord may determine, subject, however, to Tenant's right to admittance under such regulations as shall be specified from time to time by Landlord in its sole discretion; provided, however, that Landlord shall exercise such rights subject to all applicable requirements of law and in a commercially reasonable manner which does not disturb the Tenant's use or possession. Landlord may enter upon the Premises at reasonable times, and at any time in an emergency, and may exercise any or all of the foregoing rights without being deemed guilty of an eviction or disturbance of Tenant's use or possession and without being liable in any manner to Tenant,

17. DEFAULT; LANDLORD'S RIGHT AND REMEDIES.

A. <u>Defaults</u>. The occurrence of any one or more of the following matters constitutes a default ("Default") by Tenant under this Lease:

(i) Failure by Tenant to pay, within five (5) days after notice of non-payment, any Rent or Imposition or any other amounts due and payable by Tenant under this Lease;

(ii) Failure by Tenant to observe or perform any of the covenants in this Lease in respect to assignment and subletting;

(iii) Failure by Tenant to cure forthwith, after notice therefrom from Landlord any hazardous condition that Tenant has created in violation of law or of this Lease;

(iv) Failure by Tenant to cause each physician, surgeon, podiatrist or dentist practicing at the Premises to maintain his or her professional license with full, unrestricted privileges necessary to-practice his or her specialty in the State of Illinois.

(v) Failure by Tenant to observe or perform any other covenant, agreement, condition or provision of this Lease, if such failure shall continue for thirty (30) days after written notice thereof to Tenant by Landlord; provided, however, that if such failure cannot be cured within thirty (30) days following written notice thereof, then no Default shall occur so long as Tenant (a) has in good faith commenced the cure of such failure within thirty (30) days following notice thereof from Landlord, (b) thereafter reasonably continues to diligently prosecute all action necessary to cure such failure, and (c) cures such failure,

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to Landlord's reasonable satisfaction, no later than ninety (90) days following written notice thereof;

(vi) The levy upon execution or the attachment by legal process of the leasehold interest of Tenant, or the filing or creation of a lien in respect of such leasehold interest;

(vii) Tenant or any guarantor of this Lease becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they mature, makes an assignment for the benefit of creditors, or applies for or consents to the appointment of a trustee or receiver for itself or for all or a part of its property;

(viii) Proceedings for the appointment of a trustee, custodian or receiver of Tenant or any guarantor of this Lease or for all or a part of Tenant's or such guarantor's property are filed against Tenant or such guarantor and are not dismissed within sixty (60) days; or

(ix) Proceedings in bankruptcy, or other proceedings for relief under any law for the relief of debtors, are instituted by or against Tenant or any guarantor of this Lease, and, if instituted against Tenant or such guarantor, are allowed against either or are consented to by either or are not dismissed within sixty (60) days thereof.

B. <u>Statutory Notices</u>. Any notice periods provided for under this Section 17 shall run concurrently with any statutory notice periods and any notice given hereunder may be given simultaneously with or incorporated into any such statutory notice.

C. <u>Remedies</u>. If a Default occurs, Landlord shall have the following rights and remedies, which shall be distinct, separate and cumulative, and which may be exercised by Landlord concurrently or consecutively in any combination and which shall not operate to exclude or deprive Landlord of any other right or remedy which Landlord may have in law or equity:

(i) Landlord may terminate this Lease by giving to Tenant notice of the Landlord's intention to do so, in which event the Term shall end, and all right, title and interest of Tenant hereunder shall expire, on the date stated in such notice;

(ii) Landlord may terminate the right of Tenant to possession of the Premises without terminating this Lease by giving notice to Tenant that Tenant's right of possession shall end on the date stated in such notice, whereupon the right of Tenant to possession of the Premises or any part thereof shall cease on the date stated in such notice but Tenant's obligations under this Lease shall continue in full force and effect; and

(iii) Landlord may enforce the provisions of this Lease and may enforce and protect the rights of Landlord hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, including injunctive relief and recovery of all moneys due or to become due from Tenant under any of the provisions of this Lease.

D. <u>Surrender of Possession</u>. If Landlord exercises either of the remedies provided for in subparagraphs (i) and (ii) of this Section 17.C., Tenant shall surrender possession and vacate

the Premises immediately and deliver possession thereof to Landlord, and Landlord may then, or at any time thereafter, re-enter and take complete and peaceful possession of the Premises, full and complete license so to do being granted to Landlord, and Landlord may remove all property therefrom, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by operation of law.

E. <u>Recovery of Rent</u>. If Landlord terminates the right of Tenant to possession of the Premises without terminating this Lease, such termination of possession shall not release Tenant, in whole or in part, from Tenant's obligation to pay the Rent hereunder for the full stated Term. Landlord shall have the right, from time to time, to recover from Tenant, and Tenant shall remain liable for, all Monthly Rent and Adjustments and any other sums then due under this Lease during the period from the date of such notice of termination of possession to the end of the Term, Landlord may file suit from time to time to recover any such sums and no suit or recovery by Landlord of any such sums or portion thereof shall be a defense to any subsequent suit brought for any other sums due under this Lease.

F. <u>Reletting Premises</u>. If Landlord terminates the right of Tenant to possession of the Premises without terminating this Lease as aforesaid, Landlord shall use commercially reasonable efforts to mitigate damages by reletting the Premises or any part thereof for the account of Tenant for such rent and for such time (which may be for a term extending beyond the Term) and upon such terms as commercially reasonable. In any such event, Landlord may make repairs caused by Tenant and reasonable alterations and additions in or to the Premises and redecorate the same to the extent deemed by Landlord to be reasonably necessary or necessary for such reletting, and to the extent that such alterations are not recovered in the rent, Tenant shall pay upon demand the cost of such alterations together with Landlord's expense of reletting such as marketing costs or broker commission.

G. <u>Costs and Expenses</u>. In any litigation between the parties regarding this Lease, the losing party shall pay to the prevailing party all reasonable expenses and court costs including attorney's fees incurred by the prevailing party.

H. <u>No Reinstatement or Waiver</u>. No receipt of any sums hereunder by Landlord after termination of the Lease shall in any way assail, reinstate, continue or extend the Term of this Lease, or affect any notice given to Tenant prior to the receipt of such sums, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

18. STORAGE OF TENANT'S PROPERTY.

If on termination of this Lease by expiration or otherwise, or on abandonment of the Premises, Tenant shall fail to remove any of Tenant's property from the Premises, Tenant hereby authorizes Landlord, at Landlord's option, to cause such property to be removed and placed in storage for the account of and at the expense of Tenant, or on such termination, to sell such property at public or private sale, upon thirty (30) days' notice, and to apply the proceeds thereof, after payment of all

expenses of removal, storage and sale, to the indebtedness, if any, of Tenant to Landlord, the overplus if any to be paid to Tenant upon demand.

19. HOLDING OVER.

Tenant shall discontinue its use of the Premises at the expiration of this Lease. If Tenant continues use of the Premises days after the expiration or termination of the term of this Lease without Landlord's written consent, all provisions of this Lease Agreement shall remain in force during the period of such holdover upon the same terms and conditions. In the event Tenant continues to use the Premises for a period of time greater than one hundred eighty (180) days after the expiration or termination the term of the Lease without Landlord's written consent, all provisions of this Lease that during such holdover period that exceeds one hundred eighty (180) days, Tenant shall pay an amount equal to twice the Rent.

20. DAMAGE OR THEFT.

Landlord shall not be liable for any damage, injury or loss, either to person or property, sustained by Tenant or by any other person due to the condition of the Premises or any part or appurtenance thereof other than that arising out of the negligence of the Landlord, or due to any accident in or about the same, or due to the act or negligence of any tenant or occupant thereof. This provision shall apply without limitation to, but shall not be limited to, any damage caused by water, snow, frost, steam, sewage, gas or odors, or the bursting or leaking of pipes or plumbing works, and shall apply equally whether such damage shall be caused by the act or neglect of other tenants, other occupants of the Building or of any other person, party or entity, and regardless of whether such damage is caused or occasioned by any circumstance above described, or by any other act, thing or circumstance, whether of a similar or wholly different nature. Tenant agrees and understands that all property of the Tenant upon the Premises or the Building shall be at the risk of Tenant, and Landlord shall not be liable for any damage, destruction, loss or theft with respect thereto in any manner unless arising out of the negligence or misconduct of the Landlord.

21. SURRENDER OF PREMISES.

Tenant shall surrender the Premises at the expiration or prior termination of the Term, in broomclean condition, with all rubbish removed, free of subtenancies, and in good condition and repair, except for reasonable wear and tear, damage required to be repaired by Landlord and damage covered by Landlord's insurance, and Tenant shall deliver to Landlord or Landlord's agent all keys to the Building and Premises.

22. SUBORDINATION.

This Lease is subject and subordinate to all security liens, mortgages, deeds of trust and related financing instruments which may now or hereafter affect the Premises or the Building, and to all renewals, modifications, consolidations, replacements, amendments and extensions thereof, unless Landlord or any lender now or hereafter secured by any such mortgage, deed of trust or similar security instrument elects to make this Lease superior to same, which said lender may do at its option. Tenant shall execute within ten (10) days after request any certificate, subordinate or agreement, priority agreement or other form of instrument in confirmation of such subordinate or

superior status that Landlord may reasonably request. Tenant shall also execute within ten (10) days after request by Landlord, any reasonable agreement with any lender pursuant to which Tenant agrees to give such lender notice of any default by Landlord pursuant to this Lease, agrees to accept performance by such lender of appropriate curative action, and agrees to give such lender a minimum period of thirty (30) days after Tenant's notice to such lender within which time such lender may cure Landlord's default, prior to Tenant terminating this Lease due to Landlord's default.

23. ESTOPPEL STATEMENT.

Within ten (10) days after request therefor by Landlord, Tenant agrees to deliver in recordable form a certificate prepared by Landlord to any proposed mortgagee or purchaser of the Building or Premises or to Landlord certifying (if such is the case) that this Lease is in full force and effect, that there are no defenses or offsets thereto, or stating those claimed by Tenant, and such other facts related to this Lease or the Premises as Landlord may reasonably request.

24. NOTICES.

Any notices required pursuant to this Lease shall be in writing. Addresses to which notices shall be sent if to Landlord, at 3075 Highland Parkway, Suite 600, Downers Grove, Illinois 60515, Attention: President, with a copy to: Advocate Health Care, 3075 Highland Parkway, Suite 600, Downers Grove, Illinois 60515, Attn: General Counsel; and, if to Tenant prior to occupancy, at the address set forth in <u>Section 1.B</u>, and if after occupancy, to the Premises, but in either case with a copy to: Surgical Care Affiliates, LLC, 569 Brookwood Village, Suite 901, Birmingham, Alabama 35209, Attention: Real Estate Department. Either party may at any time designate by written notice to the other a change of address for notices. All notices, demands and requests which are addressed as provided above and are (i) deposited in the United States mail, registered or certified, postage prepaid, return receipt requested, or (ii) accepted for overnight delivery by a nationally recognized overnight delivery service company, delivery charges prepaid or with delivery not conditioned upon payment of charges, shall be deemed to have been given for all purposes hereunder at the time such notice, demand or request shall be deposited in the United States mail or accepted for delivery by the applicable overnight delivery service.

25. LATE CHARGE.

Tenant recognizes and acknowledges that if rent payments are not received when due, Landlord will suffer damages and additional expense thereby and Tenant therefore agrees that a late charge equal to Fifty Dollars (\$50) for any installment of Rent not paid within five (5) days after it became due, and an additional One-Hundred Dollars (\$100) if any such installment is not paid within thirty (30) days after it first became due, may be assessed by Landlord as additional rent if Landlord has not received any monthly installment of rent or additional rent due pursuant to this Lease within five (5) days after its due date. If any check given in payment of rent is not honored when due, Landlord may require that subsequent rent payments be made by certified or cashier's check.

26. PERFORMANCE BY LANDLORD.

If Tenant fails to perform any of its obligations hereunder, Landlord may, at its option (but shall be under no obligation to do so), perform the obligation of Tenant, which Tenant has failed to

perform. Any amounts advanced in so performing obligations of Tenant shall bear interest at the Default Rate from the date expended until repaid, shall be due and payable on demand, and failure to pay on demand shall constitute an independent event of default hereunder. Payment or performance by Landlord of the obligations of Tenant shall not waive or cure any breach occasioned by Tenant's failure or refusal to pay or perform same.

27. WAIVER.

Delay in asserting or prosecuting any right, claim or cause of action accruing hereunder is not and shall not be deemed to be a waiver of, and shall not prejudice the same, or any other right, claim or cause of action accruing hereunder at any time. Waiver by the Landlord of any right, claim or cause of action at any time shall not prejudice any other right, claim or cause of action which Landlord may have or which shall hereafter accrue, and shall not waiver Landlord's right to assert any other right, claim or cause of action. Acceptance by Landlord of rent from Tenant during the existence of any default shall not constitute a waiver of such default, or a waiver of the right of Landlord to insist upon Tenant's strict compliance with the terms of this Lease.

28. HAZARDOUS MATERIALS.

A. Tenant shall not cause or permit any Hazardous Material (as hereinafter defined) to be brought upon, kept or used in or about the Premises, whether legal or illegal, accidental or intentional, without prior written consent of Landlord. It is understood that Landlord will not grant such consent unless and until Tenant demonstrates to Landlord's reasonable satisfaction that such Hazardous Material is necessary or useful to Tenant's medical practice in the Premises and that such Hazardous Material will be used, kept, stored and disposed of in a manner that complies with all laws and applicable regulations of any governmental authority regulating the use, keeping, storage or disposition of such Hazardous Materials.

B. If Tenant shall breach its obligations as stated in the preceding subparagraph, or if the presence of Hazardous Materials in or on the Premises which is caused or permitted to be placed or remain thereon by Tenant results in any contamination of the Premises, or if the Premises shall otherwise be contaminated by Hazardous Materials as a result of the negligent act or omission by Tenant or its agents, employees, or contractors, then, in any such event, Tenant shall indemnify and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses, including, without limitation, diminution in the value of the Premises, reasonable attorney's fees, and fees for the employment of any environmental expert or consultant as a result of any such contamination, which arise during or after the Term of this Lease as a result of any such breach by Tenant or any contamination caused or permitted by Tenant.

C. "Hazardous Materials" shall mean any flammable or explosive materials, any petroleum or petroleum products (including oil, crude oil, natural or synthetic gas), any radioactive materials, any asbestos or asbestos containing materials, PCBs, or any other hazardous or toxic waste, material or substance, including, without limitation, any waste, material or substance now or hereafter included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "toxic substances", "toxic wastes" or "toxic materials" (or similar term) contained in any legal requirement.

29. WAIVER OF CLAIMS.

To the extent permitted by law, Tenant releases Landlord and Landlord's agents and servants from, and waives all claims for damage to person or property sustained by Tenant resulting from the Building or Premises or any part of either or any equipment or appurtenance becoming out of repair, or resulting from any accident on or about the Building, or resulting directly or indirectly from any act or neglect of any tenant or occupant of the Building or of any other person, except for Landlord's agents and employees. If any such damage, whether to the Premises or to the Building or any part thereof, or whether to Landlord or to other tenants in the Building, result from any act of neglect of Tenant, Landlord may, at Landlord's option, repair such damage and Tenant shall, upon demand by Landlord, reimburse Landlord for the total cost of such repairs.

30. BROKERAGE.

Landlord and Tenant, respectively, each represent to the other that it has not engaged or employed any agent or broker with respect to the leasing of the Premises; and Landlord and Tenant, respectively, each agree to indemnify, defend and hold harmless the other from and against any claim or demand for agent's, broker's or finder's commissions or fees made by any person, firm or corporation where such claim or demand is based on the action of the indemnifying party.

31. GOVERNMENT HEALTHCARE EXCLUSION.

Tenant hereby represents and warrants that as of the date it executes this Lease, and for the duration of the Term of this Lease that: (a) it is not listed by any federal or state agency as excluded, debarred, or otherwise ineligible for participation in any federal or state health care program, and (b) it will not employ or directly contract with any individual or entity whom Tenant knows or should have known after reasonable inquiry: (i) has been convicted of a criminal offense related to health care, or (ii) is then currently excluded, debarred or otherwise ineligible for participation in any federal or state health care program (unless the individual has been reinstated to participation in Medicare and all other federal and state health care programs after being excluded because of conviction). In furtherance of this requirement, Tenant agrees that it shall make reasonable inquiry as to any existing or prospective employee, agent, subcontractor, or independent contractor considered for engagement by the Tenant to perform clinical services under this Lease or in the Premises by reviewing the General Services Administration's List of Parties Excluded from Federal Programs and the HHS/OIG Cumulative Sanction Report once (ix) per calendar month with respect to all such prospective and current employees, agents, subcontractors, and independent contractors, and shall notify Advocate immediately in accordance with the notice provisions of this Lease of any such conviction, exclusion, debarment, or ineligibility. Tenant shall fully-indomnify,-defend-and-hold-harmless-Landlord,-including-each-of-its-respective-governingbodies, officers, employees and agents, individually and collectively, from all liabilities, damages. costs, fines and expenses, including reasonable attorneys' fees, arising from a breach of this Section of the Lease.

32. TENANT IMPROVEMENT ALLOWANCE.

Landlord hereby agrees to pay to Tenant a tenant improvement allowance of \$45 per square foot (11,939 square feet) for a total amount of Five Hundred Thirty Seven Thousand Two Hundred

Forty Nine Dollars (\$537,249.00) for the installation of certain tenant improvements to be installed in the Premises ("TI Allowance"). All improvements must be approved by Landlord before installation and are subject to the terms and conditions set forth herein. This TI Allowance is the Landlord's maximum payment towards expenses associated with Tenant's work, including any and all expenses associated with space planning or construction drawings. Any leasehold improvement expense in excess of the TI Allowance will be the responsibility of the Tenant. Landlord shall pay such TI Allowance to Tenant at such time as Tenant provides written evidence that the improvements have been completed and can provide receipt of payment and final waivers of liens from all contractors.

33. MISCELLANEOUS.

A. <u>Paragraph Headings</u>. The paragraph headings of this Lease are used for convenience only, and are in no way to be construed as a part of this Lease or as a limitation on the scope of the particular provision to which they refer.

B. <u>Severability</u>. If any provision of this Lease shall be held to be invalid, whether generally or as to specific facts or circumstances, the same shall not affect in any respect whatsoever the validity of the remainder of this Lease, which shall continue in full force and effect. Any provision held invalid as to any particular facts and circumstances shall remain in full force and effect as to all other facts and circumstances and any invalid provision, if invalid because it transcends applicable limits of law shall be deemed ipso facto to be reduced to such permitted level or limit.

C. <u>Governing Law</u>. This Lease and the rights of the parties hereunder shall be interpreted in accordance with the laws of the state of Illinois as the same shall exist from time to time.

D. <u>Entire Agreement</u>. This Lease, together with the attached Exhibits referred to herein and specified below, contain the entire agreement of the parties related to this transaction, supersedes all prior negotiations and agreements and represents their final and complete understanding. This lease may not be modified orally, through course of performance or in any manner other than by agreement in writing, signed by the parties hereto. The Exhibits which are attached hereto are a part of this Lease and are incorporated herein as if fully set forth hereto.

E. <u>Successors and Assigns</u>. This Lease shall bind and inure to the benefit of the successors, assigns, heirs, and executors, administrators and legal representatives of the parties hereto. This provision shall not give Tenant by implication any right to assign its rights or interest pursuant to this Lease.

F. <u>No Partner or Joint Venture</u>. It is expressly understood and agreed that Landlord shall not be construed as or held to be a partner, joint venturer or associate of Tenant, it being expressly understood and agreed that the relationship between the parties hereto is and shall at all times remain that of landlord and tenant.

G. <u>Time of Essence</u>. Time is of the essence of this Lease with the exception of Landlord's delivery of possession hereunder.

H. <u>Recording of Lease</u>. Neither party shall record this Lease without the prior written consent of the other party, which may be given or withheld in such party's sole discretion. Notwithstanding the prior sentence, Tenant may record a memorandum of lease, in form and substance reasonably acceptable to Landlord and Tenant, if Tenant (i) enters into any capital financing arrangement for any machinery, equipment or leasehold improvements in or with respect to the Premises or (ii) if Tenant enters into a leasehold mortgage or other secured financing wherein the Tenant's interest in the Lease is to be assigned or otherwise pledged as collateral and the lender requires the recording of a memorandum of lease as a condition of the loan.

I. <u>Force Majeure</u>. In the event that either party hereto is delayed or prevented from performing any of its respective obligations during the Term because of strikes, lockouts, labor troubles, inability to procure materials, failure of power, governmental restrictions, acts of terrorism, civil unrest or reasons of a like nature not the fault of the party delayed in the performance of such obligation, than the period of such delays shall be deemed added to the time herein provided for the performance of any such obligation and the defaulting party shall not be liable for losses or damages caused by such delays; provided, however that this Section 32.I. shall not apply to the payment of any sums of money required to be paid by Tenant hereunder or any obligation of Tenant or Landlord that can be satisfied by the payment of money, and shall not excuse Tenant from its obligation to operate its business within the Premises in accordance with the provisions of Section 6.A. hereof.

IN WITNESS WHEREOF, this Lease has been duly executed by the parties hereto as of the date and year first above written.

Landlord: ADVOCATE CONDELL MEDICAL CENTER



By: 🗲

Name: William P. Santulli Title: President

Tenant: ADVOCATE CONDELL AMBULATORY SURGERY CENTER, LLC By: ADVOCATE-SCA PARTNERS, LLC

By:

Name: Ajay Chokshi Title: President

EXHIBIT A

RENT SCHEDULE

10920999	Entire Building		11,939
1.	Term:	10 Years	
2.	Commencement Date:	See Exhibit B	
3.	Expiration Date:	See Exhibit B	
4.	Base Rent:		

Year .	S/Sol. Dt	Annual Base Renue	avioninity pase delu-
l	\$27.91	\$333,217.49	\$27,768.13
2	\$28.75	\$343,246.25	\$28,603.86
3	\$29.62	\$353,633.18	\$29,469.44
4	\$30.51	\$364,258.89	\$30,354.91
5	\$31.43	\$375,242.77	\$31,270.23
6	\$32.38	\$386,584.82	\$32,215.41
7	\$33.36	\$398,285.04	\$33,190.42
8	\$34.36	\$410,224.04	\$34,185.34
9	\$35.39	\$422,521.21	\$35,210.10
10	\$36.46	\$435,295.94	\$36,274.67

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EXHIBIT B

COMMENCEMENT DATE RIDER

THIS RIDER, dated this ____ day of _____, 2016, is by and between Advocate Condell Medical Center ("Landlord"), and Advocate Condell Ambulatory Surgery Center, LLC ("Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant entered into that certain Lease dated _____ for the entire building consisting of approximately 11,939 square feet, 825 S. Milwaukee Ave., Libertyville, Illinois 60048; and

WHEREAS, the parties desire to formally agree upon certain issues regarding the Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

The Commencement Date of the Lease is _____. 1.

The Term shall expire on ______ 2,

IN WITNESS WHEREOF, the parties hereto have executed this Rider as of the date set forth below their respective signatures.

LANDLORD:

TENANT:

ADVOCATE CONDELL MEDICAL CENTER

ADVOCATE CONDELL AMBULATORY SURGERY CENTER, LLC

Ву:	_ By:	
Name: Dominica Tallarico	Name: Ajay Chokshi	
Its: President	Its: President	

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EXHIBIT C

DEPICTION OF PARCEL

69632v2 6/17/2016 11:57 AM

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ATTACHMENT 2



Section I, Operating Identity/Licensee

Attachment 3

Advocate Condell Ambulatory Surgery Center, L.L.C. is an Illinois limited liability company. A copy of it's Good Standing Certificate is included in Attachment 1. Ownership percentages are shown in the organizational chart included in Attachment 4.

Section I, Organizational Relationships

Attachment 4

A copy of each of Advocate Condell Ambulatory Surgery Center, L.L.C.'s and UnitedHealth Group, Incorporated's organizational chart is attached.

Advocate Condell Surgery Center, LLC d/b/a Advocate Surgery Center - Libertyville Organizational Chart



* Shaded entities are Co-applicants to the Application.

Section I, Flood Plain Requirement

Attachment 5

There is no construction associated with this project and this item appears to not be applicable.

Section I, Historic Resources Preservation Act Requirements

Attachment 6

The project is to add specialties to an existing surgery center. There is no construction involved and, consequently, a letter from the Illinois Department of Natural Resources is not applicable.

Section I, Project Costs and Source of Funds

Attachment 7

Section 1120.110, Project Costs and Sources of Funds

Preplanning Costs Site Survey and Soil Investigation Site Verparation Site Preparation Off Site Work New Construction Contracts New Construction Contracts Contingencies Architectural/Engineering Fees Consulting and Other Fees Consulting and Other Equipment (not in construction contracts) Sound Construction (project related) Net Interest Expense (project related) Sound Contracts Arcquisition of Building or Other property (excluding land) Sounce Expense (project FUNDS Cash and Securities Pledges Gifts and Bequests Bond Issue (project related)			
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Gifts and Bequests Bond Issue (project related)			
Gifts and Bequests Bond Issue (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOUCES OF FUNDS			\$

Section I, Cost Space Requirements

Attachment 9

Cost Space Requirements

				Amount of Pr	roposed Total B	GSF That Is:		
		Gross Sc	uare Feet	New	Sec. Sec.		Vacated	and the
Department/Area	Cost	Existing	Proposed	Constr.	Modern.	<u>As Is</u>	Space	Re-assign
Reviewable:								
ASTC	0	6,787	6,787	0	0	6,787	0	0
Total Reviewable								
Nonreviewable:	0	0	0	0	0	0	0	0
Total Nonreviewable	0	0	0	0	0	0	0	0
Grand Total	0	6,787	6,787	0	0	6,787	0	0

This project is to add specialties at an existing multi-specialty surgery center. No construction or modernization will be performed.

Section III, Background of Applicant

Attachment 11

Section 1110.230, Background, Purpose of the Project and Alternatives

1. <u>A listing of all health care facilities owned by the applicant, including licensing, and certification if applicable</u>.

Advocate Condell Surgery Center, L.L.C.'s ("ASC-L") ambulatory surgery treatment center license #7003208, effective 2/10/20, issued by the Illinois Department of Public Health ("IDPH"), is attached.

The ASC-L's most recent of accreditation from AAAHC, dated June 30, is also attached.

SURGICAL CARE AFFILIATES FACILITIES IN ILLINOIS

The licensing, certification and accreditations numbers of each Illinois health facility owned or operated by Surgical Care Affiliates related entities are listed below.

Facility	Location	License No.	Joint Commission Accreditation No.	Other Accreditation No.
Hawthorn Surgery Center	240 Center Dr. Vernon Hills, IL 60061	7003188	452470	N/A
Loyola Ambulatory Surgery Center at Oakbrook Terrace	One South 224 Summit Ave., #201 Oakbrook Terrace, IL 60181	7002181	452472	N/A
Amsurg Surgery Center	998 129 th Infantry Dr. Joliet, IL 60435	7003160	452473	N/A
Northwest Surgicare	1100 W. Central Road, Lower Basement L4 Arlington Heights, IL 60005	7000342	N/A	AAAHC #1508
Center for Minimally	19110 Darvin Dr. Mokena, IL 60448	7003201	N/A	AAAHC #24142

Invasive Surgery Center				
Advocate Condell Ambulatory Surgery Center	825 S. Milwaukee Ave. Libertyville, IL 60048	7003208	N/A	AAAHC #116929
Winchester Endoscopy	1870 W Winchester Rd., #146 Libertyville, IL 60048	7003202	N/A	AAACH #113063
Midwest Center for Day Surgery	311 Highland Avenue, Downers Grove, IL 60515	7001075	409	N/A
Golf Surgical Center	8901 Golf Road Des Plaines, Illinois 60016	7002231	N/A	AAAHC #9E8F4EAA 12918
Tinley Woods Surgery Center	18200 S. LaGrange Road, Tinley Park 60487	7002652	379630	N/A
Naperville Surgical Centre*	1263 Rickert Dr. Naperville, IL 60540	7003205	61274	N/A

*SCA has a non-controlling interest only.

**Under development and not yet licensed.

2. <u>A certified listing of any adverse action taken against any facility owned and/or operated by applicant during the three years prior to the filing of the application</u>.

By their signatures on the Certification pages to this application, each of the Applicants attest that no adverse action has been taken against any facility owned and/or operated by them during the three (3) years prior to the filing of this application.

3. <u>Authorization permitting HFSRB and DPH access to documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other States; when applicable; and the records of nationally recognized accreditation organizations.</u>

By their signatures to the Certification pages to this application, each of the Applicants authorize HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: (i) official records of IDPH or other State agencies;

(ii) the licensing or certification records of other states, when applicable; and (iii) the records of nationally recognized accreditation organizations.





ACCREDITATION ASSOCIATION for AMBULATORY HEALTH CARE, INC.

ACCREDITATION NOTIFICATION

June 30, 2020

Organization #	116929	Program Type	Ambulatory Surgery Center
	Ms. Cathy Mark	CCN	14C0001167
Organization Name	Advocate Condell Ambulatory Surgery Center, LLC dba Advocate Surgery Center - Libertyville		
Address	825 Milwaukee Ave,		
City State Zip	Libertyville	IL	60048

Dear Advocate Condell Ambulatory Surgery Center, LLC dba Advocate Surgery Center - Libertyville,

As an ambulatory surgery center (ASC) that has undergone the AAAHC/Medicare Deemed Status Survey, your ASC has demonstrated its compliance with the AAAHC Standards and all Medicare Conditions for Coverage (CfC).

Survey Date	6/3/2020-6/4/2020	Deficiency Level	Standard
Type of Survey	Re-accreditation/Medicare Deemed Status	Condition-level CFR citation(s)	NA
Acceptable PoC Received	6/25/2020	Correction Method	Self Attestation, Plan of Action, Document Review

Congratulations!

The AAAHC Accreditation Committee recommends your ASC for participation in the Medicare Deemed Status program. The Centers for Medicare and Medicaid Services (CMS) has the final authority to determine participation and effective dates in Medicare Deemed Status in accordance with the regulations at 42 CFR 489.13.

Accreditation Type Full Ac	creditation	Recommend Medicare Deemed Status	Yes
Accreditation Term Begins	5/24/2020	Accreditation Term Expires	5/23/2023

CMS CO - Baltimore Special CC: CMS RO V - Chicago

Accreditation Renewal Code: 4631E4A5116929

Next Steps

- 1. Leadership and staff of your ASC should take time to thoroughly review your Survey Report and Plan of Correction (PoC).
 - Subsequent surveys by AAAHC will seek evidence that deficiencies from this survey were addressed within the timeframes of your PoC.

Organization # 116929 Organization: Advocate Condell Ambulatory Surgery Center, LLC dba Advocate Surgery Center - Libertyville June 30, 2020

- The Summary Table provides an overview of compliance for each chapter applicable to your organization.
- 2. AAAHC requires notification of any changes within your organization in accordance with policies and procedures in the front section of the *Accreditation Handbook*. Visit the AAAHC website "I want to" section and select "Notify AAAHC of a change in my organization" and follow instructions.
- 3. AAAHC Standards, policies and procedures are reviewed and revised on an ongoing basis. You are invited to participate in the review through the periodic public comment process. Your organization will be notified when the proposed changes are available for review. You may also check the AAAHC website for details.
- 4. Accredited ASCs are required to maintain operations in compliance with the current AAAHC policies and Standards, which include the CMS Conditions for Coverage. Updates are published in the AAAHC *Handbooks*. Any mid-year updates are announced and posted to the AAAHC website, <u>www.aaahc.org</u>.
- 5. In order to ensure uninterrupted accreditation, your ASC should submit the *Application for Survey* approximately five months prior to the expiration of your term of accreditation. In states for which accreditation is mandated by law, the *Application* should be submitted six months in advance to ensure adequate time for review and scheduling the survey.

NOTE: You will need the Accreditation Renewal Code found above to submit your renewal application.

Additional Information

Throughout your term of accreditation, AAAHC will communicate announcements via e-mail to the primary contact for your organization. Please be sure to notify us (<u>notifycqa@aaahc.org</u>) should this individual or his/her contact information change.

If you have questions or comments about the accreditation process, please contact AAAHC Accreditation Services at 847.853.6060. We look forward to continuing to partner with you to deliver safe, high-quality health care.

#20-049

DEPARTMENT OF HEALTH & HUMAN SERVICES Centers for Medicare & Medicaid Services Midwest Division of Survey and Certification Chicago Regional Office 233 North Michigan Avenue, Suite 600 Chicago, IL 60601-5519



CMS Certification Number (CCN): 14C0001167 National Provider Identifier (NPI):

July 11, 2017 (Via Certified Mail)

Administrator Advocate Condell Ambulatory Surgery Center LLC D/b/a Advocate Surgery Center- Libertyville 825 S. Milwaukee Avenue Libertyville, IL 60048

Dear Administrator:

The Centers for Medicare and Medicaid Services has accepted your request for approval as a supplier of ambulatory surgical services under the Medicare program (Title XVIII of the Social Security Act) based on accreditation by the Accreditation Association for Ambulatory Health Care (AAAHC). Your effective date of coverage is May 23, 2017. A copy of the completed agreement is enclosed for your records.

Your National Provider Identifier (NPI) is your primary identifier for all health insurance billing. The NPI should be entered on all forms and correspondence relating to the Medicare program. In addition, you have been assigned the CMS Certification Number (CCN) shown above; please provide it when contacting this office, when contacting the State agency, or any time it is requested. National Government Services has been authorized to process your Medicare claims.

When you make general inquiries to your Medicare Administrative Contractor (MAC), you will be prompted to give either your provider transaction access number (PTAN) or CCN. These identification numbers are used as authentication elements when inquiring about beneficiary- and claim-specific information. When prompted for your PTAN, give your CCN.

If you are dissatisfied with the effective date of Medicare participation indicated above, you may request that the determination of the effective date be reconsidered. The request must be submitted in writing to this office within 60 days of the date you receive this notice. The request for reconsideration must state the issues or the findings of fact with which you disagree and the reasons for disagreement.
Page 2 Advocate Surgery Center- Libertyville

We welcome your participation and look forward to working with you in the administration of the Medicare program. If you have any questions, please contact Lindsey Hoffman, Certification Specialist, in the Chicago Office at (312) 353-5198.

Sincerely,

Maria Vergel De Dios Principal Program Representative Non-Long Term Care Certification & Enforcement Branch

Enclosure

cc: Illinois Department of Public Health Illinois Department of Health Care & Family Service National Government Services- 06102 Accreditation Association for Ambulatory Health Care Inc. KePro

Section III, Purpose of Project

Attachment 12

Section 1110.230(b), Purpose of Project

1. Document that the project will provide health care services that improve the health care or well-being of the market area population to be served.

The purpose of the proposed project is to provide high quality, convenient and accessible care in an ambulatory surgery care setting to the residents of Lake County and surrounding areas. By adding podiatry, pain management and plastic surgery to the complement of surgical services offered at the ASC-L, patients will have the option to receive their broader surgical care in a single location, adjacent to Advocate Condell Medical Center and provides additional choice to receiving this care in a non-hospital setting.

Many health care consumers have shown a preference for receiving care in the surgery center context when appropriate to do so outside of the hospital setting. One of the major reasons for this preference is the significant cost savings of the ASTC context versus the hospital outpatient department. Included with this application is an analysis of allowable costs under Medicare for pain, podiatry and plastic surgery. Most of the allowable costs are less than 50% of the hospital costs.

Advocate Physician Partners, with almost 5,000 participating physicians, provides population health management in conjunction with Advocate Physician Partners Accountable Care, Inc. ASC-L accepts patients covered by the APP ACO and is the only surgery center in this GSA that accepts the APP ACO coverage for patients. One of the purposes of this Project will be to provide patients covered by the APP ACO to access care in a surgery center setting.

2. <u>Define the planning area or market area, or other, per the applicant's</u> <u>definition</u>.

ASC-L serves patients from the following areas:

ZIP CODE -	PATIENT CITY &	PATIENTS
PATIENT	STATE	TAILENIS
02879	Wakefield, RI	1
10027	New York, NY	1
34109	Naples, FL	1
43202	Columbus, OH	1
46307	Crown Point, IN	1
49085	Saint Joseph, MI	1
52004	Dubuque, IA	1
53066	Oconomowoc, WI	1
53104	Bristol, WI	7
53105	Burlington, WI	5
53115	Delavan, WI	1
53140	Kenosha, WI	6
53142	Kenosha, WI	25
53143	Kenosha, WI	6
53144	Kenosha, WI	5
53147	Lake Geneva, WI	2
53158	Pleasant Prairie, WI	19
53168	Salem, WI	8
53170	Silver Lake, WI	1
53177	Sturtevant, WI	4
53179	Trevor, WI	10
53181	Twin Lakes, WI	5
53226	Milwaukee, WI	1
53233	Milwaukee, WI	1
53403	Racine, WI	3
53404	Racine, WI	1
53406	Racine, WI	1
53508	Belleville, WI	1
53511	Beloit, WI	1
53593	Verona, WI	1
53708	Madison, WI	1
54467	Plover, WI	2
60002	Antioch, IL	77
60004	Arlington Heights, IL	8
60005	Arlington Heights, IL	2
60007	Elk Grove Village, IL	4
60008	Rolling Meadows, IL	1
60010	Barrington, IL	15
60012	Crystal Lake, IL	4
60013	Cary, IL	7
60014	Crystal Lake, IL	13
60015	Deerfield, IL	14
60016	Des Plaines, IL	14
60020	Fox Lake, IL	20

General Service AreaZIP CODE -PATIENT CITY &DATIENTSPATIENTS			
PATIENT	STATE	PATIENTS	
60022	Glencoe, IL	1	
60025	Glenview, IL	2	
60026	Glenview, IL	2	
60030	Grayslake, IL	79	
60031	Gurnee, IL	78	
60033	Harvard, IL	3	
60035	Highland Park, IL	15	
60040	Highwood, IL	4	
60041	Ingleside, IL	14	
60042	Island Lake, IL	3	
60044	Lake Bluff, IL	16	
60045	Lake Forest, IL	14	
60046	Lake Villa, IL	80	
60047	Lake Zurich, IL	44	
60048	Libertyville, IL	98	
60050	McHenry, IL	10	
60051	McHenry, IL	14	
60053	Morton Grove, IL	2	
60056	Mt. Prospect, IL	8	
60060	Mundelein, IL	103	
60061	Vernon Hills, IL	43	
60062	Northbrook, IL	19	
60064	North Chicago, IL	6	
60067	Palatine, IL	6	
60068	Park Ridge, IL	3	
60069	Lincolnshire, IL	11	
60070	Prospect Heights, IL	2	
60071	Richmond, IL	2	
60073	Round Lake, IL	120	
60074	Palatine, IL	12	
60076	Skokie, IL	1	
60079	Waukegan, IL	1	
60081	Spring Grove, IL	14	
60083	Wadsworth, IL	22	
60084	Wauconda, IL	16	
60085	Waukegan, IL	75	
60087	Waukegan, IL	34	
60088	Great Lakes, IL	7	
60089	Buffalo Grove, IL	29	
60090	Wheeling, IL	8	
60093	Winnetka, IL	3	
60096	Winthrop Harbor, IL	17	
60097	Wonder Lake, IL	1	
60098	Wonder Eake, IL Woodstock, IL	4	
60099	Zion, IL	48	
60101	Addison, IL	1	

PATIENT CITY &	
STATE	PATIENTS
	5
	2
Bloomingdale, IL	1
	2
	1
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<u> </u>	1
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Chicago, IL	1
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Chicago, IL	2
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	2
	1
Elmwood Park, IL	1
	STATEAlgonquin, ILStreamwood, ILBloomingdale, ILCarpentersville, ILDundee, ILElgin, ILElgin, ILHanover Park, ILGeneva, ILGlendale Heights, ILHuntley, ILItasca, ILMaple Park, ILMarengo, ILLake In The Hills, ILSchaumburg, ILSchaumburg, ILEvanston, ILEvanston, ILRiver Forest, ILBeecher, ILBerwyn, ILLemont, ILNorth Aurora, ILOswego, ILPlainfield, ILChicago,

General Service Area			
ZIP CODE - PATIENT	PATIENT CITY & STATE	PATIENTS	
61047	Leaf River, IL	1	
61748	Hudson, IL	1	
61938	Mattoon, IL	1	
62702	Springfield, IL	1	
66081	Not Valid	1	
66109	Kansas City, KS	1	
68102	Omaha, NE	1	

3. <u>Identify the existing problems or issues that need to be addressed</u>, as applicable and appropriate for the project.

ASC-L is a multi-specialty surgery center that performs procedures in a number of different specialties, but is currently not authorized to perform podiatric pain management or plastic surgery procedures and these physicians would like to be able to perform procedures at that location.

4. Cite the sources of the information provided as documentation.

ASC-L undertakes ongoing internal utilization studies and the source of this information includes those reports and other information reported to EMS, IDFPR and IDPH.

5. Detail how the project will address or improve the previously referenced issues or problems.

Referring physicians currently perform procedures at Advocate Condell Medical Center and at other sites and would also like to be able to perform selected outpatient procedures in an ambulatory surgery treatment center setting.

6. <u>Provide goals with quantified and measurable objectives, with specific timeframes</u> that relate to achieving the stated goals as appropriate.

The goal would be to provide approximately 20 Pain Management, 177 Podiatry and 157 Plastic Surgery procedures in the ambulatory surgical setting at ASC-L.

Section III, Alternatives Attachment 13

Alternatives

Advocate Surgery Center-Libertyville ("ASC-L") considered the following alternatives before determining to add new procedures to ASC-L's existing multi-specialty ambulatory surgery treatment center: (i) doing nothing, (ii) expand ASC-L's ASTC's facilities, (iii) utilize other health care facilities, and (iv) add additional surgical specialties to ASC-L.

- Maintain Status Quo. ASC-L considered continuing to operate under its current permit. ASC-L has additional and at no cost can increase, utilization of the facility, thereby increasing efficiency. For the foregoing reasons maintaining the status quo and doing nothing was rejected as an alternative.
- 2. <u>Project of Greater or Lesser Scope and Cost</u>. ASC-L considered the alternative of constructing an additional operating room for surgical specialties procedures. The current capacity of ASC-L would permit the addition of surgical specialties without any facility modification at this time. While the continued growth of the practices may necessitate such an expansion in the future, ASC-L concluded that it would be prudent to seek expanded facilities when the volume warranted the addition. Constructing and equipping of an additional new operating room could cost several hundreds of thousands of dollars, depending upon equipment. For purposes of this CON application this amount is calculated as \$450,000. Thus, significant capital investment in ASC-L to expand the facility at this time was not considered advisable at this time.

3. Joint Venture with Other Providers.

ASC-L is presently a joint venture with Advocate Aurora Health, Surgical Care Affiliates and several affiliated physicians. ASC-L will continue to be a joint venture and it is possible that the new physicians may acquire a partial ownership interest. 4. <u>Utilize Other Available Health Resources</u>. The Applicants anticipate that most of the new procedures that are currently performed in a licensed health care facility are ones presently performed in Advocate Condell Medical Center, which is adjacent to ASC-L. Advocate Condell's surgical volume far exceeds the state standard for utilization. Moving the procedures proposed here, pain, plastics and podiatry, optimizes the ability for the hospital to focus on procedures better performed in a hospital setting. It is well recognized that many orthopedic procedures can be performed in an ambulatory surgical treatment center at a lower cost than in a hospital setting. An additional benefit of procedures performed in an ambulatory surgical site infection rates as compared with hospitals as reported by the CDC. Ease in scheduling and decreased wait times in ambulatory surgery treatment centers further support use of the such facilities over the area's hospital ORs.

Because ASC-L is a joint venture that includes Advocate Aurora Health, through a subsidiary, ASC-L participates with Advocate Physician Partners, with almost 5,000 participating physicians, provides population health management in conjunction with Advocate Physician Partners Accountable Care, Inc. ASC-L accepts patients covered by the APP ACO and is the only surgery center in this GSA that accepts the APP ACO coverage for patients.

5. <u>Proposed Alternative</u>. The best alternative to fulfill ASC-L's goals of providing increased efficiency and patient convenience, while lowering overall patient healthcare costs, is the addition of pain, plastics and podiatry surgery as permitted services at ASC-L. No construction or modernization costs will be required. Beyond a relatively modest investment in equipment, there are no additional personnel or operating costs incurred to make this service available to patients in ASC-L's service area. This alternative will allow procedures in the outpatient surgical center venue to be available without any delay and affords the opportunity to evaluate facility options for possible expansions for the future as the market evolves.

Comparison of Alternatives

Alternative – ASC-L	Cost	Pros	Cons
Project of Greater Scope Additional Operating Room	\$450,000	Additional space for expansion	Too expensive at this time
Project of Lesser Scope n/a – this is the project of least scope	N/A		
Joint Venture Project is already a joint venture	N/A		
Utilize Existing Facilities			Advocate Condell Medical Center operates well about the state standard for utilization. Other area ASTC are not part of the APP network
Proposed Project	\$0	Can implement quickly Lowest cost alternative	ASC-L may need additional capacity in the future



<u>Notes</u>

Medicare rates for Ambulatory Surgery Centers (ASC) versus Hospital Outpatient Departments (HOPD) demonstrate the value of the surgery center, as the same procedure performed in an ASC is less expensive than if performed in the HOPD setting. While the surgery center will see more payer types than Medicare, many commercial payers base their reimbursement on (generally a mark-up of) Medicare rates.

Source for Medicare reimbursement:

- ASC: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11_Addenda_Updates
- HOPD: https://www.cms.gov/medicaremedicare-fee-servicepaymenthospitaloutpatientppshospital-outpatient-regulations-and-notices/cms-1717-cn

The table below includes local Medicare rates for Libertyville.

Specialty	CPT Code	ASC Medicare Allowable	HOPD Medicare Allowable	MCR ASC Rate as % of HOPD Rate
PLS & PV/IR	22869	\$9,962	\$12,183	82%
PLS & PV/IR	22870	n/a	n/a	
PLS & PV/IR	22513	\$2,828	\$6,124	46%
PLS & PV/IR	22514	\$2,828	\$6,124	46%
PLS & PV/IR	22515	n/a	n/a	
PLS & PV/IR	19318	\$2,213	\$5,361	41%
PLS & PV/IR	49585	\$1,389	\$3,183	44%
PLS & PV/IR	15839	\$1,003	\$2,374	42%
PLS & PV/IR	30400	\$2,266	\$4,965	46%
PLS & PV/IR	30410	\$2,266	\$4,965	46%
PLS & PV/IR	30420	\$2,266	\$4,965	46%
PLS & PV/IR	21315	\$541	\$1,381	39%
PLS & PV/IR	21320	\$1,064	\$2,681	40%
PLS & PV/IR	19316	\$2,213	\$5,361	41%
PLS & PV/IR	19318	\$2,213	\$5,361	41%
PLS & PV/IR	19325	\$2,703	\$8,328	32%
PLS & PV/IR	19357	\$4,725	\$14,182	33%
PLS & PV/IR	15822	\$827	\$1,661	50%

Ambulatory Surgery Center (ASC) versus Hospital Outpatient (HOPD) Medicare Rates

PLS & PV/IR	15823	\$827	\$1,661	50%
PLS & PV/IR	15836	\$1,003	\$2,374	42%
PLS & PV/IR	15830	\$2,213	\$5,361	41%
POD/ORTHO	11044	\$581	\$1,405	41%
POD/ORTHO	11750	\$100	\$327	31%
POD/ORTHO	13160	\$827	\$1,661	50%
POD/ORTHO	20520	\$140	\$1,405	10%
POD/ORTHO	20680	\$1,003	\$2,374	42%
POD/ORTHO	20900	\$2,828	\$6,124	46%
POD/ORTHO	27599	n/a	\$221	
POD/ORTHO	27601	\$1,298	\$2,802	46%
POD/ORTHO	27625	\$1,298	\$2,802	46%
POD/ORTHO	27630	\$1,298	\$2,802	46%
POD/ORTHO	27640	\$1,298	\$2,802	46%
POD/ORTHO	27641	\$1,298	\$2,802	46%
POD/ORTHO	27650	\$2,828	\$6,124	46%
POD/ORTHO	27654	\$2,828	\$6,124	46%
POD/ORTHO	27675	\$1,298	\$2,802	46%
POD/ORTHO	27680	\$1,298	\$2,802	46%
POD/ORTHO	27687	\$1,298	\$2,802	46%
POD/ORTHO	27691	\$2,828	\$6,124	46%
POD/ORTHO	27695	\$2,828	\$6,124	46%
POD/ORTHO	27698	\$2,828	\$6,124	46%
POD/ORTHO	27702	n/a	n/a	
POD/ORTHO	27792 ,	\$3,738	\$6,124	61%
POD/ORTHO	27814	\$3,797	\$6,124	62%
POD/ORTHO	27822	\$3,781	\$6,124	62%
POD/ORTHO	27870	\$8,523	\$12,183	70%
POD/ORTHO	27899	n/a	\$221	
POD/ORTHO	28008	\$1,298	\$2,802	46%
POD/ORTHO	28022	\$1,298	\$2,802	46%
POD/ORTHO	28060	\$1,298	\$2,802	46%
POD/ORTHO	28070	\$2,828	\$6,124	46%
POD/ORTHO	28072	\$1,298	\$2,802	46%
POD/ORTHO	28080	\$719	\$1,388	52%
POD/ORTHO	28086	\$1,298	\$2,802	46%
POD/ORTHO	28090	\$719	\$1,388	52%
POD/ORTHO	28104	\$1,298	\$2,802	46%
POD/ORTHO	28110	\$1,298	\$2,802	46%
POD/ORTHO	28112	\$1,298	\$2,802	46%
POD/ORTHO	28113	\$1,298	\$2,802	46%

POD/ORTHO	28114	\$1,298	\$2,802	46%
POD/ORTHO	28116	\$1,298	\$2,802	46%
POD/ORTHO	28118	\$1,298	\$2,802	46%
POD/ORTHO	28120	\$1,298	\$2,802	46%
POD/ORTHO	28122	\$1,298	\$2,802	46%
POD/ORTHO	28153	\$1,298	\$2,802	46%
POD/ORTHO	28192	\$581	\$1,405	41%
POD/ORTHO	28220	\$288	\$1,388	21%
POD/ORTHO	28225	\$1,298	\$2,802	46%
POD/ORTHO	28230	\$284	\$1,388	20%
POD/ORTHO	28232	\$265	\$1,388	19%
POD/ORTHO	28234	\$719	\$1,388	52%
POD/ORTHO	28270	\$1,298	\$2,802	46%
POD/ORTHO	28272	\$256	\$1,388	18%
POD/ORTHO	28285	\$1,298	\$2,802	46%
POD/ORTHO	28289	\$1,298	\$2,802	46%
POD/ORTHO	28292	\$1,298	\$2,802	46%
POD/ORTHO	28297	\$4,056	\$6,124	66%
POD/ORTHO	28298	\$2,828	\$6,124	46%
POD/ORTHO	28299	\$2,828	\$6,124	46%
POD/ORTHO	28300	\$3,783	\$6,124	62%
POD/ORTHO	28306	\$2,828	\$6,124	46%
POD/ORTHO	28308	\$1,298	\$2,802	46%
POD/ORTHO	28313	\$1,298	\$2,802	46%
POD/ORTHO	28315	\$1,298	\$2,802	46%
POD/ORTHO	28420	\$8,323	\$12,183	68%
POD/ORTHO	28485	\$3,765	\$6,124	61%
POD/ORTHO	28505	\$1,298	\$2,802	46%
POD/ORTHO	28525	\$1,298	\$2,802	46%
POD/ORTHO	28615	\$3,688	\$6,124	60%
POD/ORTHO	28725	\$8,190	\$12,183	67%
POD/ORTHO	28730	\$8,812	\$12,183	72%
POD/ORTHO	28740	\$4,181	\$6,124	68%
POD/ORTHO	28750	\$4,105	\$6,124	67%
POD/ORTHO	28820	\$1,298	\$2,802	46%
POD/ORTHO	28825	\$1,298	\$2,802	46%
POD/ORTHO	28899	n/a	\$221	
POD/ORTHO	29891	\$1,298	\$2,802	46%
POD/ORTHO	29892	\$2,828	\$6,124	46%
POD/ORTHO	29893	\$1,298	\$2,802	46%
POD/ORTHO	29898	\$1,298	\$2,802	46%

PAIN	27096	n/a	n/a	
PAIN	62323	\$319	\$640	50%
PAIN	62321	\$319	\$640	50%
PAIN	63650	\$4,555	\$6,334	72%
PAIN	63685	\$23,676	\$29,809	79%
PAIN	64483	\$414	\$831	50%
PAIN	64484	n/a	n/a	

Section IV, Project Scope, Utilization, and Unfinished/Shell Space

Attachment 14

Project Scope, Utilization and Unfinished/Shell Space

	SIZE OF PROJECT			
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
ASTC	6,787	5,500	6,787	N/A
Total				

There will be no new construction or increase in square footage of the facility. The current facility is a two room surgery center with a total of 6,787 building gross square feet. No new construction is involved and this review criterion appears in applicable.

Section IV, Project Services Utilization

Attachment 15

Appendix B, Project Services Utilization

1. <u>Project Services Utilization – For Areas for Which There are Utilization</u> <u>Standards as Shown in Appendix B.</u>

ASC-L conservatively estimates that the new physicians will perform approximately the number of new procedures shown below procedures in the second full year of operation.

Plastic Surgery	157
Pain Management	20
Podiatry	177

Projected ASC-L Pain Management Utilization			
	Procedures	Average Time*	Total Hours
2022	20	1.25	25
2023	20	1.25	25

*Statewide average outpatient time equals 1.25 hours per case.

	Projected	ASC-L Plastic Surgery Utiliz	ation	
	Procedures	Average Time*	Total Hours	
2022	157	2.26	355	
2023	157	2.26	355	

*Statewide average outpatient time equals 2.26 hours/case

	Projected ASC-L Podiatry Utilization					
	Procedures	Average Time*	Total Hours			
2022	177	1.70	301			
2023	177	1.70	301			

*Statewide average outpatient time equals 1.70 hours per case.

1.44	And Street	ASC-L To	tal Utilization	1		
	Dept./Service	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	ORs
2018	ASTC	2,440		3,000	no	2
2019	ASTC	2,046		3,000	no	2
2020	ASTC	*		3,000	no	2
2021	ASTC			3,000	no	2

2022	ASTC	 2,727	3,000	no	2
2023	ASTC	 2,727	3,000	no	2

*Not yet available, but due to COVID will be an aberration.

The COVID-19 situation in 2020 and the beginning of 2021 will be so aberrational that historical utilization in 2020 will not be a sound basis for predicting future growth. This aberration will continue into 2021. Recognizing this situation ASC-L notes that the additional expected new hours of 681 hours of procedures would result in target utilization being achieved based upon 2018 as a base. This application take a very conservative approach of adding the 681 new hours to the yar 2019. Given the uncertainty of predicting health care in this environment, the applicants, while optimistic, cannot give an assurance of achieving target utilization but instead note that the utilization will be substantially improved by the addition of these specialties.

2. <u>Project Size Utilization – For Areas for Which There are Not Utilization</u> <u>Standards as Shown in Appendix B.</u>

Not applicable because there are no clinical areas for which there are not utilization standards. A letter addressing that the Project will achieve and maintain the occupancy specified in §1110.234(c)(1) by the second year of operation after project completion is attached.

Attachment 16

Unfinished or Shell Space

The Project involves no new construction and there will be no unfinished or shell space as part of this Project.

Attachment 17

Assurance

The Project involves no new construction and there will be no unfinished or shell space. The Assurances provision of Attachment 17 appears to be inapplicable.

Section V, Service Specific Review Criteria

Attachment 24

Non-Hospital Based Ambulatory Surgery

1. Services to GSA Residents

Advocate Surgery Center - Libertyville's ("ASC-L") serves patients from the following areas:

General Service Area			
ZIP CODE - PATIENT	PATIENT CITY & STATE	PATIENTS	
02879	Wakefield, RI	1	
10027	New York, NY	1	
34109	Naples, FL	1	
43202	Columbus, OH	1	
46307	Crown Point, IN	1	
49085	Saint Joseph, MI	1	
52004	Dubuque, IA	1	
53066	Oconomowoc, WI	1	
53104	Bristol, WI	7	
53105	Burlington, WI	5	
53115	Delavan, WI	1	
53140	Kenosha, WI	6	
53142	Kenosha, WI	25	
53143	Kenosha, WI	6	
53144	Kenosha, WI	5	
53147	Lake Geneva, WI	2	
53158	Pleasant Prairie, WI	19	
53168	Salem, WI	8	
53170	Silver Lake, WI	1	
53177	Sturtevant, WI	4	
53179	Trevor, WI	10	
53181	Twin Lakes, WI	5	
53226	Milwaukee, WI	1	
53233	Milwaukee, WI	1	
53403	Racine, WI	3	
53404	Racine, WI	1	
53406	Racine, WI	1	

ZIP CODE -	PATIENT CITY &	PATIENTS
PATIENT	STATE	FAILENIS
53508	Belleville, WI	1
53511	Beloit, WI	1
53593	Verona, WI	1
53708	Madison, WI	1
54467	Plover, WI	2
60002	Antioch, IL	77
60004	Arlington Heights, IL	8
60005	Arlington Heights, IL	2
60007	Elk Grove Village, IL	4
60008	Rolling Meadows, IL	1
60010	Barrington, IL	15
60012	Crystal Lake, IL	4
60013	Cary, IL	7
60014	Crystal Lake, IL	13
60015	Deerfield, IL	14
60016	Des Plaines, IL	14
60020	Fox Lake, IL	20
60021	Fox River Grove, IL	2
60022	Glencoe, IL	1
60025	Glenview, IL	2
60026	Glenview, IL	2
60030	Grayslake, IL	79
60031	Gurnee, IL	78
60033	Harvard, IL	3
60035	Highland Park, IL	15
60040	Highwood, IL	4
60041	Ingleside, IL	14
60042	Island Lake, IL	3
60044	Lake Bluff, IL	16
60045	Lake Forest, IL	14
60046	Lake Villa, IL	80
60047	Lake Zurich, IL	44
60048	Libertyville, IL	98
60050	McHenry, IL	10
60051	McHenry, IL	14
60053	Morton Grove, IL	2
60056	Mt. Prospect, IL	8
60060	Mundelein, IL	103
60061	Vernon Hills, IL	43
60062	Northbrook, IL	19
60064	North Chicago, IL	6
60067	Palatine, IL	6
60068	Park Ridge, IL	3
60069	Lincolnshire, IL	11

ZIP CODE -	PATIENT CITY &	PATIENTS
PATIENT	STATE	PATIENTS
60070	Prospect Heights, IL	2
60071	Richmond, IL	2
60073	Round Lake, IL	120
60074	Palatine, IL	12
60076	Skokie, IL	1
60079	Waukegan, IL	1
60081	Spring Grove, IL	14
60083	Wadsworth, IL	22
60084	Wauconda, IL	16
60085	Waukegan, IL	75
60087	Waukegan, IL	34
60088	Great Lakes, IL	7
60089	Buffalo Grove, IL	29
60090	Wheeling, IL	8
60093	Winnetka, IL	3
60096	Winthrop Harbor, IL	17
60097	Wonder Lake, IL	1
60098	Woodstock, IL	4
60099	Zion, IL	48
60101	Addison, IL	1
60102	Algonquin, IL	5
60107	Streamwood, IL	2
60108	Bloomingdale, IL	1
60110	Carpentersville, IL	2
60118	Dundee, IL	1
60123	Elgin, IL	1
60124	Elgin, IL	1
60133	Hanover Park, IL	1
60134	Geneva, IL	1
60139	Glendale Heights, IL	1
60142	Huntley, IL	1
60143	Itasca, IL	1
60151	Maple Park, IL	1
60152	Marengo, IL	3
60156	Lake In The Hills, IL	1
60160	Melrose Park, IL	1
60173	Schaumburg, IL	1
60194	Schaumburg, IL	1
60201	Evanston, IL	1
60202	Evanston, IL	1
60203	Evanston, IL	1
60305	River Forest, IL	1
60401	Beecher, IL	1
60402	Berwyn, IL	2

ZIP CODE -	PATIENT CITY &	PATIENTS
PATIENT	STATE	FAILENIS
60439	Lemont, IL	1
60504	Aurora, IL	1
60542	North Aurora, IL	1
60543	Oswego, IL	1
60545	Plano, IL	1
60586	Plainfield, IL	2
60605	Chicago, IL	2
60608	Chicago, IL	1
60622	Chicago, IL	1
60630	Chicago, IL	2
60632	Chicago, IL	1
60634	Chicago, IL	1
60640	Chicago, IL	2
60641	Chicago, IL	2
60645	Chicago, IL	2
60651	Chicago, IL	1
60655	Chicago, IL	2
60656	Chicago, IL	2
60659	Chicago, IL	2
60706	Harwood Heights, IL	1
60707	Elmwood Park, IL	1
60712	Lincolnwood, IL	1
61047	Leaf River, IL	1
61748	Hudson, IL	1
61938	Mattoon, IL	1
62702	Springfield, IL	1
66081	Not Valid	1
66109	Kansas City, KS	1

2. Service Demand

ASC-L is an existing two-room multi-specialty ASTC. As the chart below shows, ASC-L has the historical utilization to justify its current two operating rooms. No additional rooms will be constructed.

Included in this attachment are letters from these physicians projecting their referrals to ASC-L. Using a conservative estimate of 304 procedures total from the physicians, multiplied by the statewide average time for such procedures, ASC-L will greatly improve utilization and should come close to achieving target occupancy.

1.1.1	Projected A	ASC-L Pain Management Util	ization
	Procedures	Average Time*	Total Hours
2022	20	1.25	25

*Statewide average outpatient time equals 1.25 hours per case.

	Projected	ASC-L Plastic Surgery Utiliz	ation
	Procedures	Average Time*	Total Hours
2022	157	2.26	355

*State average outpatient time equals 2.26 hours per case.

	Projec	ted ASC-L Podiatry Utilization	n
	Procedures	Average Time*	Total Hours
2022	177	1.70	301

*Statewide average outpatient times equal 1.70 hours per case.

	ASC-L Total Utilization						
	Dept./Service	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	ORs	
2017	ASTC			3,000	no	2	
2018	ASTC	2,440		3,000	no	2	
2019	ASTC	2,046		3,000	no	2	
2020	ASTC	*		3,000	no	2	
2021	ASTC			3,000		2	
2022	ASTC		2,727	3,000	no	2	
2023	ASTC		2,727	3,000	no	2	

*Not yet available, but due to COVID will be an aberration.

The COVID-19 situation in 2020 and the beginning of 2021 will be so aberrational that historical utilization in 2020 will not be a sound basis for predicting future growth. This aberration will continue into 2021. Recognizing this situation ASC-L notes that the additional expected new hours of 681 hours of procedures would result in target utilization being achieved based upon 2018 as a base. This application take a very conservative approach of adding the 681 new hours to the yar 2019. Given the uncertainty of predicting health care in this environment, the applicants, while optimistic, cannot give an assurance of achieving target utilization but instead note that the utilization will be substantially improved by the addition of these specialties.

3. Treatment Room Need Assessment

ASC-L currently justifies two-operation rooms (2,046.3 hours in 2019 divided by 1,500 hours equals 1.36 ORs). With the addition of pain management, podiatry and plastic surgery, ASC-L anticipates that it will have 681 additional hours in 2023 and will continue to justify its two treatment rooms.

4. Service Accessibility

ASC-L expects substantially all procedures not presently performed in an office setting will come from Advocate Condell Medical Center ("ACMC") ASC-L was established as a joint venture among affiliates of ACMC, Surgical Care Affiliates and area physicians. ASC-L is located on the hospital campus of ACMC. At the time of the establishment of ASC-L, Advocate Condell agreed not to increase surgical capacity until ASC-L was operating at target utilization for at least 12 consecutive months. The charges at ASC-L will be lower than the charges at the hospital. According to 2018 facility profiles, Advocate Condell Medical Center is operating well above target utilization for surgical capacity and this Project will not lower utilization below target utilization.

5. Unnecessary Duplication of Services

As discussed through this application, substantially all new procedures are expected to come from Advocate Condell Medical Center and from podiatry cases currently performed at ASC-L. Advocate Condell Medical Center currently operates well above target surgical utilization. This Project will not lower Advocate Condell Medical Center's below target utilization.

TABLE SIX Ambulatory Surgical Treatment Centers Located within 17 Miles								
Facility	City	Miles	Type of ASTC	Operating Rooms	Hours	Pain	Plastics	Podiatric
Advocate Surgery Center	Libertyville	0	Multi	2	2,434			
Ritacca Laser Center, Ltd	Vernon Hills	2.6	Multi	2	1,590	Х	Х	
Hawthorne Place Outpatient Surgery Center L.P.	Vernon Hills	2.6	Multi	5	6,953	х	_	
North Shore Endoscopy Center	Lake Bluff	4.9	Endoscopy	2	3,182			-
Lake Forest Endoscopy	Grayslake	7.2	Endoscopy	2				
Northwestern Grayslake Ambulatory Surgery Center	Grayslake	7.2	Multi	4	2,181		Х	х
Lindenhurst Surgery Center LLC	Lindenhurst	14	Multi	4	1,125	х		Х
Associated Surgical Center, LLC	Arlington Heights	14	Multi	2	1,158			

Source: 2018 Annual Facility Profiles

6. Maldistribution

The Project will not result in a maldistribution of services. There is no increase in the number of operation rooms at the surgery center and thus no increase in the number of operation rooms in the geographical area. The ratio of treatment rooms to population remains unchanged.

7. Impact to other Area Providers

As stated above, ASC-L anticipates that there will be no Adverse Impact to Other Area Providers. As can be seen from the Physician Referral letters, substantially all of the new cases not being performed in an office setting will come from Advocate Condell Medical Center ("ACMC"), which located adjacent to ASC-L. According to the 2018 Facility Profiles, ACMC operates well above target utilization and this Project will not result in Advocate Condell lowering utilization below target utilization. Advocate Aurora Health, through a subsidiary is one of the joint venture partners in ASC-L. The Applicants note that the Podiatry cases referenced in the Podiatry referral letter are presently being performed at the surgery center. ASC-L, under a prior administrator, believed that podiatry was part of the approved Orthopedic specialty. In undertaking the application to add Pain Management and Plastic Surgery ASC-L discovered the error and seeks to rectify that issue as part of this application. ASC-L has notified the Review Board of this matter and has begun the process of resolving this compliance matter.

8. Staffing

ASC-L anticipates that it will be able to perform the additional specialty procedures with current staff, but that existing staff may work additional hours per week. The cost of additional hours worked is reflected in the projected operation costs in Attachment 36.

9. Charge Commitment

A list of the proposed procedures to be added at the Applicant's facility is attached along with the charges for such procedures. Additionally, attached is a letter attesting that the charges for these new procedures will not increase, at a minimum, for the first 2 years of operation unless a permit is first obtained pursuant to 77 <u>Ill. Adm. Code</u> 1130.310(a).

10. Assurances

Attached is a letter attesting that a peer review program exists that evaluates whether patient outcomes are consistent with quality standards established by professional organizations for the facilities' services, and if outcomes do not meet or exceed those standards, that a quality improvement plan will be initiated.

Also attached is a letter attesting to the fact that, in the second year of operation after the project completion date, the annual utilization of the procedure rooms will meet or exceed the utilization standard specified in 77 <u>Ill. Adm. Code</u> 1100.



Dr. Aras Tijunelis

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

December 2, 2020

Re: Advocate Surgery Center - Libertyville ("ASC - Libertyville")

Dear Ms. Avery:

I am providing this letter to assist the Review Board in its evaluation of a Certificate of Need application to add two specialties to ASC - Libertyville. This referral letter is in response to Review criterion §1110.235(c)(3) in support of the addition of a Plastic Surgery specialty.

I am a physician board certified in Plastic Surgery. Please accept this letter verifying my anticipated referrals to approve the pending application to add Plastic Surgery as an approved specialty.

For the last 12 months, I performed a total of 331 procedures at the hospitals, surgery centers and offices identified in Table 1 below. With the addition of these specialties at ASC-Libertyville, I expect to refer patient volume in Table 1 below.

Procedure Location	Historical No. of Cases Referred	Projected No. of Referrals to ASC
Advocate Condell Medical Center	181	A CONTRACT OF A SC
Northwestern Lake Forest Hospital	23	
Northwestern Ambulatory Surgery Center	74	1.2.
Office based procedures	53	2)-
Total V. Winchester Rd., Suite 107, Libertyville,	331	157

www.lc-plasticsurgery.com



ATTACHMENT 24

Ms. Courtney Avery October , 2020 Page 2

The list of the zip codes of residence for associated patients treated in the last 12 months is provided below. My projected patient procedure to be performed at ASC-Libertyville will primarily come from the geographic service area of ASC-Libertyville.

Table 2 – Patient Location			
Zip Code of Patient Residence	Number of Patients		
60048	75		
100031	40		
60002	30		
60046	40		
600 84	40		
100101	40		

The information contained in this letter is true and correct to the best of my knowledge. The anticipated referral volumes noted in Table 1 have not been used to support another pending or approved certificate of need application.

Sincerely,

Aras Tijunelis

Subscribed and sworn to me This The day of

Notary Public

URSULA A SC NOTARY PULLE . STATE OF ILLINOIS My Commission Expires 01/05/202

Dr Matthew Sorenson, DPM

December <u>18</u>, 2020

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

Re: Advocate Surgery Center – Libertyville ("ASC – Libertyville")

Dear Ms. Avery:

I am providing this letter to assist the Review Board in its evaluation of a Certificate of Need application to add two specialties to ASC - Libertyville. This referral letter is in response to Review criterion §1110.235(c)(3) in support of the addition of a Plastic Surgery specialty.

I am a physician board certified in Plastic Surgery. Please accept this letter verifying my anticipated referrals to approve the pending application to add Plastic Surgery as an approved specialty.

For the last 12 months, I performed a total of ______ 372____ procedures at the hospitals, surgery centers and offices identified in Table 1 below. With the addition of these specialties at ASC-Libertyville, I expect to refer patient volume in Table 1 below.

Table 1 – Histo	rical and Projected referral	S
Procedure Location	Historical No. of Cases Referred	Projected No. of Referrals to ASC
Advocate Condell Medical Center, IL	30	
Advocate Surgery Center, Libertyville, IL	157	
Northwestern Lake Forest Hospital IL	2	
Aurora Medical Center, WI	169	
St Catherines Medical Center, WI	5	
Wisconsin Specialty Surgery Center, WI	9	
Total	372	177

The list of the zip codes of residence for associated patients treated in the last 12 months is provided below. My projected patient procedure to be performed at ASC-Libertyville will primarily come form the geographic service area of ASC-Libertyville.

Table 2 – Patient Location			
Zip Code of Patient Residence	Number of Patients		
53142	75		
53158	42		
53405	25		
60048	138		

Ms. Courtney Avery December <u>1</u>, 2020

60060	15
60069	22
60052	7
53104	17
53168	11
53105	20

The information contained in this letter is true and correct to the best of my knowledge. The anticipated referral volumes noted in Table 1 have not been used to support another pending or approved certificate of need application.

Sincerely,

Subscribed and sworn to me

This 18 day of December 2020 Notary PubliOfficial Seal Cassandra Gonzalez Notary Public State of Illinois Commission Expires 10/18/2022

Advocate Surgery Center - Libertyville

December 21, 2020

Ms. Debra Savage Chair Illinois Health Facilities and Services Review Board 525 West Jefferson Street, 2nd Floor Springfield. Illinois 62761

Re: Charge Commitment

Dear Chair Savage:

Pursuant to 77 Ill. Admin, Code § 110.235(c)(9)(B), Advocate Surgery Center-Libertyville commits that the attached charge schedule will not be increased, at a minimum, for the first two years after the addition of Pain Management, Plastic Surgery and Podiatry at Advocate Surgery Center-Liberty unless a permit is first obtained pursuant to 77 Ill. Admin Code 1130.310(a).

Sincerely,

Advocate Surgery Center-Libertyville

Cathy Mark Chief Executive Officer



Surgical Care Affiliates®

CPT Code	Description	Charge
11044	DEBRIDEMENT BONE MUSCLE &/FASCIA 20 SQ CM/<	\$5,235
11750	EXCISION NAIL MATRIX PERMANENT REMOVAL	\$1,330
13160	SECONDARY CLOSURE SURG WOUND/DEHSN EXTSV/COMPLIC	\$11,880
15822	BLEPHAROPLASTY UPPER EYELID	\$5,807
15823	BLEPHAROPLASTY UPPER EYELID W/EXCESSIVE SKIN	\$3,803
15830	EXCISION SKIN ABD INFRAUMBILICAL PANNICULECTOMY	\$20,270
15836	EXCISION EXCESSIVE SKIN&SUBQ TISSUE ARM	\$7,860
15839	EXCISION EXCESSIVE SKIN&SUBQ TISSUE OTHER AREA	\$4,093
19316	MASTOPEXY	\$20,270
19318	REDUCTION MAMMAPLASTY	\$20,270
19325	MAMMAPLASTY AUGMENTATION W/PROSTHETIC IMPLANT	\$13,881
19357	BRST RCNSTJ IMMT/DLYD W/TISS EXPANDER SBSQ XPNSJ	\$37,883
20520	REMOVAL FOREIGN BODY MUSCLE/TENDON SHEATH SIMPLE	\$4,722
20680	REMOVAL IMPLANT DEEP	\$8,369
20900	BONE GRAFT ANY DONOR AREA MINOR/SMALL	\$13,314
21315	CLOSED TX NASAL FRACTURE W/O STABILIZATION	\$8,987
21320	CLOSED TREATMENT NASAL FRACTURE W/STABILIZATION	\$8,987
22513	PERQ VERT AGMNTJ CAVITY CRTJ UNI/BI CANNULATION	\$35,408
22514	PERQ VERT AGMNTJ CAVITY CRTJ UNI/BI CANNULI LMBR	\$35,408
22515	PERQ VERT AGMNTJ CAVITY CRTJ UNI/BI CANNULJ EACH	\$14,163
22869	PST SPINOUS PROCESS DEVICE INSERT LMBR 1 LVL W/O DECOMP	\$30,982
22870	PST SPINOUS PROCESS DEVICE INSERT LMBR EA LVL W/O DECOMP	\$12,393
27096	INJECT SI JOINT ARTHRGRPHY&/ANES/STEROID W/IMAGE	\$3,638
27599	UNLISTED PROCEDURE FEMUR/KNEE	\$2,279
27601	DCMPRN FASCT LEG PST CMPRT ONLY	\$12,148
27625	ARTHROTOMY W/SYNOVECTOMY ANKLE	\$12,148
27630	EXCISION LESION TENDON SHEATH/CAPSULE LEG&/ANKLE	\$8,266
27640	PARTIAL EXCISION BONE TIBIA	\$17,339
27641	PARTIAL EXCISION BONE FIBULA	\$13,314
27650	REPAIR PRIMARY OPEN/PRQ RUPTURED ACHILLES TENDON	\$17,127
27654	REPAIR SECONDARY ACHILLES TENDON W/WO GRAFT	\$24,907
27675	RPR DISLOC PERONEAL TENDON W/O FIBULAR OSTEOTOMY	\$13,314
27680	TENOLYSIS FLXR/XTNSR TENDON LEG&/ANKLE 1 EACH	\$13,314
27687	GASTROCNEMIUS RECESSION	\$13,314

CPT Code	Description	Charge
27691	TR/TRNSPL 1 TDN W/MUSC REDIRION/REROUTING DP	\$13,314
27695	RPR PRIMARY DISRUPTED LIGAMENT ANKLE COLLATERAL	\$13,314
27698	REPAIR SECONDARY DISRUPTED LIGAMENT ANKLE COLTRL	\$13,314
27702	ARTHROPLASTY ANKLE W/IMPLANT	\$50,236
27792	OPEN TX DISTAL FIBULAR FRACTURE LAT MALLEOLUS	\$15,652
27814	OPEN TREATMENT BIMALLEOLAR ANKLE FRACTURE	\$15,652
27822	OPEN TX TRIMALLEOLAR ANKLE FX W/O FIXJ PST LIP	\$24,907
27870	ARTHRODESIS ANKLE OPEN	\$45,599
27899	UNLISTED PROCEDURE LEG/ANKLE	\$4,336
28008	FASCIOTOMY FOOT&/TOE	\$8,089
28022	ARTHRT W/EXPL DRG/RMVL LOOSE/FB MTTARPHLNGL JT	\$13,314
28060	FASCIECTOMY PLANTAR FASCIA PARTIAL SPX	\$8,089
28070	SYNVCT INTERTARSAL/TARSOMETATARSAL JT EA SPX	\$12,148
28072	SYNOVECTOMY METATARSOPHALANGEAL JOINT EACH	\$12,817
28080	EXCISION INTERDIGITAL MORTON NEUROMA SINGLE EACH	\$8,089
28086	SYNOVECTOMY TENDON SHEATH FOOT FLEXOR	\$12,148
28090	EXC LESION TENDON SHEATH/CAPSULE W/SYNVCT FOOT	\$8,089
28104	EXC/CURTG BONE CYST/B9 TUMORTARSAL/METATARSAL	\$8,089
28110	OSTECTOMY PRTL 5TH METAR HEAD SPX	\$8,089
28112	OSTECTOMY COMPLETE OTHER METATARSAL HEAD 2/3/4	\$8,089
28113	OSTECTOMY COMPLETE 5TH METATARSAL HEAD	\$12,017
28114	OSTC COMPL ALL METAR HEADS W/PRTL PROX PHALANGC	\$11,912
28116	OSTECTOMY TARSAL COALITION	\$8,089
28118	OSTECTOMY CALCANEUS	\$10,643
28120	PARTIAL EXCISION BONE TALUS/CALCANEUS	\$13,314
28122	PRTL EXC B1 TARSAL/METAR B1 XCP TALUS/CALCANEUS	\$8,089
28153	RESECTION CONDYLE DISTAL END PHALANX EACH TOE	\$8,728
28192	REMOVAL FOREIGN BODY FOOT DEEP	\$6,454
28220	TENOLYSIS FLEXOR FOOT SINGLE TENDON	\$8,620
28225	TENOLYSIS EXTENSOR FOOT SINGLE TENDON	\$12,817
28230	TX OPN TENDON FLEXOR FOOT SINGLE/MULT TENDON SPX	\$8,620
28232	TX OPEN TENDON FLEXOR TOE 1 TENDON SPX	\$7,294
28234	TENOTOMY OPEN EXTENSOR FOOT/TOE EACH TENDON	\$8,620
28270	CAPSUL MTTARPHLNGL JT W/WO TENORRHAPHY EA JT SPX	\$8,089
28272	CAPSULOTOMY IPHAL JOINT EACH JOINT SPX	\$7,294
28285	CORRECTION HAMMERTOE	\$8,089
28289	HALLUX RIGIDUS CORRECT W/CHEILECTOMY 1ST MP JT	\$13,314
28292	KELLER/MCBRIDE/MAYO PROCEDURE	\$13,314
28297	CORRJ HALLUX VALGUS W/WO SESMDC LAPIDUS-TYP PX	\$35,408
28298	CORRJ HALLUX VALGUS W/WO SESMDC PHALANX OSTEOT	\$13,314

CPT Code	Description	Charge
28299	CORRJ HALLUX VALGUS W/WO SESMDC 2 OSTEOT	\$13,314
28300	OSTEOTOMY CALCANEUS +-INTERNAL FIXATION	\$24,907
28306	OSTEOT W/WO LNGTH SHRT/CORRJ 1ST METAR	\$25,963
28308	OSTEOT W/WO LNGTH SHRT/CORRJ METAR XCP 1ST EA	\$12,817
28313	RCNSTJ ANGULAR DFRM TOE SOFT TISS PX ONLY	\$12,817
28315	SESAMOIDECTOMY FIRST TOE SPX	\$8,089
28420	OPEN TREATMENT CALCANEAL FRACTURE W BONE GRAFT	\$33,960
28485	OPEN TREATMENT METATARSAL FRACTURE EACH	\$13,314
28505	OPEN TX FRACTURE GREAT TOE/PHALANX/PHALANGES	\$13,314
28525	OPEN TX FRACTURE PHALANX/PHALANGES NOT GREAT TOE	\$10,171
28615	OPEN TREATMENT TARSOMETATARSAL JOINT DISLOCATION	\$35,609
28725	ARTHRODESIS SUBTALAR	\$35,408
28730	ARTHRD MIDTARSL/TARSOMETATARSAL MULT/TRANSVRS	\$23,370
28740	ARTHRODESIS MIDTARSOMETATARSAL SINGLE JOINT	\$20,689
28750	ARTHRODESIS GREAT TOE METATARSOPHALANGEAL JOINT	\$14,372
28820	AMPUTATION TOE METATARSOPHALANGEAL JOINT	\$8,089
28825	AMPUTATION TOE INTERPHALANGEAL JOINT	\$8,089
28899	UNLISTED PROCEDURE FOOT/TOES	\$2,279
29891	ARTHRS ANKLE EXC OSTCHNDRL DFCT W/DRLG DFCT	\$13,314
29892	ARTHRS AID RPR LES/TALAR DOME FX/TIBL PLAFOND FX	\$25,963
29893	ENDOSCOPIC PLANTAR FASCIOTOMY	\$8,089
29898	ARTHROSCOPY ANKLE SURGICAL DEBRIDEMENT EXTENSIVE	\$13,314
30400	RHINP PRIM LAT&ALAR CRTLGS&/ELVTN NASAL TIP	\$10,408
30410	RHINP PRIM COMPLETE XTRNL PARTS	\$10,350
30420	RHINOPLASTY PRIMARY W/MAJOR SEPTAL REPAIR	\$10,350
49585	RPR UMBILICAL HRNA 5 YRS/> REDUCIBLE	\$12,188
62321	NJX INFUS/BOLUS DX/SBST EDRL/SUBARACH CERV/THORACIC	\$2,835
62323	NJX INFUS/BOLUS DX/SBST EDRL/SUBARACH LUM/SACRAL W IMAGE	\$2,746
63650	PRQ IMPLTJ NSTIM ELECTRODE ARRAY EPIDURAL	\$18,440
63685	INSJ/RPLCMT SPI NPGR DIR/INDUXIVE COUPLING	\$64,392
64483	NJX ANES&/STRD W/IMG TFRML EDRL LMBR/SAC 1 LVL	\$3,253
64484	NJX ANES&/STRD W/IMG TFRML EDRL LMBR/SAC EA LV WITH FLUORO	\$3,253

COSMETIC SURGERY PRICE LIST EFFECTIVE 9/2020 CONFIDENTIAL

The following price schedule is for self paying patients having non-covered cosmetic surgery procedures. Insurance covered procedures are set prices and not based on O.R. time.

The patient is quoted the prices below based on the scheduled surgery time. Actual billed charges are based on actual O.R. time from when the patient enters the O.R. until the patient leaves the O.R.

The prices below include operating and recovery room use, nursing personnel, all supplies, medications. The prices do NOT include labwork, EKG, intraoperative xray, tissue processing, implants or high cost special order supply items. All professional fees except anesthesia are also billed separately.

The following page lists estimated costs for charges that may be billed in addition to the pricing above. It also explains our payment policies.

O.R. Time (in minutes)	O.R. Time (in hours)	Facility Charge	Anesthesia Charge	Total Charges
<= 30 minutes	.5 hr	\$836	\$475	\$1,311
31-45 minutes		\$820	\$575	\$1,395
46-60 minutes	1 hr	\$917	\$675	\$1,592
61-75 minutes		\$983	\$775	\$1,758
76-90 minutes	1.5 hrs	\$1,048	\$875	\$1,923
91-105 minutes		\$1,113	\$975	\$2,088
106-120 minutes	2 hrs	\$1,178	\$1,075	\$2,253
121-135 minutes		\$1,244	\$1,175	\$2,419
136-150 minutes	2.5 hrs	\$1,309	\$1,275	\$2,584
151-165 minutes		\$1,376	\$1,375	\$2,751
166-180 minutes	3 hrs	\$1,441	\$1,475	\$2,916
181-195 minutes		\$1,507	\$1,575	\$3,082
196-210 minutes	3.5 hrs	\$1,571	\$1,675	\$3,246
211-225 minutes		\$1,636	\$1,175	\$2,811
226-240 minutes	4 hrs	\$1,702	\$1,875	\$3,577
241-255 minutes		\$1,767	\$1,975	\$3,742
256-270 minutes	4.5 hrs	\$1,833	\$2,075	\$3,908
271-285 minutes		\$1,898	\$2,175	\$4,073
286-300 minutes	5 hrs	\$1,965	\$2,275	\$4,240
301-315 minutes		\$2,029	\$2,375	\$4,404
316-330 minutes	5.5 hrs	\$2,095	\$2,475	\$4,570
331-345 minutes		\$2,161	\$2,575	\$4,736
346-360 minutes	6 hrs	\$2,226	\$2,675	\$4,901
Over 360	Over 6	Add \$100 for each	Add \$60 for each 15	
minutes	hrs	15 mins	mins	
Additional Charges- Billed by the Surgery Center

Urine pregnancy (day of surgery)	\$35.00
Urine dipstick for glucose/protein/ketone	\$44.00
Fluoroscan	\$486.00
C/Arm guided Xray	\$810.00
Tissue Processing	\$81 per specimen
Implants (breast, cheek, chin, etc)	Based on manufacturer's price + 10%
Procedure surcharge for Ultrasonic Lipo	osuction \$250.00

Additional charges billed by Other Providers

Preoperative labwork	Billed by Quest/ACL labs or provider of choice
EKG	Billed by Hi-Tech or provider of patient's choice

Financial Policies

All amounts quoted prior to surgery are estimates only and based on the time the surgeon has scheduled for the procedure.

All non-covered cosmetic procedures must be paid in full on or before the day of surgery by cash or credit card. Care Credit cards are also accepted. Debit cards and personal checks will NOT be accepted on day of surgery.

We prefer separate payments for facility and anesthesia charges. We do the billing for the professional anesthesia, but it will be on a separate bill from the facility charges.

Actual billed charges will be based on actual O.R. time (from when the patient enters the O.R. until the patient leaves the O.R.). If the actual time varies from the scheduled time under which the patient made their payment, the patient will be billed for the balance due or refunded the overpayment. Balances are due within 30 days of statement date and refunds are processed within 2 weeks of the surgery date.

Insurance payors will only be billed for the insurance reimbursable portion of the surgery visit. We require verification of coverage from the payor to submit the claim to insurance and waive payment by the patient provided however, that the claim will NOT be subject to medical review.

Advocate Surgery Center - Libertyville

December 21, 2020

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

Re: Advocate Surgery Center - Libertyville ("ASC-L") Assurance of Occupancy

Dear Ms. Avery:

This letter attests to the fact that if this Project is approved by the Illinois Health Facilities and Services Review Board, ASC-L understands that it is expected to achieve and maintain the occupancy specified in \$1110.234(e)(l). While the addition of these specialties will not by themselves cause the facility to achieve target occupancy, the facility will significantly increase its utilization toward the state standard.

Adyocate Surgery Center - Libertyville

Cathy Mark Chief Executive Officer

Section V, Financial Viability Waiver Availability of Funds

Attachment 33 Availability of Funds

There are no project costs associated with this Project and this review criterion should not apply.

#20-049

Section VIII, Availability of Funds

Attachment 34 Financial Viability Waiver

There are no project costs associated with this Project and this review criterion should not apply.

Attachment 35

Financial Rates

There are no costs associated with this Project and this Attachment appears not to comply.

Section VIII 1120.140 Economic Viability

Attachment 36

Economic Viability

There are no project costs with this Project and this review criterion appears not to apply,

#20-049

Section VIII. 1120.140 Economic Feasibility

Attachment 36

Economic Feasibility

A. Reasonableness of Financing Arrangements.

There are no projected costs associated with this Project and thus no financing, and these criterion appear not to apply.

B. Conditions of Debt Financing.

There are no projected costs associated with this Project and thus no financing, and these criterion appear not to apply.

C. Reasonableness of Project and Related Costs.

There is no construction costs associated with this project and this section is not applicable.

D. Project Operating Costs.

While equivalent patient days do not exist for this ASTC, information is provided for the incremental operating costs per procedure.

	<u>2023</u>
Compensation	\$205,200
Supplies	\$342,304
Total Operating Costs	\$547,504
Workload Units	354
Annual Operating Cost Per Unit	\$1,547

E. <u>Total Effect of Project on Capital Costs</u>.

There are no project costs associated with this project and this review criterion appears not to apply.

ATTACHMENT 36

Attachment 37

The proposed Project is a non-substantive project and the safety net impact statement should not be applicable.

Charity Care Information Attachment 38, Charity Care Information

CHARITY CARE 2018 2016 2017 \$7,830,613 **Net Patient Revenue** \$10,480,972 \$7,090,275 Amount of Charity Care \$0 \$0 \$0 (charges) Cost of Charity Care \$0 \$0 \$0

Tinley Woods Surgery Center

Hawthorn Place Outpatient Surgery Center LP

CHARITY CARE				
	2016	2017	2018	
Net Patient Revenue	\$15,440,746	\$27,733,066	\$19,342,431	
Amount of Charity Care	\$0	\$0	\$0	
(charges)				
Cost of Charity Care	\$0	\$0	\$0	

Northwest Surgicare

CHARITY CARE			
	2016	2017	2018
Net Patient Revenue	\$25,595,871	\$23,350,103	\$23,350,103
Amount of Charity Care	\$4,000	\$0	\$0
(charges)			
Cost of Charity Care	\$4,000	\$0	\$0

Southwest Surgery Center d/b/a Center for Minimally Invasive Surgery

CHARITY CARE				
	2016	2017	2018	
Net Patient Revenue	\$16,208,670	\$14,931,415	\$16,302,019	
Amount of Charity Care	\$0	\$0	\$0	
(charges)				
Cost of Charity Care	\$0	\$0	\$0	

CHARITY CARE				
	2016	2017	2018	
Net Patient Revenue	\$3,911,269	\$25,679,016	\$4,751,269	
Amount of Charity Care (charges)	\$92,149	\$0	\$656	
Cost of Charity Care	\$92,149	\$0	\$656	

Loyola Ambulatory Surgery Center at Oakbrook Terrace

Amsurg Surgery Center

CHARITY CARE				
	2016	2017	2018	
Net Patient Revenue	\$11,846,459	\$13,814,283	\$12,660,937	
Amount of Charity Care (charges)	\$8,563	\$3,191	\$0	
Cost of Charity Care	\$8,563	\$3,191	\$0	

Midwest Center for Day Surgery

CHARITY CARE					
2016 2017 20					
Net Patient Revenue	tet Patient Revenue \$4,883,439 \$5,857,543 \$7,00				
Amount of Charity Care	\$0	\$0	\$0		
(charges)					
Cost of Charity Care	\$0	\$0	\$0		

Naperville Surgical Centre*

CHARITY CARE			
	2016	2017	2018
Net Patient Revenue	\$9,162,047	\$7,223,708	\$7,275,946
Amount of Charity Care (charges)	\$0	\$0	\$0
Cost of Charity Care	\$0	\$0	\$0

*SCA has a non-controlling interest only.

Golf Surgery Center

CHARITY CARE			
	2016	2017	2018
Net Patient Revenue	\$7,688,740	\$8,407,600	\$9,870,607
Amount of Charity Care (charges)	\$590	\$0	\$3,221
Cost of Charity Care	\$590	\$0	\$3,221

Section XII, Charity Care Information

Attachment 39

CHARITY CARE					
2017 2018					
Net Patient Revenue	\$2,030,367	\$10,124,415	\$6,817,811		
Amount of Charity Care (charges)	\$0	\$2,961	\$0		
Cost of Charity Care	\$0	\$2,961	\$0		
Ratio of Charity Care Cost to Net Patient Rev.	0%	0%	0%		

ADVOCATE SURGERY CENTER-LIBERTYVILLE

Medicaid	(\$540)	\$83,005	(\$11,889)

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