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DERMATOLOGY & SKIN CANCER CENTER
—

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Supplemental Information Response
Skin Cancer Surgery Center, LLC
Permit Application #19-048
September 9, 2019

To: Mike Constantino, Supervisor, Project Review
Illinois Health Facilities and Services Review Board

CC: Edwin W. Parkhurst, Jr.
PRISM Healthcare Consulting

From: Jamie L. McGinness, M.D. (License #036124865)

Re: Supplemental Information
CON Permit Application # 19-017
Skin Cancer Surgery Center, LLC.

Introduction

In a letter dated June 24, 2019 addressed to Mr. Ed. Parkhurst, CON Consultant, PRISM Healthcare Consulting, Mr. Mike Constantino requested certain supplemental information be provided to complete the review of Permit Application #19-017. Mr. Parkhurst then followed-up with Mr. Constantino for clarifications. Based on correspondence with Mr. Constantino, the following information is submitted to assist in completing the Project Review cycle.

This submission is formatted as follows:

Project Definition Overview

Responses to Requested Information

Summary

Attachments A through F, inclusive, supporting detail for the requested information



METRO EAST
DERMATOLOGY & SKIN CANCER CENTER

9/9
8/5/2019

Mr. Mike Constantino
Supervisor, Project Review Section
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield IL 62761

Re: Skin Cancer Surgery Center, LLC
CON Permit Application # 19-017
Additional Information Submission


Dear Mr. Constantino,

Please accept the attached memorandum in response to your request letter dated June 24, 2019 which was addressed to our CON consultant, Mr. Ed Parkhurst, PRISM Healthcare Consulting.

As I understand it, this supplemental information is considered a Type A Modification to our original CON Permit Application (Section 1130.650 (a) (6)) which requires a \$2,000.00 additional fee (Section 1130.330 (3) (B)). Our check number 1386 is included with this submission.

If you have any questions, please contact me at 618-622-7546, by email at jmcginness@dermskincancercenter.com, or our consultant, Mr. Ed Parkhurst at 630-790-5089 or by email at eparkhurst@consultprism.com.

Sincerely,



Jamie L. McGinness, MD
McGinness Properties, LLC
Skin Cancer Surgery Center, LLC

Enclosure: Supplemental Information Response Memorandum

CC: Courtney Avery, Administrator, IHFSRB
Ed Parkhurst, PRISM Healthcare Consulting





Supplemental Information Response
Skin Cancer Surgery Center, LLC
Permit Application #19-048
September 9, 2019

To: Mike Constantino, Supervisor, Project Review
Illinois Health Facilities and Services Review Board

CC: Edwin W. Parkhurst, Jr.
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From: Jamie L. McGinness, M.D. (License #036124865)

Re: Supplemental Information
CON Permit Application # 19-017
Skin Cancer Surgery Center, LLC.

Introduction

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This submission is formatted as follows:

Project Definition Overview

Responses to Requested Information

Summary

Attachments A through F, inclusive, supporting detail for the requested information



Project Definition Overview

Jamie L. McGinness, MD, a Board Certified Dermatologist with specialized MOHS Surgery training, proposes to modernize available shell space in his private solo-physician practice office development (MOB) located at 331 Regency Park Drive, O'Fallon, Illinois, to house the proposed single room, single specialty ASTC to be known as "Skin Cancer Surgery Center, LLC."

The associated capitalized project cost for the proposed ASTC includes the respective modernization cost only and the underlying related shell cost is allocated to, and will be borne by, the clinical practice / medical office building (MOB) development cost and or will not be a capitalized project cost of the proposed ASTC (see enclosed attestation statement, Attachment B).

Responses to Requested Information

1 & 2. Co-Applicants / Certificates of Good Standing (as requested)

For review purposes, information for two co-applicants was requested. (Attachment A)

- Skin Cancer Surgery Center, LLC (Licensee)
 - Project Identification (original permit application)
 - Certification Page (included in Permit Application, Page 16)
 - Certificate of Good Standing (included in Permit Application, Page 30)
- McGinness Properties, LLC (Property Owner)
 - Project Identification indicating co-applicants (New page)
 - Certification Page for McGinness Properties, LLC
 - Applicant (Original Permit Application, Page 20)
 - Certificate of Good Standing for McGinness Properties, LLC

3. Shell Space Cost (Attachment B)

Please reference the included attestation statement, as requested, to confirm the ASTC capital cost allocation does not include shelled space. The shell is a cost to my private medical practice.

4. Revised Attestation Page (Permit Application #19-017, Page 44) (Attachment C)

A revised attestation page, reflecting the two requested co-applicants, is included with this supplemental information submission.

5. Hospital Referral / Surgical Environment (Permit Application #19-017, Page 65) (Attachment D)

As requested, to confirm, my (Dr. Jamie L. McGinness) solo specialty skin cancer practice is office-based, hence, I have no hospital referrals documenting demand. However, office-based practice information, included in Permit Application #19-017, profiles utilization data documenting demand for appropriate surgical related facilities, an ASTC, to provide the most suitable area to ensure quality care related to select MOHS procedures. As documented by the various articles in the original permit application and attachments herein, an ASTC environment ensures the highest quality care for advanced MOHS reconstruction surgical procedures. Not all MOHS procedures will require an ASTC environment. As indicated in the permit application, approximately 14 to 22% of my current office visit Mohs surgery procedure utilization will qualify for an ASTC operating room / surgical suite environment. In addition, a licensed ASTC will require more stringent oversight than a physician office thereby providing my patients an additional level of quality care.

6. Average Case Time (Permit Application #19-017, Page 67)

Based on office / practice records, the average case time for advanced MOHs reconstruction procedures (flaps and grafts) ranges from 1.25 to 2.0 hours. These are the procedures to be performed in the proposed ASTC.

7. Projected Balance Sheet (Permit Application #19-017, Page 89)

- a) See Attachment E, Forecasted Financial Statements, Page 2, for the projected Balance Sheet.

8. Estimated Direct Operating Expense (Permit Application #19-017 Page 91)

- a) See Attachment E, Forecasted Financial Statements, Page 3, for the direct expenses per case.
- b) See Attachment F, Original Page 89 for the updated Financial Ratio Analysis, (Attachment E, Forecasted Financial Statements, Page 4)

9. Expected Payor Mix (Permit Application #19-017 Pages 93 – 94 inclusive)

The expected payor mix for the proposed “Skin Cancer Surgery Center, LLC” is based on those projected procedures to be performed in the ASTC. The payor mix is based on actual performance for Dr. McGinness’s private office-based practice for the fiscal years ended December 31, 2018.

<u>Medicare</u>	<u>Medicaid</u>	<u>Other Public</u>	<u>Private Insurance</u>	<u>Private Payor</u>	<u>Charity Care</u>
44%	-0-	3%	44%	8%	-0-

Summary Statement

This supplemental information memorandum responds to a request from the Illinois Health Facilities and Services Review Board Staff and is based on current office-based Mohs case experience; as well as external independent analysis and published information. I trust it adequately responds to the original inquiry

Responses to Requested Information.

Questions 1 and 2

Attachment A

Co-Applicants Certifications and Certificate of Good Standing

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Skin Cancer Surgery Center, LLC			
Street Address: 331 Regency Park Drive			
City and Zip Code: O'Fallon, Illinois 62269			
County:	St. Clair	Health Service Area:	XI Health Planning Area: F-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Jamie L. McGinness, MD / Skin Cancer Surgery Center, LLC
Street Address: 1911 Fortune Blvd., Suite 2
City and Zip Code: Shiloh, Illinois 62269
Name of Registered Agent: Christopher W. Bryon
Registered Agent Street Address: 411 Saint Louis Street
Registered Agent City and Zip Code: Edwardsville, Illinois 62025-1907
Name of Chief Executive Officer: Jamie L. McGinness, MD
CEO Street Address: 1911 Fortune Blvd., Suite 2
CEO City and Zip Code: Shiloh, Illinois 62269
CEO Telephone Number: 618-622-7546

Type of Ownership of Applicants

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/>
Other	
<ul style="list-style-type: none">Corporations and limited liability companies must provide an Illinois certificate of good standing.Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.	

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Jamie L. McGinness, MD
Title: Owner / Sole Corporate Member
Company Name: McGinness Properties
Address: 1911 Fortune Blvd., Suite 2 Shiloh, Illinois 62269
Telephone Number: 618-622-7546
E-mail Address: jmcginness@dermskincancercenter.com
Fax Number: 618-622-7547

Additional Contact [Person who is also authorized to discuss the application for permit]

Name: E.W. Parkhurst, Jr.
Title: Managing Principal
Company Name: PRISM Healthcare Consulting
Address: 800 East Roosevelt Road, Bldg. E, Suite 100, Glen Ellyn, Illinois 60137
Telephone Number: 630-790-5089
E-mail Address: eparkhurst@consultprism.com
Fax Number: 630-790-2696

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:


- o In the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o In the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Skin Cancer Surgery Center, LLC *

In accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.



SIGNATURE
Jamie L. McGinness, MD
PRINTED NAME

President
PRINTED TITLE


SIGNATURE
Jackie McGinness, FNP
PRINTED NAME

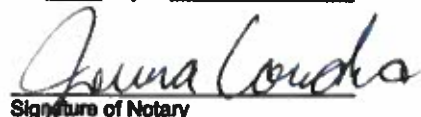
Secretary/Treasurer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 26 day of March


Signature of Notary

Seal
OFFICIAL SEAL
JENNA A. CONDRON
Notary Public - State of Illinois
My Commission Expires 3/15/2022
*Insert the EXACT legal name of the applicant

Notarization:
Subscribed and sworn to before me
this 26 day of March


Signature of Notary

Seal
OFFICIAL SEAL
JENNA A. CONDRON
Notary Public - State of Illinois
My Commission Expires 3/15/2022

File Number 0727804-7



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

SKIN CANCER SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON OCTOBER 11, 2018, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS



Authentication # 1902290694 verifiable until 01/22/2020
Authenticate at <http://www.cybertrustvill.noa.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 22ND day of JANUARY A.D. 2019 .

Jesse White

SECRETARY OF STATE

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Skin Cancer Surgery Center, LLC			
Street Address: 331 Regency Park Drive			
City and Zip Code: O'Fallon, Illinois 62269			
County: St. Clair	Health Service Area: XI		Health Planning Area: F-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Jamie L. McGinness, MD / Skin Cancer Surgery Center, LLC (co-applicant)	
Street Address: 1911 Fortune Blvd., Suite 2	
City and Zip Code: Shiloh, Illinois 62269	
Name of Registered Agent: Christopher W. Bryon	
Registered Agent Street Address: 411 Saint Louis Street	
Registered Agent City and Zip Code: Edwardsville, Illinois 62025-1907	
Name of Chief Executive Officer: Jamie L. McGinness, MD	
CEO Street Address: 1911 Fortune Blvd., Suite 2	
CEO City and Zip Code: Shiloh, Illinois 62269	
CEO Telephone Number: 618-622-7546	

Type of Ownership of Applicants

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
Other <input type="checkbox"/>	

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Jamie L. McGinness, MD
Title: Owner / Sole Corporate Member
Company Name: McGinness Properties (co-applicant)
Address: 1911 Fortune Blvd., Suite 2 Shiloh, Illinois 62269
Telephone Number: 618-622-7546
E-mail Address: jmcginness@dermskincancercenter.com
Fax Number: 618-622-7547

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Title: Managing Principal
Company Name: PRISM Healthcare Consulting
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Telephone Number: 630-790-5089
E-mail Address: eparkhurst@consultprism.com
Fax Number: 630-790-2696

METRO EAST
DERMATOLOGY & SKIN CANCER CENTER

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of McGinness Properties, LLC *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

Jamie L. McGinness, MD

PRINTED NAME

President

PRINTED TITLE

SIGNATURE

Jackie McGinness, FNP

PRINTED NAME

Secretary/Treasurer

PRINTED TITLE

Notarization:

Subscribed and sworn to before me

this 27 day of August 2019

Jenna A. Condrón

Signature of Notary

Seal

OFFICIAL SEAL
JENNA A. CONDRON
Notary Public - State of Illinois
My Commission Expires 3/15/2022

*Insert the EXACT legal name of the applicant

Notarization:

Subscribed and sworn to before me

this 27 day of August 2019

Jenna A. Condrón

Signature of Notary

Seal

OFFICIAL SEAL
JENNA A. CONDRON
Notary Public - State of Illinois
My Commission Expires 3/15/2022

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CEO City and Zip Code: Shiloh, Illinois 62269
CEO Telephone Number: 618-622-7546

Type of Ownership of Applicants

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<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other

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- o Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

File Number

0756004-4



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

MCGINNESS PROPERTIES, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON FEBRUARY 21, 2019, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication # 1917802400 verifiable until 06/27/2020
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of JUNE A.D. 2019 .

Jesse White

SECRETARY OF STATE

Question 3
Attachment B
Shell Space Cost
Attestation

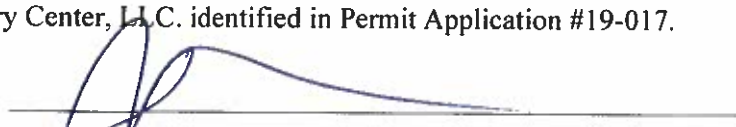


Capitalized Project Cost Attestation Statement

My name is Jamie L. McGinness, MD, President and Sole Corporate Member of the two legal entities "McGinness Properties, LLC" and the proposed ASTC to be known as "Skin Cancer Surgery Center, LLC.", (see also permit application # 19-017 Attachment 2, pages 23 through 28, inclusive.)

This attestation confirms the cost of the shelled space proposed to be modernized for the subject ASTC, is a cost to my private medical practice office, and not a capitalized project cost to the Skin Cancer Surgery Center, LLC. identified in Permit Application #19-017.


Attested by:


Jamie L. McGinness, M.D.
McGinness Properties, LLC.
Skin Cancer Surgery Center, LLC.

Notarization:

Subscribed and sworn to before me

this 27 day of August 2019


Signature of Notary

Jenna A Condrón

Printed Name

Seal

Seal



Question 4
Attachment C
Revised Attestation Statement

See the following page for the revised attestation statement

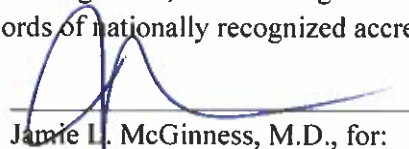
METRO EAST
DERMATOLOGY & SKIN CANCER CENTER

Attestation Statement
Attachment II Assurances
Criterion 1110.110 (a) (1) (2) (3) (4)

My name is Jamie L. McGinness, MD, President and Sole Corporate Member of "McGinness Properties, LLC." and also "Skin Cancer Surgery Center, LLC.", a newly formed Illinois Limited Liability Corporations which are associated with establishing a limited specialty, single-room skin cancer ASTC in O'Fallon, Illinois at 331 Regency Park Drive, 62269. I certify and attest to the following relevant to establishing the proposed non-hospital based Ambulatory Surgery Center (ASTC) Category of Service in response to the Illinois Health Facilities and Services Review Board (State Agency) criterion 1110.110 (a) (1) (2) (3) (4).

1. The co-applicants do not own or operate any other health care facility, as defined by the State Agency.
2. There have been no adverse actions taken against the applicants or their officers during the three (3) years prior to filing this specific permit application which proposed to "establish" an ASTC
3. McGinness Properties, LLC. and the Skin Cancer Surgery Center, LLC have, as their Sole Corporate Member, Jamie L. McGinness, MD. who authorizes the Illinois Department of Public Health (IDPH) and the Illinois Health Facilities and Services Review Board (IHFSRB) to access any documents necessary to verify the information submitted in the Permit Application #19-017, including, but not limited to, official records of the DPH or other State Agencies; the licensing and certifications of other states, where applicable, and the records of nationally recognized accreditation organizations.

Attested by:


Jamie L. McGinness, M.D., for:
McGinness Properties, LLC.
Skin Cancer Surgery Center, LLC.

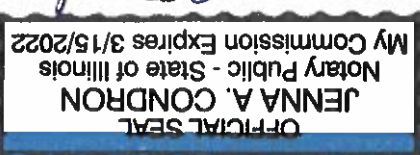
Notarization:

Subscribed and sworn to before me
this 27 day of August
2019

Signature of Notary

Printed Name

Seal



(Question 5

Attachment D

Surgical Suite / Operating Room Environment

See Equipment and Personnel sections in the following Mohs Micrographic Surgery Article

(March 26, 2019)

NCBI Bookshelf. A service of the National Library of Medicine, National Institutes of Health.
StatPearls [Internet]. Treasure Island (FL): StatPearls Publishing; 2019 Jan-.

Mohs Micrographic Surgery

Kyle A. Prickett; Michael L. Ramsey

Author Information

Last Update: March 26, 2019.

Introduction

Mohs micrographic surgery is a tissue-sparing, precise method of skin cancer removal named in honor of the surgeon who developed the technique, Frederick Mohs. It is a surgical approach that offers high cure rates for the treatment of a variety of skin cancers, including basal cell carcinomas (BCC) and squamous cell carcinomas (SCC). The main advantage of Mohs surgery is that it offers precise microscopic control of the entire tumor margin while maximizing conservation of healthy tissue.

This technique was developed by Dr. Mohs in the 1930's. The procedure was originally named "chemosurgery," since the technique involved the application of a chemical fixative (zinc chloride) to the in-situ tumor. After 24 hours of in-situ fixation, the tumor was excised and microscopically examined. The process was repeated until the tumor was completely removed.[1] [2] Over the following decades, Mohs surgery shifted away from using zinc chloride fixation in favor of processing fresh tissue that was frozen and sectioned in a cryostat microtome. This technique offered several advantages compared to the original chemosurgery technique, including faster processing times (15 to 30 minutes), decreased patient discomfort, and increased tissue conservation.[3]

Mohs surgery is appropriate for skin cancers with a high risk of recurrence and when tissue conservation is essential. [4][5] It is performed by removing a thin margin of tissue circumferentially around and deep to the clinical margins of a skin tumor. The specimen is typically removed with a 45-degree bevel to facilitate tissue processing. It is then rapidly frozen and sectioned in a cryostat microtome, allowing for quick tissue processing (about 15 to 30 minutes). Sectioning the tissue in a horizontal direction allows virtually 100% of the tissue margin (peripheral and deep margins) to be examined under the microscope. The process is repeated until the tumor has negative histologic margins.

Anatomy

The tissue-sparing properties of Mohs micrographic surgery make it particularly useful in areas of functional and aesthetic importance such as the head and neck area, anogenital area, hands, and feet.

Indications

Mohs surgery is appropriate for skin cancers with a high risk of recurrence and when tissue conservation is essential. The Mohs Appropriate Use Criteria (AUC) guidelines were developed to assist clinicians in determining if a specific tumor would be appropriately managed by Mohs surgery. A Mohs AUC mobile phone app is available for download to mobile devices. These criteria were based on areas of the body, patient characteristics, and tumor characteristics.[5]

Mohs surgery is particularly suitable for areas of the body in the "H" area:

- Central face, eyelids/canthi, eyebrows, nose, lips, chin, ear, and periauricular area
- Genitalia
- Hands, feet, ankles, and nail units
- Nipples/areola

Higher-risk patient characteristics include:

- Immunocompromised
- Genetic syndromes (basal cell nevus syndrome, xeroderma pigmentosum)
- Prior radiated skin
- Patient with history of high-risk tumors

Tumor characteristics include:

- Positive margin on recent excision

Aggressive features that are high risk for recurrence of BCC:

- Aggressive histologic subtype: morpheaform, infiltrating, micronodular
- Perineural involvement
- Metatypical/keratotic

Aggressive features of SCC:

- Poorly or undifferentiated (characterized by a high degree of nuclear polymorphism, high mitotic rate, or low degree of keratinization)
- Perineural/perivascular
- Spindle cell
- Breslow depth 2 mm or greater

- Clark level IV or greater

While the Mohs AUC can be helpful in determining if a specific lesion is appropriately managed with Mohs surgery, it does not exclude the validity of alternate modalities in treating the same lesion (e.g. curettage, electrodesiccation & curettage, or excision). [4][5]

Contraindications

There are no absolute contraindications to Mohs surgery in patients deemed suitable for surgery in general.

Equipment

Mohs micrographic surgery requires equipment for the operating room as well as for the lab in which tissue is processed and examined microscopically. The operating room requires good lighting and an adjustable table to provide optimal visualization and access to the tumor. Surgical equipment is relatively simple, consisting of a scalpel, fine forceps, scissors, gauze, and an electrosurgical device for coagulation. Reconstruction can be achieved with an expanded tray that includes needle holders, scissors, fine forceps, skin hooks, and a scalpel.

The Mohs histology laboratory consists of microtomes that freeze tissue and then allow cutting of very thin slices of tissue to mount on glass slides. The slides are then placed in an automated stainer or may be stained by hand. This process may require a vent hood to minimize exposure to chemicals involved in the staining process. Completed slides are then read by the Mohs surgeon under light microscopy to determine if tumor remains in the tissue. Many Mohs labs also have special stainers and reagents to allow immunohistochemical staining of tissue.

Personnel

The procedure requires the surgeon and at least one assistant in the surgical suite. In addition, at least one histotechnician is needed in the Mohs laboratory for tissue processing.

Technique

The technique of Mohs surgery is as follows:

1. The tumor is first outlined prior to injection with a local anesthetic. After anesthetized, any visible tumor is removed or "debulked," with a curette, flexible blade, or scalpel.
2. Prior to removal, the tissue layer is carefully oriented by placing small superficial etch marks with a scalpel (often at 3 o'clock, 6 o'clock, 9 o'clock, and noon) around the tissue layer and corresponding in-situ skin.
3. A thin margin of tissue is then removed circumferentially around and deep to the debulked tumor defect. This "layer" of tissue is removed with a beveled angle of approximately 45 degrees, which facilitates tissue processing (see below).

4. Once removed, the tissue layer is often cut into halves or quadrants and then marked with colored dyes to facilitate precise mapping of the tumor. The tissue is then pressed flat, so the epidermal edge occupies the same tissue plane as the deep margin. The "beveled" edge acquired tissue removal facilitates this flattening process.
5. The tissue is then cut and processed in a horizontal direction so that virtually 100% of the peripheral and deep margin can be examined on the same tissue section under the microscope. This is in contrast to the traditional vertical, or "breadloafed," tissue processing which examines only a small portion of the tumor margin.[6]
6. If residual tumor is identified under the microscope, then the Mohs map is marked and the corresponding in-situ tissue is precisely removed from the patient in that portion that was found to still have tumor. This process is repeated until the tumor is histologically negative, thus ensuring complete tumor removal with maximum conservation of healthy tissue.
7. Once the tumor has been removed, a variety of techniques are used to close the defect, including primary closure, flaps, grafts, and second intention healing. A recent tabulation of Mohs stages per case for experienced Mohs surgeons showed a median of about 1.7 stages per tumor to clear. Obviously, that number can be much higher for more complicated cases.[7]

Tissue stains most commonly used for Mohs surgery are hematoxylin and eosin (H&E) and toluidine blue. While the majority of Mohs surgeons use H&E routinely, a significant minority prefer toluidine blue for processing basal cell carcinoma, since mucopolysaccharides and hyaluronic acid that are associated with BCC stain metachromatically with a magenta coloration. [8][9][10]

The Mohs procedure depends upon the presence of continuous tumor growth (no "skip" areas) to be maximally effective. Fortunately, this characteristic is present in most cancers that occur on the skin.

Clinical Significance

Mohs surgery has had a high degree of clinical success.

- Mohs surgery reports excellent 5-year cure rates for non-melanoma skin cancers (NMSC), in particular basal cell carcinoma (BCC) and squamous cell carcinoma (SCC). Examples of 5-year cure rates include: Primary BCC (99%), recurrent BCC (94.4%), primary SCC (92-99%), and recurrent SCC (90%). [11][12][13]
- Mohs surgery also can be used to treat other less common tumors, including dermatofibrosarcoma protuberans, microcystic adnexal carcinoma, extramammary Paget disease, Merkel cell carcinoma, and sebaceous carcinoma.[14] More recently, with the availability of reliable immunohistochemical stains, Mohs micrographic has also shown

great usefulness in treating some forms of malignant melanoma, including lentigo maligna, lentigo maligna melanoma, and thin melanomas. [15]

Enhancing Healthcare Team Outcomes

The procedure requires the operative surgeon and nurse to work together in the surgical suite. In addition, at least one histotechnician is needed in the Mohs laboratory for tissue processing. A coordinated team approach provides the best results for patient care. [Level V]

Questions

To access free multiple choice questions on this topic, click here.



Figure

Mohs Surgery Diagram. Contributed by Kyle Prickett MD,
Michael Ramsey MD Geisinger Medical Center

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Questions 7 and 8
Attachment E
Forecasted Financial Statements



CliftonLarsonAllen LLP
CLAAconnect.com

**METRO EAST DERMATOLOGY
PROPOSED ASTC
O'FALLON, ILLINOIS**

FORECASTED FINANCIAL STATEMENTS

DECEMBER 31, 2021 TO DECEMBER 31, 2026

**METRO EAST DERMATOLOGY
PROPOSED ASTC
FORECASTED STATEMENTS OF ASSETS AND PARTNER'S CAPITAL – TAX BASIS
DECEMBER 31, 2021 TO DECEMBER 31, 2026**

	2021	2022	2023	2024	2025	2026
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$125	\$206	\$212	\$218	\$225	\$232 [1]
Other Current Assets	0	0	0	0	0	0
Total Current Assets	125	206	212	218	225	232
Net Property and Equipment	1,345	1,318	1,264	1,210	1,156	1,103 [2]
All Other Assets	-	-	-	-	-	-
Total Assets	1,470	1,524	1,476	1,429	1,381	1,334
LIABILITIES AND PARTNER'S CAPITAL						
Current Liabilities						
Current Portion of LTD	39	41	44	46	49	52
Notes Payable	-	-	-	-	-	-
Total Current Liabilities	39	41	44	46	49	52
Long-Term Debt, Net	1,345	1,309	1,270	1,229	1,185	1,139 [3]
Other Noncurrent Liabilities	-	-	-	-	-	-
Total Liabilities	1,384	1,350	1,313	1,275	1,234	1,191
Partner's Capital	86	174	163	154	147	143
Total Liabilities & Partner's Capital	\$1,470	\$1,524	\$1,476	\$1,429	\$1,381	\$1,334

[1] - Current practice keeps 180 days cash on hand (excluding interest), assumes ASTC will maintain that ratio

[2] - \$1.345M asset depreciated over 25 years

[3] - \$1.345M loan at 6.00% over 20 years

No assurance provided, see accountant's compilation report, see summary of significant assumptions

**METRO EAST DERMATOLOGY
PROPOSED ASTC
FORECASTED STATEMENTS OF REVENUES AND EXPENSES – TAX BASIS (\$ IN THOUSANDS)
YEARS ENDED DECEMBER 31, 2021 TO DECEMBER 31, 2026**

	2021	2022	2023	2024	2025	2026
OPERATING REVENUES						
Base Payments	\$394	\$643	\$656	\$669	\$683	\$696 [1]
ASTC Payment Rate Change	77	189	192	196	200	204 [2]
Total Operating Revenue	471	832	849	866	883	901
OPERATING EXPENSES						
Labor Expense	140	230	237	244	251	259 [3]
Other Expense	111	183	188	194	200	206 [3]
Total Non Capital Expenses	250	413	425	438	451	464
Operating EBIDA	221	419	424	428	432	436
Operating EBIDA %	46.9%	50.4%	49.9%	49.4%	48.9%	48.4%
Interest	80	79	76	74	71	68 [4]
Depreciation	27	54	54	54	54	54 [5]
Total Operating Expenses	358	545	555	565	576	587
Operating Margin	\$113	\$287	\$294	\$300	\$307	\$314
Operating Margin %	24.1%	34.5%	34.6%	34.7%	34.8%	34.9%
Cases	550	880	880	880	880	880
Revenue per Case	\$ 857.17	\$ 945.42	\$ 964.33	\$ 983.62	\$ 1,003.29	\$ 1,023.36
Direct Expense per Case	\$ 292.07	\$ 436.40	\$ 440.68	\$ 445.00	\$ 449.36	\$ 453.77
Capital Cost per Case	\$ 195.64	\$ 150.35	\$ 147.71	\$ 144.91	\$ 141.94	\$ 138.80

[1] \$260k of current practice's revenue generated from ambulatory surgical procedures, assume base payments per case will remain consistent with 2% inflation

[2] - \$185k payment rate change impact due to reimbursement changes in an ASTC setting

[3] - Assume operating expense per case will remain consistent with 3% inflation

[4] - \$1.345M loan at 6.00% over 20 years

[5] - 25 year useful life on \$1.345M asset

No assurance provided, see accountant's compilation report, see summary of significant assumptions

**METRO EAST DERMATOLOGY
PROPOSED ASTC
SUMMARY OF SIGNIFICANT ASSUMPTIONS OF FINANCIAL FORECAST
YEARS ENDED SEPTEMBER 30, 2021 TO SEPTEMBER 30, 2026**

OPERATING ASSUMPTIONS

Baseline Assumptions

The baseline for the financial forecast is based on actual performance for the fiscal year ended December 31, 2018 for the private practice office. Assume revenue and expenses will remain proportionate based on current revenue and expenses generated from ambulatory surgical procedures.

Revenue Assumptions

The following are the significant assumptions management has made regarding revenues under the forecast period:

Net Inflation (Rates):

- Overall Rate: 2.0% per year beginning 2020

Expense Assumptions

The following are the significant assumptions management has made regarding expenses under the forecast period:

- Labor:
 - 3.0% per year beginning 2020
- Non-Labor:
 - 3.0% per year beginning 2020

Capital Assumptions

The following are the significant assumptions management has made regarding capital costs under the forecast period:

- ASC Space: \$1,303,000 total cost, \$42,000 capitalized interest
 - 100% debt financed
- Debt Terms: 6.00% rate over 20 years

RATIO ANALYSIS

	2021	2022	2023	2024	2025	2026
Current Ratio	3.2x	5.0x	4.9x	4.7x	4.6x	4.5x
Net Margin Percentage	24.1%	34.5%	34.6%	34.7%	34.8%	34.9%
Percent Debt to Total Capitalization	94.1%	88.6%	89.0%	89.2%	89.3%	89.3%
Projected Debt Service Coverage	1.0x	2.4x	2.5x	2.6x	2.6x	2.7x
Days Cash on Hand	138	153	154	156	157	159
Cushion Ratio	1.1x	1.8x	1.8x	1.9x	1.9x	2.0x

No assurance provided, see accountant's compilation report, see summary of significant assumptions

Updated Financial Ratio Analysis

Attachment F

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical * 3 Years			Projected
Enter Historical and/or Projected Years:	NA	NA	NA	2021
Current Ratio				1.3 X
Net Margin Percentage				28.0%
Percent Debt to Total Capitalization				91.0%
Projected Debt Service Coverage				1.57 X
Days Cash on Hand				227
Cushion Ratio				.04 X

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

* As a newly established legal entity, "Skin Cancer Surgery Center, LLC" has no operational history to disclose.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio	--	--	--	3.2X
Net Margin Percentage	--	--	--	24.1%
Percent Debt to Total Capitalization	--	--	--	94.1%
Projected Debt Service Coverage	--	--	--	1.0X
Days Cash on Hand	--	--	--	138
Cushion Ratio	--	--	--	1.1X

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

* As a newly established legal entity, "Skin Cancer Surgery Center, LLC" has no operational history to disclose. Forecasted financial statements December 31, 2021 to December 31, 2026 are based on those procedures currently performed in the Metro East Dermatology private physician office practice. These select Mohs surgery cases / procedures will relocate to "Skin Cancer Surgery Center, LLC" when the proposed ASTC becomes operational.