



**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> H-02	<b>BOARD MEETING:</b> June 27, 2023	<b>PROJECT NO:</b> 23-007	<b>PROJECT COST:</b> \$36,956,122
<b>FACILITY NAME:</b> Advocate Ambulatory Surgery Center		<b>CITY:</b> Chicago	
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA:</b> VI

**PROJECT DESCRIPTION:** The Applicants (Advocate Aurora Health, Inc., Advocate Health, Inc., Advocate Health and Hospitals Corporation d/b/a Advocate Medical Group) are proposing to establish a multi-specialty Ambulatory Surgery Treatment Center (ASTC), consisting of 20,002 gross square feet of leased space located at 1435-1471 West Webster Avenue, Chicago, Illinois. The cost of the project is \$36,956,122. The expected completion date is April 30, 2025.

Information regarding this Application for Permit can be found at  
<https://hfsrb.illinois.gov/projects/project.23-007.html>

## EXECUTIVE SUMMARY

### PROJECT DESCRIPTION:

- The Applicants (Advocate Aurora Health, Inc., Advocate Health, Inc., Advocate Health and Hospitals Corporation) are proposing to establish a multi-specialty Ambulatory Surgery Treatment Center, located at 1435-1471 West Webster Avenue, Chicago, Illinois. The cost of the project is \$36,956,122, and the expected completion date is April 30, 2025.
- The State Board Approved Permit #23-002 to establish a Medical Office Building at the March 2023 State Board Meeting. The proposed project is a component of that project which established a medical office building for physicians associated with Advocate Medical Group (AMG), in Chicago.
- Advocate Health and Hospitals Corporation (AHC) will be the sole lessee of the ASTC space on the second floor, with first floor space reserved for a dedicated entrance and waiting area. The facility will also house office space for primary and specialty care clinicians, immediate care, physical therapy, laboratory, and imaging services.

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

- This project is before the State Board because the proposed project establishes a health care facility.

### PURPOSE OF THE PROJECT

- The Applicant states: *“The Chicago Webster ASTC is the first ambulatory procedure center for Advocate Health Care in the city of Chicago. This effort represents Advocates commitment to growth in a market that is experiencing a healthcare delivery shift from inpatient to outpatient care. The purpose of this project is to meet the current and future needs of the Applicant’s patients and community for access to high-quality, cost-efficient accessible surgical care. The Applicants are proposing a facility that will allow procedures that are appropriate for an ASTC to be performed in a setting that is demonstrated to be less costly and more convenient for patients and their families.”*

### PUBLIC HEARING/COMMENT:

- No public hearing was requested, and ten letters of support have been received by the State Board, from the following individuals:
  - Illinois State Senator Sara Feigenholtz, 6<sup>th</sup> District
  - Illinois State Representative, Ann M. Williams, 11<sup>th</sup> District
  - Chicago Alderman Thomas Tunney, 44<sup>th</sup> Ward
  - David Ernesto Munar, President/CEO, Howard Brown Health
  - Dr. Fernando Streidinger, M.D. FACP, Streidinger Medical Group
  - Daysi J. Funes, Executive Director, Centro Romero
  - Dr. Helen Xenos, MD, District Medical Director, One Medical
  - Marsha Liu, Executive Director, Union Health Service
  - Dr. Steven Potts DO, FACP, Chairman Department of Internal Medicine, Advocate Illinois Masonic Medical Center
  - Dr. Richard Fantus, MD, FACS, Medical Director, Trauma, Surgical and Perioperative Services, Advocate Illinois Masonic Medical Center

**CONCLUSION:**

- The proposed ASTC is a cooperative venture with Advocate Health, Inc. Advocate Masonic Medical Center is approximately 2 miles from the proposed ASTC.
- The Applicants state the proposed ASTC will support surgical procedures for several physicians that currently perform these procedures in a hospital outpatient department (HOPDs) and are associated with Advocate Medical Group. The Applicants believe the Proposed Project will increase local, community-based access to outpatient surgical services in an ASTC setting. The Applicants assert that the proposed ASTC will increase access to high-quality outpatient surgical services to address a growing demand. According to the Applicants performing outpatient surgical procedures in the ASTC setting can result in cost savings to insurers and patients.
- The proposed ASTC will follow the Advocate Aurora charity care policy and provide services to Medicaid and charity care patients of all ages. The Chicago Webster ASTC will contract with the same Medicaid MCO as Advocate Illinois Masonic Medical Center which include Aetna Better Health, BCBS, County care, Centene/Celtic, Humana, Meridian.
- The Applicants have addressed 20 criteria and are not compliant with the following:

<b>State Board Standards Not Met</b>	
<b>Criteria</b>	<b>Reasons for Non-Compliance</b>
Criterion 1110.235(c) – Unnecessary Duplication/Maldistribution of Service	Twelve of the twenty ASTCs identified in the 10-mile service area are operating below the established State Standard (see Table Eight).
Criterion 1120.140(c) – Reasonableness of Project Costs	<b>New Construction Costs and contingencies</b> total \$9,263,242 or \$640.30 per GSF (\$9,263,242/14,467=\$640.30). This appears HIGH when compared to the State Board Standard of \$374.39 per GSF (project mid-point: 2024). See page 16 of this report.



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**Advocate Ambulatory Surgery Center-Chicago Webster  
STATE BOARD STAFF REPORT  
Project #23-007**

<b>APPLICATION/CHRONOLOGY/SUMMARY</b>	
Applicants	Advocate Aurora Health, Inc., Advocate Health, Inc., Advocate Health and Hospitals Corporation
Facility Name	Advocate Ambulatory Surgery Center-Chicago Webster
Location	1435-1471 West Webster Avenue, Chicago, Illinois
Permit Holder	Advocate Health and Hospitals Corporation
Operating Entity	Advocate Health and Hospitals Corporation
Owner of Site	Novak Webster Place, LLC
Application Received	February 2, 2023
Application Deemed Complete	February 7, 2023
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes
Expedited Review?	No

**I. Project Description**

The Applicants (Advocate Aurora Health, Inc., Advocate Health, Inc., Advocate Health and Hospitals Corporation) are proposing to establish a multi-specialty ASTC consisting of 20,202 gross square feet of space located at 1435-1471 West Webster Avenue, (the intersection of Webster and Clybourn Avenues), Chicago Illinois. The cost of the project is \$36,956,122. The expected completion date is April 30, 2025.

**II. Summary of Findings**

- A. State Board Staff finds the proposed project to **not** be in conformance with the provisions of 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project to **not** be in conformance with the provisions of 77 ILAC 1120 (Part 1120).

**III. General Information**

The Applicants are Advocate Aurora Health, Inc., Advocate Health, Inc., Advocate Health and Hospitals Corporation. The following healthcare facilities are owned or operated by Advocate Aurora Health Inc.

<b>TABLE ONE</b>	
Facilities owned or operated by Advocate Aurora Health, Inc. Facilities with Active Projects in Parentheses	
Advocate Christ Medical Center, Oak Lawn (#14-057) (E-051-22)	HSA-07
Advocate Condell Medical Center, Libertyville (#20-004)	HSA-08
Advocate Good Samaritan Hospital, Downers Grove	HSA-07
Advocate Good Shepherd Hospital, Barrington	HSA-08
Advocate Illinois Masonic Medical Center, Chicago (#22-009)	HSA-06
Advocate Lutheran General Hospital, Park Ridge (#21-003)	HSA-07
Advocate Sherman Hospital, Elgin	HSA-08
Advocate South Suburban Hospital, Hazel Crest (#22-028)	HSA-07
Advocate Trinity Hospital, Chicago	HSA-06
Dreyer Ambulatory Surgery Center, Aurora	HSA-08

The multi-specialty ASTC will be located on the 2<sup>nd</sup> floor of a medical office building and will consist of 20,202 GSF of space (14,467 GSF clinical/5,735 GSF non-clinical), contain 2 operating rooms (OR), 2 GI Procedure rooms, 15 recovery rooms/bays, and appropriate clinical and support space. The proposed facility will be located 1.7 miles from Advocate Illinois Masonic Medical Center, and will provide the following surgical services:

- Cardiovascular
- Colon/Rectal Surgery
- General Surgery (including Vascular)
- Gastroenterology
- Neurological/Spine Surgery
- Obstetrics/Gynecology
- Orthopedic Surgery
- Otolaryngology (ENT)
- Plastic Surgery
- Podiatric Surgery
- Urology

**IV. Project Costs and Sources of Funds**

The Applicant will be funding this project with cash/securities in the amount of \$25,018,080 and bond issues in the amount \$11,938,042.

<b>TABLE TWO</b>				
<b>Project Costs and Sources of Funds</b>				
Uses of Funds	Reviewable	Non-Reviewable	Total	% Of Total
Preplanning	\$123,172	\$48,828	\$172,000	.1%
New Construction Contracts	\$8,618,737	\$2,198,483	\$10,817,220	29.8%
Contingencies	\$644,505	\$255,495	\$900,000	2.4%
A&E Fees	\$655,614	\$259,898	\$915,512	2.5%
Consulting	\$211,971	\$84,029	\$296,000	.1%
Movable Equipment	\$8,495,389	\$40,000	\$8,535,389	23%
Bond Issuance Expense	\$105,544	\$41,389	\$147,383	.1%
Net Interest Expense During Construction	\$318,066	\$126,087	\$444,153	1.2%
FMV of Leased Space/Equipment	\$9,403,085	\$3,727,565	\$13,130,650	36.5%
Other Costs to Capitalized	\$1,144,223	\$453,592	\$1,597,815	4.3%
<b>Total</b>	<b>\$29,720,305</b>	<b>\$7,235,817</b>	<b>\$36,956,122</b>	<b>100.00%</b>
<b>Sources of Funds</b>				
Cash and Securities	\$21,171,268	\$3,846,812	\$25,018,080	67.6%
Bond Issues	\$8,549,037	\$3,389,005	\$11,938,042	32.4%
<b>Total</b>	<b>\$29,720,305</b>	<b>\$7,235,817</b>	<b>\$36,956,122</b>	<b>100.00%</b>

**V. Cost Space Requirements**

The total gross square feet of the medical office building will be 20,202 GSF.

<b>TABLE THREE</b>					
<b>Cost/Space Requirements for Construction</b>					
<b>Reviewable/Clinical</b>					
Reviewable/Clinical	Cost	Proposed	New Construction	% Of Total	Met Size Standard?
OR Rooms (2 rooms)	\$13,599,123	5,471	5,471	27.1%	Yes
GI Procedure Room (2 rooms)	\$4,858,818	2,042	2,042	10.1%	Yes
PACU/Prep/Recovery (15 rooms)	\$11,006,682	6,954	6,954	34.4%	N/A
<b>Subtotal Reviewable/Clinical</b>	<b>\$29,464,622</b>	<b>14,467</b>	<b>14,467</b>	<b>71.6%</b>	
<b>Non-Reviewable/Non-Clinical</b>					

<b>TABLE THREE</b>					
<b>Cost/Space Requirements for Construction</b>					
<b>Reviewable/Clinical</b>					
Public Circulation, Staff Support, Building Support	\$7,491,500	5,735	5,735	28.4%	N/A
<b>Subtotal Non-Reviewable/Non-Clinical</b>	<b>\$7,491,500</b>	<b>5,735</b>	<b>5,735</b>	<b>28.4%</b>	<b>N/A</b>
<b>Grand Total</b>	<b>\$36,956,122</b>	<b>20,202</b>	<b>20,202</b>	<b>100.00%</b>	

**VI. Background of the Applicants, Purpose of the Project, Safety Net Impact Statement, Alternatives to the Proposed Project**

The four criteria below are informational only.

- A) Criterion 1110.110 (a) - Background of the Applicants
- B) Criterion 1110.110 (b) – Purpose of the Project
- C) Criterion 1110.110 (c) – Safety Net Impact Statement
- D) Criterion 1110.110 (d) – Alternatives to the Proposed Project

**A) Background of the Applicants**

The Applicants have attested they comply and in good standing with all federal and state regulations including the Illinois State Agency Historic Resources Preservation Act and Executive Order #2006-5. In addition, the Applicants have attested that they have not had any adverse actions as defined by the State Board in the past 3 years of filing this Application for Permit.

**B) Purpose of the Project**

*“The Chicago Webster ASTC is the first ambulatory procedure center for Advocate Health Care in the city of Chicago. This effort represents Advocates commitment to growth in a market that is experiencing a healthcare delivery shift from inpatient to outpatient care. The purpose of this project is to meet the current and future needs of the Applicant’s patients and community for access to high-quality, cost-efficient accessible surgical care. The Applicants are proposing a facility that will allow procedures that are appropriate for an ASTC to be performed in a setting that is demonstrated to be less costly and more convenient for patients and their families.”*

According to the Applicants it is anticipated that all the patients expected to visit the proposed ASTC will reside within 10 miles of the proposed facility, and that 100% of the committed surgical and endoscopic cases for the proposed project are currently being performed at Advocate hospitals. Located within this 10-mile radius are 70 zip codes and approximately 2.8 million residents (2021 population data).

**C) Safety Net Impact Statement**

This is a substantive project, and the Applicants supplied a safety net impact statement on pages 230-233 of the application and notes a long history of serving the Hispanic communities, and underserved communities through community outreach and advocacy initiatives.

**TABLE FOUR**  
**Charity Care Information**

	2019	2020	2021
Net Patient Revenue	\$4,526,518,372	\$4,328,346,158	\$4,891,752,006
Amount of Charity Care	\$416,789,717	\$190,768,385	\$342,625,287
Cost of Charity Care	\$99,758,960	\$50,107,969	\$76,109,520
% Of Charity Care to Net Revenue	22%	11.6%	15.5%

**TABLE FIVE**  
**Charity Care Advocate Aurora Health Care-Illinois Hospitals**

<b>Charity Care</b>			
<b># Of Patients</b>	2019	2020	2021
Inpatient	7,107	5,065	7,147
Outpatient	51,347	35,703	44,960
<b>TOTAL</b>	58,454	40,768	52,107
<b>Charity Care Cost</b>			
Inpatient	\$49,027,202	\$27,075,701	\$39,110,043
Outpatient	\$50,731,758	\$23,032,268	\$37,001,170
<b>TOTAL</b>	\$99,758,960	\$50,107,969	\$76,111,213
<b>Medicaid</b>			
<b># Of Patients</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Inpatient	34,543	34,059	35,277
Outpatient	318,480	231,239	315,075
<b>TOTAL</b>	352,933	265,298	350,352
<b>Medicaid Revenue</b>			
Inpatient	\$402,760,466	\$467,334,665	\$487,487,849
Outpatient	\$152,041,674	\$103,001,297	\$156,625,653
<b>TOTAL</b>	\$554,802,140	\$597,335,962	\$644,113,502

**D) Alternatives to the Proposed Project**

The Applicants considered five alternatives to the proposed project.

**Alternative 1: Maintain Current Services at the Advocate Hospitals (Do Nothing)  
(Cost: \$0)**

This option would continue to provide surgical services at Advocate Illinois Masonic Medical Center, or other Advocate facilities. This option was rejected due to increased surgical volume at Advocate Masonic, and fixed costs in a hospital setting. The Applicants also cite a trend in which outpatient surgery centers are viewed more favorably, based on lower costs and patient preference.

**Alternative 2: Utilize Other Health Care Facilities to Serve the Patient Population (No cost identified)**

This option would disrupt patient access to high-quality, cost-appropriate Advocate Healthcare services and possibly disrupt a long-established pattern of patient access to said facilities and services. The Applicants rejected this alternative.

**Alternative 3: Develop a Project of Lesser Scope/Cost (Cost: \$18,300,000)**

The option to construct a physician's office building that would meet the critical care needs of the community without ancillary services, was researched. However, the issue of decreased patient access to services (imaging and lab), and the need for patients to reschedule the proposed services for another day, and a different location was contradictory to the Applicants mission to co-locate services and enhance patient accessibility. This option was rejected.

**Alternative 4: Acquire a Joint Venture with an Existing ASTC (Cost undetermined)**

While this cost would result in lower initial investment costs to the Applicants, there are no ASTCs in the service area interested in acquisition or entering into a partnership agreement. Additionally, the financial and quality of care policies in effect for Advocate facilities would make it difficult to locate a maintain a suitable operating agreement with another provider. This option was rejected.

**Alternative 5: Build a Multi-Disciplinary ASTC with Operating and Procedure Rooms (Option Chosen/Cost: \$36,956,122)**

This option was selected because it provides access to high-quality, cost-appropriate services in a service area lacking such services. In addition, this option will increase clinician/patient satisfaction with an efficient operating model streamlined processes, higher patient accessibility, and cost savings realized through economies of scale.

**VII. Size of the Project, Projected Utilization, Assurance**

- A) Criterion 1110.120 (a) - Size of the Project
- B) Criterion 1110.120 (b) – Projected Utilization
- C) Criterion 1110.120 (c) - Assurances

**A) Size of the Project**

The Applicants propose to establish a multi-specialty Ambulatory Surgery Treatment Center ASTC in 20,202 GSF of newly built space, at the intersection of Webster and Clybourn Avenues, in Chicago. Table Three of this report identifies all services with applicable State standards, both reviewable and non-reviewable services, the current size, and its applicability to the state standard, and it appears that the Applicants have met the requirements of this criterion.

**B) Projected Utilization**

The proposed ASTC will contain 2 Operating rooms, 2 Procedure rooms, and 15 Recovery rooms/stations. The State Board Standard is 1,500 hours per room. If the referrals materialize the Applicants can justify the 2 operating rooms, the 2 procedure rooms and the 15 recovery stations.

Service/# of Units	Projected 2024	Projected 2025	State Standard Per unit	Met Standard?
Operating Room (2 Unit) *	1,642	1,658	1,500	Yes
GI Procedure Room (2 Unit) *	1,601	1,617	1,500	Yes
*Hours				

**VIII. Criterion 1110.235 Non-Hospital Based Ambulatory Surgery**

The Applicants propose to establish a multi-specialty Ambulatory Surgery treatment Center on Chicago’s north side, providing eleven surgical services currently provided at Advocate Aurora Hospitals in the service area. The Chicago Webster defined service area consists of a 10-mile radius surrounding the project address, containing 70 zip codes, and a population of approximately 2.3 million residents.

**A) Service to Planning Area Residents**

The Applicants propose to establish a multi-specialty Ambulatory Surgery treatment Center on Chicago’s north side, providing surgical services identified on page 5 of this report. Chicago Websters defined service area consists of a 10-mile radius surrounding the project address, containing 70 zip codes, and a population of approximately 2.3 million residents.

**B) Service Demand**

The Applicants provided a list containing names of referring physicians, their surgical specialty, the number of surgical cases performed in the last 12 months (October 2021-September 2022), and the number of projected referrals to the ASTC, upon project completion (See Table Six). The Applicants note that 29 physicians have committed to performing 1,642 hours of outpatient surgery in year one, as well as 12 Gastrointestinal (GI) physicians who are committed to perform 1,601 cases in the same year. These referrals justify the need for the 2 surgical suites and 2 procedure rooms (See Table Five).

**C) Treatment Room Need Assessment**

The Applicants provided referral letters from 29 physicians and 12 GI physicians, committing to refer/perform the number of surgical procedures that justifies 2 ORs and 2 Procedure Rooms. Table Seven identifies the physicians, their surgical specialty, the total cases performed in the last 12 months, and the number of expected referrals to the ASTC, upon project completion.

<b>TABLE SEVEN</b>				
<b>Referring Physicians with Historical and Projected Referrals</b>				
<b>Physician</b>	<b>Specialty</b>	<b>Cases Performed</b>	<b>Projected Referrals</b>	<b>Estimated Surgical Hours</b>
Levi, Gabriel	Orthopedics	57	30	46.2
Saper, David	Orthopedics	34	20	30.8
Kaminski, Jan	Gen Surgery	121	38	52.06
Lai, Ying Hao	Gen Surgery	320	118	161.66
Keldahl, Mark	Gen Surgery	232	80	109.6
Dallas, Nikolaos	Gen Surgery	197	68	93.16
Cruz, Celeste	Gen Surgery	223	80	109.6
Maker, Vijay	Gen Surgery	67	18	24.66
Boyer, Jerrel	Neurosurgery	67	15	32.25
Bicalho, Sylvia	Gynecology	51	20	35.4
Branch, Riva	Gynecology	51	20	35.4
Starr, Rosally	Gynecology	41	17	30.09
Reis, Brady	Gynecology	39	19	31.86
Sodini, Irma	Gynecology	20	10	17.7
Delfinado, Leah	Gynecology	14	11	19.47
Shuber, Heidi	Gynecology	23	8	14.16
Tam, Maria	Gynecology	6	3	5.31
Beck, Traci	Urology	72	25	33.25
Shashoua, Abraham	Urology	306	99	131.67
George, Sean	Urology	178	61	81.13
Colman, Kathryn	ENT	162	62	98.58
Venkatesan, TK	ENT	132	57	90.63
Allegretti, Joseph	ENT	45	11	17.49
Friedman, Michael	ENT	177	71	112.89
Levy, Adam	ENT	100	42	66.78
Baker, Todd	Plastic Surgery	247	30	76.8
Baker, Jeffery	Podiatry	44	15	31.2
Fleischer, Adam	Podiatry	26	10	20.8
Almeda, David	Podiatry	34	15	31.2
<b>TOTAL</b>		<b>3,086</b>	<b>1,072</b>	<b>1,641.8</b>
Murad, Faris	Gastroenterology	574	388	232.8
Estrada, Joaquin	Gastroenterology	795	518	310.8
Kaminski, Jan	Gastroenterology	603	401	240.6
Histrov, Alexander	Gastroenterology	67	47	28.2
Pajot, Gregory	Gastroenterology	12	8	4.8
Albert, Andrew	Gastroenterology	348	170	102
Fine, Marc	Gastroenterology	1,135	275	165
Kakodkar, Samir	Gastroenterology	784	193	115.8
Lakha, Asif	Gastroenterology	840	187	112.2
Pamudurthy, Vijeta	Gastroenterology	785	120	72
Siglin, Scott	Gastroenterology	1,029	176	105.6
Silas, dean	Gastroenterology	802	184	110.4
<b>TOTAL</b>		<b>7,774</b>	<b>2,667</b>	<b>1,600.2</b>

**D) Service Accessibility**

The Applicants note the proposed project is a cooperative effort to support patients and clinicians affiliated with Advocate Illinois Masonic Medical Center and other advocate

facilities currently serving patients in the service area. The Applicants supplied a copy of the transfer agreement between Advocate Illinois Masonic Medical Center and the proposed ASTC (application, p. 173). As outlined in Project #22-009, Advocate Illinois Masonic Bed Tower, there is a projected need for 24 operating rooms in the next 5 years, and notes there is an increasing trend to shift specific types of surgical procedures to an outpatient setting. The Applicants also supplied a signed/notarized affidavit promising not to increase surgical/treatment room capacity until the surgical suites included in this project are operating at or above the State Board standard.

**E) Unnecessary Duplication/Maldistribution of Service/Impact on Area Providers**

The Applicants identified a population of approximately 2.8 million residents in a defined 10-mile service area. While the population in the service area is expected to remain stable over the next five years, growth in the 65+ age cohort is expected to increase by 10%, resulting in a growing need for surgical treatment rooms. The Applicants also identified 20 ASTCs in the service area, (application, p. 186), and their classification, utilization, number of suites, and reported hours (2019), are illustrated in Table Eight.

<b>TABLE EIGHT</b>					
<b>ASTCs in the 10-Mile Service Area of Chicago Webster ASTC</b>					
<b>Facility</b>	<b>City</b>	<b>Classification</b>	<b>ORs /Procedure Rooms</b>	<b>Hours Reported</b>	<b>Met State Standard?</b>
Western Diversey Surgical Center	Chicago	Multi	2	692	No
Chicago Surgery Center	Chicago	Multi	1	0	No
Fullerton Kimball Med & Surgical center	Chicago	Multi	2	345.9	No
Grand Avenue Surgical Center	Chicago	Multi	5	640.5	No
Surgery Center at 900 North Michigan Ave.	Chicago	Multi	4	8,197	Yes
River North Same Day Surgery	Chicago	Multi	4	4,461.5	No
Rush Surgicenter	Chicago	Multi	4	8,147	Yes
Gold Coast Surgicenter	Chicago	Multi	2	6,307	Yes
Six Corners Same Day Surgery Center	Chicago	Limited	4	11.25	No
South Loop Endoscopy and Wellness	Chicago	Single	1	2,068	Yes
Fullerton Surgery Center	Chicago	Multi	3	1,111.5	No
Hyde Park Same Day Surgery	Chicago	Multi	1	1,616	Yes
North Shore Surgical Center	Lincolnwood	Multi	3	3,005	Yes
NovaMed Surgery Center	Chicago	Single	1	1,070	Yes
Loyola University ASTC	Maywood	Multi	6	10,929.5	Yes
Belmont/Harlem Surgery Center	Chicago	Multi	4	2,067	No
Elmwood Park Same Day Surgery	Elmwood Park	Multi	3	160.5	No
Rogers Park Surgery Center	Chicago	Multi	2	0	No
Lakeshore Surgery Center	Chicago	Multi	2	1,458	No
Advanced Ambulatory Surgery Center	Chicago	Multi	3	1,430	No

TABLE EIGHT ASTCs in the 10-Mile Service Area of Chicago Webster ASTC					
Facility	City	Classification	ORs /Procedure Rooms	Hours Reported	Met State Standard?
1. Hours and Rooms from ASTCs 2020 Annual Survey					

The data contained in Table Eight indicates there are underperforming ASTCs in the service area, and the establishment of this ASTC may result in unnecessary duplication of service. A negative finding results for this criterion.

**F) Staffing Availability**

*The Applicants shall document that relevant clinical and professional staffing needs for the proposed project were considered and that the staffing requirements of licensure and The Joint Commission or other nationally recognized accrediting bodies can be met. In addition, the Applicants shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.*

**B) Medical Director**

*It is recommended that the procedures to be performed for each ASTC service are under the direction of a physician who is board certified or board eligible by the appropriate professional standards organization or entity that credentials or certifies the health care worker for competency in that category of service.*

The Applicants attest that the staffing matrix will consist of team members already affiliated with Advocate Healthcare, as well as a contingency of well-qualified candidates identified through campus and in-person recruiting efforts. The ASTC will employ approximately 30 full-time team members in both clinical and non-clinical capacities. The ASTC will also employ a well-qualified Medical Director, responsible for reporting operational status to the governing body.

**G) Charge Commitment**

*In order to meet the objectives of the Act, which are to improve the financial ability of the public to obtain necessary health services; and to establish an orderly and comprehensive health care delivery system that will guarantee the availability of quality health care to the general public; and cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process [20 ILCS 3960/2], the Applicants shall submit the following:*

- A) a statement of all charges, except for any professional fee (physician charge); and*
- B) a commitment that these charges will not increase, at a minimum, for the first 2 years of operation unless a permit is first obtained pursuant to 77 Ill. Adm. Code 1130.310(a).*

The Applicants provided the necessary attestation as required by this criterion at pages 189-191 of the Application for Permit.

**IX. Financial Viability**

- A) Criterion 1120.120 – Availability of Funds
- B) Criterion 1120.130 – Financial Viability
- C) Criterion 1120.140 (a) – Reasonableness of Debt Financing
- D) Criterion 1120.140 (b) – Terms of Debt Financing

The Applicants will be funding this project with cash in the amount of \$25,018,080 and bond issues totaling \$11,938,042. The Applicant, (Advocate Aurora Health, Inc.), has provided Audited Financial Statements and the results shown in Table Nine prove the Applicants have sufficient cash to fund this project through its completion. The Applicants also provided proof of an AA bond rating from Fitch’s Ratings Service (dated August 2021), an AA/Stable bond rating from Standard & Poor’s Ratings Service (dated June 2021), and an Aa3 bond rating from Moody’s Investors Service (dated August 2021). The “A” or better bond rating qualifies the Applicants to the financial viability waiver. It appears the Applicants have sufficient funds available to fund this proposed project.

<b>TABLE NINE</b>		
<b>Audited Financial Statements</b>		
<b>Advocate Aurora Health, Inc.</b>		
<b>Years ended December, 2021,2020</b>		
<b>(In thousands)</b>		
	<b>2021</b>	<b>2020</b>
Cash	\$703,725	\$959,878
Current Assets	\$3,407,129	\$3,379,077
Total Assets	\$23,138,561	\$21,449,643
Current Liabilities	\$3,713,295	\$3,319,862
LTD	\$3,298,508	\$3,310,401
Total Liabilities	\$8,807,582	\$9,049,599
Net Patient Revenue	\$11,702,581	\$10,216,386
Total Revenues	\$14,062,232	\$13,132,189
Income from Operations	\$593,552	\$212,967
Net Income	\$1,922,253	\$608,125
Source: Advocate Aurora Health Audited Financial Statement, See Application File		

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

**Preplanning costs** are \$123,172 and are less than 1% of new construction, contingencies, and moveable equipment (\$17,758,631). This appears reasonable when compared to the State Board Standard of 1.8%.

**New Construction Costs and contingencies** total \$9,263,242 or \$640.30 per GSF (\$9,263,242 /14,467= \$640.30). This appears HIGH when compared to the State Board Standard of \$374.39 per GSF (project mid-point: 2024).

**Contingency Costs** These costs total \$644,505 and are 7.5% of new construction costs. This appears reasonable when compared to the State Board Standard of 10%.

**Architectural and Engineering Fees** total \$655,614 or 7% of new construction and contingencies. This appears reasonable when compared to the State Board Standard of 5.05%-7.59%.

The State Board does not have a standard for these costs.

Consulting	\$211,971
Movable Equipment	\$8,495,389
Bond Issuance Expense	\$105,544
Net Interest During Construction	\$318,066
FMV of Leased Space	\$9,483,085
Other Costs to Capitalized	\$1,144,223

- Other Costs to be Capitalized include the following:
  - Furnishings \$545,045
  - Signage \$88,567
  - Owner Project Contingency \$200,000
  - IS/Telecommunications \$764,203
- Moveable Equipment Includes the following:
  - Sterile Processing \$1,500,000
  - Prep/Recovery/Post-Anesthesia \$1,320,000
  - ENT, Ortho, OB/Gyn Equipment \$950,000
  - GI Procedure Equipment \$840,000
  - Mobile Imaging/Orthopedics \$575,000
  - Pharmacy/Anesthesia/Meds \$170,000
  - Fluid Collection/Waste Disposal ORs \$45,000

The Applicants exceed the State Board Standard for New Construction Costs, and attribute this overage to the following:

- Most of the clinical/reviewable costs consist of surgery, procedure rooms, and central sterile processing. The spatial considerations for GI Procedures are below State standards, resulting in a premium to establish the infrastructure for two GI suites and 2 ORs. The infrastructure costs would be much lower if more GI/Surgery space was incorporated into the project design. Medical gas piping has not only been provided for the GI and Surgical suites, but in the Prep and Phase II recovery areas. While this extra gas piping was not required by regulation/code, the Applicants felt this was needed to facilitate the support and safe recovery of its patient base.
- The existing roof and floor structure at the Chicago-Webster site is designed for retail occupancy and is not capable of supporting the infrastructure required of an ASTC. Additional structural reinforcements were required throughout the building, including space rented and occupied by other tenants of the building.
- The clinic is in the Lincoln Park neighborhood of Chicago, where building costs are at a premium due to population density, permit processes with the city, and project logistics not normally encountered in non-urban areas.
- Construction escalation is at an all-time high, with price escalations being approximately 34% for the vertical trades. It is noted that for 2022, the annual project inflationary consideration of 3% increased to approximately 30% for the materials, supplies, and staffing to accommodate a project of this scope.

**G) Criterion 1120.140 (d) – Direct Operating Costs**

**H) Criterion 1120.140 (e) – Total Effect of the Project on Capital Costs**

Project direct operating expenses for year 2026, the second year after opening are calculated is \$1,857.81. The total effect of the project on capital costs is estimated at \$2,504.67 per equivalent patient day. The State Board does not have a standard for these costs.