



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: I-01	BOARD MEETING: July 27, 2021	PROJECT NO: 20-017	PROJECT COST:
FACILITY NAME: MetroEast Endoscopic Surgery Center		CITY: Fairview Heights	Original: \$180,000
TYPE OF PROJECT: Non-Substantive			HSA: XI

PROJECT DESCRIPTION: The Applicant (MetroEast Endoscopic Surgery Center, LLC) proposes to add orthopedic surgery services to its current ambulatory surgical treatment center (ASTC) located in Fairview Heights, Illinois. The reported project costs are \$180,000. The expected completion date is March 31, 2022.

This Act shall establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and financial resources to adequately provide a proper service for the community; (2) that promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of such facilities; and (3) that promotes planning for and development of health care facilities needed for comprehensive health care especially in areas where the health planning process has identified unmet needs.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicant (MetroEast Endoscopic Surgery Center, LLC) proposes to add orthopedic surgery services to its current ambulatory surgical treatment center (ASTC) located in Fairview Heights, Illinois. The reported project costs are \$180,000. The expected completion date is March 31, 2022. MetroEast Endoscopic Surgery Center has been approved for the following surgical services: gastroenterology, general surgery, Plastic Surgery, OB/gynecological, podiatry, pain management and ophthalmology.¹
- This project was given an Intent to Deny at the September 2020 State Board Meeting. In accordance with the regulation, the Applicant requested to reappear before the State Board and submit additional information. Additional information was received by the State Board on October 26, 2020. In April of 2021 Dr. Felix Ungacta withdrew his referrals for this project.
- Only those criteria that did not receive a positive finding at the September 2020 State Board Meeting will be discussed as part of this report. The Applicant has successfully addressed the following criteria:
 1. Criterion 1110.110 (a) - Background of the Applicant
 2. Criterion 1110.120 (a) - Size of the Project
 3. Criterion 1110.120 (b) - Projected Utilization
 4. Criterion 1110.235(a) - (Formula Calculation)
 5. Criterion 1110.235(c)(5)- Treatment Room Need Assessment
 6. Criterion 1110.235(c)(8) - Staffing
 7. Criterion 1110.235(c)(9) – Charge Commitment
 8. Criterion 1110.235 (c) (10) – Assurances
 9. Criterion 1120.120 - Availability of Funds
 10. Criterion 1120.130 – Financial Viability
 11. Criterion 1120.140 (a) - Reasonableness of Project Costs
 12. Criterion 1120.140 (b) - Terms of Debt Service
 13. Criterion 1120.140 (c) - Reasonableness of Project Costs
 14. Criterion 1120.140 (d) - Direct Operating Costs
 15. Criterion 1120.140 (e) - Effect of the Project on Operating Costs

PUBLIC HEARING/COMMENT:

- A public hearing was offered but none was requested. Letters of support and opposition were submitted and are included in the State Board's packet of material. Information regarding this project can be found at: <https://www2.illinois.gov/sites/hfsrb/Projects/Pages/MetroEast-Endoscopic-Surgery-Center,-Fairview-Heights--20-017.aspx>

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- ¹ MetroEast Endoscopic Surgery Center was approved in December of 2014 to establish an ASTC performing gastroenterology services [Permit #12-105].
 - In 2019 the Board approved the MetroEast Endoscopic Surgery Center to add General Surgery, Plastic Surgery and Gynecological Services and an additional procedure room [Permit #19-010].
 - In February of 2020 the State Board approved the MetroEast Endoscopic Surgery Center to add podiatry, pain management and ophthalmology [#Permit 19-043].

SUMMARY:

- To add a surgical specialty to an existing ASTC an applicant must demonstrate that the proposed surgical service to be added will serve the residents of the geographical service area; there is demand for the addition of the surgical service, the addition of the surgical service will improve access; will not result in an unnecessary duplication of service and will meet an unmet need in the geographical service area.
- The State Board Staff was not provided documentation that the proposed addition of orthopedic surgical services will be provided to patients of the 17-mile GSA. The referring physician submitted 84 historical referrals. Of these 84 historical referrals one (1.2%) referral resided in the proposed 17-mile GSA. By rule the State Board can accept historical referrals from IDPH licensed ASTC and Hospitals. All the referring physician’s surgeries were performed at facilities outside the 17-mile GSA in Missouri. These facilities are not licensed by IDPH.
- The referring physician’s referral letter attested that he performed 84 orthopedic surgeries at the following facilities for the period November 2019 to October 2020.

<u>TABLE ONE</u> <u>[Executive Summary]</u>			
<u>Facility</u>	<u>City</u>	<u>Miles</u>	<u>Referrals</u>
Apollo Ambulatory Surgery Center	St. Louis	28.1	78
Des Perez Hospital	St. Louis	32.3	4
Saint Louis Spine and Orthopedic Surgery	St. Louis	33.5	2
Total			84

- Of these 84 historical referrals 72 (86%) of those referrals resided in Missouri and outside of the 17-mile GSA. Additionally, Board Staff asked that the referring physician provide the number of Medicaid referrals that Dr. Bradley made to the St. Louis health care facilities and the percentage of Medicaid patients Dr. Bradley proposed to refer to the proposed project. The Applicant responded that none of the St. Louis facilities were enrolled in the Illinois Medicaid program.

<u>TABLE TWO</u> <u>[Executive Summary]</u> Physician’s Historical Referral by Zip Code and City of Residence			
<u>Zip Code</u>	<u>City</u>	<u>Miles from ASTC</u>	<u># of referrals</u>
62025	Edwardsville IL	16.8	1
63147	St Louis Mo.	18.6	8
63110	St Louis Mo.	18.8	13
62248	Hecker IL	20.2	5
63120	St Louis Mo.	20.9	2
63112	St Louis Mo.	21.2	5
63137	St Louis Mo.	22.6	9
63031	Florissant Mo.	30.3	17
63033	Florissant Mo.	30.3	3

<u>TABLE TWO</u>			
<u>[Executive Summary]</u>			
Physician's Historical Referral by Zip Code and City of Residence			
Zip Code	City	Miles from ASTC	# of referrals
63129	St Louis Mo.	32	15
62801	Centralia IL	50	2
62233	Chester IL	51.8	2
62952	Jonesboro IL	109.4	2
Total			84

- The Applicant argues the one ASTC [Anderson Surgery Center] in the 17-mile GSA service area is centered in Edwardsville, Granite City, and Collinsville and not the primary service area of MetroEast Endoscopic Surgery Center. The geographical service area for this project is a 17-mile radius for a facility located in Saint Clair County and the Board is being asked to determine if the proposed orthopedic surgical service is available in the GSA and whether those facilities that provide orthopedic surgical services are operating at target occupancy. Orthopedic surgery service is available in the 17-mile GSA and the facilities providing orthopedic surgical services **are not operating** at target occupancy.
- The Applicant have not met the following criteria:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
77 ILAC 1110.235 (c) (2) (B) – Service to Residents in the GSA	The Applicant provided a list of patients by zip code who were provided care at MetroEast Endoscopic Surgery Center in 2018. 88% of those patients resided in the 17-mile GSA. However, those patients received gastro services and not orthopedic surgical services the subject of this application for permit. The referring physician referrals totaled 84 patients. Of those 84 patient referrals one patient came from within the 17-mile GSA. Based upon the physician referral information the proposed addition of the orthopedic surgical services will not be providing care to the residents of the GSA.
77 ILAC 1110.235 (c) (3) -Service Demand	By rule the State Board can only accept referrals performed in a licensed IDPH ASTC or Hospital. None of the referrals were performed in a licensed IDPH ASTC or Hospital.
77 ILAC 1110.235 (c) (6) – Service Accessibility	The Applicant did not meet one of the four conditions required by this criterion. A) There are existing IDPH-licensed ASTCs within the 17-mile GSA. B) The existing ASTCs and Hospitals in the 17-mile GSA are not at target occupancy. C) Orthopedic surgical services are available in the identified 17-mile GSA.

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
	D) The proposed project is not a cooperative venture with a hospital.
77 ILAC 1110.235 (c)(7) – Unnecessary Duplication/Maldistribution	There is existing capacity in the 17-mile GSA that can accommodate the workload identified by this Application. A duplication of service will result should this project be approved.

STATE BOARD STAFF REPORT
Project #20-017
MetroEast Endoscopic Surgery Center

APPLICATION/SUMMARY CHRONOLOGY	
Applicant(s)	MetroEast Endoscopic Surgery Center, LLC
Facility Name	MetroEast Endoscopic Surgery Center
Location	5023 North Illinois Street, Fairview Heights, Illinois
Permit Holder	MetroEast Endoscopic Surgery Center, LLC
Operating Entity/Licensee	MetroEast Endoscopic Surgery Center, LLC
Owner of Site	Ahmed Investments, LLC
Gross Square Feet	2,642 GSF
Application Received	April 13, 2020
Application Deemed Complete	April 17, 2020
Financial Commitment Date	June 30, 2021
Anticipated Completion Date	March 31, 2022
Review Period Ends	June 16, 2020
Intent to Deny	September 2020
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes

I. Project Description

The Applicant (MetroEast Endoscopic Surgery Center, LLC) proposes to add orthopedic surgery services to its current ambulatory surgical treatment center (ASTC) located in Fairview Heights, Illinois. The reported project costs are \$180,000. The expected completion date is March 31, 2022.

II. Summary of Findings

- A.** State Board Staff finds the proposed project is **not** in conformance with all relevant provisions of Part 1110 (77 ILAC 1110).
- B.** State Board Staff finds the proposed project is in conformance with all relevant provision of Part 1120 (77 ILAC 1120).

III. General Information

MetroEast Endoscopic Surgery Center, LLC was organized as a Limited Liability Company (LLC) in November of 2011, and is wholly owned by Dr. Shakeel Ahmed, M.D. The proposed project is a non-substantive project subject to a Part 1110 and Part 1120 review. Financial commitment will occur after permit issuance.

TABLE ONE
Five highest projected Orthopedic Surgeries to performed at the ASTC

Code	Description	ASTC	Hospital OP	Difference
29827	Rotator Cuff	\$2,557	\$5,357	-\$2,800
29807	Labral/Slap Repair	\$2,557	\$5,357	-\$2,800
29881	Partial Menisectomy	\$1,173	\$2,451	-\$1,278
29879	Chondroplasty	\$1,173	\$2,451	-\$1,278
64712	Carpal Tunnel	\$727	\$1,539	-\$812

IV. Project Uses and Sources of Funds

The Applicant is proposing adding orthopedic surgical services, and reports project-related costs totaling \$180,000 for Movable Equipment. This capital expense will be funded with cash.

VIII. Non-Hospital Based Ambulatory Surgical Treatment Center Services

B) Criterion 1110.235(c) (2) (B) (i) & (ii) - 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.

The Applicants provided a list of zip codes in total or in part within the 17-mile GSA that are in Illinois. There are 43 zip codes in Illinois within the 17-mile GSA.

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 Applicant provided a list of patients by zip code who were provided care at MetroEast Endoscopic Surgery Center in 2018. 88% of those patients resided in the 17-mile GSA. However, those patients received gastro services and not orthopedic surgical services the subject of this application. The referring physician historical patient referrals totaled 84 patients. Of those 84 patient referrals one patient came from within the 17-mile GSA.

Based upon the physician referral information the proposed addition of the orthopedic surgical services will not be providing care to the residents of the GSA.

TABLE TWO			
Physician Historical Referrals			
Zip Code	City	Miles	# of referrals
62025	Edwardsville IL	16.8	1
63147	St Louis Mo.	18.6	8
63110	St Louis Mo.	18.8	13
62248	Hecker IL	20.2	5
63120	St Louis Mo.	20.9	2
63112	St Louis Mo.	21.2	5
63137	St Louis Mo.	22.6	9
63031	Florissant Mo.	30.3	17
63033	Florissant Mo.	30.3	3
63129	St Louis Mo.	32	15
62801	Centralia IL	50	2
62233	Chester IL	51.8	2
62952	Jonesboro IL	109.4	2
			84

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

- A) The applicant shall provide physician referral letters that attest to the physician's total number of treatments for each ASTC service that has been referred to existing IDPH-licensed ASTCs or hospitals located in the GSA during the 12-month period prior to submission of the application. The documentation of physician referrals shall include the following information:
- i) patient origin by zip code of residence.
 - ii) name and specialty of referring physician.
 - iii) name and location of the recipient hospital or ASTC; and
 - iv) number of referrals to other facilities for each proposed ASTC service for each of the latest 2 years.

The physician’s referral letter provided patient origin by zip code of residence and the name and location of the recipient hospital or ASTC and the number of referrals to these facilities as required.

- B) **Projected Service Demand**
 The applicant shall provide the following documentation:
- i) Physician referral letters that attest to the physician's total number of patients (by zip code of residence) who have received care at existing IDPH-licensed ASTCs or hospitals located in the GSA during the 12-month period prior to submission of the application;
 - ii) Documentation demonstrating that the projected patient volume, as evidenced by the physician referral letters, is from within the GSA defined under subsection (c)(2)(B);
 - iii) An estimated number of treatments the physician will refer annually to the applicant facility within a 24-month period after project completion. The anticipated number of referrals cannot exceed the physician's experienced caseload. The percentage of projected referrals used to justify

the proposed establishment cannot exceed the historical percentage of applicant market share within a 24-month period after project completion.

- iv) Referrals to health care providers other than IDPH-licensed ASTCs or hospitals will not be included in determining projected patient volume.
- v) Each physician referral letter shall contain the notarized signature, the typed or printed name, the office address, and the specialty of the physician; and
- vi) Verification by the physician that the patient referrals have not been used to support another pending or approved CON application for the subject services.

The referring physician’s referral letter attested that he performed 84 orthopedic surgeries at the following facilities for the period November 2019 to October 2020. All of these procedures were performed in St. Louis.

<u>Facility</u>	<u>Miles</u>	<u>Referrals</u>
Apollo Ambulatory Surgery Center	28.1	78
Des Perez Hospital	32.3	4
Saint Louis Spine and Orthopedic Surgery	33.5	<u>2</u>
Total		84

All three of these facilities are outside the 17-mile GSA.

D) Criterion 1110.235(c)(5)(A) & (B) - Treatment Room Need Assessment

The Applicant currently has two operating/procedure rooms, two Stage One, and four Stage Two recovery stations. No additional operating/procedure rooms are being proposed as part of this project. In 2019 [the most recent data available] the Applicant had a total of 3,661 cases and 1,349.25 total hours of surgery at the facility, slightly below the 1,500 hour per operating/procedure room standard.

Surgical Specialty	Cases	Hours
General Surgery	6	4.25
Gastroenterology	3,645	1,336
Obstetrics/Gynecology	0	0
Ophthalmology	0	0
Pain Management	0	0
Plastic Surgery	10	9
Podiatric Surgery	0	0
Total	3,661	1,349.25

E) Criterion 1110.235 (c) (6) – Service Accessibility

The Applicant was not able to meet one of the four conditions listed below.

- 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.

There 8 ASTCs and 6 hospitals within the 17-mile GSA. One ASTC (Anderson Surgery Center) in this 17-mile GSA has been approved to provide orthopedic surgical services. The remaining ASTCs have not been approved to provide the specialty being proposed and would need to receive State Board approval to do so. The service proposed to be added by the Applicant is available in the 17-mile GSA. This project is not a cooperative venture with a hospital.

TABLE FOUR ASTCs within the 17-Mile GSA						
ASTC	City	Miles	Specialty	Rooms	2019 hours	Met Standard
MetroEast Endoscopy Surgery Center	Fairview Heights	0	Gastro, general surgery, plastic surgery and GYN podiatry, pain management and ophthalmology	2	1,351	No
Illinois Eye Surgeons Cataract Surgery	Belleville	1	Ophthalmology	4	2,728	No
Bel-Clair Ambulatory Surgical Center	Belleville	4.8	Gastro	2	690	No
Skin Cancer Surgery Center ⁽¹⁾	O'Fallon	4.9	General	1	0	NA
Physician's Surgical Center ⁽²⁾	O'Fallon	5.7	Gastro, Pain Management, Ophthalmology	2	36	No
Novamed Eye Surgery Center of Maryville	Maryville	11.8	Ophthalmology	1	1,196	Yes
Anderson Surgery Center ⁽³⁾	Edwardsville	16.5	General, Gastro, Obstetrics, Ophthalmology, Oral, Otolaryngology, Pain Management, Plastic, Podiatric and Urologic Surgery	3	0	NA
The Hope Clinic for Women	Granite City	16.7	OB/GYN	2	1,320	No
Total				17		
<ol style="list-style-type: none"> 1. Surgery Center approved as Permit #19-017. Not completed no data available. 2. Approved to relocate to O'Fallon, Illinois from Belleville Illinois as Permit #19-025. Licensed April 8, 2021. Data referred in table is the Belleville facility. 3. Surgery Center approved as Permit #18-031. Licensed 7/23/2021. No data available for 2019. 						

TABLE FIVE Hospitals within the 17-mile GSA						
Hospital	City	Miles	Operating/Procedure Rooms	2019 hours	Met Standard	# of Rooms Justified
Memorial Hospital	Belleville	4	33	15,616	No	11
Memorial Hospital - East	Shiloh	5.2	6	2,580	No	2
HSHS St Elizabeth's Hospital	O'Fallon	5.8	14	19,319	No	13
Touchette Regional Hospital	Centreville	9.3	6	892	No	1
Anderson Hospital	Maryville	12.3	12	10,527	No	8
Gateway Regional Medical Center	Granite City	16.8	10	2,878	No	2
Total Operating/Procedure Rooms			81			37

F) Criterion 1110.235 (c) (7) – Unnecessary Duplication/Maldistribution

Maldistribution

There is a total of 98 operating/procedure rooms in the 17-mile GSA. There are approximately 482,000 residents (2017 population estimate-IDPH data) in the 17-mile GSA. The ratio of operating/procedure rooms per 1,000 population is .2014 within this GSA [97 operating/procedure rooms ÷ (482,000/1,000 or 482.0) = .2014].

The State of Illinois population is 12,802,000 (2017 IDPH projected) and 2,613 operating/procedure rooms (2019 data). The ratio of operating/procedure rooms per 1,000 population in the State of Illinois is .2041. To have a surplus of operating/procedure rooms within the 10-mile GSA the ratio of population to operating/procedure rooms must be 1.5 times the State of Illinois ratio or .3177 operating/procedure rooms per 1,000 population. There is a not a surplus of operating/procedure rooms in the 17-mile GSA.

Hospitals and ASTCs within the Proposed GSA

There are eight ASTCs and six hospitals within the 17-mile GSA. (see Table above). As stated, one ASTC (Anderson Surgery Center) has been approved to provide the orthopedic surgical services being proposed by this project. None of the six hospitals are at target occupancy.

The proposed project will result in an unnecessary duplication of service. The Applicants have not successfully addressed this criterion.

G) Criterion 1110.235(c)(8)(A) & (B) - Staffing

MetroEast Endoscopy Center is currently staffed in accordance with IDPH and Joint Commission accreditation² staffing requirements. The Applicant anticipates all staff from the existing ASTC will continue to practice there when additional specialties are added. The Applicants intend to hire a full-time RN for the second procedure room, and a medical assistant for ancillary support. The applicants also anticipate the recruitment of a CRNA for anesthesia services.

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

A listing of procedures by primary CPT code for the proposed specialty with the maximum charge has been provided as required and includes a certified attestation that the charges for these procedures will not increase in the two years following project completion. The Applicant has met the requirements of this criterion.

I) Criterion 1110.235(c)(10)(A) & (B) - Assurances

² The **Joint Commission** is a United States-based nonprofit tax-exempt 501(c) organization that accredits more than 21,000 US health care organizations and programs. The international branch accredits medical services from around the world. A majority of US state governments recognize Joint Commission accreditation as a condition of licensure for the receipt of Medicaid and Medicare reimbursements.

The Applicant notes MetroEast Endoscopy Center will continue its existing peer review program that evaluates whether patient outcomes are consistent with quality standards established by professional organizations for surgical services. If outcomes do not meet or exceed those standards, a quality improvement plan will be initiated.

The criterion requires the facility will be at target utilization within two years after project completion. The Applicant has attested to this requirement.