

16-028



Murer Consultants, Inc.

November 17, 2016

Courtney Avery, Administrator
Illinois Health Facilities and Service Review Board
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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Dear Ms. Avery,

Please accept this letter addressed to the Health Facilities and Services Review Board members, submitted on behalf of DMG Surgical Center, LLC and the DuPage Medical Group, Ltd. (DMG). This document was prepared in response to the comments of the Board during the September 13, 2016 meeting in Springfield, Illinois regarding DMG's application to expand an existing ASTC. While this report was not requested, nor is it required, we hope to address the concerns and comments expressed by some of the Board members at the meeting.

We previously discussed the provision of a report to the Board with your General Counsel, Juan Morado Jr., who directed us to address the report to your attention for review and disbursement to the Board members.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions regarding the enclosed.

OVERVIEW

On September 13, 2016, DMG appeared before the Health Facilities and Services Review Board ("HFSRB" or "the Board"), requesting approval to expand its multi-specialty Ambulatory Surgical Treatment Center ("ASTC") facility in Lombard, Illinois. This request and application was categorized by state law and regulation as a non-substantive project. The Board approved the project by a vote of 6-2-1.

The application addressed the requirements set by the Health Facilities Planning Act ("Act") (20 ILCS 3960) and the standards set forth by the Board's administrative rules. During the September 13, 2016 meeting, the Board questioned the DMG representatives, inquiring about the Board Staff's Report findings and presenting additional questions regarding the access to care provided by the facility. The focus of this submission to the Board is to briefly address the additional questions regarding access to care.

DuPage Medical Group's intent is to address the access to care topic raised during the September 13, 2016 meeting by providing additional information to the Board, affirming DMG's commitment to provide information the Board deems necessary in the process of review and approval of Certificate of Need ("CON") applications. We hope that the information provided is responsive to the Board discussion at the September 2016 meeting related to access to care.

DMG would like to thank the Board members and staff for their time in reviewing this submission.

September 13, 2016 Meeting

During the September 2016 meeting, the Board members opened the topic of access to care. Specifically, the ex-officio member, Arvand K. Goyal, M.D., representing the Illinois Department of Healthcare and Family Services, questioned DMG representatives about the level of services provided to Medicaid patients at the ASTC.

DMG acknowledges that patient access to care, including Medicaid services, is an important issue. However, there are a variety of factors that come into play when discussing the value and role of a provider in offering affordable and accessible care to the community. As the provision of healthcare delivery in the United States becomes more complex, Medicaid participation, as a sole measure of providing access to care, may not provide a full and complete picture of service delivery portals. This is a nuanced and complicated issue that cannot be summarized by one statistic or targeted at select providers.

For example, one factor where DMG differs from many Illinois applicants to the Board is the status of the entity as for-profit vs. non-profit. Generally speaking, a 501(c)3 non-profit provider is exempt from paying state and federal taxes on income and property. The tax considerations for non-profits were specifically created to allow for the provision of charity care and community benefits by the non-profit entity. Accordingly, the provision of care to uninsured or underinsured individuals, by a non-profit provider, is intended to be directly supported through the tax breaks afforded to the organization.

Unlike a non-profit provider, upon which taxes are not imposed, physicians own DuPage Medical Group as a private for-profit entity. Although a non-profit entity may be able to show greater Medicaid or charity care figures, these "community-benefits" are supported and required by virtue of their tax-exempt status. Conversely, DMG provides a direct community benefit through the payment of taxes. For example, in 2014, DuPage Medical Group paid over ten million dollars (\$10,000,000) in payroll and use taxes, property taxes, and state and federal income taxes.

While tax status is just one factor in providing charity care and Medicaid services, there are a host of others that could not be properly addressed within this report. Instead, DMG would like to provide the Board with a brief overview of DMG's commitment to providing accessible, high quality, and cost effective care to the community; including some of its initiatives not presented during the September 2016 meeting.

Background of DuPage Medical Group

DuPage Medical Group (DMG) was formed in 1999 when three healthcare groups serving the western suburbs of Chicago since the 1960s joined together. The legal entity, DMG, Ltd., was incorporated as a medical corporation in the State of Illinois in July 1968 and is a for-profit, taxable corporation. DuPage Medical Group is now the state's leading multi-specialty group practice and still committed to superior care and innovation.

With more than 560 primary care and specialty physicians in more than 70 locations, DuPage Medical Group handles upwards of 1.1 million patient visits annually, treating about a third of DuPage County's population. Consistent with its physician growth, DuPage Medical Group has grown as an employer in the community. DuPage Medical Group employed 3908 people in 2016, an increase of nearly 30% from the 2996 people employed in 2015.

DuPage Medical Group is focused on providing the Western Suburbs with access to the finest health care available and operating on the principal that physicians make the best decisions for patient care.

Missions of the HFSRB and DuPage Medical Group

It is our belief that the missions of DMG and the HFSRB are aligned. In keeping with the purpose identified by the State: "The CON program promotes the development of a comprehensive health care delivery system that assures the availability of quality facilities, related services, and equipment to the public, while simultaneously addressing the issues of community need, accessibility, and financing. In addition, it encourages health care providers to engage in cost containment, better management and improved planning."¹

DMG practices the values and goals expressed by the CON program, and believes in the value of DMG's services and facilities to the Illinois healthcare system. As DMG has grown, quantitatively and qualitatively over these past ten years, it has continued to emphasize quality and accessibility for the community and its patients, tempered by responsible planning and growth.

Indeed, all of DMG's ASTCs are operating at or above the utilization levels set by the state. In the most recent ASTC expansion application, DMG justified more operating rooms than it requested for approval, a sign of our commitment to avoiding the development of unnecessary services within the community. Our commitment to quality and cost efficiency is further demonstrated by the following value-based care initiatives.

Community Commitment

DuPage Medical Group has taken steps to develop programs to increase the access to quality and cost effective care in the community. Since 2014, DMG has operated the BreakThrough Care Center, a comprehensive, holistic outpatient clinic serving the most vulnerable Chicagoland seniors struggling with chronic disease. Currently, the BreakThrough Care Center operates and sees patients throughout DuPage County, with locations in the cities of Lisle, Naperville, and Wheaton.

¹ <https://www.illinois.gov/sites/hfsrb/CONProgram/Pages/default.aspx>

The BreakThrough Care Center is designed to improve medical outcomes while lowering healthcare costs and improving patients' ability to manage their health outcomes. The following chart provides a snapshot of the meaningful benefits the program provides patients and the healthcare system.

BreakThrough Care Center Benefits

	Biometric	Avg. Pre-BCC	Avg. Post-BCC	% Change
Quality	LDL-C	128.05	113.18	-11.61%
	Total Chol.	230.00	203.05	-11.56%
	A1C	9.59	8.94	-6.80%
	Blood Pressure	146/83	132/76	-
	BMI (too low)	20.66	20.91	1.13%
	BMI (too high)	41.71	34.71	-16.78%
Utilization	- All patients seen within 24 hours of discharge - Average chronic LOS: 3.9 days 30-day chronic readmit rate: 7.2% - Lower ER utilization - Lower acute admissions 89% generic pharmacy utilization			
Patient Experience	Measurement Categories		Score	
	Access to Care		91.09%	
	Coordination of Care		91.73%	
	Member Experience		84.29%	

BCC = BreakThrough Care Center

Value-Based Care

DuPage Medical Group has always strived to provide quality, cost effective, and accessible care to the community it serves. As the healthcare sector continues to evolve to a focus on cost-efficient value-based care designed around patients, DMG has taken an active role in this transition by maximizing its participation in value-based programs. As we look to indicators now and in the future these types of service delivery mechanisms might better reflect the nature and purpose of the organization and its commitment to the community.

For example, DMG is a founding member of the Illinois Health Partners Accountable Care Organization ("ACO"). Founded in 2011, DMG currently has approximately 32,870 members representing 47% of the membership in Illinois Health Partners.

As reported by CMS, this ACO has the lowest cost of care per patient within the Chicagoland market, leading the drive to quality and cost effective care.

DMG has also sought to maximize its performance through CMS's Bundled Payments for Care Improvement ("BPCI") initiative. As seen in the following charts, DMG reduced costs by over \$1.1 million under the BPCI program for Major joint replacement of the lower extremity in Q3 and Q4 of 2015, lowering the cost of care and improving outcomes.

Clinical episode	MS-DRG	Episode Length (2015 Q4)	Risk Track (2015 Q4)	MS-DRG Baseline Price, before Discount* (7/1/2012)	# of Performance Period Episode Cases 2015 (Q3-4)	Avg Case Cost	Avg Savings per case	Total Savings (2015 Q3-4)
Major joint replacement of the lower extremity	469	90	B	\$52,597.14	21	\$46,146.53	\$6,450.61	\$135,462.76
	470	90	B	\$28,832.39	341	\$25,981.50	\$2,850.89	\$972,154.71

BCPI – Major Joint Replacement Clinical Results			
Measurement Period	Home Health Discharge Percentage	Skilled Nursing Facility Length of Stay	Readmission %
2015 Q3-Q4	48%	18 Days	13.4%
2016 Q1-Q3	61%	12 Days	8.3%

DMG's participation and performance in these value-based care programs and organizations serves a critical role in cost containment and maximizing the quality of care in DuPage County and the surrounding communities served by DMG.

Summary

DuPage Medical Group appreciates the Board for taking the time to review this report. We hope that the information more fully communicates DMG's position within the community and our intent to operate in concert with the mission of the HFSRB, as expressed under the Health Facilities Planning Act. As DMG continues to grow as an organization, services and facilities will continue to become more accessible, cost efficient, and always of the highest quality.

Sincerely,



Cherilyn Murer, JD, CRA
President & CEO
Murer Consultants, Inc.

CC: Juan Morado Jr., General Counsel, Health Facilities and Services Review Board
Mike Kasper, Chief Executive Officer, DuPage Medical Group
Dennis Fine, Chief Operating Officer, DuPage Medical Group