



ALGONQUIN ROAD SURGERY CENTER, LLC

Patient Centered. Extraordinary Care.

April 13, 2021

Via Electronic Delivery

Ms. Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
2nd Floor
Springfield, IL 62761

Re: OrthoIllinois Surgery Center Elgin, LLC (“OrthoIllinois”)
Project No. 20-040
Supplemental Letter of Opposition

Dear Ms. Savage:

Algonquin Road Surgery Center (“ARSC”) respectfully requests that the Review Board deny the application of OrthoIllinois to establish a new surgery center in Elgin (the “Project”). ARSC, located in nearby Lake in the Hills, is a multi-specialty surgery center and two-thirds of the surgical hours performed here are orthopedic procedures. This surgery center is a joint venture among affiliates of Advocate Aurora Health, Northwestern Medicine and numerous area physicians.

We had previously written a detailed January 6, 2021 letter explaining our opposition and outlining why the proposed Project fails to comply with your rules and that there is substantial excess surgical capacity in the area. Since that time, apparently at the request of State Board staff, the Applicants modified its application to add a co-applicant and have quantified the number of procedures this Project would take from each existing provider. As part of the application modification OrthoIllinois also offer explanations as to why our current facility is inadequate for their needs. We disagree and this letter responds to their statements.

Project has Significant Negative Impact on Other Facilities 1110.235(c)(7)(C)

Negative impact on ARSC

The Board's rules require that the applicant document that within 24 months after completion the project will not lower the utilization of other area providers below target utilization standards or will not lower, to a further extent, the utilization of other are facilities that are operating below utilization standards. 1110.235(c)(7)(C). According to Applicants supplemental filing this Project will take 831 procedures from our facility. In 2020 we performed a total of 2,813 cases. The new Project would take a staggering 30% of our cases and an even more staggering 50% of our surgical time. Our facility is already well under target utilization and losing 50% of our surgical hours would take our utilization far lower. A 50% loss of utilization would threaten the sustainability of our surgery center.

Negative Impact on All Providers

While we are primarily concerned about the impact that would have on our facility, the Project negatively impacts all affected providers. In its opposition letter to this Project, Valley Ambulatory Surgery Center calculated how the Project would affect utilization at existing providers. The conclusion was that any provider currently operating above target utilization would fall below the standard and that all others facilities would have utilization lowered considerably. If this Project went forward, not a single area facility would meet target utilization.

Response to Applicants Statements about ARSC

In its application, Applicants attempted to justify building a new surgery center, even though all inventories, standards and regulations show that there is no need. Applicants, attempted to justify the Project, in part, with some vague statements about why ARSC is not suitable. Apparently, State Board staff asked Applicants for more information about this and other issues. Applicants' counsel filed a letter stating that it was responding to a request for additional information on several issues. We will respond briefly to some of these claims listed below.

We first note that ARSC is owned 49% by physicians, including several who are part of this Project, 25.5% by Northwestern Huntley and 25.5% by Advocate Sherman. There is no totalitarian despot that rules over the surgery center but rather a governing board that reflects the ownership structure and governance and decision-making by a broad group. We hope that you agree that unsupported comments offered by Applicants regarding ARSC do not justify a new \$18 million facility.

1. *"The concept and level of care to be provided at proposed facility are significantly different than what is offered by Algonquin".* This assertion, without any facts or detail, make a response difficult. Over 75% of the cases last year at ARSC were orthopedic or podiatry, the same types of cases at the proposed Project.

2. *ARSC would not buy a Hana Table* The short answer is that ARSC was scheduled to purchase a Hana table until OrthoIllinois announced they were going to build their own center and take a huge number of cases from us. At that point the possible reduction of cases made the purchase unfeasible.

3. *"Inefficiency at surgery centers"*. This reasons was attributed to one physician as a reason OrthoIllinois needed to build its own surgery center. Again, a vague statement without fact or detail. One measure of efficiency is the throughput on procedures and procedure time and cleanup/set up time. We note that our average total time for an orthopedic procedure at ARSC is 1.37 hours as can be verified by our Facility Profile on the Review Board web site. The application for the proposed OrthoIllinois facility states that the average total time for a procedure will be 1.78 hours. Either this means the new facility will be 30% less efficient than our current ARSC facility or that the Proposed Project overstated the procedure time by 30% to try to justify more operating rooms.

4. *Problems Scheduling Patients with certain types of coverage*. One physician stated this as his reason for ARSC being unsuitable. Again no details or facts. At ARSC 20-23% of our patients are Medicare. We also accept TriCare and Medicaid.

5. *Problems Requesting Surgery Time*. Again, this statement contained no facts or details. While certain time slots are more popular for physicians than others, we have afternoon time most days and most Mondays. In 2018 our facility operated at 51% utilization, 62% in 2019 and way less than 50% in 2020. OrthoIllinois has signed an assurance stating that it will achieve 80% target utilization. If so, problems requesting surgery time will be much more difficult than it is now.

Letters of Orthopedic Surgeons Kogan, Seeds and Alpert

We ask you to read the letter from three orthopedic surgeons who perform procedures at ARSC and are also owners. You will see from their letter that they find ARSC a "great" place to perform their procedure, have never had a problem scheduling case and have performed Medicaid cases at ARSC.

Conclusion

We again ask the Review Board to deny the OrthoIllinois application. The Project is the antithesis of what the Planning Act and Review Board should stand for. The Project adds almost \$18 million of health care spending when there is clearly not need. The Project results only personal gain with no societal or health system gain. The Project further undercuts the model of encouraging health care systems, even competitors, to work collaboratively on the delivery of

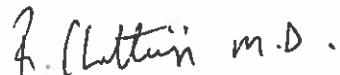
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health care. Algonquin Road Surgery Center stands ready to continue to work with these orthopedic physicians to continue to provide patient care through our existing surgery center.

Very truly yours,



Raja Chatterji, MD
President
Algonquin Road Surgery Center

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