

141080 Need Analysis

Upstate Orthopedics Ambulatory Surgery Center

Project Description

Upstate Orthopedics Ambulatory Surgery Center (UOASC), an Article 28 diagnostic and treatment center, is requesting permission to convert to permanent life following a five (5) year limited life. It is located at 6620 Fly Road, East Syracuse, 13057, in Onondaga County with an OpCert of December 7, 2009 to December 7, 2014. It is also seeking approval to transfer 13.3422 percent ownership (6.6711% each) to two additional members.

Need Summary

Based on CON 072151, UOASC projected 3,060 procedures in year 1 and 3,206 procedures in year 3. Based on the Annual Report 2010-13 submitted by the applicant, the number of total procedures was 2,010 in year 1 (2010) and 4,304 in year 3 (2012); the percent of Medicaid patients grew from 10.6 percent in 2010 to 12.7 percent in 2012. The applicant did not meet its initial Medicaid projections at 18 percent and charity care projections at four (4) percent. They are taking corrective measures to improve their reporting method and implement their Charity Care Action Plan. Their revised projections are 5,054 procedures in year 1 with Medicaid projected at 12 percent and charity care at two (2) percent. There will be no changes in services.

Contingent approval is recommended for one-year extension of the current limited life of UOASC.

Analysis

Upstate Orthopedics Ambulatory Surgery Center serves a total of 14 counties in the Central New York Region. More than 70 percent of the patients come from Onondaga County (43%), Oneida County (11%), Oswego County (10%), and Jefferson County (9%); patients also come from Madison, Cayuga, Cortland, Broome, Tompkins, St. Lawrence, Lewis, Herkimer, Chenango, Tioga, and Other Counties in the area.

The table below provides information on projections and utilization for years 1 and 3 based on CON 072151.

CON 072151	Projections	Projections
Projections	Year 1	Year 3
Total Visits	3,060	3,206

CON 072151	Projections	Projections	Actual	Actual	Actual	Actual	% Actual	% Actual	% Actual	% Actual
Projections by Payor	Year 1	Year 3	2010	2011	2012	2013	2010	2011	2012	2013
Comm.-FFS	19.00%	19.00%	1061	1,962	2,115	2,187	52.8%	48.8%	49.1%	46.8%
Comm.MC	24.00%	24.00%								
Workers Comp.	10.00%	10.00%	293	607	593	659	14.6%	15.1%	13.8%	14.1%
Medicaid-FFS	8%	8%	45	67	73	62	2.2%	1.7%	1.7%	1.3%
Medicaid-MC	10.00%	10.00%	168	393	472	603	8.4%	9.8%	11.0%	12.9%
Medicare-FFS	7.00%	7.00%	227	534	562	649	11.3%	13.3%	13.1%	13.9%
Medicare-MC	5.00%	5.00%	57	117	153	167	2.8%	2.9%	3.6%	3.6%
No Fault	8.00%	8.00%	53	97	98	131	2.6%	2.4%	2.3%	2.8%
Private	5.00%	5.00%	7	13	15	15	0.3%	0.3%	0.3%	0.3%
Charity	4.00%	4.00%								
All Other	0.00%	0.00%	99	232	223	196	4.9%	5.8%	5.2%	4.2%
Total	100.00%	100.00%	2,010	4,022	4,304	4,669	100.0%	100.0%	100.0%	100.0%

The applicant has submitted annual reports for 2010 to 2013. The number of total and Medicaid visits continued to grow during this period. The number of total visits more than doubled from 2,010 total visits in 2010 to 4,669 total visits in 2013. Although the applicant did not quite meet the projected number of Medicaid visits at 18 percent, the number of Medicaid visits more than tripled from 213 visits in 2010 to 665 visits in 2013. The applicant reports that the percent of Medicaid patients served is slightly lower than initially projected because they forecasted that most of the O/P procedures from the University Hospital would shift to the ASC setting; this did not happen largely due to patient safety, co-morbidity, and related factors. Some patients were too sick to be operated on an O/P basis.

Per CON 072151, the projections for charity care were four (4) percent. The actual charity care provided appears to be significantly lower than projected. In the past four years, UOASC has provided charity care to 84 patients equating to over \$59,000 in patient balances waived. Their projections included bad debt on the basis of charges; also their tracking of charity care patients was not aggressive, reports the applicant. Based on the information provided by the applicant, UOASC provides charity care to every uninsured or underinsured patient that is referred; the lack of uninsured patients is reflective of extensive efforts by local organizations and providers, including UOASC, to assist the uninsured in obtaining coverage through Medicaid and managed care organizations.

In response to the comments made by the DOH staff and PHHPC, the applicant has submitted 'Charity Care Action Plan' and 'Charity Care Policy and Guideline.' In their Action Plan, they report that '...all patients who inform the center that they cannot afford their outpatient surgical services will be eligible for financial assistance. Eligibility for patients for the program will be based on their income, family size and medical needs. ...' Their submissions include information on 'Charity Percentage Sliding Scale' based on Federal Poverty Level along with a chart on the 'Size of the Family and Annual Income.' Their outreach activities to identify underserved orthopedic patients are working with area health care providers such as Syracuse Community Health Center, St. Joseph's Family Planning Clinic, primary care and orthopedic care providers, Social Services Department, and more.

A comparison of the data provided by the applicant with those collected through the Statewide Planning & Research Cooperative System (SPARCS) indicates that there is a significant difference between the two numbers (applicant's and SPARCS') in 2010. However, in recent years of 2011-2013, this difference is significantly less, at five percent or lower.

UOASC has revised its projections. Upon approval of this project, they project 5,054 procedures in year 1 and 5,286 procedures in year 3 with Medicaid projections at 12 percent and charity care projections at two (2) percent.

Conclusion

The proposed project will continue providing needed services to the communities of Onondaga County.

From a need perspective, contingent approval is recommended for one-year extension of the current limited life of UOASC with the following contingencies:

- 1) Develop and implement a method to improve data reporting system to SPARCS. [RNR].
- 2) Develop and implement a method to track charity care provided. [RNR]
- 3) Continuation of a signed agreement with an outside independent entity satisfactory to the Department to continue the provision of annual reports to the DOH. Said reports should include:
 - Data showing actual utilization including procedures;
 - Data showing breakdown of visits by payor source;
 - Data showing number of patients who need follow-up care in a hospital within seven days after ambulatory surgery;
 - Data showing number of emergency transfers to a hospital;
 - Data showing percentage of charity care provided, and
 - Number of nosocomial infections recorded during the year in question. [RNR]

No recommendation on ownership transfer.