SOUTHERN ILLINOIS
HEALTHCARE

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

May 24, 2016

Via Federal Express
Michael Constantino
Project Reviewer
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62702

RE: Southern Illinois Gastrointestinal Endoscopy Center (Project #15-061)

Dear Mr. Constantino:

This submission is being presented as written comments on the above captioned project.

We have reviewed the additional information provided by the applicants on April 16, 2016 and May 16, 2016 for the above captioned project. We appreciate the opportunity to comment on the additional information submitted in response to the Illinois Health Facilities & Services Review Board (IHFSRB) staff's second request for additional information and the applicants' comments regarding written comments previously submitted by Southern Illinois Healthcare (SIH).

1. The proposed size of the Clinical Service Area within the Endoscopy Center is exceptionally small, and it is difficult to see how the proposed sizes of the required rooms in this facility could meet licensing standards for Gastrointestinal Endoscopy Rooms in an Ambulatory Surgical Treatment Center (ASTC), as identified in 77 Ill. Adm. Code 205.1360(c)(2) and (d). In fact, the size of the proposed procedure rooms and the space available for 7 recovery stations is so small as to potentially present life safety and quality of care issues for patients. The planned space is not large enough to provide safe care in an emergency.

   To be specific, the applicants propose that the Clinical Service Areas of the ASTC will have 1,085 GSF and that this space will include 2 Gastrointestinal Endoscopy Rooms, 7 Recovery Stations, and all other space required for licensure.

   Illinois licensing requirements for Gastrointestinal Endoscopy Rooms in an ASTC are "a minimum clear area of 200 square feet and a minimum clear dimension of 12 feet, exclusive of such spaces as vestibule, toilet, closet, and work counter. There shall be a minimum 2'6" clearance at each side and at both ends of the treatment table." [77 Ill. Adm. Code 205.1360(c)(2)(A)]. In addition, sections (B) through (E) require space for storage area, an area for disposal of surgical garments, and endoscopic instrument cabinet, and an instrument processing work area. This

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means that, in addition to 400 net square feet for the 2 procedure rooms, space must be allocated for all the other required functions.

Illinois licensing requirements for Stage II Recovery Rooms in ASTC are "a minimum clear area of 50 square feet per station with a minimum clear dimension of 2"6" on both sides and 3' at the foot of stretchers or lounge chairs." [(77 Ill. Adm. Code 205.1360(d)(1)(B)(ii)]. In addition, the Recovery Area is required to have space to "contain a drug distribution station, hand-washing facility, charting facilities, nurses' station, and storage space for supplies and equipment [77 Ill. Adm. Code 205.1360(d)(2)], and the Recovery Rooms are required to "have accessibility to a toilet without having to leave the recovery room to reach it." [77 Ill. Adm. Code 205.1360(d)(3)]. This means that, in addition to 350 net square feet for the 7 recovery stations, space must be allocated for all the other specified functions.

It is difficult to see how these required functions could fit into 1,085 net square feet. The application specifies that the space for the Clinical Service Areas is 1,085 gross square feet, which would seem to be unlikely and most likely, impossible. Which of the elements of an ASTC that are required for licensure are the applicants omitting from this proposed facility?

2. The applicants point to the importance of their patient assistance program, which targets uninsured and underinsured patients. However, the patients that they propose to serve are only minimally in these categories.

    a. The applicants propose a payer mix that includes only 5% Medicaid and 10% self pay. Yet, as an example, SIH Medical Group's 3 gastroenterologists had Medicaid percentages of 20%, 38%, and 27% respectively for the period of April, 2015 through December, 2015. For the same period of time, the self-pay percentages for each of those physicians was 2%. SIH and SIH Medical Group take all patients regardless of ability to pay.

    b. The applicants state that they provided reduced cost endoscopy procedures for 228 people through their patient assistance program in 2016. They go on to state that the average charge of these procedures at an SIH hospital is substantially more expensive. The applicants fail to point out that the amounts charged by SIH hospitals, and most hospitals in general, bear little relationship to what the insurer or patient actually pays. It is our hope that the IHFSRB will ask the applicants what their policy will be if the patient does not have insurance, $1,500 for the flat rate, or if the patient is not lucky enough to be in the 228 people who received reduced cost procedures in 2016. Is the patient then out of luck?

    c. The applicants' assertion that the program was designed to improve colorectal cancer screening rates in southern Illinois by targeting uninsured and underinsured patients is a gross exaggeration, given their proposed payer mix.

d. It should be noted that the applicant has been charging facility fees for endoscopies provided at the current office-based center in 2015-16. Documentation is attached to this document in the form of patient explanation of benefits which shows no modifier after the CPT code, meaning that a global charge is being used which includes both facility and professional components.

   It is duplicitous to point to a $1,500 flat rate when insurance companies are being charged not only for the professional component of these procedures, but also a facility fee. That alone should warrant an investigation by the IHFSRB.

e. Finally, the patient assist program advertisement attached to the May 16, 2016 letter promotes itself as an "Office Based Surgery" program. 77 Illinois Admin. Code 205.118 (a)(1) provides in part:

   > "A person or facility not licensed under the Act or the Hospital Licensing Act shall not hold itself out to the public as a "surgery center" or as a "center for surgery". (Section 6 of the Act)

3. The applicants propose to include a line of credit of $1,500,000 but goes on to claim that they do not anticipate any interest expense would be paid for that working capital line of credit. Proposing to use a line of credit to subsequently fund working capital is somewhat unusual for a project. To further state that the line of credit is an important aspect of the financing of the project without including interest expense is even more unusual. The applicants' request not to escrow approximately $1.2 million for nearly 2 years as is appropriately requested by IHFSRB is inappropriate and should be unacceptable to IHFSRB.

4. The applicants state that the facility is currently not certified as an ASTC for Medicare and Medicaid purposes and can only apply for certifications for both programs after it obtains an ASTC license. This is accurate as far as it goes. They also suggest that, due to the use of "physician extenders," Dr. Makhdoom's current medical practice at his office does not require an ASTC license but it will once he expands his case volume at the current office site. Because of the questions raised by the IHFSRB staff, the applicants now suggest that "surgical hours" are not reflective of the time that the only physician in the practice spends with patients.

5. It is unclear what is meant by the statement in Ms. Cooper's letter dated May 16, 2016, that "three physician extenders in the office manage less complex cases." That would tend to suggest that the only doctor in this office spends more time in surgery, but the applicants go on to state that "Dr. Makhdoom's time with patients are flipped between rooms for efficiency ..." It is unclear what that means. Finally, they even go so far as to say they delay patient procedures for "non-emergent endoscopy procedures" to ensure his practice does not exceed the 50 percent threshold in any given week.

It is difficult to reconcile all of this with the notion that the applicants care about patient needs.

6. The applicants assert that 7 of the 9 facilities offering endoscopy in the region are hospitals and are therefore not viable options. This is simply not true.

   To state that hospital outpatient departments are no longer viable options for employers, governmental payers, and commercial payers is simply untrue. The fact of the matter is that, unlike the applicant, SIH hospitals accept patients from all payers without regard for ability to pay. They indeed are safety net providers for patients who need not only screening colonoscopies, but also complex medical treatments of gastrointestinal abnormalities including cancers and hemorrhages.

   The applicants point to United Healthcare as requiring prior authorization and having guidelines aimed at encouraging physicians to utilize more cost effective sites of service for certain outpatient surgery procedures where medically appropriate. This is true. But, what the applicant does not state, is that United Healthcare is a relatively small payer in southern Illinois and that indeed the 7 hospitals in the region are viable options for the majority of patients who reside in southern Illinois.

7. The applicants' statement that the hospitals in the region are not viable options for Dr. Makhdoom based on their location, convenience, and accessibility to him is disingenuous at best. Dr. Makhdoom's office is within 5.5 miles of two SIH hospitals and each hospital is both proximate and convenient to his office location.

   The fact of the matter is that Dr. Makhdoom resigned from hospital medical staffs because he desired not to fulfill the medical staff bylaw requirements at SIH hospitals which require physicians who perform procedures and have privileges in those hospitals to take emergency room and afterhours call.

8. The assertion from the applicants that they are not pulling endoscopy volumes away from hospitals is simply not true. Dr. Makhdoom formerly performed a vast majority of his procedures at hospitals in the region and now does all of those procedures in his office.

   To say that the applicants' project will not adversely impact any other healthcare providers in the area is also simply untrue.

9. Finally, SIH is somewhat dumbfounded by the applicants' assertion that having a transfer agreement with a licensed hospital within 15 minutes travel time of the facility, as required in IDPH's rules and regulations, is unimportant to the wellbeing of patients who will have a procedure in his facility. As the Board knows, transfer agreements are intended to facilitate seamless transitions of care for patients who require a higher level of care post-procedure or

who suffer an emergency during a procedure. That transition of emergency care is intended to facilitate seamless care for the patient as he or she is moved from one venue to another. The usual standard of care is that the physician who performed the procedure is an integral part of the transition of care to the next facility.

As Dr. Makhdoom has no hospital privileges anywhere in the region, the transfer agreement takes on even greater importance.

The applicant's assertion that, absent such a transfer agreement, the provider can simply call 911 for the ambulance and that the patient would be taken to the nearest emergency department implies a lack of interest in the quality of the patient's overall care when a complication of the endoscopy has occurred.

For the applicants to speculate whether SIH would or would not agree to a transfer agreement with the applicants' proposed facility is inappropriate given that the applicants have not initiated any conversation with SIH. A patient emergency is no time for the applicants to "wing it."

In summary, this project (1) lacks both the space and care processes necessary to safeguard the best interests of the public and is (2) an unnecessary duplication of service in the region.

SIH strongly encourages the Illinois Health Facilities and Services Review Board to not only reject this application, but to investigate the applicants' current endoscopy program for compliance with the rules and regulations of both the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health.

If I may offer any clarification on this testimony, please do not hesitate to contact me.

Sincerely,

Philip L. Schaefer, FACHE
Vice President and Administrator, Ambulatory and Physician Services

CC: Andrea Rozran
Brian Hucker
Rex P. Budde

SO ILLINOIS GI SPECIALISTS LLC
PO BOX 365
CARBONDALE, IL 62903-0365
1-877-974-2253

01/06/2015 023128

[redacted]
CARTERVILLE, IL 62918

AMOUNT _____ CK#_____
THANK YOU!
IF YOU NEED ASSISTANCE WITH
YOUR BILL, PLEASE CALL!

	023128 SMITH CYNTHIA				
08/19/2014	COLONOSCOPY POLYPECTOMY	V76.51	45385	1,150.00	1,150.00
08/19/2014	COLONOSCOPY W/HOT FORCE	V76.51	45384	1,150.00	2,300.00
08/19/2014	COLONOSCOPY WITH BLEEDI	V76.51	45382	1,300.00	3,600.00
08/19/2014	COLONOSCOPY WITH BIOPSY	V76.51	45380	1,050.00	4,650.00
08/19/2014	DEMEROL 100MG	V76.51	J2175	5.00	4,655.00
08/19/2014	VERSED 1MG	V76.51	J2250	20.00	4,675.00
	PMT-HA 11/20/2014			0.00	4,675.00
	ADJ-HA 11/20/2014			-575.00	4,100.00
	pt copay/dedct				
	PMT-HA 11/20/2014			0.00	4,100.00
	ADJ-HA 11/20/2014			-625.00	3,475.00
	pt copay/dedct				
	PMT-HA 11/20/2014			0.00	3,475.00
	ADJ-HA 11/20/2014			-650.00	2,825.00
	pt copay/dedct				
	PMT-HA 11/20/2014			-525.00	2,300.00
	ADJ-HA 11/20/2014			-525.00	1,775.00
	pt copay/dedct				
	PMT-HA 11/20/2014			0.00	1,775.00
	pt copay/dedct				
	PMT-HA 11/20/2014			0.00	1,775.00
	ADJ-HA 11/20/2014			-19.40	1,755.60
	pt copay/dedct				
08/19/2014	PATHOLOGY LEVEL IV	211.3	88305	1,050.00	2,805.60
	PMT-HA 11/12/2014			-335.99	2,469.61
	ADJ-HA 11/12/2014			-448.17	2,021.44
	pt copay/dedct				

V-76.51

SEE NEXT PAGE

SO ILLINOIS GI SPECIALISTS LLC
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CARBONDALE, IL 62903-0365
1-877-974-2253

01/06/2015 023128

Dr. MAKHDOOM 549-8006

[redacted]
CARTERVILLE, IL 62918

AMOUNT _____ CK# _____
THANK YOU!
IF YOU NEED ASSISTANCE WITH
YOUR BILL, PLEASE CALL!

TOTAL AMOUNT DUE NOW: **2,021.44**

Maria –

00%

TO PAY BY CREDIT/DEBIT CARD
PLEASE CALL 618-549-8006
THANK YOU!

Health Alliance
Attn: Eligibility
301 South Vine Street
Urbana, IL 61801

EXPLANATION OF BENEFITS

THIS IS NOT A BILL
RETAIN COPY FOR YOUR RECORDS

[redacted]
CARTERVILLE, IL 62918

Date:	10/18/2014
Subscriber:	[redacted]
Member #:	[redacted]
Claim #:	[redacted]
Group:	MY HEALTH ALLIANCE PLANS
Processed Date:	10/16/2014
Check to be Issued To:	Provider

PROVIDER: ZAHOOR A MAKHDOOM MD

Date of Service / Procedure Code/Description	Total Charges	Provider Discount / Adjust	MEMBER RESPONSIBILITY: Deductible	Copay/ Coins	Non-Covered Charges	Other Insurance Paid	Paid by Health Alliance	Non-Covered Reason
08/19/2014 J2175 - INJECTION, MEPERIDINE	$5.00	$0.00	$5.00	$0.00	$0.00	$0.00	$0.00	
08/19/2014 J2250 - INJECTION,MIDAZOLAM HYDROCHLORIDE	$20.00	$19.40	$0.60	$0.00	$0.00	$0.00	$0.00	
08/19/2014 45380 - COLONOSCOPY W BIOPSY	$1,050.00	$525.00	$0.00	$0.00	$0.00	$0.00	$525.00	
08/19/2014 45382 - COLONOSCOPY W CONTROL OF BLEEDING	$1,300.00	$650.00	$650.00	$0.00	$0.00	$0.00	$0.00	
08/19/2014 45384 - COLONOSCOPY	$1,150.00	$625.00	$525.00	$0.00	$0.00	$0.00	$0.00	
08/19/2014 45385 - LESION REMOVAL COLONOSCOPY	$1,150.00	$575.00	$575.00	$0.00	$0.00	$0.00	$0.00	
TOTALS:	$4,675.00	$2,394.40	$1,755.60	$0.00	$0.00	$0.00	$525.00	

TOTAL MEMBER RESPONSIBILITY: [redacted]

Individual IN NETWORK Deductible Remaining For Current Benefit Year **$0.00**
Family IN NETWORK Deductible Remaining For Current Benefit Year **$4,000.00**
Individual IN NETWORK Copay/Coinsurance Remaining For Current Benefit Year **$5,916.01**
Family IN NETWORK Copay/Coinsurance Remaining For Current Benefit Year **$17,916.01**

Health Alliance Member Claim

Claim Number: [redacted]
Member: [redacted]

OVERVIEW

Primary Service Date: 8/19/2014
Received Date: 9/27/2014
Final Received Date: 9/27/2014
Complete Date: 10/17/2014
Total Billed Amount: $4675.00
Total Member Responsibility: $1,755.60

BENEFIT SERVICE INFORMATION

Age at Time of Service: 63.986301369863
Gender: Female
Group Name: MY HEALTH ALLIANCE PLANSIL 2013 PLANS
Benefit Plan Information: MHA PPO 80/50 PR MOD RX (I84)
Benefit Level: Participating
Servicing Provider: Makhdoom, Zahoor A., MD (063398)
Provider Type: Gastroenterology
Place of Service: OFFICE

Service and Procedure	Status	Billed, Adjusted	Member Amounts	Other Insurance	Health Alliance
8/19/2014 - 45380 COLONOSCOPY W/ BIOPSY	Complete	Billed: $1050.00 Adjusted: $525.00	Deductibe: $0.00 Co-pay/Co-ins: $0.00 Not Covered: $0.00 MEMBER RESPONSIBILITY: $0.00	$0.00	$525.00 Sent: 10/17/2014
ADJUSTED REASON: PROVIDER CONTRACT APPLIED					
Services and Procedure Details					
8/19/2014 - 45382 COLONOSCOPY W/ CONTROL OF BLEEDING	Complete	Billed: $1300.00 Adjusted: $650.00	Deductibe: $650.00 Co-pay/Co-ins: $0.00 Not Covered: $0.00 MEMBER RESPONSIBILITY: $650.00	$0.00	$0.00
ADJUSTED REASON: PROVIDER CONTRACT APPLIED					
Services and Procedure Details					
8/19/2014 - 45384 COLONOSCOPY	Complete	Billed: $1150.00 Adjusted: $625.00	Deductibe: $525.00 Co-pay/Co-ins: $0.00 Not Covered: $0.00 MEMBER RESPONSIBILITY: $525.00	$0.00	$0.00
ADJUSTED REASON: PROVIDER CONTRACT APPLIED					
Services and Procedure Details					
8/19/2014 - 45385 LESION REMOVAL COLONOSCOPY	Complete	Billed: $1150.00 Adjusted: $575.00	Deductibe: $575.00 Co-pay/Co-ins: $0.00 Not Covered: $0.00 MEMBER RESPONSIBILITY: $575.00	$0.00	$0.00
ADJUSTED REASON: PROVIDER CONTRACT APPLIED / FEE REDUCTION WAS APPLIED TO PROCEDURE MODIFIER					
Services and Procedure Details					

Health Alliance Member Claim

8/19/2014 - J2175 INJECTION, MEPERDINE	Complete	**Billed:** $5.00 **Adjusted:** $0.00	**Deductibe:** $5.00 **Co-pay/Co-ins:** $0.00 **Not Covered:** $0.00 MEMBER **RESPONSIBILITY:** $5.00	$0.00	$0.00
Services and Procedure Details					
8/19/2014 - J2250 INJECTION,MEDAZOLAM HYDROCHLORIDE	Complete	**Billed:** $20.00 **Adjusted:** $19.40	**Deductibe:** $0.60 **Co-pay/Co-ins:** $0.00 **Not Covered:** $0.00 MEMBER **RESPONSIBILITY:** $0.60	$0.00	$0.00
ADJUSTED REASON: PROVIDER CONTRACT APPLIED					
Services and Procedure Details					
TOTALS		**Billed:** $4675.00 **Adjusted:** $2384.40	**Deductibe:** $1755.60 **Co-pay/Co-ins:** $0.00 **Not Covered:** $0.00 **TOTAL MEMBER RESPONSIBILITY:** $1755.60	$0.00	$525.00 **Health Alliance Paid:** $525.00

TERMINOLOGY

Billed: Total amount your doctor and/or hospital billed Health Alliance

Adjusted: A reduced amount that a provider has agreed to charge

Deductible: Amount member needs to pay before Health Alliance starts paying or helping pay

Copayment/Coinsurance: A set amount and/or percentage required for services

Not Covered: The amount of billed services not covered in your plan

Other Insurance: Amount covered by additional insurance plan

Health Alliance Total: Total amount Health Alliance is paying