



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

<b>DOCKET NO:</b> <b>H-01</b>	<b>BOARD MEETING:</b> December 13, 2022	<b>PROJECT NO:</b> 22-027	<b>PROJECT COST:</b>
<b>FACILITY NAME:</b> Springfield Clinic-Springfield Ambulatory Surgery Center-Cardiac Catheterization		<b>CITY:</b> Springfield	Original: \$13,094,365
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA:</b> III

**PROJECT DESCRIPTION:** The Applicant (Springfield Clinic, LLP) proposes to establish a cardiac catheterization service in newly constructed space on the campus of Springfield Clinic, Springfield, Illinois. The cost of the project is \$13,094,365. The anticipated completion date is June 30, 2024.

## EXECUTIVE SUMMARY

### PROJECT DESCRIPTION:

- The Applicant (Springfield Clinic, LLP) proposes to establish a cardiac catheterization service in newly constructed space on the campus of Springfield Clinic, Springfield, Illinois. The cost of the project is \$13,094,365. The anticipated completion date is June 30, 2024.
- The Cardiac Catheterization service will consist of two cardiac catheterization rooms and laboratories with applicable clinical support space, which will be in close proximity to the existing ambulatory surgery treatment center (ASTC). The cardiac catheterization unit will be located on the 3<sup>rd</sup> floor of the newly constructed addition and will occupy 9,389 GSF of space (5,335 GSF clinical, 4,054 GSF non-clinical).
- Cardiac Catheterization services is a part of this current project and is a category of service that must be approved by the State Board no matter the cost.

### BACKGROUND:

- In 2021, the Applicant commenced construction on a 4-story addition (36,000 GSF), to the existing facility to address access to healthcare services. The first and fourth floors were completed with plans for occupancy, leaving floors two and three as “shell space” for future development. The Applicant is proposing to have cardiac catheterization occupy the third floor of the new addition, adjacent to the existing ASTC, located on the second floor of the existing building
- Plans to build out the 2<sup>nd</sup> floor of the new addition are not confirmed; however, the Applicant is considering the development of more physician office space on this floor.

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

- *The proposed project is before the State Board because the project establishes a health care service as defined by Illinois Health Facilities Planning Act (20 ILCS 3960/3)*
- *This Act shall establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and financial resources to adequately provide a proper service for the community; (2) that promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of such facilities; and (3) that promotes planning for and development of health care facilities needed for comprehensive health care especially in areas where the health planning process has identified unmet needs. **Cost containment and support for safety net services** must continue to be central tenets of the Certificate of Need process.*

### PURPOSE OF THE PROJECT:

The Applicant stated: “*Springfield Clinic’s objectives are to increase and enhance accessibility to ASTC for its patients and the communities in which it serves. Springfield Clinic seeks to reduce the cost of surgical services and catheterizations for current and future patients.*” [See Page 58 of this Application]

**PUBLIC HEARING/COMMENT:**

- As part of the review process the State Board is required to hold a public hearing (if one is requested) in the area of the proposed health care facility. A public hearing was offered for the proposed project, but one was not requested. The project file contains 8 support letters, 10 opposition letters, 1 letter of concern, and one letter expressing no objection to the project from the following:
  - Brian E. Dietz, President/CEO, McDonough District Hospital, Macomb Support
  - Southern Central Hospital Alliance Support
  - Senator Sally Turner Illinois 44<sup>th</sup> District Support
  - Tim Drea, President, Illinois AFL-CIO Support
  - Aaron Gurnsey, President, Central Illinois Building & Trades Council Support
  - Shawn Gregory Springfield Alderman, Ward 2 Support
  - Thomas Anderson, M.D., Chairman, Illinois State Medical Society Support
  - Pavinderpal, Gill, M.D., Springfield Clinic, Taylorville Support
  - Edgar Curtis, President/CEO Memorial Health, Springfield Impact Letter
  - Carol Brockmiller, CEO, Quincy Medical Group Impact Letter
  - Black Lives Matter Springfield Opposition
  - United States Representative Robin Kelly, Illinois, 2<sup>nd</sup> District Opposition
  - Gina Lathan, Sangamon County Board Member Elect, 22<sup>nd</sup> District Opposition
  - The Springfield Project Opposition
  - Lawrence Walsh, Illinois State Representative, 86<sup>th</sup> District Opposition
  - Maurice West II, Illinois State Representative, 67<sup>th</sup> District Opposition
  - Christopher Belt, Illinois State Senator, 57<sup>th</sup> District Opposition
  - Doris Turner, Illinois State Senator, 48<sup>th</sup> District Letter of Concern
  - Kimberly Lightford, Illinois Senate Majority Leader, 4<sup>th</sup> District Opposition
  - T. Ray Mcjunkins, Lead Pastor, Union Baptist Church, Springfield Opposition
  
- The application file also contains letters from the following Springfield Clinic physicians:
  - Dr. Stephen Chen M.D., letter explaining the proposed benefits of the project in terms of procedure scheduling, same-day discharges, and best practices followed by Springfield Clinic
  - Dr. Suni Agarwal, M.D., providing clinical overview of catheterization procedures, the trend to perform cardiac procedures in an outpatient setting, and new outpatient Cath labs operating throughout the nation.
  - Dr. Andrew Lambert, M.D., explaining clinical advancements in cardiac catheterization
  
- The application file contains a letter informing the Board of Springfield Clinic’s policy to accept Medicaid for outpatient surgical services.
- The application file contains a letter of response from Ray Williams, CEO, Springfield Clinic, providing response to Memorial Health’s impact/opposition letter.

- The Applicant addressed a total of 18 criteria and have not met the following:

<b>Criteria</b>	<b>Reasons for Non-Compliance</b>
77 ILAC 1110.225 (c) – Maldistribution/Unnecessary Duplication of Services	The project received an impact letter from Springfield Memorial Hospital, attesting to “significant negative impact” from the establishment of the cardiac catheterization service. (Impact Letters attached to the end of this report)
77 ILAC 1120.140 (c) – Reasonableness of Project Costs	The New Construction Costs total \$621.20 per GSF which exceeds the State standard of \$553 per GSF. The movable equipment costs not in the construction contract exceeds the State Board Standard by \$1,877,266.50 per room or a total of \$3,754,533.



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**STATE BOARD STAFF REPORT**  
**Springfield Clinic-Springfield Ambulatory Surgery Center**  
**Cardiac Catheterization Service**  
**Project #22-027**

<b>APPLICATION/ CHRONOLOGY/SUMMARY</b>	
Applicants(s)	Springfield Clinic LLP
Facility Name	Springfield Clinic-Springfield Ambulatory Surgery Center
Location	1025 South 6 <sup>th</sup> Street, Springfield, Illinois
Permit Holder	Springfield Clinic, LLP
Operating Entity/Licensee	Springfield Clinic, LLP
Owner of Site	Springfield Clinic, LLP
Proposed Gross Square Feet	9,389 GSF (5,335 clinical 4,054 non-clinical)
Application Received	July 20, 2022
Application Deemed Complete	July 25, 2022
Financial Commitment Date	December 13, 2023
Anticipated Completion Date	June 30, 2024
Review Period Ends	November 22, 2022
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes

**I. Project Description**

The Applicant (Springfield Clinic LLP) proposes to establish a cardiac catheterization service on the campus of Springfield Clinic in Springfield, Illinois. The cost of the project is \$13,094,365. The completion date is June 30, 2024.

**II. Summary of Findings**

- A. State Board Staff finds the proposed project **not** in conformance with all relevant provisions of Part 1110.
- B. State Board Staff finds the proposed project **not** in conformance with all relevant provisions of Part 1120.

**III. General Information**

The Applicant (Springfield Clinic, LLP) has been serving the population of central Illinois with outpatient surgical services since 1994 and is the second largest multi-specialty medical practice in the State of Illinois. The Applicant is owner of two ASTCs, and cares for a unique population of 500,000 patients annually. Springfield Clinic provides care relevant to 80 medical specialties and subspecialties in a service area that spans north of Peoria, east of Champaign-Urbana, south to Effingham/Newton, and west past Macomb and into Keokuk, Iowa. Springfield Clinic ASTC served more than 25,000 patients in 2021 and is a premier provider of outpatient surgical services.

This is a substantive project subject to a Part 1110 and Part 1120 review. Substantive Projects include no more than the following:

- *Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.*
- *Projects proposing a new service or discontinuation of a service, which shall be reviewed by the Board within 60 days.*
- *Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]*

Financial commitment will occur after permit issuance.

**IV. Project Details**

The proposed cardiac catheterization service will be in 5,335 GSF of newly constructed space on the campus of Springfield Clinic. The ASTC will contain two ORs dedicated to cardiac catheterization with related lab and clinical support space.

**V. Health Service Area**

The proposed project is in the HSA III Health Service Planning Area and the E-01 Hospital Planning Area. HSA III consists of the Illinois counties of Adams, Brown, Calhoun, Cass, Christian, Greene, Hancock, Jersey, Logan, Macoupin, Mason, Menard, Montgomery, Morgan, Pike, Sangamon, Schuyler, and Scott. E-01 Hospital Planning Area consists of Logan, Menard, Mason, Sangamon, Christian, and Cass counties. Also included are the Brown County townships of Ripley, Cooperstown, and Versailles, and the Schulyer County townships of Littleton, Oakland, Buena Vista, Rushville, Browning, Hickory, Woodstock, Bainbridge, and Frederick.

There are seven hospitals in the E-01 Hospital Planning Area and six ASTCs in the HSA III Health Service Area.

<b>TABLE ONE</b>		
<b>Hospitals in the E-01 Hospital Planning Area</b>		
Facility	City	Miles
Lincoln Memorial Hospital	Lincoln	33
Mason District Hospital	Havana	48
Pana Community Hospital	Pana	43
Sarah D. Culbertson Memorial Hospital	Rushville	57
Springfield Memorial Hospital	Springfield	1.4
St. John’s Hospital	Springfield	2.1
Taylorville Memorial Hospital	Taylorville	27
<b>ASTC in the HSA III Health Service Area</b>		
<b>Blessing Hospital Surgery Center</b> Gastroenterology, General Surgery, OB/Gynecology, Ophthalmology, Oral/Maxillofacial, Orthopedic, Otolaryngology, Plastic Surgery, Podiatry	Quincy	112
<b>Orthopedic Surgery Center of Illinois</b> Ophthalmology, Orthopedic, Pain Management	Springfield	4
<b>Quincy Medical Group Surgery Center</b> Cardiovascular, Colon and Rectal Surgery, General Surgery, Gastroenterology, Neurological Surgery, Obstetrics/Gynecology, Ophthalmology, Oral/Maxillofacial Surgery, Orthopedic Surgery, Otolaryngology, Plastic Surgery, Podiatric Surgery, Urology, Pulmonology and Cardiac Catheterization	Quincy	110
<b>Springfield Clinic Ambulatory Surgery</b> Gastroenterology, General Surgery, Neurological, OB/Gynecology, Ophthalmology, Orthopedic, Otolaryngology, Plastic Surgery, Podiatry, Urology	Springfield	0
<b>St. John's Surgery Suites Montvale</b> Ophthalmology	Springfield	4

Additionally, the State Board Staff is required to use a 21-mile geographical service area (GSA) as the planning area when evaluating the need for a new ASTC. For cardiac catheterization services the State Board Staff is required to use the Health Service Area when evaluating the need for a new cardiac catheterization service. For this project the

Health Service Area is HSA III which stretches to Quincy in the West and to the Springfield in the East, to Lincoln to the North and Litchfield to the South.

**VI. Project Uses and Sources of Funds**

The Applicant is funding this project in its entirety with cash and securities totaling \$13,094,365.

<b>TABLE TWO</b>				
<b>Project Uses and Sources of Funds</b>				
<b>Uses of Funds</b>	<b>Reviewable</b>	<b>Non-Reviewable</b>	<b>Total</b>	<b>% Of Total</b>
Preplanning Costs	\$150,529	\$114,363	\$264,892	2%
Site Survey/Soil Investigation	\$3,446	\$2,634	\$6,100	.04%
Site Preparation	\$75,058	\$57,025	\$132,083	1%
New Construction Contracts	\$3,314,130	\$2,517,864	\$5,831,994	44.6%
Contingencies	\$331,413	\$251,786	\$583,199	4.6%
Architectural/Engineering Fees	\$328,099	\$249,268	\$577,367	4.5%
Consulting & Other Fees	\$201,893	\$153,386	\$355,279	2.8%
Moveable & Other Equipment	\$4,856,957	\$53,987	\$4,910,943	37.6%
Other Costs to be Capitalized	\$260,261	\$172,246	\$432,507	3.4%
<b>Total Uses of Funds</b>	<b>\$9,521,807</b>	<b>\$3,572,558</b>	<b>\$13,094,365</b>	<b>100.0%</b>
<b>Sources of Funds</b>				
Cash and Securities	\$9,521,807	\$3,572,558	\$13,094,365	100%
<b>Total Sources of Funds</b>	<b>\$9,521,807</b>	<b>\$3,572,558</b>	<b>\$13,094,365</b>	<b>100.00%</b>



## VII. Background, Purpose of the Project, Safety Net Impact and Alternatives to the Proposed Project

### A) **Criterion 1110.110 (a) (1) (3) – Background of the Applicant**

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

1. A listing of clinics owned by the Applicant has been provided at page 51 of the Application for Permit. The Applicant does not own any other health care facility as that term is defined at 20 ILCS 3960/3.
2. The Applicants provided the necessary attestation that no adverse action<sup>1</sup> has been taken against any facility owned or operated by the Applicants and authorization allowing the State Board and IDPH access to all information to verify information in the application for permit. [Application for Permit page 51]
3. The Applicant (Springfield Clinic, LLP) is a for profit entity in good standing with the Illinois Secretary of State. **A certificate of good standing is a legal status conferred by a state on a company incorporated within its jurisdiction that allows it to conduct business legitimately.** The status is granted based on the company's current **standing** related to required state filings, fees, and tax obligations.
4. As evidence of ownership of the site, the Applicant provided a 2022 Property Tax Assessment showing Springfield Clinic, LLP as the owner of the site. [Application for Permit pages 29-30]
5. The Applicants provided evidence that they were in compliance with Executive Order #2006-05 that requires *all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order.* [Application for Permit page 35-37]
6. The proposed location of the facility is in compliance with the Illinois State Agency Historic Resources Preservation Act which requires *all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State owned historic resources* (20 ILCS 3420/1). [Application for Permit pages 39-45]

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<sup>1</sup> “Adverse action is defined as a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations.” (77 IAC 1130.140)

**B) Criterion 1110.110-Purpose of the Project**

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

The Applicant believes that the following issues or problems will be addressed with the approval of the proposed project.

- **Access.** *Currently, Cath procedures are performed within 2 centrally located hospitals in proximity to Springfield Clinic offices in Springfield, IL. (Memorial and HSHS St. John's). At this time, due to staffing issues, as also seen by most of the nation, our hospitals have found it difficult to maintain staffing at the requirements necessary to meet the need for urgent and emergent cardiac cases. The project's purpose is to add catheterization services to the current service offerings at our high-quality, free-standing ASC. The planned project will provide health services that improve the health care and well-being of the market area by offering a choice to patients and physicians who would prefer their Cath procedures be performed in an outpatient ASC setting versus a hospital outpatient department (HOPD).*
- **Cost of Care.** *More affordable cost combined with an attentive clinical staff makes a strong, patient-centric experience. More than 90% of ASCs are now physician equity owned, and productivity standards show an average of 31.8 minutes saved per procedure in an ASC versus a HOPD. Consequently, accommodating the lower risk procedures in the ASC will allow for appropriate scheduling of more complex cases in the interventional suites of an inpatient setting. Patients see ASCs as safer than hospitals, with the added benefit of shorter stays, minimally invasive techniques, faster recovery, and lower costs. The planned project will help in providing the most appropriate and convenient access and care to patients in the communities Springfield Clinic serves.*
- **Lack of Patient Choice.** *Springfield Clinic's project seeks to increase accessibility to ASC services, in general, to Springfield and communities we serve, which will ultimately increase patient choice. Many patients lack options to have procedures completed on a timely basis due to hospital staffing shortages and in many cases put the patient at a disadvantage. The planned project will give patients a choice to ensure they can receive care in a timely manner.*

**C) Criterion 1110.110 – Safety Net Impact Statement**

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

A safety net impact statement was provided at pages 153-155 of the Application for Permit. At the conclusion of this report are two tables outlining revenue by payor source and number of patients by payor source for Springfield Clinic for the period 2015 thru 2022.

<b>TABLE THREE</b>			
<b>Springfield Clinic, LLP Charity and Medicaid Information</b>			
Year	2019	2020	2021
<b><u>Charity Care</u></b>			
Number of Charity Care Patients	0	0	0
Net Patient Revenue	\$46, 593,756	\$40,243,897	\$46,146,731
Amount of Charity <sup>(1)</sup>	\$0	\$0	\$0
Cost of Charity Care	\$0	\$0	\$0
% of Charity Care to Net Revenue	n/a	n/a	n/a
<b><u>Medicaid/Medicare*</u></b>			
Medicaid Patients Served	4%	4%	5%
Medicare Patient Served	63%	66%	65%

\*Service Data Related to Cardiac Care

**D) Criterion 1110.110 – Alternatives to the Proposed Project**

To demonstrate compliance with this criterion the Applicant must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

The Applicant considered three alternatives to the proposed project.

**1. Project of Lesser Scope and Cost:** The Applicant considered a project of this nature that would involve updating the current ASC and adding cardiac Cath services. However, certain components of the proposed project were unfeasible. A cardiac catheterization lab requires equipment that carries significant weight and would require structural modification to the floors of the 2<sup>nd</sup> story ASC. Additionally, the Applicants determine that the existing surgical suites lack adequate space to accommodate the equipment required for cardiac Cath services and adding cardiac catheterization without increasing the number of surgery suites would reduce operational capacity at the existing ASC. While the cost of this option is less than the project proposed (\$11,000,000), the outcome (loss of access, structural infeasibility), led the Applicant to reject this alternative.

**2. Undertake a Joint Venture with Other Organizations** According to the Applicant, a joint venture would be a viable option. However, Springfield Clinic is a wholly owned ASC, and to enter a joint venture for cardiac catheterization services would only result in higher project costs, due to legal procedures/requirements, and related construction efforts. Based on these considerations, this option was rejected.

**3. Utilize Other Available Health Resources.** While this option presents significant cost savings for the Applicant, the resulting access issues (longer wait times, decreased access for Springfield Clinic physicians, decreased availability of clinical staff), and decreased overall patient satisfaction made this an unfeasible option for the Applicant.

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

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

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

As documented in the table below the Applicant has met all the size requirements of the State Board as published in Part 1110 Appendix B.

<b>TABLE FOUR Size of the Project</b>						
<u>Reviewable</u>	Rooms /Units	Project GSF	State Board Standard		Difference	Met Standard
			Room/Unit	Total		
Cardiac catheterization	2 Rooms	5,335 GSF	2,750 GSF/Room	5,500GSF	(165)	Yes

**B) Criterion 1110.120 (b) - Project Services Utilization**

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

**1. Cardiac Cath.**

The Applicant provided historical and projected cardiac catheterization utilization that warrants the establishment of two cardiac Cath labs (See Table Five).

<b>TABLE FIVE Historical and Projected Utilization Cardiac Catheterization</b>			
<u>Year</u>	<u>Cases</u>	<u>State Standard</u>	<u>Met Standard?</u>
2017	3,355	400	Yes
2018	3,081	400	Yes
2019	3,281	400	Yes
2020	3,061	400	Yes
2021	2,770	400	Yes
2024 (year 1)	625	400	Yes
2025 (year 2)	840	400	Yes

## **IX. Cardiac Catheterization**

### **A) Criterion 1110.225 (a) - Peer Review**

To document compliance with this criterion the Applicant proposing the establishment or modernization of a cardiac catheterization unit shall detail in its application for permit the mechanism for adequate peer review of the program. Peer review teams will evaluate the quality of studies and related morbidity and mortality of patients and the technical aspects of providing the services such as film processing, equipment maintenance, etc.

The Applicant provided a narrative documenting the peer review process to be established at the proposed ASTC for cardiac catheterization services at pages 76-86 of the Application for Permit. The Applicant has met the requirements of this criterion.

### **B) Criterion 1110.225 (b) - Establishment or Expansion of Cardiac Catheterization Service**

There shall not be additional adult or pediatric catheterization categories of service started in a health planning area unless:

- 1) the standards as outlined in 77 Ill. Adm. Code 1100.620 are met; unless
- 2) in the circumstances where area programs have failed to meet those targets, the applicant can document historical referral volume in each of the prior 3 years for cardiac catheterization in excess of 400 annual procedures (e.g., certification of the number of patients transferred to other service providers in each of the last 3 years).

Section 1100.620 states the planning area for cardiac catheterization service is the eleven Health Service Areas. An Applicant must perform at a minimum 200 cardiac catheterizations annually within 2-years after initiation of the service and no additional cardiac catheterization service shall be started unless each facility in the planning area offering cardiac catheterization services operates at a level of 400 procedures annually.

The proposed service will be in the HSA III Health Service Area. HSA III includes the Illinois counties of Illinois Counties of Adams, Brown, Calhoun, Cass, Christian, Greene, Hancock, Jersey, Logan, Macoupin, Mason, Menard, Montgomery, Morgan, Pike, Sangamon, Schuyler, and Scott. In the application, the Applicant supplied a list containing the names of 15 clinicians affiliated with Springfield Clinic that have referral privileges at the two hospitals located in Springfield (Application, page 87). There are three hospitals in the HSA III Health Service Area that provide cardiac catheterization services and one ASTC Quincy ASTC. All facilities that are providing cardiac catheterizations in this Health Service Area are operating above the 400 procedures per lab annually. The Applicant has successfully addressed this criterion. (At the conclusion of this report is the State Board rule for the need for catheterization services.)

<b>TABLE NINE</b>				
<b>Facilities Operating Cardiac Cath Lab. in HSA III</b>				
Hospital	City	# Of Labs	Cardiac Catheterization (1)	Procedures Per Lab
Blessing Hospital	Quincy	3	2,677	892
Memorial Hospital	Springfield	5	4,964	993
St. John's Hospital	Springfield	10	11,365	1,114
Quincy Medical Group ASTC (2)	Quincy	1	No Data Available	
1. Information from 2020 Hospital Profiles				
2. Permit #18-042 approved April 30, 2019				

**C) Criterion 1110.225 (c) - Unnecessary Duplication of Services**

- 1) Any application proposing to establish cardiac catheterization services must indicate if it will reduce the volume of existing facilities below 200 catheterizations.
- 2) Any applicant proposing the establishment of cardiac catheterization services must contact all facilities currently providing the service within the planning area in which the applicant facility is located, to determine the impact the project will have on the patient volume at existing services.

The proposed Cardiac Catheterization service will not reduce the existing facilities in the planning area below 200 cardiac catheterizations per lab.

Over the past three years the physicians listed in Table Ten have referred and conducted more than 400 cardiac catheterizations per year at existing hospitals.

<b>TABLE TEN</b>					
<b>Historical Referrals of Physicians</b>					
Physician	Springfield Clinic, LLP				Projected Referrals
	2019	2020	2021	Total	
Agarwal, Sunil K. M.D.	741	523	466	1,730	150
Aggarwal, Bhuvnesh M.D.	649	414	440	1,503	150
Patel, Nileshkumar M.D.	210	513	587	1,310	150
Chen Do, Stephen Y M.D.	472	410	350	1,232	120
Khan, Muhammad, M.D.	201	355	358	914	150
Popp Do, Maryna		59	205	264	120
Nester, John M.D.	39	26	7	72	
<b>TOTAL</b>	<b>2,312</b>	<b>2,300</b>	<b>2,413</b>	<b>7,025</b>	<b>840</b>

Source: Application for Permit page 89.

Based upon the 2020 Hospital profiles the proposed project will not reduce existing cardiac catheterization services below the 200 catheterizations (See Table Above).

Impact letters were sent to the three hospitals identified in Table Ten. Springfield Memorial Hospital (SMH) responded, stating the proposed cardiac catheterization service would have “a significant negative impact” on existing cardiac catheterization services at SMH. Based on these assertions, a negative finding results for this criterion.

***Ed Curtis CEO of Springfield Memorial Hospital stated:***

*“This proposed project would have a significant negative impact upon SMH's cardiac catheterization services. We anticipate SMH would lose over 2,600 outpatient cases, \$20.0 million in net revenue and almost \$7.0 million in operating margin annually. Additionally, with Springfield Clinic physicians already recruiting SMH staff trained in cardiac catheterization services, we anticipate losing vital staff during a time the whole health care industry is experiencing national staffing shortages and exuberant utilization of contracted agency staff that is contributing to unsustainable losses for most hospitals and health systems across the nation.”*

**D) Criterion 1110.225 (d) - Modernization of Existing Cardiac Catheterization Equipment**

**An applicant with a proposed project for the modernization of existing equipment that provides cardiac catheterization services shall document that the minimum utilization standards (as outlined in 77 Ill. Adm. Code 1100.620) are met.**

This project is for the establishment of a cardiac catheterization service and not for the modernization of an existing service. This criterion is not applicable to the proposed project.

**E) Criterion 1110.225 (e) - Support Services**

**1) Any applicant proposing the establishment of a dedicated cardiac catheterization laboratory must document the availability of the following support services.**

- A) Nuclear medicine laboratory.**
- B) Echocardiography service.**
- C) Electrocardiography laboratory and services, including stress testing and continuous cardiogram monitoring.**
- D) Pulmonary Function unit.**
- E) Blood bank.**
- F) Hematology laboratory-coagulation laboratory.**
- G) Microbiology laboratory.**
- H) Blood Gas laboratory.**
- I) Clinical pathology laboratory with facilities for blood chemistry.**

**2) These support services need not be in operation on a 24-hour basis but must be available when needed.**

To address this criterion the Applicant identified the following support services available through Springfield Clinic

- Nuclear Medicine Laboratory
- Echocardiography Service
- Electrocardiography Services (stress testing, continuous cardiogram monitoring)
- Pulmonary Function Unit
- Blood Bank
- Hematology Laboratory/Coagulation Laboratory
- Microbiology Laboratory
- Blood Gas Laboratory
- Clinical Pathology Laboratory with Facilities for Blood Chemistry

Based upon the narrative above the required support services will be available should the proposed project be approved.

**F) Criterion 1110.225 (f) - Laboratory Location**

**Due to safety considerations in the event of technical breakdown it is preferable to group laboratory facilities. Thus, in projects proposing to establish additional catheterization laboratories such units must be near existing laboratories unless such location is architecturally infeasible.**

This criterion applies to facilities that have multiple catheterization labs. The proposed facility will have two catheterization rooms, with labs located immediately adjacent to the rooms. The Applicant has met the requirements of this criterion.

**G) Criterion 1110.225 (g) - Staffing**

**It is the policy of the State Board that if cardiac catheterization services are to be offered that a cardiac catheterization laboratory team be established. Any applicant proposing to establish such a laboratory must document that the following personnel will be available:**

- 1) **Lab director board-certified in internal medicine, pediatrics, or radiology with subspecialty training in cardiology or cardiovascular radiology.**
- 2) **A physician with training in cardiology and/or radiology present during examination with extra physician backup personnel available.**
- 3) **Nurse specially trained in critical care of cardiac patients, knowledge of cardiovascular medication, and understanding of catheterization equipment.**
- 4) **Radiologic technologist highly skilled in conventional radiographic techniques and angiographic principles, knowledgeable in every aspect of catheterization instrumentation, and with thorough knowledge of the anatomy and physiology of the cardiovascular system.**
- 5) **Cardiopulmonary technician for patient observation, handling blood samples and performing blood gas evaluation calculations.**
- 6) **Monitoring and recording technician for monitoring physiologic data and alerting physician to any changes.**
- 7) **Electronic radiologic repair technician to perform systematic tests and routine maintenance; must be immediately available in the event of equipment failure during a procedure.**
- 8) **Darkroom technician well trained in photographic processing and in the operation of automatic processors used for both sheet and cine film.**

To address this criterion the Applicant must document that the necessary personnel will be available to staff the cardiac catheterization service. According to the documentation included in the Application for Permit the Springfield Clinic Cardiac Catheterization service will be staffed to meet physician, patient, and regulatory requirements. The Applicant has met the requirements of this criterion. [See pages 123-124 of the Application for Permit]

**H) Criterion 1110.225 (h) - Continuity of Care**

**Any applicant proposing the establishment, expansion or modernization of a cardiac catheterization service must document that written transfer agreements have been established with facilities with open-heart surgery capabilities for the transfer of seriously ill patients for continuity of care.**

The Applicant has provided transfer agreements with HSHS St. John's Hospital and Springfield Memorial Medical Center, both located in Springfield, Illinois. Based on the findings, the Applicant meets the requirements of this criterion.



**I) Criterion 1110.225 (i) - Multi-Institutional Variance**

1) A variance to the establishment requirements of subsection (b), Establishment or Expansion of Cardiac Catheterization Service shall be granted if the applicant can demonstrate that the proposed new program is necessary to alleviate excessively high demands on an existing operating program's capacity.

A variance to 77 ILAC 1110.225 (b) is not required for the establishment of this cardiac catheterization service.

**XII. FINANCIAL VIABILITY**

**A) Criterion 1120.120 - Availability of Funds**

The Applicant must document those financial resources will be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources.

The Applicant is funding this project in its entirety with cash in the amount of \$13,094,365 (internal sources). The Applicant has provided confidential audited financial statements that attest to the availability of funding to complete this project, which were distributed to Board members for their private review. The Applicant also disclosed having access to a multi-million-dollar line of credit, which has not been accessed for this project. The Applicant has met the requirements of this criterion.

**B) Criterion 1120.130 – Financial Viability**

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

The proposed project is being funded in its entirety through internal sources (cash and securities), and this criterion is inapplicable.

**A) Criterion 1120.140 (a)(b) – Reasonableness of Financing Arrangements/Terms of Debt Financing**

The Applicant is funding the proposed project in its entirety with cash and securities (internal sources). The Applicant has met the requirements of these criteria.

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

To demonstrate compliance with this criterion an Applicant must document that the project costs are reasonable. Note: The Applicant is not incurring the cost of the build out of the space for this project. Those construction and contingency costs are included in the FMV of the leased space which is presented below.

Preplanning Costs: These costs are \$150,529 and are 1.77% of [new construction, modernization, contingencies, and movable equipment  $\$150,529 \div \$8,502,500 = 1.77\%$ ]. This appears reasonable when compared to the State Standard of 1.8% of new construction, modernization, contingencies, and movable equipment. These costs include consulting fees related to the development of financial feasibility studies and detailed pro-forma of the project.

**Site Survey/Soil Investigation/Site Preparation** These fees total \$78,524, which is 2.15% of the construction and contingencies costs of \$3,645,543 ( $78,524/3,645,543 = 2.15$ ). The State standard is 5.0%.

**New Construction Costs** These costs total \$3,314,130, or \$621.20 per GSF ( $\$3,314,130/5,335 \text{ GSF} = \$621.20 \text{ per GSF}$ ). This appears reasonable compared to the State Board standard of \$553.00 per GSF (2023 mid-point for construction).

**Contingencies** – These costs total \$331,413 and are 10% of new construction costs (\$3,314,130). This appears reasonable when compared to the State Board Standard of 10%.

**Architectural and Engineering Fees** These cost total \$328,099 and are 9% of the construction and contingency costs associated with this project. The State Board standard for these fees is 6.42% 9.64%.

**Consulting and Other Fees** These costs total \$201,893. The State Board does not have a standard for these costs.

**Movable Equipment Costs** These cost total \$4,856,957 and are \$2,428,478.50 per room [ $\$4,856,957 \div 2 \text{ rooms} = \$2,428,478.50 \text{ per room}$ ]. This cost appears HIGH when compared to the State Board Standard of \$551,212 per room. The State Board Standard is calculated based upon 2008 data (\$353,802) and inflated by 3% per year to project mid-point 2023.

**Other Capital Costs** These costs total \$260,261. The State Board does not have a standard for these costs.

The line-item costs are explained in further detail on pages 47-49 of the application. The Applicant appears to be more than the State Board standard for Moveable Equipment and New Construction Costs. A negative finding results for this criterion.

**C) Criterion 1120.140 (d) – Project Operating Costs**

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

The Operating Costs per procedure/unit is \$2,811.93. The State Board does not have a standard for these costs. The Applicant has met the requirements of this criterion.

Total Operating Costs	\$2,362,025
Number of Procedures	840
Direct Costs per procedure	\$2,811.93

**D) Criterion 1120.140 (e) - The Effect of the Project on Capital Costs**

**To demonstrate compliance with this criterion an Applicant must provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.**

The effect of the project on capital costs is \$1,536. The State Board does not have a standard for these costs. The Applicant has met the requirements of this criterion.

Annual Project Depreciation	\$1,290,251
Procedures	840
Capital Costs per procedure	\$1,536