

Surgical center's expansion stokes debate

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PUBLISHED: December 19, 2007

A planned expansion at the Sioux Falls Surgical Center will mean more space for patients and employees.

The same-day surgery center, north of Avera McKennan Hospital on 20th Street, has been growing in recent years and will add more recovery care, conference and medical office space.

"We are just busting at the seams," said Sioux Falls orthopedic surgeon Dr. Peter Looby, a physician investor and chairman of the hospital's management committee.

The project, which recently was granted an \$11 million building permit from the city, will take the center's number of beds from 13 to 22. Since it opened in 1985, the hospital has expanded from four operating rooms to 13.

Additional office space will mean some Sioux Falls Surgical Center employees will be able to move out of cramped offices in the basement of a nearby building into more spacious digs.

"We've had to put people everywhere," Looby said.

The surgical center is growing as the federal government continues to debate the fate of physician-owned specialty hospitals.

Specialty hospital opponents argue that the hospitals drain the more profitable procedures from full-service community hospitals, leaving them with less lucrative procedures.

The crux of the issue is in doctors referring patients to hospitals in which they own a stake.

That's a conflict of interest, according to Cindy Morrison, vice president of public policy for Sanford Health and executive director of the Coalition of Full Service Community Hospitals.

The coalition represents more than 150 community hospitals in 20 states.

Specialty hospital supporters maintain that their businesses give patients greater options for better care.

Specialty hospital growth was crimped in recent years as opponents were successful in passing legislation limiting their growth.

But thanks to a moratorium lifted in 2005, the industry is growing again.

The U.S. House of Representatives passed legislation during the summer that again would prevent physician-owned specialty hospitals from opening and prohibit existing buildings from expanding.

Existing buildings could be grandfathered in but would have to adhere to certain guidelines. The legislation also would repeal certain types of physician self-referral exemptions. The bill is tied up in Congress.

Molly Sandvig, executive director of the Sioux Falls-based Physician Hospitals of America, which represents specialty hospitals across the country, said new legislation could be detrimental.

"Frankly, I don't know what will happen with hospitals that are newly under development or under construction," she said.

For now, Looby said, the Sioux Falls Surgical Center is forging ahead with its growth plans and serving patients. The hospital performs 10,000 procedures annually and has about 250 physicians who practice there and 60 physician investors.

"I've been operating at the Sioux Falls Surgical Center for 11 years, and there's not been some time in that period where there hasn't been an effort to put us out of business," Looby said. "We can't live our lives based on what may or may not be coming our way."

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