

March 31, 2026

VIA E-MAIL

John Kniery
Board Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Response to State Board Staff Report- Franciscan Olympia Fields, Project E#-001-26

Dear Mr. Kniery:

We represent Prime Healthcare Services and Olympia Fields Hospital, LLC (the "Applicants"). On behalf of the Applicants, we appreciate the opportunity to respond to the State Board Staff Report issued on April 1, 2026 (the "Staff Report") in connection with Project No. E#001-26 regarding the proposed change of ownership of Franciscan Health Olympia Fields (the "Hospital").

We thank Board staff for their thorough review and for conducting the public hearing on March 5, 2026. The Applicants submit this letter to clarify certain items identified in the Staff Report and to ensure that the Board has a complete and accurate understanding of the transaction, its structure, and its anticipated impact on the community. These comments are offered in the interest of transparency and to address the types of inquiries that were raised during the Applicants' prior appearances before this Board. Moreover, we want to be able to ensure the timely consideration of this application yet still facilitate a robust discussion before that Board.

Preservation of 340B Program and Safety-Net Mission

The Staff Report references the scope of services currently provided at the Hospital and the preservation of safety-net services is something of routine consideration by this Board and is important to the Applicants. A central purpose of this transaction is to evaluate how best to preserve the Hospital's safety-net mission and ensure continued access to essential healthcare services in the South Suburban region. As part of the transaction structure, certain outpatient services currently operating on campus including the pharmacotherapy clinic, oncology clinic, and infusion center will be acquired by Prime Healthcare Foundation ("PHF") through one of its existing Illinois not-for-profit hospital entities. PHF already serves as the sole member of two of the Illinois hospitals acquired in March 2025. The value of these clinics from a CON review perspective is *de minimis* and would not rise to the level of exceeding the Board's capital expenditure threshold. However, they hold meaningful value to bolster the preservation of services available to the community, thus significant consideration has been given to facilitate their preservation.

This structure has been carefully designed to preserve patient participation in the 340B program and to maintain access to critical outpatient services for vulnerable patient populations. From a patient and

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community perspective, services will continue without interruption, and there will be no change in how care is accessed or delivered. Importantly, this approach is intended to stabilize the Hospital's financial position while maintaining its ability to serve a high-Medicaid, high-Medicare, and charity-care population. Absent a transaction of this nature, the Hospital's ongoing financial losses would jeopardize its long-term viability and, in turn, access to care for the community it serves.

Integration of Medical Group and Physician Alignment

The transaction also includes the transition of the Hospital's employed and aligned physicians into a nonprofit medical group model utilized by Prime Healthcare in Illinois. Under this structure, physicians will be employed through a unified nonprofit medical group, which is designed to support long-term clinical stability, enhance care coordination, and strengthen recruitment and retention efforts in a competitive physician market.

This model also allows participating physicians to continue to qualify for Public Service Loan Forgiveness, an important factor in attracting and retaining providers in underserved areas. Overall, this approach reflects a commitment to maintaining continuity of care while building a sustainable clinical infrastructure for the Hospital going forward.

Correspondence from Senators Duckworth and Durbin

The Staff Report references correspondence submitted to U.S. Senators Tammy Duckworth and Richard Durbin regarding prior Illinois transactions involving Prime Healthcare. For completeness of the record, the Applicants note that comprehensive responses were timely submitted addressing the matters raised, including service continuity, workforce commitments, charity care, and regulatory compliance. The Applicants are enclosing these responses for inclusion in the record for Project No. E-001-26 should the Board find it helpful. These same materials have been previously presented to the Board with regards to other projects.

Insurance Acceptance and Network Participation

The Staff Report references "early reports" concerning potential changes in insurance acceptance, including discussions involving specific payors.

The Applicants respectfully clarify that no final determinations regarding network participation for the Hospital have been made. As is typical in a change of ownership transaction, payor contracting discussions are ongoing and being conducted in the ordinary course. The Applicants' objective is to maintain broad network participation and minimize disruption to patients. The Applicants remain committed to transparency with the Board and the community regarding any material developments. The Applicants' goal is equitable and sustainable reimbursement to ensure fair and appropriate treatment as a critical healthcare provider serving a high-need patient population throughout its system of Illinois hospitals.

WARN Notice

The Staff Report references a WARN notice affecting approximately 1,500 employees. The Applicants wish to clarify that the issuance of a WARN notice by Franciscan, is a standard legal requirement in connection with a potential change of ownership and does not reflect an intention by Prime Healthcare to reduce the workforce.

Consistent with Prime Healthcare's approach in prior Illinois transactions, the Applicants intend to offer employment to substantially all current Hospital employees, subject to customary onboarding processes. The focus remains on ensuring continuity of care, operational stability, and workforce retention during the transition.

Conclusion

As demonstrated in the application materials and clarified herein, the proposed transaction is designed to stabilize a critical community hospital, preserve access to care, and ensure the continued provision of essential services to the South Suburban region.

The Applicants respectfully submit that Project No. E#001-26 satisfies the applicable requirements for approval of an exemption for change of ownership under the Illinois Health Facilities Planning Act. Approval of this transaction will enable continued operations at the Hospital and support its long-term sustainability.

We appreciate the Board's consideration and welcome the opportunity to address any questions at the April meeting. If you have any questions or need any additional information regarding the project, please feel free to contact me via phone at 312-212-4967 or via email at JMorado@beneschlaw.com

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP

A handwritten signature in black ink, appearing to read "Juan Morado Jr.", with a stylized flourish at the end.

Juan Morado Jr.

June 2, 2025

The Honorable Dick Durbin
The Honorable Tammy Duckworth
United States Senate
Washington, D.C. 20510

Dear Senators Durbin and Duckworth:

Thank you for your recent correspondence inquiring about the acquisition of Ascension hospitals by Prime Healthcare and the Prime Healthcare Foundation, a 501(c)(3) public charity. We are grateful for your thoughtful questions, which reflect your commitment to the well-being of the residents of Illinois. We hold community partnership, quality care, healthcare access and transparency in the highest regard, and we are pleased to provide a comprehensive response to your questions in this letter and the attached appendices.

About Prime Healthcare and Prime Healthcare Foundation

Prime Healthcare and the nonprofit Prime Healthcare Foundation (collectively, “Prime”) are physician-founded and physician-led organizations dedicated to saving hospitals, saving jobs, and saving lives. Prime is an award-winning, national health system dedicated to quality, compassionate healthcare for all. Our system consistently has been named among the nation’s best as a “10 Top Health System” with hospitals among the nation’s “100 Top Hospitals” annually.

Since our founding in 2001, we have rescued hospitals in financial distress and transformed 33 tax-paying and 18 not-for-profit hospitals across 14 states, ensuring access to quality care for communities across the nation. Prime Healthcare and the Foundation have contributed more than \$13.7 billion to charity care and community benefits since 2010, providing critical care to our most vulnerable patients. Since 2020, Prime has invested over \$2.78 billion to transform formerly failing hospitals into sustainable providers of high-quality, evidence-based, and patient-centered care.

After founding and growing Prime Healthcare, as part of a commitment to giving back, I established the Foundation with a mission of saving struggling hospitals, serving communities through charitable and educational initiatives, and sponsoring local and global programs to improve lives. The Foundation now has assets valued at more than \$1.5 billion. In Illinois, the Foundation acquired St. Mary’s – Kankakee and Saint Francis - Evanston to continue as not-for-profit hospitals and established a nonprofit medical group for physicians and hospitalists.

The Foundation also supports educational initiatives, including the California University of Science and Medicine (CUSM), which was founded with an \$80 million contribution. CUSM is one of our country’s newest medical schools, an accredited, not-for-profit, public-private partnership with a



mission to advance medicine, health equity, and inspire service to the underserved. Established in 2018, CUSM has graduated four classes of doctors among the best and brightest, with a commitment to service. The latest class of 130 MD graduates have achieved a near 100 percent match rate in competitive disciplines and residencies around the country.

Prime Healthcare has a unique mission: to save and improve financially distressed hospitals that care for the most vulnerable patients, with a significantly high percentage being persons using Medicare and Medicaid. We are honored to serve those in greatest need and ensure they have access to the highest quality of care. Nearly all hospitals acquired by Prime were in insolvency or approaching closure prior to acquisition.

Our evidence-based clinical model and physician-led leadership are unique in healthcare and have allowed us to save hospitals across the nation, earning recognition for service, clinical excellence, patient outcomes, and social responsibility. Prime hospitals earn recognitions time and time again, including the following:

- Named among the '10 Top' and '15 Top' Health Systems three times by Truven Health Analytics
- 51 Prime hospitals have collectively earned Premier Inc.'s '100 Top Hospitals' designation 72 times for outstanding performance. In 2025, only one hospital in Illinois earned this prestigious award
- Awarded "A" grades by the Lown Institute for Social Responsibility, Health Equity, Patient Outcomes, Clinical Outcomes, and Inclusivity
- Received the 2021 John M. Eisenberg Patient Safety and Quality Award for innovative patient safety and social determinants of health initiatives
- Earned 2025 Patient Safety Excellence Awards from Healthgrades for 16 Prime hospitals
- Received "A" grades for patient safety from The Leapfrog Group for 31 hospitals¹

About Prime Healthcare's Unique Ability to Save Hospitals & Our Commitment to Every Hospital, Every Community

Every hospital we have acquired has presented complex challenges—financial instability, operational fragmentation, or patient populations with clinical complexity. Yet in every case, we have prioritized what matters most: quality, clinical excellence, patient safety, and patient outcomes. We have turned around over 45 hospitals across the country while preserving access to

¹ Johns Hopkins Medicine researchers estimate that if all hospitals performed the way Leapfrog "A" grade hospitals do, 50,000 lives would be saved each year.



care in vulnerable communities. We have never closed a hospital and have made significant investments to improve care in every hospital we have acquired.

An example of Prime’s transformative approach to revitalizing community hospitals is our most recent acquisition, St. Francis Medical Center in Lynwood, California. When this critical safety net trauma hospital joined Prime in 2020 in the midst of the COVID-19 pandemic, the hospital was in bankruptcy and at risk of closure. In the middle of the greatest public health emergency in generations, Prime committed nearly \$350 million to preserve care for the exceptionally vulnerable South Los Angeles community—coordinating resources from across the nation for the hospital, upgrading facilities, safeguarding services, supporting thousands of jobs, and partnering with state and county officials to provide life-saving vaccine clinics, earning public commendations in the process. Today, we are proud to share that St. Francis has saved countless lives and improved the quality of care to its community earning the prestigious Everest Award from Premier Inc., which recognizes hospitals that have achieved both the highest standards of quality performance and the greatest five-year improvement. The award is based on Premier’s 100 Top Hospitals® scorecard, using objective measures that evaluate clinical outcomes, operational efficiency, patient experience, and financial health. Only 17 hospitals nationwide earned the distinction in 2025. Then Lynwood Mayor Marisela Santana provided the following testimonial:

“This hospital has been a beacon of hope for our community. We appreciate [Prime] being here, caring about our parents, our kids, our business owners. We wouldn’t have made it through the pandemic had they not come here and provided the services that you do... making sure they brought in and continue to have excellent staff – nurses, doctors, administrators and leadership. Prime Healthcare knew what we needed in our community, and they delivered.”

We are committed to every patient, every community, every day—and we operate with a clear focus on delivering compassionate, sustainable care centered on those we serve.

Commitment and Investments into Quality & Outcomes

In every hospital Prime has saved, we have made decisions guided not by profit, but by purpose: to improve quality, strengthen care delivery, preserve access in underserved areas, and ensure long-term sustainability. Prime has committed to investing \$250 million in Illinois to enhance infrastructure, technology, and care delivery. New state-of-the-art technology and systems have already been implemented, expanding services and quality. Central to this investment is implementing the leading electronic medical record system, EPIC, as part of a multimillion-dollar initiative designed to improve care coordination, enhance patient outcomes, streamline operations, and elevate the experience for patients, staff, and physicians.

Our charity care approach in Illinois will ensure care for the most vulnerable and will address pressing health needs across each community. Our charity care policies exceed those of the Illinois



facilities' prior owners, as well as industry standards and Illinois state guidelines. We are also dedicated to holistic wellness and honoring our patients' spiritual needs. Our Illinois hospitals maintain an affiliation with the Catholic church, continue to offer chaplain services, and deliver mission-aligned care that honors all faiths and practices of spirituality.

As a physician-led organization, we define success through the number of patients served, the quality of clinical outcomes, and adherence to evidence-based standards. Our service line decisions are guided by community needs and clinical excellence, not financial considerations. As a significant portion of patients served by our Illinois hospitals rely on Medicare and Medicaid, reimbursement rates often fall below the cost of care. Prime Healthcare and the Foundation remain steadfast in our commitment to delivering exceptional care to every patient, regardless of their insurance status.

Brad Bowman, MD, Chief Medical Officer and Head of Data Science at Healthgrades praised Prime with the following statement:

“Healthgrades commends Prime Healthcare and its hospitals for their clear commitment to delivering consistently superior patient outcomes in critical service areas Your leadership, expertise, and unwavering dedication to clinical excellence set a high mark for specialty care nationwide.”

Healthgrades' 2025 analysis revealed that if all hospitals as a group performed similarly to five-star hospitals during the 2021-2023 study period, on average, 224,958 lives could potentially have been saved, and 141,692 complications could potentially have been avoided.²

As responsible stewards of healthcare resources, we continually evaluate service utilization, and we redirect resources from underutilized programs to critical services such as emergency care, behavioral health, and outpatient access. Revaluating services that no longer meet patient needs allows us to reinvest in areas of growing and unmet demand. Strategic shifts have resulted in improved patient outcomes and enhanced patient experiences. Our decisions are consistent with our mission to ensure sustainable access to care, support our workforce, and uphold the health and dignity of every patient, nurse, and caregiver we serve.

Commitment to Staff

Prime is dedicated to fostering a workforce that supports our mission of delivering compassionate, high-quality, patient-centered care. Following the acquisition of Ascension's Illinois hospitals, we successfully hired nearly all 13,000 associates that were employed by Ascension, and we retained regional leadership to ensure operational continuity. As part of the transaction, we have also:

² Statistics are based on Healthgrades analysis of MedPAR data for years 2021 through 2023 and represent three-year estimates for Medicare patients only.





- Created over 1,000 new jobs within hospitals through in-sourcing key services, such as laboratory and environmental support
- Created a new Foundation medical group and hospitalist model under the nonprofit Prime Healthcare Foundation to retain hundreds of dedicated physicians, thereby allowing them to qualify for federal loan forgiveness programs
- Transitioned the hospitalist groups from an outsourced, for-profit private equity firm that drew concern from U.S. Senators to the nonprofit 501(c)(3) public charity, Prime Healthcare Foundation
- Integrated hundreds of physicians under a newly established nonprofit foundation model and continued Graduate Medical Education and residency programs

Prime also maintained the collective bargaining relationships that Ascension held with the nurses' union at Saint Joseph Medical Center - Joliet. Prime Healthcare currently has 35 collective bargaining agreements with unions across our national system, representing a total of more than 8,300 employees.

Saving Illinois Hospitals from Financial Distress & Service Commitments

Prime has saved and improved financially distressed hospitals across the nation and has never closed a hospital. Prior to Prime's acquisition of the former Ascension hospitals, the facilities and medical groups collectively reported losses of more than \$200 million annually. The hospitals had been through many changes in ownership, including Resurrection Healthcare, Provena Health, Presence Health, Amita Health, and Ascension. Each transition introduced distinct operational protocols, leading to inconsistent strategic policies. After years of turmoil, Prime was the only health system willing and able to commit the substantial resources and effort that will be required to save these hospitals. Change was necessary because, "Doing the same thing over and over again and expecting different results is the definition of insanity,"- Albert Einstein.

Plans for evaluation and change have been consistent from the beginning, including in our representations to the Illinois Health Facilities and Services Review Board (HFSRB) in the Applications for Change of Ownership Exemption (COE) received by the HFSRB on August 14, 2024. We are providing the complete excerpt provided by Prime in the COE Applications below (emphasis added):³

"Criterion 1130.520(b)(9) A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.

³ See page 44 of COE Applications filed with HFSRB by Prime Healthcare for [Ascension Health Changes of Ownership](#).



This COE application is limited to the acquisition (or in the case of an ASTC, the acquisition of a controlling ownership interest) of one of the eleven Illinois licensed health care facilities proposed to be acquired from Ascension by PHF and Prime Healthcare Services, Inc.

While there may be a need or desire for some changes in the services provided in the future or the manner in which services are provided because of financial conditions in the health care industry, or other factors, at this time, no changes to the scope of services or the levels of care provided at the facility are currently anticipated to occur within 24 months of the proposed transaction.

During the proposed licensee's first 12-18 months of control, hospital/ ASTC-wide assessments of each clinical and non-clinical service provided will be undertaken with the potential existing of decisions being made to modify the scope of or manner in which certain services are provided at the facility, the addition of services, or the discontinuation of services at the facility. Should such a decision(s) be made, and as applicable, all requirements of the HFSRB and IDPH will be complied with."

While it is accurate that Prime stated, ". . . at this time, no changes to the scope of services or the levels of care provided at the facility are currently anticipated," it is also important to note that Prime stated that "assessments of each clinical and non-clinical service provided will be undertaken with the potential existing of decisions being made to modify the scope of or manner in which certain services are provided . . . or the discontinuation of services." Prime also stated that ". . . there may be a need or desire for some changes in the services provided in the future or the manner in which services are provided because of financial conditions in the health care industry, or other factors."

Prime filed the COE Applications in August 2024, approximately six months before closing on the acquisition, and in the absence of complete information from Ascension. After closing the transaction, data around service line volumes, community need, and service line quality became available. Using that information, we are aligning services with community needs and clinical best practices. Evaluating low-volume service lines to ensure quality and safety is a challenging but essential part of this transformation.

We cannot, in good conscience, maintain services that lack sufficient volume to support clinical excellence. Extensive research published in leading medical journals, including the *New England Journal of Medicine* and *JAMA*, consistently demonstrates that low-volume services are associated with significantly worse patient outcomes, including higher complication and mortality rates.⁴ Evidence supports an inverse correlation between volume and risk-adjusted mortality and patient

⁴ See Research Reference List.



length of stay. These findings span specialties such as surgery, critical care, pediatrics, and obstetrics, reinforcing the clinical necessity of minimum volume thresholds.

Prime's approach is supported by the Chicago Medical Society, which has stated,

"Ensuring the long-term success and sustainability of hospitals is essential to maintaining access to high-quality care in our communities. This often requires the strategic realignment of services to better reflect evolving healthcare needs, eliminate duplication, and strengthen the delivery of essential services where they are most needed. The Chicago Medical Society supports the thoughtful service line adjustments being implemented at the former Ascension hospitals under Prime Healthcare's leadership...Faced with significant financial challenges, these hospitals are undergoing necessary changes that will position them to serve their communities more effectively for generations to come."

Although change is challenging, communities will benefit. For example, as part of aligning services to community needs, Prime Healthcare is expanding service lines related to behavioral health, especially behavioral healthcare needs of underserved seniors (geriatric psychiatry units "geri-psych"). We are working on plans that could double the number of geri-psychiatric beds at Saint Mary of Nazareth Hospital - Chicago from 15 to 30. We are also establishing new geri-psychiatry units at Saint Joseph Medical Center - Joliet, Saint Joseph Hospital - Elgin, and St. Mary's Hospital - Kankakee. This multi-million-dollar project not only addresses the ongoing behavioral health crisis, it also addresses a growing and unmet need that is becoming more evident as our population ages and the national mental health crisis continues.

Responses to Other Questions

We reply to each part of your inquiry in the attached appendices, ensuring that our response meets your expectations and reflects our dedication to serving our community. Our commitment to deliver compassionate, high-quality healthcare drives every decision we make, and we appreciate the opportunity to share the considerations that have informed necessary transitions at our Illinois hospitals.

Appendix A – Saint Joseph Medical Center - Joliet

Appendix B – St. Mary's Hospital - Kankakee

Appendix C – Mercy Medical Center - Aurora

Appendix D – Financial Analysis & Future Service Line Plans

Conclusion

We are grateful for your unwavering dedication to Illinois' communities, and we sincerely appreciate your thoughtful inquiry into Prime Healthcare's acquisition of our Illinois hospitals. We believe in partnership and will provide any additional information that may be beneficial. We





Prime Healthcare

Saving hospitals. Saving jobs. Saving lives.

remain committed to collaborating with you, the Illinois Department of Public Health, and the Health Facilities and Services Review Board to ensure sustainable, patient-centered healthcare across Illinois.

We look forward to also working closely with your offices to help protect Medicare and Medicaid from the drastic cuts being proposed to ensure access to care for all. We share your concern that these cuts, if enacted, will result in millions of our most vulnerable citizens losing essential healthcare services and will endanger countless providers and hospitals across our country.

Thank you for your trust and partnership. We are dedicated to not only saving but also improving hospitals so that they can serve and uplift communities for generations. We humbly offer our ongoing support and partnership to advance our shared vision for a healthier future for communities across Illinois.

Sincerely,

Prem Reddy, M.D.

Founder, Chairman & Chief Executive Officer
Prime Healthcare



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www.primehealthcare.com



Research Reference List

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14. A collaborative model with healthcare providers, clinics. OARJBP-2024-0015. oarjbp.com



Appendix A

Saint Joseph Medical Center – Joliet





To best serve our community and ensure quality care, Saint Joseph Medical Center - Joliet made the difficult but necessary decision to suspend inpatient pediatric services, effective May 2, 2025. The pediatric unit cared for an average of less than one patient daily and with such little volume, quality care could not be ensured. Pediatric patients continue to have access to specialized emergency care at Saint Joseph's EDAP (Emergency Department Approved for Pediatrics) certified emergency room and access to both inpatient and specialized pediatric care at neighboring hospitals. This decision ensures both quality and access for our community.

1. What considerations were taken prior to eliminating pediatric services at Saint Joseph Medical Center?

The decision to suspend inpatient pediatric services at Saint Joseph Medical Center was made after a thorough and holistic evaluation of community healthcare needs, analysis of quality related to volume, and an assessment of resource allocation to ensure the hospital's long-term sustainability. The hospital will continue to provide specialized emergency pediatric care and maintain its EDAP (Emergency Department Approved for Pediatrics) certification.

Key considerations for suspending inpatient pediatric services included the following:

Declining Demand: Inpatient pediatric volumes have steadily and significantly declined, averaging less than one patient per day in 2024. Additionally, Will County shows a declining number of households with children.

Patient Safety and Quality Standards: Extensive research published in leading medical journals, including the *New England Journal of Medicine* and *JAMA*, consistently demonstrates that low-volume services are associated with significantly worse patient outcomes, including higher complication and mortality rates. Evidence supports an inverse correlation between volume and risk-adjusted mortality and patient length of stay. These findings span specialties, including pediatrics, reinforcing the clinical necessity of minimum volume thresholds.⁵ Due to the steady decline in average pediatric patients per day, with an average of less than one patient daily, volumes remain well below the threshold required to ensure clinical competencies, team readiness, and high-reliability care. Maintaining an inpatient pediatric unit under these conditions was deemed unsustainable and not in the best interests of the children who require inpatient care.

Continued Access to Care: Neighboring hospitals, Endeavor Health Edward Hospital and Silver Cross Hospital, provide access to robust pediatric inpatient care. Saint Joseph – Joliet has thoughtfully entered into a transfer agreement with Endeavor Health Edward Hospital, which was established to ensure the highest standards of specialized pediatric care and the best experience for patients and families. Lurie Children's Hospital also serves as a regional center for children who need specialized

⁵ Birkmeyer JD, et al. Hospital Volume and Surgical Mortality in the United States. *N Engl J Med*. 2002;346:1128–1137. <https://www.nejm.org/doi/full/10.1056/NEJMsa012337>. See Full Literature references in main letter.



care. Evidence shows a national shift to specialized pediatric hospitals for inpatient pediatric care to expand access to all pediatric services and improve quality and care coordination.⁶

Expansion of Needed Services: Prime is committed to the ongoing evaluation of community needs and expanding services that address unmet needs. With an aging population and a national mental health crisis, the need for behavioral health services, especially senior behavioral health (geri-psychiatry) is significant. Therefore, Saint Joseph – Joliet is planning for the establishment of a geri-psychiatric unit to address this important need. In addition, the neurosurgical and spinal care programs have already been expanded, with an over \$1 million investment to install state-of-the-art C-arm and neurosurgical mapping technology. We will continue to expand services based on need.

Expert Support: The Chicago Medical Society endorsed the service realignment in a statement issued on April 21, 2025, affirming its agreement that realignment is necessary to ensure the long-term sustainability of the hospital and strengthen the delivery of essential services where they are most needed:

“Ensuring the long-term success and sustainability of hospitals is essential to maintaining access to high-quality care in our communities. This often requires the strategic realignment of services to better reflect evolving healthcare needs, eliminate duplication, and strengthen the delivery of essential services where they are most needed. The Chicago Medical Society supports the thoughtful service line adjustments being implemented at the former Ascension hospitals under Prime Healthcare’s leadership. . . .Faced with significant financial challenges, these hospitals are undergoing necessary changes that will position them to serve their communities more effectively for generations to come.”

Support for Staff: Substantially, all associates were hired upon the acquisition, preserving over 1,300 jobs at Saint Joseph’s – Joliet. Only eight staff members and two physicians were affected by the suspension of inpatient pediatric services. All nurses were offered comparable positions in other departments at Saint Joseph or other nearby Prime hospitals. All the physicians were offered positions with the affiliated Prime Healthcare Foundation’s nonprofit medical group.

Sustainability: Saint Joseph’s – Joliet was in financial distress, with annual losses of nearly \$90 million prior to the acquisition. In order to ensure the long-term viability of the hospital and its ability to serve the greatest good, resources should be allocated to services that ensure quality and address community needs. The pediatric service did neither, and continuing the service would compromise both quality and sustainability.

⁶ <https://jamanetwork.com/journals/jama/fullarticle/2811508>;
<https://news.unhealthcare.org/2023/10/hospital-care-for-children-has-shifted-from-general-hospitals-to-childrens-hospitals-over-last-20-years>



a. What was the average daily census or patient count each week over the past year?

In 2024, the inpatient pediatric unit at Saint Joseph Medical Center averaged less than one patient per day, with a total of just over 200 yearly admissions. This equates to an average daily census of approximately 0.55 patients per day (200 patients/365 days). Lack of need was a critical factor in our decision to reallocate resources to higher-demand services and ensure quality.

b. How far back does the data, pertaining to average daily census or patient counts each week, that Prime has access to go?

Prime acquired Saint Joseph Medical Center on March 1, 2025. Our decision was informed by Ascension-provided 2024 hospital data and demographic trends indicating a declining number of children in the Joliet area and reduced natality in Illinois and nationwide.

c. Prior to deciding to eliminate pediatric services, did Prime formally engage with neighboring hospitals or the Illinois Health Facilities & Services Review Board about the adequacy of nearby capacity to serve these patients' needs? If so, please describe and share such documentation with the feedback provided by each entity.

Yes, prior to suspending pediatric services, a thoughtful and coordinated plan was developed to ensure access, quality, and coordination of care that included neighboring hospitals and transparency with the Illinois Health Facilities & Services Review Board, the Illinois Department of Public Health, and EMS (Emergency Medical Services).

Engagement with Neighboring Hospitals: To ensure continued access to pediatric inpatient care, Prime established a formal transfer agreement with Endeavor Health Edward Hospital, a Pediatric Critical Care Center (PCCC) located 19 miles from Saint Joseph Medical Center. This agreement facilitates seamless transfers for patients requiring inpatient pediatric services, confirming Edward Hospital's capacity to meet these needs. A dedicated 24/7 transfer center, Care Connect, was also established to ensure seamless and efficient coordination of care.

We also recognized the capabilities of Silver Cross Hospital (only nine miles from Saint Joseph's) and Lurie Children's Hospital in Chicago, noting their proximity and specialized pediatric services as resources available to members in our community.

Engagement with the Illinois Health Facilities & Services Review Board (HFSRB): Consistent with all regulatory requirements, Prime provided notice to the HFSRB and the Illinois Department of Public Health (IDPH). We are committed to complying with all regulatory requirements and to maintaining transparency with the HFSRB and IDPH.

Feedback from Entities: The HFSRB and IDPH have not provided formal responses to the notices of suspension, but also did not present any notices of deficiency or objection to the notice of suspension.



Prime has received support from the Chicago Medical Society, which issued the following statement on April 21, 2025:

“The Chicago Medical Society supports the thoughtful service line adjustments being implemented at the former Ascension hospitals under Prime Healthcare’s leadership. . . .By creating centers of excellence and investing in unmet community needs, this model ensures that each hospital can offer exceptional care while preserving access to services across the region.”

2. How does Prime Healthcare plan to compensate for the loss of these essential health services and ensure that these communities continue to have access to specialized treatment?

As noted above, access to emergency essential pediatric care continues at Saint Joseph – Joliet’s EDAP-certified emergency department, and access to inpatient pediatric services remains available to the community at neighboring Silver Cross Hospital. Access to specialized pediatric services has also been ensured through a transfer agreement with Endeavor Health Edward Hospital, which offers care and access to the entire spectrum of specialized pediatric services. A dedicated 24/7 transfer center, Care Connect, has been established to ensure seamless transitions between hospitals. Regionally, Lurie Children’s Hospital also offers specialized pediatric services. As shared, our highest priority is quality care, and as there was less than one patient per day in Saint Joseph’s pediatric unit, this volume can easily be addressed at neighboring hospitals that are able to ensure quality care with higher volumes. Therefore, there is no loss of access to emergency, inpatient, or specialized care for the communities we serve. Additional information about our investment in Illinois is included in our cover letter.

Conclusion

Prime remains committed to delivering high-quality, compassionate care dedicated to the evolving needs of the Joliet community. The suspension of inpatient pediatric services at Saint Joseph Medical Center was a carefully considered decision driven by a commitment to quality, evidence-based best practices, community needs, and the sustainability of the hospital to serve the community for generations to come.





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Appendix B

St. Mary's Hospital – Kankakee



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St. Mary's – Kankakee, part of the nonprofit Prime Healthcare Foundation, made the difficult but necessary decision to suspend obstetric services at St. Mary's Hospital following the sudden retirement announcement of the hospital's nearly sole obstetrics physician. The obstetric service also had a significant decline in volume for years, with fewer than one delivery per day. Based on evidence, services with such little volume cannot reliably deliver quality care.⁷ Moreover, a single obstetric physician should not be responsible for nearly all the obstetric care in any hospital. Therefore, the decision to suspend obstetric care was made in the best interests of patient safety, quality, and community needs. The decision was not taken lightly, nor was it made without exhausting all potential options to continue the suspended services.

The suspension of obstetric services left St. Mary's without on-call OB/GYN specialty coverage, which is a requirement to maintain Level II Trauma designation. St. Mary's Hospital has also experienced a significant decline in the number of level II trauma patients. Our review of trauma services, both combined Category 1 and Category 2, for 2024 revealed an average of two patients per month needing inpatient admission, with the number declining to less than one per month in 2025. As noted, studies consistently show that the continuation of low-volume services cannot reliably ensure consistent, quality care and leads to higher risks, lower quality outcomes, and longer patient stays. Given declining volumes, the need to ensure clinical quality, and the loss of on-call OB/GYN coverage, the hospital proactively collaborated with the Illinois Department of Public Health to suspend St. Mary's Level II Trauma designation.

The change in trauma designation does not compromise the emergency readiness of the hospital, the access to trauma care of the community, or the job security of any employee at the hospital. St. Mary's – Kankakee emergency department continues to provide immediate, high-quality care, and our Care Connect transfer center facilitates seamless coordination with other Prime hospitals for patients requiring advanced services. We are devoted to ensuring that every patient receives the right care at the right time, and this strategic alignment enhances our ability to serve the community effectively. St. Mary's – Kankakee awaits the implementation of the Emergency Medical Services Systems Act amendment SB3548, enacted into law by Illinois Public Act 103-1013, effective August 9, 2024, which redesignates Level III Trauma centers. The redesignation of Level III Trauma centers may be more appropriate for this hospital.

1. What considerations were taken prior to shrinking obstetric and maternal care services at St. Mary's?

The following considerations were central to the decision to close obstetric services and suspend the Level II Trauma designation at St. Mary's Hospital:

⁷ Birkmeyer JD, et al. Hospital Volume and Surgical Mortality in the United States. *N Engl J Med*. 2002;346:1128–1137. <https://www.nejm.org/doi/full/10.1056/NEJMsa012337>. See Full Literature references in main letter.



Significant Decline in Deliveries – Patient Volume: Over recent years, St. Mary’s Hospital has experienced a steady and substantial decline in obstetric service utilization, with monthly deliveries averaging just 26, or less than one delivery per day. Yearly births have decreased by nearly one-third since 2022, reflecting trends of lower natality in Illinois.

Patient Safety and Quality Standards: Evidence shows that low-volume hospital services lead to higher risks, lower quality outcomes, and longer patient stays. Moreover, reliance on a single physician for nearly all the obstetric care for patients cannot ensure quality and safety. Therefore, in order to ensure quality and safety, it was not in the best interest of the patients to continue obstetric care.⁸

Retirement of Physician: Nearly all inpatient obstetric care was provided by a single physician. This physician held a multi-million-dollar agreement to provide comprehensive OB-GYN services, including both outpatient and inpatient services and 24/7/365 call coverage. Dr. Taylor served the community for nearly 45 years, but with declining volume at St. Mary’s and increasing volume at neighboring hospitals, the hospital was unable to meet the contractual obligations for all services and call coverage. The hospital offered support to transition from the current structure to an independent practice model. However, following extensive discussion, Dr. Taylor made the decision to retire and issued a sudden announcement that his practice would close within 30 days, effective May 16, 2025. Despite efforts, it was not possible to recruit another OB physician in this short timeframe. Therefore, the hospital had to make the decision to suspend obstetric services.

Continued Access to Care: The community has robust access to obstetric services at neighboring facilities, including Riverside Hospital, which is less than one mile from St. Mary’s – Kankakee, and Saint Joseph Medical Center in Joliet. Therefore, access to obstetric care is ensured for the community, despite the suspension. Both hospitals have access and capacity to care for patients, and there was very little volume to transition, on average, less than one delivery per day.

Emergency care continues to be provided for expectant mothers who may present through the Emergency Department at St. Mary’s – Kankakee. To ensure coordination and continuity of care, St. Mary’s – Kankakee entered into a formal transfer agreement with Riverside Hospital. Saint Joseph Medical Center – Joliet is also available to provide bridge services for the patients during the transition. A comprehensive transition plan for patients, families, and employees has been developed to ensure quality care and support for patients, staff, and the community. Care coordinators have reached out to individual patients and facilitated patient transitions, including provider referrals and medical record transfers. A dedicated care call line and email service have been established and are being staffed by care coordinators. All patients were notified via letter explaining the transition process, provider options, and medical record transfer details. All efforts were made to ensure no gaps in coverage, safe transitions of care, and ongoing access for all patients and families.

⁸ Birkmeyer JD, et al. Hospital Volume and Surgical Mortality in the United States. N Engl J Med. 2002;346:1128–1137. <https://www.nejm.org/doi/full/10.1056/NEJMsa012337>. See Full Literature references in main letter



Support for Staff: All staff members affected by the suspension of obstetrics services at St. Mary's were offered comparable positions elsewhere within St. Mary's Hospital or at other Prime facilities in Illinois.

Expansion of Needed Services: To meet evolving community needs, St. Mary's – Kankakee is expanding needed services, such as Cardiology and Orthopedics. These services are planned to become Centers of Excellence for Cardiology and Orthopedic Surgery, addressing significant needs across not only the community but also the region. Investments in state-of-the-art technology will continue, including the newly integrated, best-in-class Epic electronic medical records systems. Additional investments are ongoing at all Prime facilities, including Kankakee, as part of Prime's \$250 million investment in the Illinois facilities.

St. Mary's – Kankakee is also planning to offer a new service to the community – senior behavioral healthcare. With an aging population and a national mental health crisis, the need for behavioral health services, especially senior behavioral health (geri-psychiatry) is significant. We remain committed to ongoing evaluation to ensure access to quality care and services that align with evolving needs.

Expert Support: The Chicago Medical Society endorsed the service realignment, affirming its agreement that realignment is necessary to ensure the long-term sustainability of the hospital and strengthen the delivery of essential services where they are most needed.

“Ensuring the long-term success and sustainability of hospitals is essential to maintaining access to high-quality care in our communities. This often requires the strategic realignment of services to better reflect evolving healthcare needs, eliminate duplication, and strengthen the delivery of essential services where they are most needed. The Chicago Medical Society supports the thoughtful service line adjustments being implemented at the former Ascension hospitals under Prime Healthcare's leadership . . . faced with significant financial challenges, these hospitals are undergoing necessary changes that will position them to serve their communities more effectively for generations to come.”

a. What was the average daily census or patient count each week over the past year for obstetric services?

In 2024, St. Mary's Hospital averaged 26 deliveries per month for obstetric services, equating to less than one delivery per day. This translates to an average daily census of approximately 0.87 patients per day (26/30 days). These figures reflect declining natality trends nationwide and the significant decline in births across the state, which further informed our decision to suspend the service line.

b. How far back does the data, pertaining to average daily census or patient counts each week, that Prime has access to go?



The Prime Healthcare Foundation, a 501(c)(3) public charity, acquired St. Mary's Hospital on March 1, 2025. St. Mary's Hospital data from 2022 indicates that yearly births at the hospital declined by nearly one-third between 2022 and 2024.

c. Prior to deciding to eliminate obstetric services, did Prime formally engage with neighboring hospitals or the Illinois Health Facilities & Services Review Board about the adequacy of nearby capacity to serve these patients' needs? If so, please describe and share such documentation with the feedback provided by each entity.

Prime Healthcare Foundation and St. Mary's – Kankakee are committed to ensuring that patients maintain uninterrupted access to high-quality obstetric care.

Engagement with Neighboring Hospitals: To safeguard patients and ensure no gaps in care, St. Mary's – Kankakee established a formal transfer agreement with Riverside Hospital, which is located less than one mile from St. Mary's Hospital. Riverside Hospital is fully equipped with the capacity and expertise to serve obstetric patients, including the ability to care for patients with high-risk conditions.

Engagement with the Illinois Health Facilities & Services Review Board (HFSRB): Consistent with regulatory requirements, Prime provided notice to the HFSRB and the Illinois Department of Public Health (IDPH). These agencies are not required to provide formal responses to the notices. Neither agency provided any objection to the suspension notice. We are committed to complying with all regulatory requirements and to maintaining open lines of communication and transparency with HSRB and IDPH.

2. How does Prime Healthcare plan to compensate for the loss of these essential health services and ensure that these communities continue to have access to maternal care?

Access to maternal care continues for the community, with emergency maternal services available at St. Mary's – Kankakee and obstetric care at neighboring Riverside Hospital, which is less than one mile away. Additional services are available at St. Joseph in Joliet. A transfer agreement has been established with Riverside Hospital, and St. Mary's has provided dedicated care coordinators to further support patients and ensure continuity of care. Additional information about our investment in Illinois is included in our letter.

Conclusion

St. Mary's – Kankakee is honored to serve our community and provide compassionate, quality care. The decision to suspend OB services was a result of an unexpected retirement, reliance on a single provider and a dedication to ensuring safe, quality care. The decision was not taken lightly, nor was it made without exhausting all potential options to continue these services. We have ensured that patients continue to have access to care, services, and coordinated transitions of care. We have strived



to be as transparent as possible in sharing the considerations, data, and engagements that shaped the decision to suspend obstetrics services at St. Mary's Hospital, and we sincerely hope our response addresses your questions fully.

We are committed to providing the greatest benefits to the patients and communities we serve, including the expansion of services that address unmet needs. We are in the process of strengthening services, establishing Centers of Excellence and opening new services, such as senior behavioral healthcare. We are committed to ensuring quality care for all and the sustainability of hospitals to serve and uplift communities for generations.





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Appendix C

Mercy Medical Center – Aurora



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The trauma designation of the emergency room at Mercy Medical Center – Aurora has been updated, effective the last week of April 2025, and the hospital no longer maintains a Level II Trauma designation. The change does not compromise the emergency readiness of the hospital, the access to trauma care of the community, or the job security of any employee. Mercy Medical Center’s emergency department continues to provide immediate, high-quality care, and our Care Connect transfer center facilitates seamless coordination with other Prime hospitals for patients requiring advanced services. We are devoted to ensuring that every patient receives the right care at the right time, and this strategic alignment enhances our ability to serve the Aurora community effectively.

The decision to transition away from a Level II Trauma designation was driven by a significant decline in Level II Trauma patients and the evidence that low-volume services cannot reliably ensure consistent quality. Our review of trauma services, both combined Category 1 and Category 2, for 2024 revealed an average of three patients per month needing inpatient admission, with the number declining to one per month in 2025. Initially, IDPH notified Mercy Medical Center about certain deficiencies in Level II Trauma Services that began before the acquisition regarding the need to maintain 24/7/365 on call coverage by both a trauma surgeon and a general surgeon. It was discovered that maintaining this coverage had been a challenge that predated Prime’s acquisition of the hospital. Like many similar hospitals nationwide, Mercy Medical Center has been challenged to maintain 24/7 trauma surgeon coverage, a requirement of the Level II Trauma designation. Upon further evaluation of the low volume and the need to ensure quality, Mercy Medical Center decided to suspend Level II Trauma services.

The hospital made a considered and deliberate decision to prioritize quality and sustainability while aligning services with the evolving needs of patients and the community.

Mercy Medical Center – Aurora awaits the implementation of the Emergency Medical Services Systems Act amendment SB3548, enacted into law by Illinois Public Act 103-1013, effective August 9, 2024, which redesignates Level III Trauma centers. The redesignation of Level III Trauma centers may be more appropriate for this hospital.

3. Following the revocation of Mercy Medical Center’s Level II Trauma designation, how will the hospital’s emergency readiness be impacted? How will the hospital address the need for trauma care within the community?

Impact on Emergency Readiness: Mercy Medical Center remains a fully operational, comprehensive emergency department, staffed by board-certified physicians trained to provide high-quality care for all medical emergencies. The change of the Level II Trauma designation has not altered the hospital’s 24/7 emergency medicine, critical care, or surgical services, which have continued without



interruption. The hospital's readiness to handle a broad range of emergencies remains robust, maintaining the clinical excellence for which Mercy Medical Center is known.

Proximity of Trauma Centers: Ambulances continue to bring patients to Mercy, and only patients with specific, high-level trauma needs will be routed to a designated trauma center nearby, such as Rush Copley or Northwestern Delnor Hospital, both within ten miles of Mercy Medical Center. As noted above, this would represent minimal change to prehospital processes and incoming ambulances, given the low numbers (one per month on average) of trauma patients receiving services at Mercy. The proximity of trauma centers minimizes additional transport time for diverted patients, ensuring rapid access to specialized trauma care. A ten-mile ambulance transport in an urban area like Aurora typically adds only a few minutes to travel time, depending on traffic and EMS routing.

a. What projections does Prime have for the impact on ambulance service times for patients now being diverted from Mercy to another hospital?

In general, we do not believe there will be an impact on ambulance service times, given the very low volume of patients that have arrived at Mercy (average of one per month) and the proximity of alternate trauma centers.

Although we cannot provide precise projections for ambulance service time changes, we can offer the following insights based on available information:

Limited Impact: The significant decline in Level II Trauma patients at Mercy over the past year indicates that only a small number of patients will require diversion to other trauma centers (average of less than one per month). For the vast majority of emergency cases, EMS will continue to transport patients directly to Mercy's emergency department, ensuring no impact on service times.

Proximity of Trauma Centers: Two trauma centers are located within ten miles of the hospital. EMS protocols prioritize rapid transport to appropriate facilities, minimizing delays for patients who require services of a Level II Trauma facility.

b. Have there been any efforts to engage with the Illinois Department of Public Health regarding the potential reversal of this revocation? If so, please describe in detail.

Engagement with the Illinois Department of Public Health (IDPH): Mercy Medical Center has actively engaged with both the IDPH and HFSRB to manage the transition of its Level II Trauma designation. On April 17, 2025, Prime notified state health authorities that the hospital would go on limited resource status. We have continued to coordinate with the IDPH Office of Preparedness and Response, underscoring our commitment to regulatory compliance.





Conclusion

Prime is steadfastly committed to ensuring Mercy Medical Center's emergency readiness remains uncompromised. Mercy Medical Center is ready to deliver high-quality, compassionate care to the Aurora community. We are also committed to aligning the hospital's services with the community's evolving needs and to prioritizing access to exceptional care and clinical excellence while preserving the long-term sustainability of the hospital.





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Appendix D

Financial Analysis & Future Service Line Plans



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In response to your inquiries about financials and the future plans for Prime Healthcare in Illinois, we respectfully submit the following:

6. How much does Prime Healthcare anticipate saving financially as a result of these recent closures?

Service line decisions have been guided by an assessment of community needs and a commitment to ensuring quality care, not financial considerations. Accordingly, Prime has not completed a financial impact analysis for the service line changes. Moreover, as detailed in Appendix B, the change at St. Mary's – Kankakee was unexpected given the sudden retirement and loss of the nearly sole OB physician providing care for the entire service. Likewise, as detailed in Appendix A, the change at Joliet was made because of low volume with fewer than one patient each day, and therefore, the inability to ensure quality care.

As shared in the main letter, prior to Prime's acquisition of the former Ascension hospitals, the facilities and medical groups collectively were losing nearly \$200 million annually. Saint Joseph – Joliet suffered annual losses of approximately \$90 million the year prior, and the pediatric service line was losing \$1,925,809 annually, which is a very small portion of the total losses. St. Mary's – Kankakee was also financially struggling with losses of nearly \$15 million in the prior year. There has been no financial analysis completed but the loss of the OB service line may not lead to any net financial savings.

Therefore, though the service line changes were made to ensure quality, any potential financial savings will only offset a fraction of the significant and unsustainable financial losses at both hospitals.

7. Does Prime Healthcare have future plans to shut down or reduce additional health facilities or services in Illinois? If so, please describe in detail.

Prime remains committed to addressing the evolving healthcare needs of the communities we serve, providing access to quality care and ensuring the sustainability of hospitals in financial distress to not only continue to provide care, but also improve care and uplift communities. As shared in our communications with the HFSRB, we are committed to the ongoing evaluation of the needs of patients and communities.⁹ We currently do not have plans for further service line changes, and reserve decisions subject to an ongoing needs evaluation. With full transparency, we are in the process of reviewing trauma designations, which are not service lines but designations of the level of care provided in trauma centers. Hospitals should maintain the trauma designations needed by the patients

⁹ COE Application to HFSRB August 2024 Section 1130.520(b)(9).



they serve, and we are in the process of reviewing and redesignating to the appropriate levels based on patient and service data. We also have plans to expand and invest in services that meet unmet needs, ensure quality, and benefit patients.

Expansion of Needed Services - Senior Behavioral Healthcare:

The growing number of older adults, coupled with an increased prevalence of mental health conditions and substance use disorders, creates a growing need for specialized senior behavioral health programs at hospitals across the nation. An estimated 15 to 25% of older adults suffer from a behavioral health disorder, and nearly 60% of older adults with a behavioral health condition may go without any form of treatment.¹⁰ According to the National Coalition on Mental Health and Aging, older adults are experiencing a significant increase in mental health conditions due to the compounding effects of social isolation, leading to trauma, anxiety, and depression. With access barriers and the rapid growth of the older adult population, it is critical to address the unmet behavioral healthcare needs of seniors with specialized care, early intervention, and community engagement to support their well-being.

Prime has recognized the urgent need to address the national mental health crisis and has led and invested in the expansion of senior behavioral healthcare services across the nation. The American College of Emergency Physicians (ACEP) has granted Prime Health System Geriatric Emergency Department Accreditation. Prime Healthcare currently has 18 geriatric-accredited emergency departments across the country.

Many health systems do not expand mental health services, as the service line is not profitable. Prime understands the importance of addressing the national mental health care crisis and has expanded behavioral healthcare services at our hospitals across the nation without regard to profitability.

In Illinois, Prime plans to double the number of geriatric-specific psychiatric (“geri-psych”) beds at Saint Mary of Nazareth Hospital – Chicago from 15 to 30, and to establish new geri-psych units at Saint Joseph Medical Center – Joliet, Saint Joseph Hospital – Elgin, and St. Mary’s Hospital – Kankakee. Our multi-million-dollar investment in mental health services not only addresses the ongoing behavioral health crisis, but is tailored to our hospital service area communities as the population ages.

¹⁰ <https://pmc.ncbi.nlm.nih.gov/articles/PMC6363347/#R1>;
<https://pmc.ncbi.nlm.nih.gov/articles/PMC6363347/>; <https://pmc.ncbi.nlm.nih.gov/articles/PMC9453913/>



Level II Trauma Care Designation: Evidence shows that the continuation of low volume services cannot reliably ensure consistent, quality care and leads to higher risks, lower quality outcomes, and longer patient stays.¹¹

Level II Trauma Designation in smaller community hospitals with minimal trauma volume (located in Aurora, Elgin, and Kankakee) is likely not sustainable. However, a more appropriate Level III Trauma designation for low-volume community hospitals has been established by Illinois Public Act 103-1013, which remains subject to rulemaking and implementation. The Level III designation will likely be the more appropriate designation for the hospitals listed below, as those hospitals have minimal trauma volume.

The following table outlines in detail Category 1 and Category 2 trauma patients received at St. Mary's Hospital – Kankakee (SMK), Mercy Medical Center – Aurora (MMC), and Saint Joseph Hospital – Elgin for 2024 and 2025. We are evaluating the need for Level II Trauma designation at Saint Joseph Hospital – Elgin and will likely request transition to Level III Trauma once that designation is established. As the data shows, there were fewer than two trauma patients for the entire year (January-March 2025) that required inpatient care, and on average, fewer than 1.5 patients per month required inpatient admission in 2024.

Hospital	Category 1 activation	March YTD 2025		
		Category 1 admissions	Category 2 activation	Category 2 admissions
MMC	9	1	16	2
SMK	11	2	7	0
Elgin	5	1	14	1
Hospital	Category 1 activation	2024		
		Category 1 admissions	Category 2 activation	Category 2 admissions
MMC	37	12	216	25
SMK	41	8	70	16
Elgin	20	4	100	13

As the data indicates, Trauma II designation is not supported by current volumes, and a more appropriate designation would be Trauma Level III.

¹¹ Birkmeyer JD, et al. Hospital Volume and Surgical Mortality in the United States. N Engl J Med. 2002;346:1128–1137. <https://www.nejm.org/doi/full/10.1056/NEJMsa012337>. Please see Full Literature references in main response letter.





Conclusion

Prime evaluates service lines based on evolving community needs, quality metrics, patient outcomes, and sustainability. Decisions regarding service lines are based on quality and need rather than financial analysis. Prime will always follow all applicable processes when realigning services, including compliance with all regulatory requirements, collaboration with physicians and staff, engagement with public officials, and communication with patients and communities.

The Illinois facilities and medical groups Prime acquired from Ascension collectively reported losses of over \$200 million annually before our purchase. Both Saint Joseph – Joliet and St. Mary’s – Kankakee were financially struggling with annual losses of \$90 million and nearly \$15 million, respectively. Service line changes will only offset a small fraction of losses, and there have already been greater investments made in both hospitals that far exceed savings. Our mission is to save and improve financially distressed hospitals to ensure every community we serve has access to quality care, and our decisions are guided by this purpose. We are committed to an ongoing assessment of evolving needs to ensure hospitals provide the greatest benefit, ensure access to quality care, meet unmet needs, and remain viable for future generations.

