



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET NO: H-2	BOARD MEETING: May 10, 2011	PROJECT NO: 10-088	PROJECT COST: Original: \$15,000 Current: \$
FACILITY NAME: Hispanic American Endoscopy Center		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- Hispanic American Endoscopy Center is requesting to add urologic surgical services to a limited specialty ASTC that is currently performing endoscopic procedures. The total cost of the project is \$15,000.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- To add a surgical specialty to a limited specialty ASTC requires the approval of the State Board. This addition is considered a substantial change in scope or functional operation of a facility as defined in the Act and requires State Board approval.

PURPOSE OF THE PROJECT:

- The purpose of the project is to enhance the scope of services available to Hispanic patients residing in the service area, and to increase utilization of the Hispanic American Endoscopy Center.

REASON FOR THE PROJECT:

- This project received an Intent to Deny at the March 2011. The applicant submitted additional material to address the concerns of the State Board. The applicant stated:
 - *the project does not add surgical capacity in the geographic service area*
 - *the number of cases is relatively minor with the proposal impacting 300 cases per year*
 - *the facility would provide high quality low cost alternative to a hospital outpatient department*
 - *help alleviate the underutilization of current facility*
 - *expansion is needed to ensure the underserved population receives care*

BACKGROUND/COMPLIANCE ISSUES:

- This project was initially approved by the State Board in October 2004 and at the meeting the applicant attested the facility would be operating at 80% capacity by the second year of operation. In 2009 the facility operated at 20% occupancy.

CONCLUSION:

- The proposed project requires no new construction or modification, and the project cost is \$15,000 which encompasses the fair market value of leased equipment. The State Agency notes there are 22 ASTC's and 28 hospitals within the proposed GSA (See Tables Seven and Eight below). Of these facilities, 13 (59%), of the 22 ASTC's and 19 (67.8%) of the 28 hospitals are operating below the State Board's target utilization of 1,500 hours per surgical suite. In

addition we have found no evidence that existing programs are not accessible to the general population of the geographic service area. The State Agency received an impact letter from Resurrection Health Care stating that the proposed project would have an adverse impact on Saint Joseph Hospital, Saints Elizabeth and Mary Medical Center, and Our Lady of Resurrection Medical Center. **The State Agency's findings remain unchanged from the Original State Agency Report.**



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STATE AGENCY REPORT
Hispanic American Endoscopy Center- Chicago
Project #10-088

APPLICATION SUMMARY	
Applicant	Hispanic American Endoscopy Center, LLC Ramon A. Garcia, M.D.
Facility Name	Chicago Endoscopy Center, LLC d/b/a Hispanic American Endoscopy Center
Location	Chicago
Application Received	December 28, 2010
Application Deemed Complete	January 3, 2011
Scheduled Review Period Ended	March 4, 2011
Review Period Extended by the State Agency?	No
Received an Intent to Deny	March 21, 2011
Public Hearing Held?	No
Applicants' Deferred Project?	No
Can Applicants Request Another Deferral?	Yes
Applicants' Modified the Project?	No

I. The Proposed Project

The applicants propose to add urologic surgical services to an existing limited-specialty ambulatory surgical treatment center ("ASTC") with 1 procedure room and four recovery stations, totaling of 3,445 Gross Square Feet ("GSF") of space in Chicago. The ASTC currently performs gastrointestinal procedures, and the proposed addition will not require modernization/modification of existing space. The total cost of the project is \$15,000.

II. Summary of Findings

- A. The State Agency finds the proposed project does not appear to be in conformance with the provisions of Part 1110.**
- B. The State Agency finds the proposed project appears to be in conformance with the provisions of Part 1120.**

III. General Information

The applicant and operating entity is Hispanic American Endoscopy Center, LLC., and Dr. Ramon A. Garcia, M.D. The owner of the site is Garcia Properties, and the proposed project will be located in the applicant's existing ASTC, located at 3536 West Fullerton Avenue, Chicago.

The proposed project will be located in Cook County (HSA VI). According to the January 2011 update, there are 22 other ASTCs in the service area, consisting

of 57 operating rooms. Per 77 IAC 1110.40 this is a substantive project subject to both Parts 1110 and 1120 review. Project obligation will occur after permit issuance. The anticipated project completion date is December 31, 2011.

Summary of Support and Opposition Comments

An opportunity for a public hearing was offered however no hearing was requested. Those in support for the project stated “that Dr. Garcia has been a leading provider of health care services to the Latino community in Chicago, adding urological procedures at Hispanic American Endoscopy Center will improve access to much needed health care in the Latino community. “

IV. The Proposed Project - Details

The applicants propose to add urologic surgical service to an existing limited-specialty ambulatory surgical treatment center (“ASTC”) with 1 procedure room, 2 stage one, and 2 stage two recovery stations in Chicago. The ASTC will consist of 3,445 GSF of clinical space, which is the same space utilized by the applicant’s current endoscopy center. The applicant is essentially seeking permission from the Board to add urologic surgical services to its existing limited-specialty ASTC. No modernization/new construction will occur, and the total project cost of \$15,000 is for the fair market value (FMV) of equipment.

V. Project Costs and Sources of Funds

Table One shows the project’s sources and uses of funds. The project is being funded with the fair market value (FMV) of equipment totaling \$15,000, (See Table One). The State Agency notes the project is comprised of all clinical components.

TABLE ONE Hispanic American Endoscopy Center, LLC Project Sources and Uses of Funds			
Use of Funds	Clinical	Non -Clinical	Total
Fair Market Value of Lease	\$15,000	\$0	\$15,000
Totals	\$15,000	\$0	\$15,000
Source of Funds			
Leases (Fair Market Value)	\$15,000	\$0	\$15,000
Total	\$15,000	\$0	\$15,000

VI. Cost Space Requirements

Table Two displays the project’s cost/space requirements. The ASTC is comprised of 3,445 GSF total, and the entire spatial configuration is classified as being clinical.

TABLE TWO Cost Space Requirements						
Department	Cost (\$)	Proposed GSF	New Const GSF	Modernized GSF	As is GSF	Vacated GSF
ASTC	\$15,000	3,445			3,445	

VII. 1110.230 Project Purpose, Background and Alternatives

A. Criterion 1110.230(a) - Background of Applicants

The criterion reads as follows:

- “1) **An applicant must demonstrate that it is fit, willing and able, and has the qualifications, background and character, to adequately provide a proper standard of health care service for the community. [20 ILCS 3960/6] In evaluating the qualifications, background and character of the applicants , HFPB shall consider whether adverse action has been taken against the applicants , or against any health care facility owned or operated by the applicants , directly or indirectly, within three years preceding the filing of the application. A health care facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to acquire stock, the stock shall be considered to be owned by such person or entity (refer to 77 Ill. Adm. Code 1100 and 1130 for definitions of terms such as "adverse action", "ownership interest" and "principal shareholder").**
- 2) **Examples of facilities owned or operated by an applicants include:**
 - A) **The applicants, Partnership ABC, owns 60% of the shares of Corporation XYZ, which manages the Good Care Nursing Home under a management agreement. The applicants, Partnership ABC, owns or operates Good Care Nursing Home.**
 - B) **The applicants, Healthy Hospital, a corporation, is a subsidiary of Universal Health, the parent corporation of Healthcenter Ambulatory Surgical Treatment Center (ASTC), its wholly-owned subsidiary. The applicants, Healthy Hospital, owns and operates Healthcenter ASTC.**
 - C) **Dr. Wellcare is the applicants . His wife is the director of a corporation that owns a hospital. The applicants, Dr. Wellcare, owns or operates the hospital.**

- D) Drs. Faith, Hope and Charity own 40%, 35% and 10%, respectively, of the shares of Healthfair, Inc., a corporation, that is the applicants . Dr. Charity owns 45% and Drs. Well and Care each own 25% of the shares of XYZ Nursing Home, Inc. The applicants, Healthfair, Inc., owns and operates XYZ Nursing Home, Inc.
- 3) The applicants shall submit the following information:
 - A) A listing of all health care facilities currently owned and/or operated by the applicants, including licensing, certification and accreditation identification numbers, as applicable;
 - B) A certified listing from the applicants of any adverse action taken against any facility owned and/or operated by the applicants during the three years prior to the filing of the application;
 - C) Authorization permitting HFPB and Illinois Department of Public Health (IDPH) access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH 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 the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFPB.
- 4) If, during a given calendar year, an applicants 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 applicants shall attest that the information has been 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 applicants are able to submit amendments to previously submitted information, as needed to update and/or clarify data.

The applicant identified Chicago Endoscopy Center, LLC d/b/a Hispanic American Endoscopy Center as the sole facility owned and operated by the applicant. The applicant provided proof of licensure, a signed letter from the applicants that no adverse action has been taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application, and authorization permitting HFPB and Illinois Department of Public Health (IDPH) access to any documents necessary to verify the information submitted.

A Safety Net Impact Statement was provided for the facility as required,

and according to the applicant the proposed project will not have a negative impact on safety net services in the community. The applicant has provided the amount of charity care provided by the referring physicians in 2007, 2008, 2009, and projected figures for 2011 (See Table Three).

Table Three Hispanic American Endoscopy Center, LLC Charity Care Information			
Charity Care			
	2007	2008	2009
Number of Charity Care Cases	0	0	2
Charity Care Revenue	\$0	\$0	\$2,400
Total	\$0	\$0	\$2,400
Medicaid			
	2007	2008	2009
Number Of Medicaid Cases	0	4	0
Medicaid Revenue	\$0	\$0	\$0
Total	\$0	\$0	\$0

B. Criterion 1110.230(b) - Purpose of the Project

The criterion states:

“The applicants shall 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 applicants shall define the planning area or market area, or other, per the applicant’s definition.

- 1) The applicants shall address the purpose of the project, i.e., identify the issues or problems that the project is proposing to address or solve. Information to be provided shall include, but is not limited to, identification of existing problems or issues that need to be addressed, as applicable and appropriate for the project. Examples of such information include:
 - A) The area's demographics or characteristics (e.g., rapid area growth rate, increased aging population, higher or lower fertility rates) that may affect the need for services in the future;
 - B) The population's morbidity or mortality rates;
 - C) The incidence of various diseases in the area;
 - D) The population's financial ability to access health care (e.g., financial hardship, increased number of charity care patients, changes in the area population's insurance or managed care status);

- E) The physical accessibility to necessary health care (e.g., new highways, other changes in roadways, changes in bus/train routes or changes in housing developments).
- 2) The applicants shall cite the source of the information (e.g., local health department Illinois Project for Local Assessment of Need (IPLAN) documents, Public Health Futures, local mental health plans, or other health assessment studies from governmental or academic and/or other independent sources).
- 3) The applicants shall detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being. Further, the applicants shall provide goals with quantified and measurable objectives with specific time frames that relate to achieving the stated goals.
- 4) For projects involving modernization, the applicants shall describe the conditions being upgraded. For facility projects, the applicants shall include statements of age and condition and any regulatory citations. For equipment being replaced, the applicants shall also include repair and maintenance records."

The applicant states the purpose of the project is to enhance the scope of services available to Hispanic patients residing in the service area, and to increase utilization of the Hispanic American Endoscopy Center. The applicant cites a directive of the Office of Minority Health of the U.S. Department of Health and Human Services, which seeks to eliminate health disparities, achieve health equity, and improve/expand the capacity for linguistic and cultural competence of health care professionals working in minority communities. The applicant feels the proposed services will provide a much-needed service to the Hispanic population of HSA-06, and provide a lower cost alternative to outpatient surgery. The applicant notes the City of Chicago (HSA-06) has the largest Hispanic population of any of the metropolitan service area.

C. Criterion 1110.230(c) Alternatives to the Proposed Project

The criterion states:

"The applicants shall 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.

- 1) Alternative options shall be addressed. Examples of alternative options include:
 - A) 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) Other considerations.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, 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.
 - 3) The applicants shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available."

The applicants' state they considered the following alternatives:

1. Do Nothing

The applicant states the alternative of doing nothing, which means continuing to provide gastroenterology surgical services exclusively, would limit the applicant's ability to serve the community and enhance the facility's operational capacity. The applicant claims to be operating below the State Board Standard of 1,500 hours per operating room, and seeks to achieve target utilization through the proposed addition of service. While this alternative has no cost associated with it, it was ultimately rejected, based on the limited access to service and the continued underutilization of the current facility.

2. Utilize Other Health Care Facilities

The applicant rejected this alternative, because it would do nothing to increase the utilization data at the current facility. The applicants identified no costs with this alternative.

3. Add Urologic Surgery Procedures to the Existing ASTC

The applicant notes this alternative would increase utilization at the existing facility and provide a needed service at minimal cost. The applicant notes Dr. Thomas Malvar is currently performing urological endoscopy procedures at various facilities, and the equipment required for such procedures is very similar to the equipment

currently in use at the Hispanic American Endoscopy Center. The proposed project would involve the purchase of two urologic endoscopes (\$6,000 each), and miscellaneous urologic equipment (\$3,000), totaling \$15,000. This applicant felt this low-cost option would provide the greatest benefit in terms of increased utilization and increased access to health care services in the service area.

VIII. Section 1110.234 Project Scope and Size, Utilization and Unfinished/Shell Space

A. Size of Project

The criterion states:

“The applicants shall document that the amount of physical space proposed for the project is necessary and not excessive. The proposed gross square footage (GSF) cannot exceed the GSF standards of Appendix B, unless the additional GSF can be justified by documenting one of the following:

- 1) Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
- 2) The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
- 3) The project involves the conversion of existing bed space that results in excess square footage.”

TABLE FOUR Size of Project					
	Proposed # of Rooms	Proposed GSF	State Board Standard	Difference	Met Standard
Operating Rooms	1		2,750 BGSF/ROOM		Yes
Recovery Rooms	4		720BGSF		Yes
Clinical Total		3,445	3,470GSF	25	Yes

It appears the applicant has met the overall requirements of this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECT SIZE CRITERION (77 IAC 1110.234(a)).

B. Project Services Utilization

The criterion states:

“This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFPB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100. The applicants shall 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 Appendix B.”

TABLE FIVE Project Utilization					
	Projected Utilization	State Board Standard	Rooms Justified	Difference	Met Standard
Year 1 (2012)	1,056 hrs	1,500 HRS/ROOM	1		Yes

The State Board standard is 1,500 hours per operating room. The applicants are projecting 1,056 hours by the second year of operation (application p. 68), based on projected growth which anticipates 996 surgical procedures. If these hours materialize the applicants can justify the 1 operating room being proposed.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECT SERVICE UTILIZATION CRITERION (77 IAC 1110.234(b)).

IX. Section 1110.1540 - Non-Hospital Based Ambulatory Surgery

A) Criterion 1110.1540(a) - Scope of Services Provided

Any applicant proposing to establish a non-hospital based ambulatory surgical category of service must detail the surgical specialties that will be provided by the proposed project and whether the project will result in a limited specialty or multi-specialty ambulatory surgical treatment center (ASTC).

The applicants are proposing to add urological surgical services to an existing limited-specialty ASTC offering endoscopic services. The existing facility consists of one procedure room and four recovery stations, and will provide both endoscopic and urologic surgical services in the same facility. The proposed facility will remain under the designation of being a limited-specialty ASTC. The applicants have met the requirements of this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE SCOPE OF SERVICES PROVIDED CRITERION (77 IAC 1110.1540(a)).

B) Criterion 1110.1540 (b) - Target Population

Because of the nature of ambulatory surgical treatment, the State Board has not established geographic services areas for assessing need. Therefore, an applicant must define its intended geographic service area and target population. However, the intended geographic service area shall be no less than 30 minutes and no greater than 60 minutes travel time (under normal driving conditions) from the facility's site.

The applicants have been operating as a licensed ASTC offering endoscopic surgical services for the last 5 years. The surgery centers intended service area will encompass a 30-minute drive radius, or roughly 14 miles from the proposed site (See Table Seven). This proposed service area encompasses the majority of HSA-06 in Cook County. DCEO estimates from the 2010 census estimate the total population of this area to be 5,472,429.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TARGET POPULATION CRITERION (77 IAC 1110.1540(b)).

C) Criterion 1110.1540 - Projected Patient Volume

1) The applicant must provide documentation of the projected patient volume for each specialty to be offered at the proposed facility. Documentation must include physician referral letters which contain the following information:

- A) the number of referrals anticipated annually for each specialty;
- B) for the past 12 months, the name and location of health care facilities to which patients were referred, including the number of patients referred for each surgical specialty by facility;
- C) a statement by the physician that the information contained in the referral letter is true and correct to the best of his/her information and belief; and
- D) the typed or printed name and address of the physician, his/her specialty and his/her notarized signature.

2) Referrals to health care providers other than ambulatory surgical treatment centers (ASTC) or hospitals will not be included in

determining projected patient volume. The applicant shall provide documentation demonstrating that the projected patient volume as evidenced by the physician referral letters is from within the geographic service area defined under subsection (b).

The applicant notes the proposed surgery center will serve the same patient population at the current ASTC, and expects to increase its utilization and patient volume once urological surgical services are established. A signed affidavit from Dr. Thomas C. Malvar attests to the historical and projected patient volumes identified in Table Six. **The Garcia Medical Ctr. office referrals could not be accepted because the referrals need to be from a licensed health care facility. The remaining referrals were from health care facilities and were acceptable. The applicant is projecting 204 urological procedures at 90 minutes per procedure which equates to 306 hours of additional surgical utilization. The applicant has met the requirements of this criterion.**

Table Six Projected Urological Patient Volume Hispanic-American Endoscopy Center - Chicago		
Facility	Cases Performed in the Last 12 Months	Anticipated Referrals to the ASTC
Garcia Medical Ctr. (Office)	96	0
St. Joseph Hospital	102	68
Saints Mary & Elizabeth Hospitals	102	68
Sacred Heart Hospital	100	68
Total	400	204

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECTED PATIENT VOLUME CRITERION (77 IAC 1110.1540(c)).

D) Criterion 1110.1540 (d) - Treatment Room Need Assessment

- 1) Each applicant proposing to establish or modernize a non-hospital based ambulatory surgery category of service must document that the proposed number of operating rooms are needed to serve the projected patient volume. Documentation must include the average time per procedure for the target population including an explanation as to how this average time per procedure was developed.
- 2) There must be a need documented for at least one fully utilized (1,500 hours) treatment room for a new facility to be established. Also, utilizing the formula the application must document the need for each treatment room proposed.

Based upon the information furnished by the applicant the proposed procedural room and four recovery stations are needed to serve the projected patient volume. The applicant estimates the average length of time per procedure to be approximately one hour and thirty minutes, to include prep and clean-up (application p. 76). The applicant has met the requirements of this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TREATMENT ROOM NEED ASSESSMENT CRITERION (77 IAC 1110.1540(d)).

E) Criterion 1110.1540 (e) - Impact on Other Facilities

An applicant proposing to change the specialties offered at an existing ASTC or proposing to establish an ASTC must document the impact the proposal will have on the outpatient surgical capacity of all other existing ASTCs and hospitals within the intended geographic service area and that the proposed project will not result in an unnecessary duplication of services or facilities. Documentation shall include any correspondence from such existing facilities regarding the impact of the proposed project, and correspondence from physicians intending to refer patients to the proposed facility. Outpatient surgical capacity will be determined by the Agency, utilizing the latest available data from the Agency's annual questionnaires, and will be the number of surgery rooms for ASTCs and the number of equivalent outpatient surgery rooms for hospitals. Equivalent outpatient surgery rooms for hospitals are determined by dividing the total hours of a hospital's outpatient surgery by 1,500 hours. In addition to documentation submitted by the applicant, the State Agency shall review utilization data from annual questionnaires submitted by such health care facilities and data received directly from health facilities located within the intended geographic service area, including public hearing testimony.

The proposed surgery center will have a single procedure room and four recovery stations. The proposed facility will continue to perform endoscopic procedures, and add urologic surgical procedures to its scope of services. The applicants identified 28 Hospitals and 24 ASTCs in the service area (See Tables Seven and Eight).

The application contains a listing identifying 52 area ASTCs that were sent impact letters (application p. 203). The application also contains registered mail receipts (application p 259-271). The State Agency received one Impact Letter from Resurrection Health Care.

Resurrection Health Care stated that the proposed project would have a negative impact on Saint Joseph Hospital, Saints Mary and Elizabeth Medical Center and Our Lady of Resurrection Medical Center. Saint Joseph, Saints Mary and Elizabeth Medical Center and Our Lady of Resurrection Medical Center provide inpatient and outpatient services to over 54,000 Hispanic annually. These hospitals assure that no cultural or linguistic barriers exist in the care of these patients, including the availability of a sufficient number of Spanish speaking employees and physicians. Providing Spanish speaking caregivers does not meet the criterion in the Illinois Health Facilities and Services Board rules for providing services that are not currently available in the geographic serviced area.

The State Agency notes there are 22 ASTC's and 28 hospitals within the proposed GSA (See Tables Seven and Eight). Of these facilities, 13 (59%), of the 22 ASTC's and 19 (67.8%) of the 28 hospitals are operating below the State Board's target utilization for surgical suites.

The applicant proposes to add a surgical specialty that requires no construction/modernization and minimal equipment purchase. However, excess capacity exists at ASTCs and hospitals in the service area, and the addition of this service would contribute to an existing excess in the service. Therefore, a positive finding cannot be made.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE IMPACT ON OTHER FACILITIES CRITERION (77 IAC 1110.1540(e)).

Facility Name	City	Adjusted Time	Distance	# of OR's	Equiv. # OP OR's	Total Surgical Hours	# of OR's Justified	Met State Standard?
St. Elizabeth's Hospital	Chicago	10	2.3	5		1,666	2	No
Norwegian American Hospital	Chicago	11	2.6	5		3,344	3	No
St. Mary of Nazareth Hospital	Chicago	11	2.8	8		8,899	6	No
Sacred Heart Hospital	Chicago	12	2.9	4		1,479	1	No
St. Joseph Hospital & Health Ctr.	Chicago	13	3.4	12		13,422	9	No
Our Lady of Resurrection Medical Ctr.	Chicago	13	3.7	9		4,799	4	No
Children's Memorial Hospital	Chicago	15	3.6	13		19,215	13	Yes
Advocate Illinois Masonic Medical Ctr.	Chicago	16	4	16		24,018	16	Yes
Swedish Covenant Hospital	Chicago	17	4.5	7		12,315	9	Yes
Rush University Medical Ctr.	Chicago	17	7.1	29		59,761	40	Yes
Northwestern Memorial Hospital	Chicago	18	6.5	52		95,818	64	Yes
John H. Stroger Hospital	Chicago	18	7.6	20		28,268	19	No

TABLE SEVEN
Hospitals within the Proposed GSA
Hispanic American Endoscopy Center Chicago

Facility Name	City	Adjusted Time	Distance	# of OR's	Equiv. # OP OR's	Total Surgical Hours	# of OR's Justified	Met State Standard?
University of Illinois Hospital	Chicago	20	7.5	20		39,097	27	Yes
Resurrection Medical Ctr.	Chicago	20	8.8	12		12,944	9	No
VHS West Suburban Medical Ctr.	Oak Park	21	5.3	8		8,614	6	No
Thorek Memorial Hospital	Chicago	21	5.4	5		3,033	3	No
Loretto Hospital	Chicago	21	6.6	5		1,509	2	No
Mt. Sinai Medical Ctr.	Chicago	22	5.3	10		13,728	10	Yes
St. Anthony Hospital	Chicago	22	5.5	4		4,280	3	No
Mercy Hospital & Medical Ctr.	Chicago	22	9.7	8		11,421	8	Yes
Methodist Hospital of Chicago	Chicago	23	5.9	3		1,595	2	No
Skokie Hospital	Skokie	23	11.6	10		10,124	7	No
Rush Oak Park Hospital	Oak Park	26	9.1	9		6,855	5	No
Louis A. Weiss Memorial Hospital	Chicago	26	6.4	10		9,372	7	No
St. Bernard Hospital	Chicago	27	13.1	6		2,825	2	No
Gottlieb Memorial Hospital	Melrose Park	28	7.6	9		10,452	7	No
Loyola University Medical Ctr.	Maywood	28	10.9	27		43,708	30	Yes
Provident Hospital of Cook County	Chicago	30	12.3	9		2,473	2	No

Number of surgical hours, rooms taken from IDPH 2009 Hospital Questionnaire
 Time and Distance taken from Map Quest and adjusted per 77 IAC 1100.510 (d)

TABLE EIGHT
ASTC within the Proposed GSA
Hispanic American Endoscopy Center Chicago

Name	City	Type	Time	Distance	# of OR's	Total Surgical Hours	# or OR's Justified	State Standard Met?
CMP Surgicenter	Chicago	Multi	1	.25	2	1,523	2	Yes
Fullerton Surgery Ctr.	Chicago	Multi	6	1.6	3	2,196	2	No
American Women's Medical Group	Chicago	Multi	7	1.9	2	1,924	2	Yes
Six Corners Same Day Surgery	Chicago	Limited	13	3.3	4	770	1	No
Albany Medical Surgical Ctr.	Chicago	Limited	15	5.6	2	2,653	2	Yes
Grand Avenue Surgical Ctr.	Chicago	Multi	16	5.9	3	900	1	No
River North Same Day Surgery Ctr.	Chicago	Multi	16	6.0	4	4,706	4	Yes
25 East Same Day Surgery Ctr.	Chicago	Multi	17	6.3	4	3,096	3	No
Rush Surgicenter	Chicago	Multi	17	7.1	4	6,741	5	Yes
Advanced Ambulatory Surgical Ctr.	Chicago	Multi	18	4.7	3	1,876	2	No
Surgery Ctr. at 900 N. Michigan	Chicago	Multi	18	6.4	4	5,949	4	Yes
Watertown Surgicenter	Chicago	Limited	18	6.5	2	663	1	No
Novamed Surgery Ctr. of Chicago North Shore	Chicago	Limited	21	5.3	1*	2,759	2	Yes

TABLE EIGHT
 ASTC within the Proposed GSA
 Hispanic American Endoscopy Center Chicago

Name	City	Type	Time	Distance	# of OR's	Total Surgical Hours	# or OR's Justified	State Standard Met?
Belmont North Harlem Surgery Ctr.	Chicago	Multi	22	5.5	4	2,039	2	No
Elmwood Park Same Day Surgery Ctr.	Elmwood Park	Multi	22	5.6	3	1,431	1	No
North Shore Same Day Surgery Ctr.	Lincolnwood	Multi	22	9.6	3	2,140	2	No
Peterson Surgery Ctr.	Chicago	Multi	25	6.1	2	811	1	No
Novamed Surgery Ctr.	River Forest	Multi	28	7.3	2	933	1	No
Lakeshore Physicians & Surgery Ctr.	Chicago	Multi	28	7.7	2	2,836	2	Yes
Loyola University Ambulatory Surgery Ctr.	Maywood	Multi	28	10.9	8	7,801	6	No
Hyde Park Surgery Ctr.	Chicago	Limited	28	13.4	1	680	1	Yes
Illinois Sports Medicine & Orthopedic Surgery Ctr.	Morton Grove	Limited	30	13.2	4	3,388	3	No

Time and Distance determined by MapQuest and adjusted per 1100.510 (d)
 Utilization information taken from CY 2009 Annual Questionnaires
 * Procedure Rooms Only/ Outpatient Endoscopy Center
 NDR: No Data Reported

G) Criterion 1110.1540 (g) - Charge Commitment

In order to meet the purposes of the Act which are to improve the financial ability of the public to obtain necessary health services and to establish a procedure designed to reverse the trends of increasing costs of health care, the applicant shall include all charges except for any professional fee (physician charge). [20 ILCS 3960/2] The applicant must provide a commitment that these charges will not be increased, at a minimum, for the first two years of operation unless a permit is first obtained pursuant to 77 Ill. Adm. Code 1130.310(a).

The applicant has committed that surgical charges will not be increased for the first two years of operation unless a permit is first obtained pursuant to 77 Ill. Adm. Code 1130.310(a) (Application pgs. 79-81).

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE CHARGE COMMITMENT CRITERION (77 IAC 1110.1540(g)).

H) Criterion 1110.1540 (h) - Change in Scope of Service

Any applicant proposing to change the surgical specialties currently being provided by adding one or more of the surgical specialties listed under subsection (a) of this Section must document one of the following:

- 1) that there are no other facilities (existing ASTCs or hospitals with outpatient surgical capacity) within the intended geographic service area which provide the proposed new specialty; or
- 2) that the existing facilities (existing ASTCs or hospitals with outpatient surgical capacity) within the intended geographic service area of the applicant facility are operating at or above the 80% occupancy target; or
- 3) that the existing programs are not accessible to the general population of the geographic service area in which the applicant facility is located.

There are existing facilities within the proposed GSA that provide the services being proposed and are not operating at the 80% target occupancy. In addition we have found no evidence that existing programs are not accessible to the general population of the geographic service area. The applicant has not met the requirements of this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE CHANGE IN SCOPE OF SERVICES CRITERION (77 IAC 1110.1540(g)).

IX. 1120 - Financial and Economic Feasibility

A. Criterion 1120.120 - Availability of Funds

The criterion states:

“The applicant must document that financial resources shall be available and be equal to or exceed the estimated total project cost and any related cost.”

The applicant proposes to fund the entire project through cash with the fair market value of leased equipment totaling \$15,000 (internally funded). The applicant supplied documentation that sufficient resources exist to fund the project.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE AVAILABILITY OF FUNDS CRITERION (77 IAC 1110.120).

B. Criterion 1120.130 - Financial Viability

The criterion states:

1.

"1) Viability Ratios

Applicant (including co-applicant) must document compliance with viability ratio standards detailed in Appendix A of this Part or address a variance. Applicant must document compliance for the most recent three years for which audited financial statements are available. For Category B applications, the applicant also must document compliance through the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later, or address a variance.

B Variance for Applications Not Meeting Ratios Applicant not in compliance with any of the viability ratios must document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default."

The applicants have indicated the entire funding balance for the proposed project will originate from the fair market value of leased equipment, (internal funding sources). Therefore, this criterion is not applicable.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE FINANCIAL VIABILITY CRITERION (77 IAC 1110.130).

C. Criterion 1120.140 - Economic Feasibility

A. Criterion 1120.140(a) - Reasonableness of Financing Arrangements

B. Criterion 1120.140(b) - Conditions of Debt Financing

The applicant states that all available cash and equivalents are being used for project funding prior to borrowing, and the entire project amount will emanate from the fair market value of leased equipment (\$15,000). Therefore, these criteria are not applicable.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF FINANCING ARRANGEMENTS CRITERION (77 IAC 1120.140(a)(b)).

C. Criterion 1120.140(c) - Reasonableness of Project Cost

This criterion states:

- "1) Construction and Modernization Costs**
Construction and modernization costs per square foot for non-hospital based ambulatory surgical treatment centers and for facilities for the developmentally disabled, and for chronic renal dialysis treatment centers projects shall not exceed the standards detailed in Appendix A of this Part unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities. For all other projects, construction and modernization costs per square foot shall not exceed the adjusted (for inflation, location, economies of scale and mix of service) third quartile as provided for in the Means Building Construction Cost Data publication unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.
- 2) Contingencies**
Contingencies (stated as a percentage of construction costs for the stage of architectural development) shall not exceed the standards detailed in Appendix A of this Part unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities. Contingencies shall be for construction or modernization only and shall be included in the cost per square foot calculation.
BOARD NOTE: If, subsequent to permit issuance, contingencies are proposed to be used for other line item costs, an alteration to the permit (as detailed in 77 Ill. Adm. Code 1130.750) must be approved by the State Board prior to such use.
- 3) Architectural Fees**
Architectural fees shall not exceed the fee schedule standards detailed in Appendix A of this Part unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.
- 4) Major Medical and Movable Equipment**
A) For each piece of major medical equipment, the applicant must certify that the lowest net cost available has been selected, or if not selected, that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.

B) Total movable equipment costs shall not exceed the standards for equipment as detailed in Appendix A of this Part unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar or consistent with other projects that have similar constraints or complexities.

5) Other Project and Related Costs

The applicant must document that any preplanning, acquisition, site survey and preparation costs, net interest expense and other estimated costs do not exceed industry norms based upon a comparison with similar projects that have been reviewed. "

The project's costs reflect clinical costs only and do not include non-clinical costs that are not reviewable under the Planning Act.

Fair Market Value of Leased Space or Equipment - These costs total \$15,000. The State Board standard, with an inflationary 3% adjustment, is \$361,743 per operating room. The applicant is in compliance with this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS CRITERION (77 IAC 1110.140(c)).

D. Criterion 1120.140(d) - Projected Operating Costs

The criterion states:

"The 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 after project completion or the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Direct costs mean the fully allocated costs of salaries, benefits, and supplies for the service."

The applicant projects an annual operating cost of \$283.60 per patient procedure for FY 2012, the first full year after project completion. The State Board does not have a standard for this cost.

E. Criterion 1120.140(e) - Total Effect of the Project on Capital Costs

The criterion states:

"The applicant must provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year

after project completion or the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later.”

The applicant projects the total effect of the project on capital costs to be \$2.18 per procedure for FY 2012, the first full year after project completion. The State Board does not have a standard for this cost.

Reference Numbers	Facility Id	7003126	Number of Operating Rooms	0	
Health Service Area	006	Planning Service Area	030	Procedure Rooms	1
CHICAGO ENDOSCOPY CENTER, LLC			Exam Rooms	0	
3536 WEST FULLERTON AVENUE			Number of Recovery Stations Stage 1	2	
CHICAGO, IL 60647			Number of Recovery Stations Stage 2	2	

Administrator Date
 RAMON A GARCIA MD Completed
4/9/2009

Registered Agent
 Kara Friedman
 Property Owner
 Garcia Properties
Legal Owner

Type of Ownership
 Limited Liability Company (RA required)

HOSPITAL TRANSFER RELATIONSHIPS

HOSPITAL NAME	NUMBER OF PATIENTS
Norwegian American Hospital	0
	0
	0
	0
	0

STAFFING PATTERNS

PERSONNEL	FULL-TIME EQUIVALENTS
Administrator	1.00
Physicians	2.00
Nurse Anesthetists	0.00
Dir. of Nurses	0.00
Reg. Nurses	1.00
Certified Aides	2.00
Other Hlth. Profs.	0.00
Other Non-Hlth. Profs	1.00
TOTAL	7.00

DAYS AND HOURS OF OPERATION

Monday	7
Tuesday	7
Wednesday	7
Thursday	7
Friday	0
Saturday	7
Sunday	5

FACILITY NOTES

NUMBER OF PATIENTS BY AGE GROUP				NUMBER OF PATIENTS BY PRIMARY PAYMENT SOURCE			
AGE	MALE	FEMALE	TOTAL	PAYMENT SOURCE	MALE	FEMALE	TOTAL
0-14	0	0	0	Medicaid	3	1	4
15-44	170	114	284	Medicare	145	99	244
45-64	168	113	281	Other Public	0	0	0
65-74	101	68	169	Insurance	214	143	357
75+ Yea	3	2	5	Private Pay	80	54	134
TOTAL	442	297	739	Charity Care	0	0	0
				TOTAL	442	297	739

NET REVENUE BY PAYOR SOURCE for Fiscal Year							Charity Care Expense	Charity Care Expense as % of Total Net Revenue
Medicare	Medicaid	Other Public	Private Insurance	Private Pay	TOTALS			
22.5%	0.0%	0.0%	68.6%	8.9%	100.0%		0%	
203,866	0	0	621,276	80,400	905,543	0		

OPERATING ROOM UTILIZATION FOR THE REPORTING YEAR

SURGERY AREA	TOTAL SURGERIES	SURGERY		TOTAL SURGERY (HOURS)	AVERAGE CASE TIME (HOURS)
		TIME (HOURS)	PREP and CLEAN-UP TIME (HOURS)		
Cardiovascular	0	0.00	0.00	0.00	0.00
Dermatology	0	0.00	0.00	0.00	0.00
Gastroenterology	0	0.00	0.00	0.00	0.00
General	0	0.00	0.00	0.00	0.00
Laser Eye	0	0.00	0.00	0.00	0.00
Neurology	0	0.00	0.00	0.00	0.00
OB/Gynecology	0	0.00	0.00	0.00	0.00
Ophthalmology	0	0.00	0.00	0.00	0.00
Oral/Maxillofacial	0	0.00	0.00	0.00	0.00
Orthopedic	0	0.00	0.00	0.00	0.00
Otolaryngology	0	0.00	0.00	0.00	0.00
Pain Management	0	0.00	0.00	0.00	0.00
Plastic	0	0.00	0.00	0.00	0.00
Podiatry	0	0.00	0.00	0.00	0.00
Thoracic	0	0.00	0.00	0.00	0.00
Urology	0	0.00	0.00	0.00	0.00
TOTAL	0	0.00	0.00	0.00	0.00

PROCEDURE ROOM UTILIZATION FOR THE REPORTING YEAR

SURGERY AREA	PROCEDURE ROOMS	SURGERY		TOTAL SURGERY (HOURS)	AVERAGE CASE TIME (HOURS)
		TOTAL SURGERIES	TIME (HOURS)		
Cardiac Catheteriza	0	0	0	0	0.00
Gastro-Intestinal	1	739	185	309	0.42
Laser Eye	0	0	0	0	0.00
Pain Management	0	0	0	0	0.00
TOTALS	1	739	185	309	0.42

10-088 Hispanic American Endoscopy Ctr. - Chicago

