

Murer Consultants, Inc.



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Joliet, IL 60432
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June 7, 2013

Dale Galassie, Chairman
Illinois Health Facilities and Services Review Board
2nd Floor
525 West Jefferson Street
Springfield, Illinois 62761

RECEIVED

JUN 13 2013

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Alteration of Palos Hills Surgery Center, Project # 11-095

Chairman Galassie,

Please accept this letter as notice and alteration request for Palos Hills Surgery Center, Project # 11-095. The Applicant intends to alter the project subsequent to Board Approval but before completion. This letter is being submitted in keeping with 77 Ill. Adm. Code Section 1130.750 and previous guidance from Board Staff.

The specific alteration is as follows: The permit holder, Palos Hills Surgery Center LLC, intends to add costs under the "Fair Market Value of Leased Space or Equipment" project component. These additional costs will total \$160,000 for equipment necessary for the completion of the project.

This is an increase in the overall project cost. An additional \$160,000 represents an increase of 6.61% from the approved permit amount of \$2,421,158.40. For this reason, it is a permissible alteration, under 77 Ill. Adm. Code Section 1130.750(c)(1).

Please note that Palos Hills Surgery Center recently notified the Board that it would be altering the project by shifting some from one project component to another. At the time, we anticipated that modernization costs would go from \$900,000 per the original permit to as much as \$1,250,000, with all the additional funds met with reduction in cost for equipment. The Applicant wishes to shift these costs, as they are allowed to do under Board rules, and seek approval for an additional \$160,000 in costs for equipment. As such, the costs for the modified project components (all others are unaffected) would be as follows:

Project Component	Cost	Calculation
Modernization Contract	\$1,250,000	\$900,000+\$350,000
Fair Market Value of Leased Space of Equipment	\$291,408.40	\$481,408.40-\$350,000+\$160,000
Total Use of Funds	\$2,581,158.40	\$2,421,158.40+\$160,000

As to the applicable review criteria, we would note that, of the review criteria listed in 77 Ill. Adm. Code Section 1110.1540 related to ambulatory surgery centers (ASCs), none are affected by this alteration request. Furthermore, as to the criterion on cost per OR in an ASC, listed in 77 Ill. Adm. Code Section 1120 APPENDIX A, i.e. \$353,802 per room in capital equipment, we are also in compliance. This project has two ORs and so the capital equipment costs would be, if approval is given, \$145,704.20 per OR.

Given that we are in conformance with all review criteria and that this is the first alteration request for this project, we respectfully ask that the Board grant this request, pending staff review.

Sincerely,



Cheryl G. Murer, JD, CRA
President & CEO, Murer Consultants, Inc.

Enclosures:

Notice of Alteration, Sent May 30, 2013
Application Fee of \$1,000

CC:

Gary Kronen, M.D., Authorized Representative and Owner of Palos Hills Surgery Center
Anton Fakhouri, M.D., Authorized Representative and Owner of Palos Hills Surgery Center
Tom Hunt, MidAmerica Orthopedics, S.C.

Murer Consultants, Inc.



58 North Chicago Street
7th Floor
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May 30, 2013

Mike Constantino
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Alteration of Palos Hills Surgery Center, Project # 11-095

Mr. Constantino,

Please accept this letter as notice that Palos Hills Surgery Center, Project # 11-095 intends to alter the project subsequent to Board Approval but before completion. This letter is being submitted in keeping with 77 Ill. Adm. Code Section 1130.750 and previous guidance from Board Staff.

The specific alteration is as follows: The permit holder, Palos Hills Surgery Center LLC, intends to shift some project expenses from equipment to modernization costs. It was able to obtain equipment more cheaply than envisioned in the original application and used these funds to meet additional construction needs.

The overall project cost is not increasing. Costs are merely being shifted from one project component to another. Because this reapportionment has not been completed, we are not able to define precisely the amount of cost shifting. We anticipate, however, that modernization costs will go from \$900,000 per the original permit to as much as \$1,250,000, with all the additional funds met with reduction in cost for other project components.

As this alteration requires notice but not Board approval, there are no other applicable review criteria, nor is a processing fee included. Please let us know if you have any additional questions.

Sincerely,


Cheryl G. Murer, JD, CRA
President & CEO, Murer Consultants, Inc.

CC:

Gary Kronen, M.D., Authorized Representative and Owner of Palos Hills Surgery Center
Anton Fakhouri, M.D., Authorized Representative and Owner of Palos Hills Surgery Center
Tom Hunt, MidAmerica Orthopedics, S.C.

10020

PALOS HILLS SURGERY CENTER LLC

10330 S. ROBERTS RD.
PALOS HILLS, IL 60465

STANDARD BANK AND TRUST CO.

70-936-719

6-6-2013

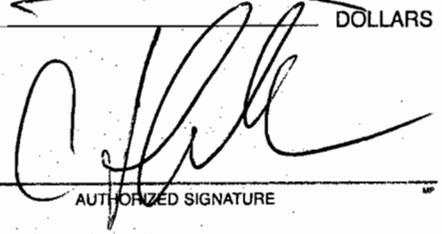
PAY TO THE
ORDER OF

ILLINOIS DEPARTMENT OF HEALTH

\$ 1,000.00

ONE THOUSAND DOLLARS & 00/100

DOLLARS



AUTHORIZED SIGNATURE

MEMO Application Processing Fee Project #11-095

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Security features are included. Details on back.