



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-04	BOARD MEETING: June 4, 2019	PROJECT NO: 19-007	PROJECT COST:
FACILITY NAME: Southern Illinois Orthopedic Center	CITY: Herrin	Original: \$0	
TYPE OF PROJECT: Non-substantive			HSA: V

PROJECT DESCRIPTION: The Applicants (Southern Illinois Orthopedic Center, LLC and Southern Orthopedic Associates. L.L.C.) propose to add pain management, neurosurgery, and podiatry surgical services to a limited specialty (orthopedic) ASTC in Herrin, Illinois. There is no cost to this project. The anticipated completion date is June 30, 2019.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Southern Illinois Orthopedic Center, LLC and Southern Orthopedic Associates, L.L.C.) propose to add pain management, neurosurgery, and podiatry surgical services to a limited specialty (orthopedic) ASTC in Herrin, Illinois. There is no cost to this project. The anticipated completion date is June 30, 2019.
- Southern Illinois Orthopedic Center was approved in February 1999 (Permit #98-114) to establish a limited specialty ASTC with three operating rooms and 12 recovery stations. The Surgery Center reported three operating rooms and 10 recovery stations in 2017.
- Southern Illinois Orthopedic Center, LLC., is a joint venture between Southern Orthopedics Associates L.L.C. (66% ownership interest) and Southern Illinois Hospital Services (34% ownership interest). This ASTC is licensed as an ASTC and is not operated as a Hospital Outpatient Department under Medicare.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The proposed project is before the State Board because it proposes to add surgical specialties to an existing health care facility as defined at 20/ILCS 3960/3.
- Board decisions regarding the construction and modification of health care facilities must consider capacity, quality, value, and equity. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process.

PURPOSE OF THE PROJECT:

- **According to the Applicants:** *“The proposed project is limited to the addition of neurosurgery, podiatric surgery, and pain management as approved services to be provided at Southern Illinois Orthopedic Center. As such, the proposed project will introduce these three services to the low cost ASTC setting, which will improve the health care and well-being of area residents.”*

PUBLIC HEARING/COMMENT:

- A public hearing was offered, no hearing was requested. No letters of support or opposition were received by the State Board Staff.

SUMMARY:

- There is no cost to this project and for a project with no cost no financial information is required. The ASTC is currently at target occupancy of 1,500 hours per room. No unnecessary duplication of service or maldistribution of service will result with the addition of these three specialties as no new capacity is being added (i.e. operating/procedure rooms). Service access will be improved with the addition of these three specialties at no additional capital costs.
- State Board Staff Notes: An ASTC can add operating/procedure rooms without State Board approval if the capital costs are below the capital expenditure minimum of \$3,515,982.
- The Applicants addressed a total of 12 criteria and have not met the following:

State Board Standards Not Met

Criteria	Reasons for Non-Compliance
77 ILAC 1110.235 (c) (2) (b) – Geographical Service Area	<p><i>This criterion asks that an applicant provide patient origin information by zip code for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the 21-mile GSA. While Southern Illinois Orthopedic Center ASTC met this requirement in 2017 with approximately 68% of their cases coming from the 21-mile GSA, only two of the three physicians proposing to refer cases to the Surgery Center were able to identify the historical patient origin by zip code of residence. The Applicants stated for the third physician “effective February 1, 2019 the practice (Southern Orthopedic Associates, L.L.C.) expanded to offer pain management services provided by Dr. Tennyson Lee, who was recently hired. Southern Orthopedic Associates, L.L.C. anticipated that virtually all of Dr. Lee's non-office procedures will be performed at the Surgery Center, and Dr. Lee will be performing approximately 200 procedures annually at the Surgery Center within two years and it is anticipated that Dr. Lee's individual patient origin will mirror that of Southern Orthopedic Associates, L.L.C.”</i></p>
77 ILAC 1110.235 (c) (3) – Service Demand	<p><i>This criterion asks an applicant to document the proposed project (an addition of three surgical specialties) is necessary to accommodate the service demand experienced annually by the applicant, over the latest 2-year period, as evidenced by historical and projected referrals. Documentation of this demand is to be provided by physician referrals letters.</i></p> <p>As mentioned above three physicians will be referring patients for the three specialties proposed to be added. Of the 270 procedures proposed to be referred 70 procedures were accepted.</p>

STATE BOARD STAFF REPORT
Project #19-007
Southern Illinois Orthopedic Center

APPLICATION/ CHRONOLOGY/SUMMARY	
Applicants(s)	Southern Illinois Orthopedic Center LLC and Southern Orthopedic Associates. L.L.C.
Facility Name	Southern Illinois Orthopedic Center
Location	510 Lincoln Drive, Herrin, Illinois
Permit Holder	Southern Illinois Orthopedic Center LLC and Southern Orthopedic Associates. L.L.C.
Operating Entity/Licensee	Southern Illinois Orthopedic Center LLC
Owner of Site	Southern Illinois Orthopedic Center LLC
Proposed Gross Square Feet	No Modernization
Application Received	February 18, 2019
Application Deemed Complete	February 20, 2019
Financial Commitment Date	June 30, 2019
Anticipated Completion Date	June 30, 2019
Review Period Ends	April 19, 2019
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes

I. Project Description

The Applicants (Southern Illinois Orthopedic Center, LLC and Southern Orthopedic Associates. L.L.C.) propose to add pain management, neurosurgery, and podiatry surgical services to a limited specialty (orthopedic) ASTC in Herrin, Illinois. There is no cost to this project. The anticipated completion date is June 30, 2019.

II. Summary of Findings

- A. State Board Staff finds the proposed project is not in conformance with all relevant provisions of Part 1110.
- B. State Board Staff finds the proposed project is in conformance with all relevant provisions of Part 1120.

III. General Information

The Applicants are Southern Illinois Orthopedic Center, LLC and Southern Orthopedic Associates. L.L.C. Southern Illinois Orthopedic Center, LLC., is a joint venture between Southern Orthopedics Associates L.L.C. (66% ownership interest) and Southern Illinois Hospital Services (34% ownership interest). The facility is in Herrin, Illinois in Williamson County, in HSA V.

This is a non-substantive project requiring a Part 1110 and Part 1120 review. Financial commitment will occur after permit issuance.

The *Centers for Medicare and Medicaid* defines an *Ambulatory surgical center* as any distinct entity that operates exclusively for the purpose of providing surgical services to patients not requiring hospitalization and in which the expected duration of services would not exceed 24 hours following an admission.

IV. Health Service Area

Southern Illinois Orthopedic Center is in the HSA V Health Service Area. HSA V includes the Illinois Counties of Alexander, Bond, Clay, Crawford, Edwards, Effingham, Fayette, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jasper, Jefferson, Johnson, Lawrence, Marion, Massac, Perry, Pope, Pulaski, Randolph, Richland, Saline, Union, Wabash, Washington, Wayne, White, and Williamson. There are nine ASTCs in this service area and 30 hospitals of which 20 are critical access hospitals. Table One outlines Southern Illinois Orthopedic Center utilization and payor mix for calendar years 2017, 2016 and 2015.

TABLE ONE
Southern Illinois Orthopedic Center
Historical Utilization (2017-2015)

	2017			2016			2015		
	Cases	Hours		Cases	Hours		Cases	Hours	
Orthopedic	2,912	3,320		3,024	4,789		3,031	3,567	
Total	2,912	3,320		3,024	4,789		3,031	3,567	

Number of Patients and Dollar Amount by Primary Payor Source									
	2017			2016			2015		
	Patients	Dollars	% of Total	Patients	Dollars	% of Total	Patients	Dollars	% of Total
Medicare	559	\$567,290	6.9%	542	\$583,579	7.3%	580	\$566,493	5.3%
Medicaid	632	\$768,770	9.3%	557	\$32,150	.4%	585	\$509,433	4.7%
Other	44	\$335,079	4.1%	38	\$133,496	1.7%	29	\$18,620	.2%
Private Insurance	1,665	\$6,550,393	79.4%	1,282	\$7,269,085	90.3%	1,816	\$9,601,526	89.5%
Private Pay	10	\$24,860	.3%	19	\$25,293	.3%	17	\$33,222	.3%
Charity	2	\$28,227	0%	1	\$479	0%	4	\$4,461	0%
Total	2,912	\$8,246,392	100.00%	2,439	\$8,045,603	100.00%	3,031	\$10,729,294	100.00%

1. Source Annual ASTC Profile Information

V. Project Costs and Sources of Funds

There is no cost to this project.

V. Background of the Applicants, Purpose of the Project, Safety Net Impact, Alternatives

A) Criterion 1110.110(a) - Background of the Applicant

To address this criterion the applicants must provide a list of all facilities currently owned in the State of Illinois and an attestation documenting that no adverse actions¹ have been taken against any applicant's facility by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities and Services Review Board or a certified listing of adverse action taken against any applicant's facility; and authorization to the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of the application for permit.

1. The Applicants have furnished authorization allowing the State Board and IDPH access to all information to verify information in the application for permit. [Application for Permit page 31]
2. Each of the Applicants attest that no adverse actions have been taken against any facility owned and/or operated by them during the three (3) years prior to the filing of this application [Application for Permit page 31].
3. Licensure and Accreditation have been provided at pages 32-37 of the Application for Permit.
4. The manager of the ASTC attested the site is owned by Southern Illinois Orthopedic Associates, L.L.C. at page 28 of the Application for Permit.
5. A Certificate of Good Standing has been provided for each Applicant as required. An Illinois Certificate of Good Standing is evidence that an Illinois business franchise (i.e. Illinois Corporation, LLC or LP) is in existence, is authorized to transact business in the state of Illinois and complies with all state of Illinois business requirements and therefore is in "Good Standing" in the State of Illinois [Application for Permit pages 26-27].
6. Before an application for permit involving construction will be deemed COMPLETE, the applicant must attest that the project is or is not in a flood plain and that the location of the proposed project complies with the Flood Plain Rule under Illinois Executive Order #2006-5. The proposed project does not involve construction.
7. There is no construction involved with this project therefore a letter from the Department of Natural Resources is not required. The Illinois State Agency Historic Resources Preservation Act requires *all State Agencies in consultation with the*

¹ "Adverse action is defined as a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations." (77 IAC 1130.140)

Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State-owned historic resources (20 ILCS 3420/1).

B) Criterion 1110.110(b) – Purpose of the Project

To demonstrate compliance with this criterion the Applicants must 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 area, per the applicant's definition. 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.

The Applicants stated the following: “*The proposed project is limited to the addition of neurosurgery, podiatric surgery, and pain management as approved services to be provided at Southern Illinois Orthopedic Center. As such, the proposed project will introduce these three services to the low cost ASTC setting, which will improve the health care and well-being of area residents.*”

Patient origin information for the Surgery Center for 2017 is provided in Table Two below.

TABLE TWO
Southern Illinois Orthopedic Center
2017 ASTC Patient Origin

Zip Code	City	County	% of Patients
62959	Marion	Williamson	12.50%
62966	Murphysboro	Jackson	7.50%
62901	Carbondale	Jackson	6.00%
62948	Herrin	Williamson	5.60%
62896	West Frankfort	Franklin	4.90%
62918	Cartersville	Williamson	4.30%
62832	DuQuoin	Perry	3.30%
62812	Benton	Franklin	3.20%
62946	Harrisburg	Saline	3.10%
62906	Anna	Union	2.60%
62902	Carbondale	Jackson	2.10%
62951	Johnston City	Williamson	2.00%
62274	Pinckneyville	Perry	1.90%
62939	Goreville	Johnson	1.70%
62922	Creal Spring	Williamson	1.40%
62930	Eldorado	Saline	1.30%
62924	De Soto	Jackson	1.20%
62917	Carrier Mills	Saline	1.10%
62865	Mulkeytown	Franklin	1.10%
62890	Thompsonville	Franklin	1.00%

TABLE TWO
Southern Illinois Orthopedic Center
2017 ASTC Patient Origin

Zip Code	City	County	% of Patients
62822	Christopher	Franklin	1.00%
62920	Cobden	Union	1.00%
other, <1.0%	Other		30.20%
			100.00%

Source: Page 39 of the Application for Permit

C) Criterion 1110.110 (c) Safety Net Impact

All health care facilities, with the exception of skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement, which shall be filed with an application for a substantive project (see Section 1110.40). Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]

This is a non-substantive project. A safety net impact statement is not required for a non-substantive project. Medicaid and Charity Care information for the Surgery Center is provided in Table One of this report.

D) Criterion 1110.110 (d) - Alternatives to the Proposed Project

To demonstrate compliance with this criterion the Applicants must 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.

The Applicants considered no alternatives to the proposed project.

VI. Project Scope and Size, Utilization and Unfinished/Shell Space

A) Criterion 1110. 120 (a) - Size of Project

To demonstrate compliance with this criterion the Applicants must document that that the physical space proposed for the project is necessary and appropriate. The proposed square footage cannot deviate from the square footage range indicated in Appendix B, or exceed the square footage standard in Appendix B if the standard is a single number, unless square footage can be justified by documenting, as described in subsection (a)(2).

The ASTC was approved as Permit #98-114 for 8,250 GSF of space or 2,750 GSF per room. The State Board Standard is 2,750 GSF per operating room. No modernization or new construction is being proposed as part of this project.

B) Criterion 1110.120(b) - Project Services Utilization

To demonstrate compliance with this criterion the Applicants must document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B. The number of years projected shall not exceed the number of historical years documented. All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except where noted in 77 Ill. Adm. Code 1100. [Part 1110 Appendix B]

The Surgery Center reported three operating rooms and 10 recovery stations in 2017. The Surgery Center is currently at target occupancy of 1,500 hours per operating room. The Applicants are estimating 270 neurosurgery, podiatric surgery, and pain management patients to utilize the surgery center annually by the second year after project completion or an additional 236 hours or approximately 53 minutes per procedure.

TABLE THREE
Historical and Projected Hours ⁽¹⁾

Year		Hours	Total Hours	OR's Justified (2) (3)
2015			3,567	Yes
2016			4,789	Yes
2017			3,320	Yes
2018			3,556	Yes
2019	270	236	3,792	Yes
2020	270	236	4,028	Yes
2021	270	236	4,264	Yes

1. Table Three reflects all procedures and time being accepted.
2. Total Hours ÷ 1,500 hours per Operating Room = # of operating rooms justified. Should a surgery center perform 1,501 hours annually the State Board by rule would consider the 1,501 hours justifies two operating/procedure rooms.
3. All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except where noted in 77 Ill. Adm. Code 1100. HFSRB shall periodically evaluate the guidelines to determine if revisions should be made. Any revisions will be promulgated in accordance with the provisions of the Illinois Administrative Procedure Act. (Part 1110 Appendix B)

C) Criterion 1110.120 (e) - Assurances

To document compliance with this criterion the Applicants representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the end of the second year of operation after project completion, the Applicants will meet or exceed the utilization standards specified in Appendix B.

The Applicants are currently at target occupancy. The necessary assurance as required was provided at page 132 of the Application for Permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT, PROJECTED UTILIZATION, ASSURANCES (77 ILAC 1110.120 (a) (b) (e))

VII. Non-Hospital Based Ambulatory Surgical Treatment Center Services

A) Criterion 1110.235 (c)(2) - Geographic Service Area Need

The applicant shall document that the ASTC services and the number of surgical/treatment rooms to be established, added or expanded are necessary to serve the planning area's population, based on the following:

A) 77 Ill. Adm. Code 1100 (Formula Calculation)

As stated in 77 Ill. Adm. Code 1100, no formula need determination for the number of ASTCs and the number of surgical/treatment rooms in a geographic service area has been established. Need shall be established pursuant to the applicable review criteria of this Part.

This criterion is not applicable.

B) Service to Geographic Service Area Residents

The applicant shall document that the primary purpose of the project will be to provide necessary health care to the residents of the geographic service area (GSA) in which the proposed project will be physically located.

i) The applicant shall provide a list of zip code areas (in total or in part) that comprise the GSA. The GSA is the area consisting of all zip code areas that are located within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the project's site.

ii) The applicant shall provide patient origin information by zip code for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the GSA. Patient origin information shall be based upon the patient's legal residence (other than a health care facility) for the last 6 months immediately prior to admission.

The geographic service area (GSA) for a facility located in Herrin, Illinois is a 21-mile radius (77 ILAC 1100.510 (d)). Table Four outlines this GSA. When compared to the Surgery Center's 2017 patient origin information (Table Two above) approximately 68% of the 2017 patients resided in this 21-mile GSA.

TABLE FOUR
21-Mile GSA

ZIP	City	County	Population	Miles
<u>62948</u>	Herrin	Williamson	13,211	0
<u>62933</u>	Energy	Williamson	807	2.43
<u>62921</u>	Colp	Williamson	0	3.146
<u>62918</u>	Carterville	Williamson	10,965	3.508
<u>62841</u>	Freeman Spur	Williamson	0	4.263
<u>62915</u>	Cambria	Williamson	0	5.394
<u>62951</u>	Johnston City	Williamson	5,457	5.754
<u>62999</u>	Zeigler	Franklin	1,691	6.488
<u>62949</u>	Hurst	Williamson	0	6.509
<u>62983</u>	Royalton	Franklin	1,176	8.484
<u>62874</u>	Orient	Franklin	389	8.662
<u>62896</u>	West Frankfort	Franklin	12,210	9.034
<u>62959</u>	Marion	Williamson	27,884	9.855

TABLE FOUR
21-Mile GSA

ZIP	City	County	Population	Miles
<u>62924</u>	De Soto	Jackson	2,685	9.877
<u>62840</u>	Frankfort Heights	Franklin	0	10.02
<u>62901</u>	Carbondale	Jackson	24,126	10.847
<u>62902</u>	Carbondale	Jackson	4,789	10.936
<u>62819</u>	Buckner	Franklin	326	11.851
<u>62865</u>	Mulkeytown	Franklin	2,095	12.037
<u>62822</u>	Christopher	Franklin	2,895	12.048
<u>62974</u>	Pittsburg	Williamson	1,262	12.41
<u>62932</u>	Elkville	Jackson	1,335	12.418
<u>62825</u>	Coello	Franklin	0	13.516
<u>62891</u>	Valier	Franklin	0	14.433
<u>62856</u>	Logan	Franklin	0	14.566
<u>62927</u>	Dowell	Jackson	0	14.994
<u>62812</u>	Benton	Franklin	10,945	15.678
<u>62958</u>	Makanda	Jackson	2,386	16.295
<u>62890</u>	Thompsonville	Franklin	2,674	16.582
<u>62966</u>	Murphysboro	Jackson	15,002	16.816
<u>62903</u>	Carbondale	Jackson	2,910	17.039
<u>62922</u>	Creal Springs	Williamson	2,649	17.584
<u>62994</u>	Vergennes	Jackson	632	18.201
<u>62939</u>	Goreville	Johnson	3,158	18.498
<u>62832</u>	Du Quoin	Perry	9,260	18.918
<u>62884</u>	Sesser	Franklin	2,527	19.262
<u>62972</u>	Ozark	Johnson	1,273	20.552
			166,719	

Source: Information from SearchBug²

A positive finding could not be made because one of the referring physicians was not able to provide historical referrals by zip code.

² SearchBug® is a professional online service for finding and investigating people, businesses, addresses, phone numbers, conducting social security number verification in lieu of e-verify, and much more. The service is used by collections agents, consumer credit specialists, financial institutions, government agencies, health and medical offices, real estate and mortgage professionals, Mobile Marketing professionals, investigators plus many other businesses and professionals. SearchBug is managed by SearchBug, Inc, a private company in Encinitas, CA.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IS IN CONFORMANCE WITH CRITERION GEOGRAPHICAL SERVICE AREA (77 1110.235 (c)(2))

B) Criterion 1110.235 (c) (3) - Service Demand – Establishment of an ASTC Facility or Additional ASTC Service

The applicant shall document that the proposed project is necessary to accommodate the service demand experienced annually by the applicant, over the latest 2-year period, as evidenced by historical and projected referrals.

The Applicants propose to add neurosurgery, podiatry, and pain management specialties to the ASTC. The Applicants provided two referral letters one from Dr. Jones (neurosurgery) and one from Dr. Blazis (podiatry) that met the State Board’s requirements. Dr. Jones is estimating referring 50 patients annually by the second year after project completion and Dr. Blazis is estimating referring 20 patients annually. A third letter was provided for Dr. Lee (pain management). However, that letter was not accepted because the historical information required by the State Board was not provided. The Applicants did provide a letter from the manager of the ASTC stating “*that Dr. Lee’s patients would be coming from the physician practice and it is expected that the zip code or residence would like that of the physician’s practice. Southern Orthopedic Associates, SC Illinois Division is a 12-physician practice with an office in Herrin, Illinois, and serving southern Illinois, including Herrin and Carbondale. Effective February 1, 2019 the practice expanded to offer pain management services provided by Dr. Tennyson Lee, who was recently hired. SOA anticipated that virtually all of Dr. Lee’s non-office procedures will be performed at SIOC, and that the will be performing approximately 200 procedures annually at Surgery Center annually within two years.*” [Application for Permit pages 66-68] In summary, only referrals for neurosurgery and podiatry were accepted. The Applicants have not met this requirement.

TABLE FIVE

Historical Referrals				
	Dr. Jones (neurosurgery)		Dr. Blazis (podiatry)	
<u>Facility</u>	2016	2017	2016	2017
Heartland Regional Hospital	76	60		
Herrin Hospital	97	113	122	140
Memorial Hospital Carbondale	2	3	22	10
Wound Care Center ⁽¹⁾			312	111
Total	175	176	632	261
1. Wound Care Center is not an IDPH licensed ASTC or Hospital and those historical referrals were not accepted				

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION SERVICE DEMAND (77 1110.235 (c)(3))

C) Criterion 1110.235 (c) (5) - Treatment Room Need Assessment

A) The applicant shall document that the proposed number of surgical/treatment rooms for each ASTC service is necessary to service the projected patient volume. The number of rooms shall be justified based upon an annual minimum utilization of 1,500 hours of use per room, as established in 77 Ill. Adm. Code 1100.

B) For each ASTC service, the applicant shall provide the number of patient treatments/sessions, the average time (including setup and cleanup time) per patient treatment/session, and the methodology used to establish the average time per patient treatment/session (e.g., experienced historical caseload data, industry norms or special studies).

The Applicants are not adding operating/procedure rooms as part of this project. The current three room ASTC is at target occupancy as identified in Table Three above.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION TREATMENT ROOM NEED ASSESSMENT (77 1110.235 (c)(5))

D) Criterion 1110.235 (c) (6) - Service Accessibility

The proposed ASTC services being established or added are necessary to improve access for residents of the GSA. The applicant shall document that at least one of the following conditions exists in the GSA:

A) There are no other IDPH-licensed ASTCs within the identified GSA of the proposed project;

B) The other IDPH-licensed ASTC and hospital surgical/treatment rooms used for those ASTC services proposed by the project within the identified GSA are utilized at or above the utilization level specified in 77 Ill. Adm. Code 1100;

C) The ASTC services or specific types of procedures or operations that are components of an ASTC service are not currently available in the GSA or that existing underutilized services in the GSA have restrictive admission policies;

D) The proposed project is a cooperative venture sponsored by 2 or more persons, at least one of which operates an existing hospital. Documentation shall provide evidence that:

i) The existing hospital is currently providing outpatient services to the population of the subject GSA;

ii) The existing hospital has sufficient historical workload to justify the number of surgical/treatment rooms at the existing hospital and at the proposed ASTC, based upon the treatment room utilization standard specified in 77 Ill. Adm. Code 1100;

iii) The existing hospital agrees not to increase its surgical/treatment room capacity until the proposed project's surgical/treatment rooms are operating at or above the utilization rate specified in 77 Ill. Adm. Code 1100 for a period of at least 12 consecutive months; and

iv) The proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.

A) There are five ASTCs and four hospitals in the 21-mile GSA.

B) There are existing facilities within the 21-mile GSA that are not at target occupancy.

C) The services being proposed by this project are available in the 21-mile GSA.

D) The proposed project adds three surgical specialties to a Surgery Center that is a cooperative venture with a hospital.

As mentioned above Southern Illinois Orthopedic Center is a cooperative venture with a hospital. No new capacity is being added to this 21-mile GSA and the addition of these three specialties will improve access to a lower cost setting. The Applicants have met this requirement.

TABLE SIX
Facilities with the 21-mile GSA

Name	City	Miles	Operating Rooms	Procedure Rooms	Total Hours	Number of Rooms Justified	Met Standard
<u>ASTC</u>							
Southern Illinois Orthopedic Center	Herrin	0	3	0	3,320	3	Yes
Marion Healthcare	Marion	3.7	3	1	2,176	2	No
Pain Care Surgery	Marion	1.3	0	1	439	1	Yes
Surgery Center of Southern Illinois	Mt. Vernon	5.3	3	1	2,735	2	No
Physician Surgery Center	Carbondale	13.3	2	1	815	1	No
<u>Hospitals</u>							
Memorial Hospital of Carbondale	Carbondale	11	10	1	16,041	11	Yes
Herrin Hospital	Herrin	4.4	7	2	12,583	9	Yes
Heartland Regional Medical Center	Marion	2.5	5	2	4,784	4	No
St. Joseph Memorial Hospital	Murphysboro	18.4	2	3	4,792	4	No

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH SERVICE ACCESSIBILITY (77 1110.235 (c)(6))

E) Criterion 1110.235 (c) (7) - Unnecessary Duplication/Maldistribution

A) The applicant shall document that the project will not result in an unnecessary duplication. The applicant shall provide the following information for the proposed GSA zip code areas identified in subsection (c)(2)(B)(i):

- i) the total population of the GSA (based upon the most recent population numbers available for the State of Illinois); and*
- ii) the names and locations of all existing or approved health care facilities located within the GSA that provide the ASTC services that are proposed by the project.*

B) The applicant shall document that the project will not result in maldistribution of services. Maldistribution exists when the GSA has an excess supply of facilities and ASTC services characterized by such factors as, but not limited to:

- i) a ratio of surgical/treatment rooms to population that exceeds one and one-half times the State average;*
- ii) historical utilization (for the latest 12-month period prior to submission of the application) for existing surgical/treatment rooms for the ASTC services proposed by the project that are below the utilization standard specified in 77 Ill. Adm. Code 1100; or*
- iii) insufficient population to provide the volume or caseload necessary to utilize the surgical/treatment rooms proposed by the project at or above utilization standards specified in 77 Ill. Adm. Code 1100.*

C) The applicant shall document that, within 24 months after project completion, the proposed project:

- i) will not lower the utilization of other area providers below the utilization standards specified in 77 Ill. Adm. Code 1100; and*
- ii) will not lower, to a further extent, the utilization of other GSA facilities that are currently (during the latest 12-month period) operating below the utilization standards.*

Additional operating/procedure rooms (i.e. capacity) in this 21- mile GSA is not increasing as part of this project. No unnecessary duplication or maldistribution will result of this project.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION/MALISTRIBUTION (77 1110.235 (c)(7))

F) Criterion 1110.235 (c) (8) - Staffing

A) Staffing Availability

The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that the staffing requirements of licensure and The Joint Commission or other nationally recognized accrediting bodies can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.

B) Medical Director

It is recommended that the procedures to be performed for each ASTC service are under the direction of a physician who is board certified or board eligible by the appropriate professional standards organization or entity that credentials or certifies the health care worker for competency in that category of service.

J.T. Davis, MD is the Medical Director. The Applicants believe little incremental staffing will be needed to accommodate the three additional surgical specialties.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION STAFFING (77 1110.235 (c)(8))

G) Criterion 1110.235 (c) (9) - Charge Commitment

In order to meet the objectives of the Act, which are to improve the financial ability of the public to obtain necessary health services; and to establish an orderly and comprehensive health care delivery system that will guarantee the availability of quality health care to the general public; and cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process [20 ILCS 3960/2], the applicant shall submit the following:

A) *a statement of all charges, except for any professional fee (physician charge); and*

B) *a commitment that these charges will not increase, at a minimum, for the first 2 years of operation unless a permit is first obtained pursuant to 77 Ill. Adm. Code 1130.310(a).*

A list of the proposed procedures to be performed at the Applicant's facility is attached along with the charges for such procedures (pages 77-131 of the Application for Permit). A letter (page 77 of the Application for Permit) attesting that these charges will not increase, at a minimum, for the first 2 years of operation unless a permit is first obtained pursuant to 77 Ill. Adm. Code 1130.310(a).

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION CHARGE COMMITMENT (77 1110.235 (c)(9))

H) Criterion 1110.235 (10) Assurances

A) *The applicant shall attest that a peer review program exists or will be implemented that evaluates whether patient outcomes are consistent with quality standards established by professional organizations for the ASTC services, and if outcomes do not meet or exceed those standards, that a quality improvement plan will be initiated.*

B) *The applicant shall document that, in the second year of operation after the project completion date, the annual utilization of the surgical/treatment rooms will meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100. Documentation shall include, but not be limited to, historical utilization trends,*

population growth, expansion of professional staff or programs (demonstrated by signed contracts with additional physicians) and the provision of new procedures that would increase utilization.

The Applicants provided the necessary information at pages 132 of the Application for Permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION ASSURANCES (77 1110.235 (c) (10))

Reference Numbers Facility Id 7002421
 Health Service Area 005 Planning Service Area 199
 SOUTHERN ILLINOIS ORTHOPEDIC CENTER, LLC
 510 LINCOLN DR
 HERRIN, IL 62948

Number of Operating Rooms 3
 Procedure Rooms 0
 Exam Rooms 1
 Number of Recovery Stations Stage 1 4
 Number of Recovery Stations Stage 2 6

Administrator Date Complete
 Greg Thompson 3/19/2018
Contact Person Telephone
 Greg Thompson 618-997-4310

Type of Ownership
 Limited Liability Company (RA required)

Registered Agent
 Richard Morgan, MD
Property Owner

HOSPITAL TRANSFER RELATIONSHIPS

HOSPITAL NAME	NUMBER OF PATIENTS
Herrin Hospital Herrin IL	5

Legal Owner(s)
 Southern Illinois Healthcar
 Southern Orthopedic Asso

STAFFING PATTERNS

PERSONNEL	FULL-TIME EQUIVALENTS
Administrator	1.00
Physicians	
Nurse Anesthetists	
Director of Nurses	1.00
Registered Nurses	21.00
Certified Aides	0.00
Other Health Profs.	7.00
Other Non-Health Profs	4.00
TOTAL	

DAYS AND HOURS OF OPERATION

Monday	8
Tuesday	8
Wednesday	8
Thursday	8
Friday	8
Saturday	0
Sunday	0

NUMBER OF PATIENTS BY AGE GROUP

AGE	MALE	FEMALE	TOTAL
0-14 years	68	43	111
15-44 years	479	379	858
45-64 years	598	694	1,292
65-74 years	198	251	449
75+ years	83	119	202
TOTAL	1,426	1,486	2,912

NUMBER OF PATIENTS BY PRIMARY PAYMENT SOURCE

PAYMENT SOURCE	MALE	FEMALE	TOTAL
Medicaid	228	331	559
Medicare	265	367	632
Other Public	31	13	44
Insurance	894	771	1,665
Private Pay	6	4	10
Charity Care	2	0	2
TOTAL	1,426	1,486	2,912

NET REVENUE BY PAYOR SOURCE FOR FISCAL YEAR

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	TOTALS	Charity Care Expense	Charity Care Expense as % of Total Net Revenue
6.9%	9.3%	4.1%	79.4%	0.3%	100.0%		
567,290	768,770	335,079	6,550,393	24,860	8,246,392	28,227	0%

OPERATING ROOM UTILIZATION FOR THE REPORTING YEAR

SURGERY AREA	TOTAL SURGERIES	SURGERY TIME (HOURS)	SURGERY PREP AND CLEAN-UP TIME (HOURS)	TOTAL SURGERY TIME (HOURS)	AVERAGE CASE 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 Surgery	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	2912	2,080.00	1,240.00	3320.00	1.14
Otolaryngology	0	0.00	0.00	0.00	0.00
Pain Management	0	0.00	0.00	0.00	0.00
Plastic Surgery	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	2912	2,080.00	1,240.00	3320.00	1.14

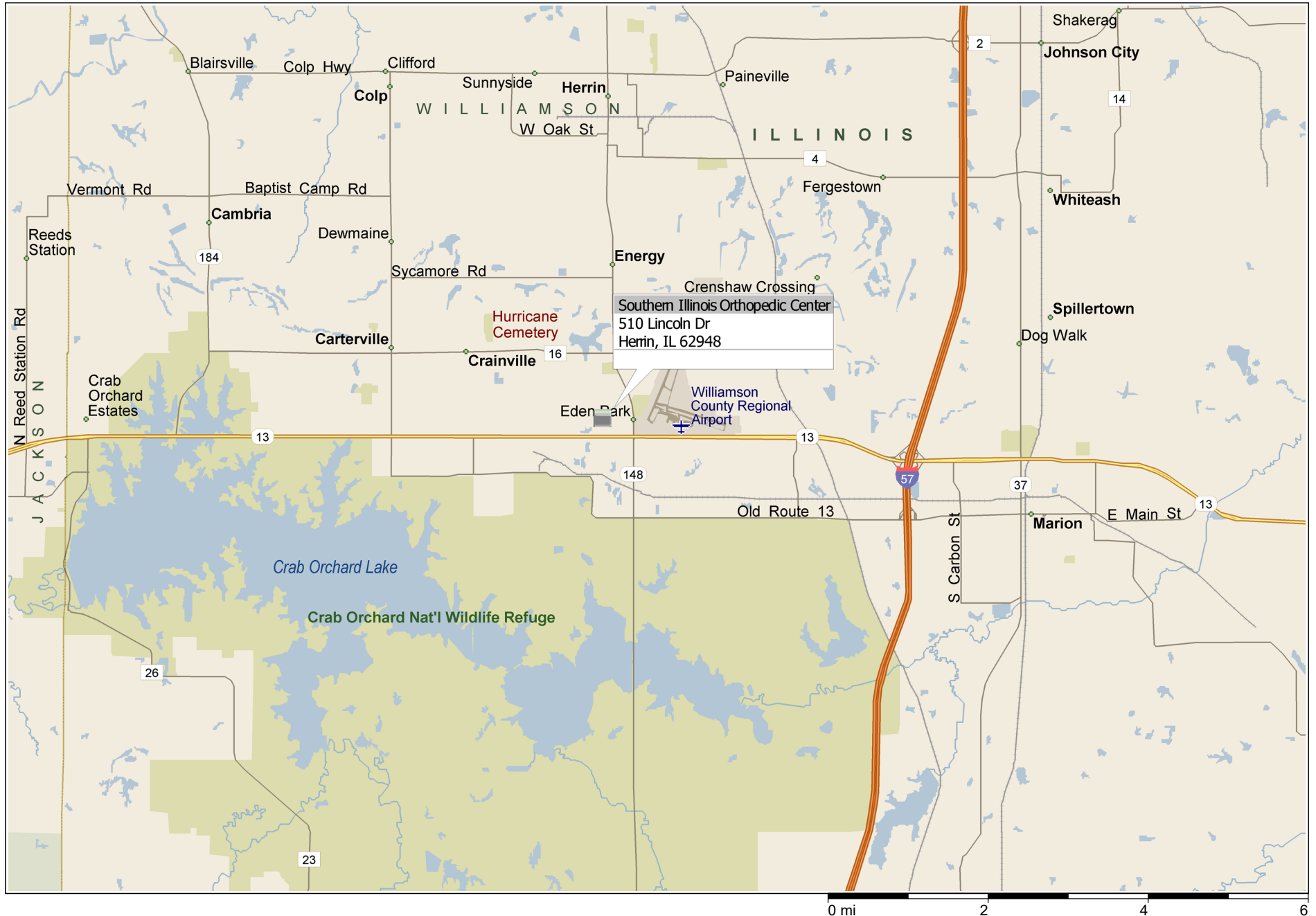
PROCEDURE ROOM UTILIZATION FOR THE REPORTING YEAR

SURGERY AREA	PROCEDURE ROOMS	TOTAL SURGERIES	SURGERY TIME (HOURS)	PREP AND CLEAN-UP TIME (HOURS)	TOTAL SURGERY TIME (HOURS)	AVERAGE CASE TIME (HOURS)
Cardiac Catheterizat	0	0	0	0	0	0.00
Gastro-Intestinal	0	0	0	0	0	0.00
Laser Eye	0	0	0	0	0	0.00
Pain Management	0	0	0	0	0	0.00
TOTALS	0	0	0	0	0	0.00

Leading Locations of Patient Residence

Zip Code	City	County	Patients
62959	Marion	WILLIAMSON	365
62966	Murphysboro	JACKSON	217
62901	Carbondale	JACKSON	175
62948	Herrin	WILLIAMSON	164
62896	West Frankfort	FRANKLIN	142
62918	Carterville	WILLIAMSON	124
62832	DuQuoin	PERRY	96
62812	Benton	FRANKLIN	94
62946	Harrisburg	SALINE	89
62906	Anna	UNION	76
62902	Carbondale	JACKSON	60
62951	Johnston City	WILLIAMSON	58
62274	Pinckneyville	PERRY	54
62939	Goreville	JOHNSON	50
62922	Creal Springs	WILLIAMSON	42
62930	Eldorado	SALINE	37
62924	De Soto	JACKSON	36
62917	Carrier Mills	SALINE	33
62865	Mulkeytown	FRANKLIN	31
62890	Thompsonville	FRANKLIN	30
62822	Christopher	FRANKLIN	30
62920	Cobden	UNION	30
62907	Ava	JACKSON	29
62995	Vienna	JOHNSON	26

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