



WESTCHESTER

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Physician-owned facilities take off

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RYE

Ralph D'Ottavio can't remember the last time he was treated in a hospital. "It must have been about 30 years ago," said D'Ottavio, 76, a retired contractor from Port Chester. "I went to the emergency room when I hurt my thumb."

Even now, as he battles prostate cancer, D'Ottavio goes to the Westchester Medical Group's 65,000-square-foot building in Rye for image-guided radiation therapy, joining the ranks of modern patients who won't see the inside of a hospital until absolutely necessary.

Large physician-owned facilities like the Westchester Medical Group's are growing in popularity and bring the practice of medicine outside hospital walls. Some of the most sophisticated treatments and outpatient surgeries are occurring in doctors' offices, thanks to advances in technology.

But hospital organizations say the groups are threatening the financial strength of the region's community hospitals, and possibly putting patients at risk. At a time when some of the area's hospital's are closing, on the verge of closing or simply bleeding money, the competition for patients is being closely watched.

In some cases, the conglomeration of doctors is becoming as large and as powerful as the community hospitals from which they were born - giving doctors, not hospital administrators, control over patient care.



George Mercorelli of Yonkers is prepared for a radiation treatment by radiologist Anna Finnerty at the Westchester Medical Group. Mercorelli will undergo TomoTherapy in a radiation machine that can target a specific area for treatment, significantly reducing the reaction to radiation therapy.

The Westchester Medical Group and the Mount Kisco Medical Group are among the largest, with more than 100 specialists each. Others such as Westchester Health, also in Mount Kisco, and the Scarsdale Medical Group are growing exponentially; both began with about 10 doctors and within months boasted up to 50 specialists on staff.

"If these two groups wanted to put this hospital out of business, they could do it. They control the patients," said Joel Seligman, president and chief executive of Northern Westchester Hospital, across the street from the two large Mount Kisco groups.

The competition isn't fair, hospital officials contend, because medical groups aren't required to treat everyone or stay open around the clock.

Hospital advocates also have accused the groups of cherry-picking the most lucrative cases and lowest-risk patients with the best insurance coverage.

"Once hospitals lose some of their most profitable services, what's at risk is the ability to provide the 24/7 services the community is going to rely on," said Mike Fraser, spokesman for the Healthcare Association of New York State.

The physician groups, however, say they operate more cost-efficiently and adhere to the same safety guidelines as the hospitals.

"The hospitals have to go through a transition that will be painful for them," said Dr. Simeon Schwartz, president of The Westchester Medical Group. "They have to downsize, they have to put in systems to make themselves more cost-efficient, and they have to ultimately find a way to partner with doctors."

Schwartz, a Scarsdale resident, was recently invited to London to show officials there how they might imitate his model of teaming general practitioners and specialists together in high-tech offices.

On a recent morning, the lobby at the Westchester Medical Group can be mistaken for that of a renovated hospital.

A pregnant woman and her young daughter share an elevator with a man with his leg in a cast. A receptionist directs an elderly man to the in-house pharmacy. Soft music can be heard in the earth-toned hallways where a steady flow of patients carry X-rays and read the directions on prescription bottles.

George Mercorelli, 73, of Yonkers said he appreciates the modern yet intimate setting.

"Really, I didn't have a choice. I had to come here because the equipment was more sophisticated than anything they offered at the hospital," Mercorelli said.

Unlike White Plains Hospital Center, the physician group doesn't have an emergency room bursting at the seams or family members standing by their loved ones' bedsides.

"We are the safety net," said John Schandler, the hospital's CEO. "We take care of the sickest patients, and that's not going to change. There are limits to what the medical groups can do. They may be able to do ambulatory surgeries, but what you don't know is when you're going to have a negative reaction to a procedure - that's why we encourage people to have these surgeries in a hospital where we are prepared for that."

In the spring, the Westchester group plans to apply to the state Department of Health to open an ambulatory surgical center where popular procedures such as orthopedic and cataract surgeries as well as biopsies can be performed. White Plains Hospital Center declined the group's offer to partner in the

venture, both Schwartz and hospital officials said. The facility recently opened a low-risk emergency room.

To apply in this state, physician groups need to go through the certificate-of-need process, just like a hospital. In other states, such rules don't apply or are more lenient, making areas that border other states more attractive to enterprising doctors.

In Rockland, a group of physicians opened a freestanding ambulatory surgery center just over the state line in Bergen County, N.J., two years ago.

Good Samaritan Hospital in Suffern, about a mile away from the Ramapo Valley Surgical Center in Ramsey, N.J., felt the impact from the new facility the most.

The freestanding center has cost the hospital as much as \$4 million annually in lost business, spokeswoman Deborah Marshall said.

To try to recapture that lost business, Good Samaritan sought and received state approval a year ago to open its own ambulatory surgery center in a new office building adjacent to the hospital.

The new center would cost the hospital an estimated \$5.5 million. Good Sam had hoped to have the surgery center open by the beginning of this year, but construction has not yet started, hospital officials said.

Seligman, of Northern Westchester Hospital, said a good relationship with the doctor-owned groups is essential to the hospital's survival.

The hospital benefits from the medical groups' ability to recruit talented specialists to the area by offering financial packages the hospital cannot. In addition, doctors from the outside groups hold positions on the hospital's advisory boards.

"A community hospital is only as good as the doctors who live in the area," Seligman said.

D'Ottavio, the Port Chester patient, is nearly finished with his TomoTherapy treatments for prostate cancer, and his prognosis seems good.

His doctor, Daniel Fass of Greenwich Hospital, said he purchased the \$3 million technology himself. He crossed the Connecticut border to offer the treatment out of the Westchester Medical Group because the administration at Greenwich Hospital didn't want to spend the money for the machine, Fass said.

Outside of the hospital, Fass said, he feels like he has more control.

"There just isn't that level of red tape. You feel as though you can do what you went to school to do - help patients," he said.