

October 6, 2021

Via Electronic Delivery

Ms. Debra Savage, Chairwoman
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, IL 62761

Re: OrthoIllinois Surgery Center Elgin, LLC ("OrthoIllinois")
Project No. 20-040 (the "Project")
Letter of Opposition

Dear Chairwoman Savage,

I respectfully focus my comments on the project before the Review Board as you evaluate whether the application meets your rules and standards, whether more orthopedic operating capacity is required, the impact that it has on other facilities, and whether this a project the community wants or needs.

To begin, I reference the 2020 utilization numbers that confirm, once again, that the region is significantly over capacity in regards to surgical space. Second, you will see that OrthoIllinois' Medicaid patient volume was cut in half this past year and makes up less than 1% of their private payor-dominated payor mix. Lastly, I address the change in our anesthesiology provider and trauma designation to proactively provide the Board with more detail, as the applicants have raised this issue in an attempt to distract from the deficiencies of their application.

1) Excess Operating Room Capacity in the Area

In September, the Review Board through its rules set a standard that no new facilities should be approved unless all area facilities are operating at 80% utilization. The Board also recently adopted 2020 facilities profiles for all health care facilities which show the surgical utilization for area facilities.

In 2020, for all area facilities authorized to do orthopedic procedures in our region, aggregate utilization is only 46%. Moreover, there are currently 60 ORs in the area for these procedures and under the State Board's standards, current surgical volume shows an excess of over 24 ORs. This means there are almost twice as many ORs in the area than justified by the Board's methodology. Not a single hospital or surgery center achieves the Review Board's 80% standard.

Seven Facilities	Surgery Hours	# of Operating/ Procedure Rooms	ORs Justified	2020 Utilization %
TOTALS	50,205	60	33.6	46%

2) Orthollinois Significantly Decreased it Medicaid Patient Volume Last Year

The newly released 2020 Facilities Profiles discussed above also reveal the amount of Medicaid and Charity care Orthollinois provided last year.

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
2,711,268	33,890		17,286,511	1,325,600		0	0%

As the table above—taken from that 2020 profile—shows, Orthollinois Rockford provides zero charity care. It also shows how little Medicaid it provides. They cared for only 41 Medicaid patients, This is less than half the Medicaid patients they cared for in 2019 and amounts to less than 1.0% of their total patients. Their total Medicaid revenue is only 0.16% of their total revenue. In contrast, 14.5% of our hospital's revenue care last year was Medicaid—almost 100 times the percentage of their Medicaid payor mix.

From the July 7 joint letter from Senators Castro, DeWitte and Villa: "Medicare is not indigent care."

3) Change in Anesthesiology Group at Advocate Sherman

In the first Board hearing on this project, Orthollinois indicated that they would like to expanded access within Sherman's OR and that our anesthesiology group did not have the capacity to provide the expanded coverage. After good faith negotiations with that prior group, Advocate Sherman decided to partner with a much larger, national physician group, that could provide the expanded coverage that both the hospital and the surgeons desired.

The new anesthesiology group, TeamHealth, which started October 1, provides over 800,000 procedures annually at 100 client locations and is one of the eighth largest anesthesiology groups in the nation. By teaming with TeamHealth we will be greatly expanding access for our physicians and the community as soon as this spring. For example the number of hours of coverage they will provide will go from the old 7:00am to 3:00pm to 7:00am to 7:00pm. We will have the ability to expand elective surgery access until 11pm if desired by our surgeons and needed by our patients.

Replacing our anesthesiology practice has created near-term challenges with staffing. However, we are already on the path to restoring all anesthesiology coverage at the hospital, and we are working with IDPH to address their concerns related to our Level II Trauma Center designation. By the beginning of 2022, all prior access to anesthesia services will be in place. By the spring, we will have significantly expanded access and services beyond our historic levels and be on a great path for growth in response to community need.

By the time Orthollinois would open their proposed ASC, our new anesthesiology group will be actively giving them the surgery access they requested in the first hearing. And, the underutilized facilities in the region will still have excess capacity.

Conclusion

Our community has asked that you not approve this project. Your State Board Report shows that there is excess capacity, duplication of services and negative impact to other providers. Please deny this project.

Sincerely,



Sheri De Shazo, RN MBA MHA LSS-GBc, FACHE
President
Advocate Sherman Hospital