

Richard L. Prebil

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Attorney At Law

Richard L. Prebil, P.C.
(847) 602-9121
Richard.Prebil@RLPEsq.com
501C West Colfax
Palatine, IL 60067

Note Our New Location:

richard.prebil@gallitanooconnor.com
257 East Main Street T 224.633.5022
Suite 300 F 224.633.5001
Barrington, IL 60010 C 847.602.9121

DEC 19 2011

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

BY ELECTRONIC MAIL AND
USPS EXPRESS MAIL

December 16, 2011

Illinois Department of Public Health
Attn: George Roate
Office of Health Systems Development
525 West Jefferson
2nd Floor
Springfield, Illinois 62761

Re: Application #11-111 The IVF Center at RMI

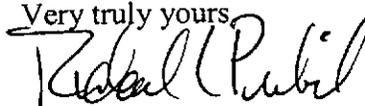
Dear Mr. Roate:

Please accept the following as a supplement to the original application:

- Replacement pages 4, 5, 6, 55, 100, 101, 102, 159-162. One original and one copy are enclosed.
- Certification of mailing of impact letters. (These are supplied in electronic form only. Hard copy of the documents are being provided under separate cover.)

In accordance with our discussions, we believe that these documents should respond to all of the issues raised by your initial review. Please call if you have any questions.

Thank you for your courtesies in this matter.

Very truly yours,

Richard L. Prebil

Enclosures and electronic attachments

cc: Lisa A. Rinehart RN, BSN, JD (electronic only)

2. Narrative Description

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

The IVF Center at RMI (the "Applicant") seeks to license its existing IVF facility as an ambulatory surgical treatment center. Applicant therefore seeks authority from the Illinois Health Facilities and Services Review Board to establish Oak Brook Fertility, the Applicant's current IVF center, as a single specialty ambulatory surgical treatment center. Oak Brook Fertility is a state-of-the-art IVF center certified by The Joint Commission, and is located at 2425 W. 22nd Street, Suite 102, Oak Brook, IL 60523.

The 4350 square foot space utilized by Oak Brook Fertility, with two procedure rooms and related support space, would become an ASTC. The proposed ASTC would offer exactly the same fertility services currently being performed at the facility: assisted reproductive technology (ART) and related procedures. An existing state of the art specialty IVF lab, required for ART procedures, is connected to the surgical suite.

Because Applicant proposes to establish a healthcare facility, it is considered a substantive request, and is subject to review under Parts 1110 and 1120 of Title 177 of the Illinois Administrative Code.

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	\$213,220.08	\$153,018.74	\$1,366,238.82
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$213,220.08	\$153,018.74	\$1,366,238.82
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	\$213,220.08	\$153,018.74	\$1,366,238.82
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$213,220.08	\$153,018.74	\$1,366,238.82
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

<p>Land acquisition is related to project <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Purchase Price: \$ _____</p> <p>Fair Market Value: \$ _____</p>
<p>The project involves the establishment of a new facility or a new category of service <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.</p> <p>Estimated start-up costs and operating deficit cost is \$ <u>\$0.00</u></p>

Project Status and Completion Schedules

<p>Indicate the stage of the project's architectural drawings:</p> <p><input type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary</p> <p><input type="checkbox"/> Schematics <input checked="" type="checkbox"/> Final Working</p>
<p>Anticipated project completion date (refer to Part 1130.140): <u>April 1, 2013</u></p>
<p>Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140): There are no expenditures for the Project. The attachments describe the existing facility.</p> <p><input checked="" type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.</p> <p><input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies</p> <p><input type="checkbox"/> Project obligation will occur after permit issuance.</p>
<p>APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p>

State Agency Submittals

<p>Are the following submittals up to date as applicable:</p> <p><input type="checkbox"/> Cancer Registry</p> <p><input type="checkbox"/> APORS</p> <p><input type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted</p> <p><input type="checkbox"/> All reports regarding outstanding permits</p> <p>Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.</p>
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After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	56-57
2	Site Ownership	58-94
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	95
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	96
5	Flood Plain Requirements	97-99
6	Historic Preservation Act Requirements	100
7	Project and Sources of Funds Itemization	101
8	Obligation Document if required	102-135
9	Cost Space Requirements	136
10	Discontinuation	N/A
11	Background of the Applicant	137
12	Purpose of the Project	138-139
13	Alternatives to the Project	140
14	Size of the Project	141
15	Project Service Utilization	142
16	Unfinished or Shell Space	N/A
17	Assurances for Unfinished/Shell Space	N/A
18	Master Design Project	N/A
19	Mergers, Consolidations and Acquisitions	N/A
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	N/A
21	Comprehensive Physical Rehabilitation	N/A
22	Acute Mental Illness	N/A
23	Neonatal Intensive Care	N/A
24	Open Heart Surgery	N/A
25	Cardiac Catheterization	N/A
26	In-Center Hemodialysis	N/A
27	Non-Hospital Based Ambulatory Surgery	143-158
28	General Long Term Care	N/A
29	Specialized Long Term Care	N/A
30	Selected Organ Transplantation	N/A
31	Kidney Transplantation	N/A
32	Subacute Care Hospital Model	N/A
33	Post Surgical Recovery Care Center	N/A
34	Children's Community-Based Health Care Center	N/A
35	Community-Based Residential Rehabilitation Center	N/A
36	Long Term Acute Care Hospital	N/A
37	Clinical Service Areas Other than Categories of Service	N/A
38	Freestanding Emergency Center Medical Services	N/A
	Financial and Economic Feasibility:	
39	Availability of Funds	N/A
40	Financial Waiver	N/A
41	Financial Viability	N/A
42	Economic Feasibility	159-160
43	Safety Net Impact Statement	161
44	Charity Care Information	162

ATTACHMENT - 6

Historic Preservation Act Requirements

This Project seeks the licensure of an existing facility. The Project does not involve the demolition of any structures, the construction of new buildings, or the modernization of existing buildings.

The IVF Surgery Center at RMI, and the building in which it resides, do not meet the definition of a historic resource as defined in 20 ILCS3420/3(c).

ATTACHMENT - 7

Project Costs and Source of Funds

The IVF Center at RMI (the "Applicant") seeks to utilize its current IVF center as a single specialty ambulatory surgical treatment center. Oak Brook Fertility is an existing state-of-the-art IVF center certified by The Joint Commission.

No further funding is needed or expected in the licensure process.

The IVF Surgery Center at RMI is a completed project with a construction cost of \$577,461.17, including all change orders. All construction agreements are fully executed and closed.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Fair Market Value of Leased Space or Equipment	\$1,213,220.08	\$153,018.74	\$1,366,238.82
TOTAL USES OF FUNDS	\$1,213,220.08	\$153,018.74	\$1,366,238.82
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Leases (fair market value)	\$1,213,220.08	\$153,018.74	\$1,366,238.82
TOTAL SOURCES OF FUNDS	\$1,213,220.08	\$153,018.74	\$1,366,238.82

ATTACHMENT 8

Project Status and Completion Schedules

The IVF Surgery Center at RMI seeks to license its existing IVF treatment facility as an ambulatory surgical treatment center. No construction is anticipated. Following the issuance of a permit, Applicant would anticipate completion of the licensure process on or before April 1, 2013.

Purchase orders and contracts for the most recent configuration of the facility follow.

ATTACHMENT – 42

Project Cost Impact

No further funding is needed or expected in the licensure process.

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means fully allocated costs of salaries, benefits, and supplies for the service.

Calendar Year	2013
Labor : Salaries & Benefits	\$ 181,436.00
Supplies:	\$ 78,156.00
Rent:	\$ 95,844.00
Total Surgical Hours:	2,000
POC per Surgical Hour:	\$ 177.72

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

Calendar Year	2013
Depreciation & Amortization:	\$ 28,873.00
Total TEPOCC:	\$ 28,873.00
Total Surgical Hours:	2,000
TEPOCC per Surgical Hour:	\$ 14.44

**IVF SURGERY CENTER AT RMI - Current Trend
Projected Statements of Revenue and Expenses**

	PROJECTED	PROJECTED	PROJECTED	PROJECTED
	1,600	2,000	2,000	2,100
	<u>Year 2012</u>	<u>Year 2013</u>	<u>Year 2014</u>	<u>Year 2015</u>
	\$	\$	\$	\$
	%	%	%	%
Projected Annual Procedures:				
Collections:				
Facility fees: US Guided Oocyte Retrieval	\$768,000	\$960,000	\$1,036,800	\$1,119,744
Facility fees: US Guided Embryo Transfer	\$320,000	\$400,000	\$432,000	\$466,560
Total collections	\$1,088,000	\$1,360,000	\$1,468,800	\$1,586,304
	60.00%	60.00%	60.00%	60.00%
	40.00%	40.00%	40.00%	40.00%
	100.00%	100.00%	100.00%	100.00%
Operating Expenses:				
Labor	\$164,940	\$181,436	\$187,768	\$193,401
Management	\$30,000	\$31,080	\$31,118	\$32,051
Surgical supplies	\$61,680	\$78,156	\$82,064	\$84,526
Building rent	\$93,049	\$95,844	\$98,715	\$101,676
Administrative expenses/Billing	\$73,500	\$75,000	\$77,700	\$80,031
Marketing expenses	\$10,000	\$10,000	\$10,000	\$10,000
Total operating expenses	\$433,169	\$471,516	\$487,365	\$501,685
EBITDA				
Depreciation/Amortization	\$28,873	\$28,873	\$28,873	\$28,873
Interest expense - equipment				
Earning before income taxes	\$625,958	\$859,611	\$952,562	\$1,055,746

Projected financial information is subject to the occurrence of future events, many of which are uncertain and may not occur. Such future deviations, changes in assumptions or failure of events to occur as predicted may produce material deviations in the projected results.

ATTACHMENT – 43

Safety Net

The IVF Surgery Center at RMI will have no impact on the safety net services in the community, as the services to be provided are not covered by Medicaid and subject to the safety net.

ATTACHMENT – 44

Charity Care Information

The IVF Surgery Center at RMI is not required to provide charity care under any of its applicable regulations or contracts. However, the physicians using the Center are extremely conscious of providing care for those with reduced financial resources. Currently, on an individual needs assessment basis, the physicians have reduced their charges for ART services, and enlisted pharmaceutical companies to donate medications for patients. This practice will continue.