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Transcript of Board Meeting - Open Session

Date: September 22, 2020
Case: State of Illinois Health Facilities and Services Review Board

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ILLINOIS DEPARTMENT OF PUBLIC HEALTH

HEALTH FACILITIES AND SERVICES REVIEW BOARD

OPEN SESSION - MEETING

Held Virtually

Tuesday, September 22, 2020

9:14 a.m. CST

BOARD MEMBERS PRESENT:

DEBRA SAVAGE, Chairwoman

STACY GRUNDY

GARY KAATZ

DEANNA DEMUZIO

SANDRA MARTELL

LINDA RAY MURRAY

Job No. 257115

Pages: 1 - 268

Reported by: Paula Quetsch, CSR, RPR

ALSO PRESENT:

COURTNEY AVERY, Administrator
MICHAEL CONSTANTINO, IDPH Staff
ANN GUILD, Compliance Manager
GEORGE ROATE, IDPH Staff

C O N T E N T S

C O N T E N T S (Continued)

CHAIRWOMAN SAVAGE: Calling the meeting to order. If everyone can put themselves on mute until it's time to talk.

Okay, so, George, could we do a roll call?

MR. ROATE: Thank you, Madam Chair.

Senator Demuzio.

(No audible response.)

MR. ROATE: Dr. Grundy.

MEMBER GRUNDY: Here.

MR. ROATE: Mr. Kaatz.

MEMBER KAATZ: Here.

MR. ROATE: Dr. Martell.

MEMBER MARTELL: Here.

MR. ROATE: Chairwoman Savage.

CHAIRWOMAN SAVAGE: Here.

MR. ROATE: Once again, Senator Demuzio.

CHAIRWOMAN SAVAGE: Senator, be sure to take yourself off mute.

(Audio disruption.)

MR. ROATE: Present.

CHAIRWOMAN SAVAGE: Present, yes.

MR. ROATE: There's five in attendance.

CHAIRWOMAN SAVAGE: Thank you, George. And if I may ask for everyone's patience with our

technology and any challenges we may face.

So may I have a motion to alter the agenda to be heard as follows: Items for State Board Action, Applications Subsequent to Initial Review, Approval of the June 30th, 2020, meeting transcript, Items Approved by the Chairwoman, and Executive Session.

May I have a motion to change the agenda.

MEMBER KAATZ: So moved.

CHAIRWOMAN SAVAGE: And may I have a second.

MEMBER MARTELL: Second.

CHAIRWOMAN SAVAGE: Thank you. May I have a motion to approve the September 22nd, 2020, meeting agenda with the stated changes.

MEMBER KAATZ: So moved.

CHAIRWOMAN SAVAGE: A second.

(Audio disruption.)

CHAIRWOMAN SAVAGE: Motion approved.

As noted on the agenda, opportunity will be given prior to each agenda item. I ask that those providing testimony please limit your comments to two minutes. George Roate will ask you to conclude your comments at the two-minute mark. Prior to giving your testimony, please spell your name. Thank you.

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CHAIRWOMAN SAVAGE: So next on the agenda is an exemption request, C-01, Exemption 032-20, Javon Bea Hospital-Rockton, Rockford.

Prior to the motion, I would like to remind Board members that in accordance with Part 1130 of the Health Facilities and Services Review Operational Rules, the Chair shall act upon an exemption application for the discontinuation of a healthcare facility, discontinuation of a category of service, or change of ownership that is not among related persons after Board staff finds that the application is complete and includes the requested information and that the Chair may refer the application to the Board. Since this application is complete and included the requested information, as the Chair I made the decision to refer this application to the full Board for discussion. Now I will proceed with hearing the application.

May I have a motion to approve Exemption 032-20, Javon Bea Hospital to discontinue its 20-bed acute mental illness unit.

MEMBER KAATZ: I so move.

MEMBER GRUNDY: So moved.

CHAIRWOMAN SAVAGE: Okay. So Gary will be

our first and Dr. Martell second.

Okay. There are requests from the public to offer testimony. Mike Mitchell, please proceed.

MR. MITCHELL: Yes, we did have two public requests to speak to this project from Wester Wuori and Xavier Whitford, but I am not seeing them listed as attendees, so I cannot let them comment because I can't identify them.

MEMBER KAATZ: Madam Chairman?

CHAIRWOMAN SAVAGE: Yes.

MEMBER KAATZ: Those are both very respected individuals in our community, just to -- just to let everybody know.

CHAIRWOMAN SAVAGE: Okay. Well, we're looking for them so that they can testify during this time.

MR. MITCHELL: Yes, we have three attendees just identified as call-in users. I cannot tell who those are, but I do not see either Xavier Whitford or Wester Wuori listed on my list of attendees, so I'm going to say exit and re-sign in with their names so we can identify them.

CHAIRWOMAN SAVAGE: Mike, could you please call out their names again and see if they are

those people that are not identified on the call?

MR. MITCHELL: Yes, we are looking for Wester Wuori and Xavier Whitford, but they are not identified in our list of attendees.

CHAIRWOMAN SAVAGE: Actually, we're going to amend the second motion. The second motion is going to be from Dr. Grundy. And I would be remiss if I did not also welcome Dr. Stacy Grundy to our Board. This is her first meeting, and she's so far doing real good.

All right. Well, since we do not have our participants from Javon Bea that requested to be on the agenda, we are going to move forward.

Okay. So, Mike Constantino, please present the State Board staff report.

MR. CONSTANTINO: Thank you, Madam Chair.

The Applicants are asking the State Board to approve the discontinuation of a 20-bed acute category of service at Javon Bea Hospital - Rockton Avenue campus in Rockford, Illinois. According to the applicants, the reason for the discontinuation is the low utilization of the 20-bed unit, the loss of the psychiatrist at the hospital, and financial losses. Patients presenting

at the ER will be stabilized and if requiring inpatient hospitalization will be transferred to SwedishAmerican Hospital in Rockford or the Chicago AMI hospitals. Upon approval there will be a calculated need for 9 AMI beds in this planning area.

Thank you, Madam Chair.

CHAIRWOMAN SAVAGE: Do we have anyone from Javon Bea Hospital to testify at this moment?

MR. MORADO: Yes.

CHAIRWOMAN SAVAGE: Okay. Please proceed to be sworn in and state your name for the court reporter.

MR. MORADO: Great. And I just want to ensure that we also have -- there's going to be four presenters. My name is Juan Morado. We're going to have Mark Silberman, Deb Potempa, and John Dorsey.

(Whereupon, the witnesses were thereupon duly sworn.)

MR. MORADO: Thank you so much. Good morning, members of the Board. My name is Juan Morado, Jr., at Benesch Law, and we are CON counsel for the project. As I mentioned, I'm joined today

by Dr. John Dorsey, chief medical officer for the Mercyhealth system, Deb Potempa, the chief nursing officer for the Mercyhealth system, and my partner Mark Silberman. We'd like to thank Board staff for their time reviewing the application and their efforts to hold a public hearing allowing the community a chance to express its views and for the public to provide additional insight -- and for applicant, rather, to provide additional insight into today's application.

Allow me to provide you with a brief roadmap of today's deposition. I will provide background on Mercyhealth and the hospital. Dr. John Dorsey will discuss the background as to why the application was filed and services available in the region. Deb Potempa will discuss Mercyhealth's commitment to continuing to provide mental health services to the Mercyhealth patients. And Mark will provide a brief summary, including the facility's plans moving forward.

The decision to discontinue the inpatient AMI unit at the Rockford campus was made after much deliberation and planning. Over the last five years Mercyhealth has invested over 500 million

in constructing the Riverside Hospital, the physician clinic campus, and updates to the Rockton campus.

When other health systems abandoned Rockford's west side and closed down services, Mercyhealth maintained and renovated its Rockton Avenue campus. If there was ever a time for a hospital operator to abandon a facility it was in recent years when there was substantial flood damage to the Rockton campus but Mercyhealth did not. Instead, it invested additional money to abate the extensive flood damage and ensure that the community could continue to access healthcare services on the west side of Rockford.

I think it's worth mentioning that the Rockton campus will continue to offer 20-plus different specialties with over 60 positions located at that facility, and Mercyhealth is still moving forward with its recently approved subacute unit to provide transitional care services to its patients.

This was not an easy decision for Mercyhealth, but it's one that they believe is the right decision at this time. As I mentioned,

Dr. Dorsey will further describe the ongoing challenges the system has faced and how that led them to this decision.

With that I will pass it to Dr. John Dorsey, chief medical officer for Mercyhealth.

DR. DORSEY: Thank you, Juan.

Good morning everyone. My name is John Dorsey and I'm the chief medical officer here at Mercyhealth in Rockford.

I came to Rockford in 1984, finishing my internal medicine residency in Pennsylvania, and I worked three years at Crusader Clinic before coming to then the Rockford Memorial Hospital and Rockford Health System. I practiced internal medicine for over 25 years before transitioning into administration full time about seven years ago.

During my times -- my clinical times I actually spent time treating patients, evaluating their medical needs on the mental health -- behavioral mental health unit. Also, at the time we also had addiction treatment center, as well. And as a primary care doctor, of course, spent a significant amount of time taking care of patients with mental health needs.

I'd like to echo first what Juan said about the commitment from Mercyhealth to the west side of Rockford. We have poured well over $50 million into the building and the campus and facilities not only to address the substantial flood damage but to update all of the inpatient units, and this is consistent with our not-for-profit mission, our values and commitment to the west side. But we have had difficult economic times.

We, like many organizations, have struggled. Our high Medicaid population that has been over 30 percent and the highest in the Rockford area and the fact that we are owed tens of millions of dollars from the State of Illinois have contributed to losses this past year, losses in excess of $70 million. That as a consequence has caused us to have to look at services in order to remain viable for the community at large, and one of the subservices was the behavioral mental health unit.

We have had declining inpatient volumes over the last few years. For example, in 2015 our inpatient utilization was 53 percent. In 2019 it was 45 percent. In 2020 it continued a downward trend 38 percent overall, but there were many

times during the months of COVID where we would have five or less patients in at a time. This creates obviously a significant number of difficulties.

First of all, I think you could question whether we can adequately deliver quality clinical services with such a low volume of patients. We had difficulty recruiting and retaining psychiatrists as well as nursing staff, and it is our belief that an organizational commitment should exist in the Rockford area from all the health systems to optimize existing community resources. Quite frankly, that commitment could best be served by optimizing the existing care that's given at SwedishAmerican and Rosekrantz among others.

SwedishAmerican Hospital UW has been for many years heavily involved in inpatient psychiatric care, which means they can maintain the staff, volume, full inpatient services. Quite frankly, this allows them to do a better job than we've been able to do.

They have 42 beds, 12 of which are specialty units for adolescents a capability we have never had. Their reported state utilization metrics

indicate that they have capacity. The last metric I saw from 2018 indicated that they had less than 50 percent utilization, which would indicate that they have the capacity to the serve additional patients. So we believe that the closure of our underutilized inpatient beds will allow for the better utilization of the existing beds allocated to SwedishAmerican.

I do want to comment that no health system, no physician, no provider can get out of mental health services nor is that our intent. We are negotiating even enhanced services with Rosekrantz and remedies, and we look forward to an enhanced partnership with SwedishAmerican.

We still employ a full-time ambulatory-based psychiatrist who treats adults and kids above age 3. We have just signed a contract for telemedicine services for our system. We continue to have strong referral patterns to outpatient mental health providers, social workers, and psychiatrists in the community, and we employ a social worker/psych assessors internally who are available for inpatient and ED consults in both of our hospitals, and when they get those calls, then

they contact the psychiatrist to review what the most appropriate disposition is for those patients.

So we are committed to providing mental health services. Our primaries do that every day. I did that every day. The inpatient units are only a very, very, very small percent of those patients requiring mental health services. We know that this is a huge problem nationally, locally. We are committed to that. What we are not committed to is the maintenance of a low-volume unit where we cannot provide what we don't believe is the full spectrum of care and quality that those patients deserve when they are in times of crisis, and that is what led us to this decision.

And with that I'd like to turn it over to Deb Potempa, who is our system CNO.

MS. POTEMPA: Good morning. Thank you for your time. My name is Deb Potempa, P-o-t-e-m-p-a, and as Dr. Dorsey stated, I'm the chief nursing officer for Mercyhealth system. I've been working for our system for a little over 10 years --

MS. AVERY: Deb, I apologize to cut you off, but we're going to switch back over to the

public participation and let the person give their testimony, and then we'll come back to you.

Mike Mitchell, I believe there's just one person?

MR. MITCHELL: Well, we now have both West Wuori and Xavier Whitford.

MS. AVERY: So those two and then we'll come back to you, and we'll organize it in the public record to have a flow.

Okay. Mike Mitchell.

MEMBER KAATZ: Madam Chairman, I'm sorry to interrupt, and Courtney, I'm sorry to interrupt. It's Gary Kaatz and I have a commitment that I need to address. Do you need my vote now, or can I give it to you later in the day? I have a yes vote on that.

CHAIRWOMAN SAVAGE: We really need your vote, Gary. We're trying to get your public testimony and then back to the organizational testimony.

MEMBER KAATZ: My vote is yes. I support this exemption, Madam Chairman.

CHAIRWOMAN SAVAGE: Okay. Thank you.

MEMBER KAATZ: Thank you.

CHAIRWOMAN SAVAGE: Mr. Mitchell, can you go forth with Wester and the other attendee, please, and have them do their testimony?

MR. MITCHELL: Okay. I have Wester Wuori unmuted, if you would proceed, please.

MR. WUORI: Okay. Can you hear me okay?

CHAIRWOMAN SAVAGE: We can. Thank you.

MR. WUORI: Thank you. My name is Wester Wuori, W-e-s-t-e-r; last name is Wuori, W-u-o-r-i, and I'm the chief of staff for the City of Rockford. Thank you for your time this morning. Today I'm representing Mayor Tom McNamara who delivered similar remarks on this issue earlier in September at a public hearing in Rockford.

I come before you to urge you to reject the request by Mercyhealth system to close its inpatient mental health unit located on the North Rockton Avenue campus. The need for mental health services in Rockford is absolutely critical and reaches across our community. Every day we see firsthand what a lack of mental healthcare does to our schools, our businesses, and our neighborhoods. No one is untouched by the challenges of mental illness. But doing nothing will not make the

problem go away, and the statistics tell the story.

From August of 2019 to August 2020 the Rockford Police Department had more than 500 calls that involved mental illness or mental health issues. In Winnebago County the number of suicides each year has jumped 30 percent in the last decade. A minimum of 50 psychiatric beds per 100,000 people is considered necessary to provide minimally adequate treatment for individuals with severe mental illness. The State of Illinois fails to meet this minimum standard.

Mercyhealth has said it is confident other providers can provide the services that have been offered by its now closed unit. However, the facts tell a different story. SwedishAmerican Hospital in Rockford currently only has 20 adult inpatient beds for mental health. Since Mercyhealth closed the unit prior to this hearing, the adult unit at SwedishAmerican has been 90 percent full. When that unit reaches its capacity of 20 adult patients and someone needs inpatient care, SwedishAmerican is forced to transfer the patient to another facility usually in the Chicago area.

Now more than ever the community should be

adding resources for mental health, not taking them away. The inpatient unit at Mercyhealth North Rockton Avenue is a chief part of those services. I urge you to require Mercyhealth to fulfill its stated responsibility to serve all its patients. All of us who should have the right -- all of us should have the right to safe and affordable mental healthcare in our community.

Thank you.

CHAIRWOMAN SAVAGE: Okay. May we have the next attendee, please.

MR. MITCHELL: Okay. We have Xavier Whitford online. Go ahead, sir.

MS. WHITFORD: I'm actually a ma'am.

MR. MITCHELL: Oh, sorry.

MS. WHITFORD: That's okay. My name is Xavier Whitford. It's spelled X-a-v-i-e-r W-h-i-t-f-o-r-d.

I'm here today to speak in absolute opposition of Mercyhealth Rockford closing their mental health unit on Rockton Road. I'm a board member of the National Alliance of Mentally Ill of Northern Illinois. This petition to discontinue 20 acute mental health beds at Javon Bea Rockton

campus is personal for me. I know the lasting impact of not receiving adequate mental healthcare, as I lost my 19-year-old son Tommy to suicide as a result of depression six years ago.

Statistics show that suicide deaths in and around Winnebago County continue to rise year after year. Our police and fire departments are responding to an average of 15 mental health-related to calls daily resulting in transport to local hospitals, yet Mercy's request in front of you today to vote on is to shut down 20 mental health treatment beds in this very same community.

Mercyhealth has failed their commitment to our community. They would like us to believe that there is no demand for inpatient services, hence no need, but the truth is the Mercy deliberately and premeditatedly created no demand by systematically eliminating the people who needed their service the most by refusing their insurance coverage.

What does this say about Mercy ignoring the needs of people coping with severe mental illness in their time of crisis by increasing the barriers of treatment access and then using those barriers as a reason to file this petition? This

is clear discrimination against people who need this protection and quality mental health treatment.

If this petition for certification of exemption is granted, 20 inpatient treatment beds will instantly disappear from our community. Without another hospital petitioning for their expansion of the acute mental illness bed allotment, our citizens in need of immediate care will have to compete for care instead of receiving it.

So many families I hear time and time again are having to have family members sent out of town and into Chicago for inpatient care because the need is so great, and there's not enough beds here locally as it is. We should be adding beds, not eliminating them in our community.

I ask that you deny this petition and show Mercyhealth and our community that those living and fighting for mental illness matter more than them. That's all I have.

CHAIRWOMAN SAVAGE: Thank you, Ms. Xavier.

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CHAIRWOMAN SAVAGE: Now we would like to return to Deb Potempa from Javon Bea.

MS. POTEMPA: Thank you. Are you able to hear me?

CHAIRWOMAN SAVAGE: We are. Thank you.

MS. POTEMPA: Good morning. My name is Deb Potempa, P-o-t-e-m-p-a, and I serve as the system chief nursing officer for Mercyhealth. Thank you for this time.

I've been working for our system for a little over 10 years and had the privilege of coming to Rockford to support the Javon Bea Hospital this past year. Prior to this, my first nine years was spent in our southern Wisconsin region where we did -- I was supporting the very robust behavioral health inpatient/outpatient adolescent and day treatment program within the Mercyhealth system. I just wanted to point that out as a matter of reference that, you know, while we are making changes here in Illinois, as a system we have shown great commitment to behavioral health.

As Dr. Dorsey stated, with the advent of new medication to treat depression, bipolar disorders, and other psychiatric illnesses more

patients are able to be appropriately stabilized on medication in the outpatient setting. Our primary care doctors routinely screen and engage in treatment and evaluation of their patients' psychiatric needs and monitor the effectiveness of this treatment if their patient is placed on one of the many medications that may effectively treat their illness.

As you heard earlier, we are utilizing telehealth technology. We've seen many benefits in the use of telehealth with the behavioral health population especially during the COVID pandemic. Telehealth has offered the ability to treat patient outside of the hospital, and this provides increased access to care. Patients can receive behavioral and mental health services through telehealth in their primary care settings. Telehealth technology is being used to observe patients in our emergency departments, in our inpatient units, and to help perform assessments and screenings and diagnose conditions. We can provide counseling and psychotherapy which can be delivered to individuals, couples, or groups. Telehealth allows us to help patients adhere to

their medication regime and can help facilitate coordination with family members or social service agencies to meet the identified needs of patients.

Our Glenwood Clinic continues to provide a full-time psychiatrist, Dr. Irfan, and offers general psychiatric services and medical management to children, adolescents and adults. Dr. Irfan is also part of the psychiatric on call team supporting our Rockton and Riverside emergency departments and inpatient units.

As Dr. Dorsey mentioned, our licensed clinical social workers and certified social workers who worked on the inpatient unit on the Rockton campus will transition to full-time psychiatric assessors. They will provide support to our emergency department and the inpatient units on the Rockton and Riverside campus. This will be a combination of on-site support and telehealth support. They will also work closely with case management nursing teams to identify appropriate discharge planning as they currently do today.

As a part of our regional approach we will begin to share resources from the Wisconsin

behavioral health program into a larger psychiatric assessment team to serve the Mercyhealth system. The main hubs for this program will be the Rockton Avenue campus and the Janesville campus in southern Wisconsin. Assessors will provide telehealth service our Rockton, Riverside, Harvard, Walworth, and Janesville hospital campuses. When a patient requires an inpatient admission for behavioral health treatment, we will continue to work with those agencies in the community Dr. Dorsey mentioned as a referral source as we have done in the past.

Thank you for your time, and I will turn it over to Mark Silberman.

MR. SILBERMAN: Good morning and thank you members of the Board. My name is Mark Silberman, S-i-l-b, as in "boy," -e-r-m-a-n. I want to begin by thanking staff for all of their hard work on this project and all of their coordination throughout.

For those who voiced concerns that Mercyhealth is abandoning Rockton or this aspect of the community, we just want to point out that simply is not true. While we do understand that

there is frustration that gets expressed by different organizations, please, we want people to understand that this decision is, in fact, being made because of Mercyhealth's continued commitment not only to maintain this as just a viable but a vibrant Rockton campus.

I do want to address one point that was raised by the public comments, the issue of 20 beds at SwedishAmerican versus 42. SwedishAmerican is approved for 42 beds. They currently have 20 beds online. I can't speak intelligently as to why it's taken almost two years and those beds are not yet online, but we are confident that they are under construction and in process and presume at some point that the additional 22 beds, which will double the amount of beds online and available in the Rockford community will be available and will be available soon. So for them to talk about being at 90 percent capacity of 20 beds, if you consider their 42-bed complement, it actually puts them underneath a 50 percent utilization.

Now, while we understand that this is a matter where the Board regulations require approval of this certificate of exemption, please

understand that Mercyhealth appreciates the feedback that it obtained from the community throughout the public hearing and comment process, and we look forward to the feedback that we are going to get from this Board because this is what truly helps Mercyhealth in its long-term strategic planning.

The fact is that Mercyhealth continues to invest significant capital dollars to address issues like women's and children's health and services for the aging population within this community through projects like its subacute care unit which is currently under construction already approved by this board. Mercyhealth continues in investing this type of money within the west side community of Rockford.

So in conclusion we would want to note the following both to support and justify your votes to approve this project. Mercyhealth has provided all of the information that is required by the Illinois Health Facilities Planning Act to justify the approval of this exemption, and we have been successfully deemed complete by the Board staff.

So we want to thank you again for your

time, and with that we are happy to address and answer any questions that you may have regarding this project. Thank you.

CHAIRWOMAN SAVAGE: Thank you, Mr. Silberman.

Do any of our Board members have any questions?

(No response.)

CHAIRWOMAN SAVAGE: Okay. I do have one question for Deb Potempa, if she could please reiterate a little bit more about what happens when a patient with psychiatric illness comes into the emergency room, and if they're acute or if they could be sent home, both aspects, what kind of services are available to them?

MR. MORADO: Deb, did you hear that question?

MS. POTEMPA: I think I heard most of it. Would you repeat it?

CHAIRWOMAN SAVAGE: Sure. I was asking more specifically to get a little bit more detail about if a patient comes into the emergency room, and then they're either acute, what happens to them then, what kind of services will be provided,

obviously, generalized. And then also, from an outpatient standpoint, if they could be sent back home, you did talk about one clinic with a psychiatrist I guess that was affiliated. If you could just reiterate that a bit more.

MS. POTEMPA: Yes. If a patient presents to our emergency room, they will be treated no differently than they have in the past. So they will be seen by a physician; they will have their medical screening exam done per EMTALA regulations by a qualified physician. If they are found to be presenting with a behavioral health emergency, we have on-site and via telehealth psychiatric assessors that are available in our emergency departments. They will confer with a psychiatrist via telehealth, and then a plan will be made -- once it's been established what level of care that patient would need, a plan will be made utilizing case management and all of the community resources that are available and have been available. That process will be no different. And if a patient does need an inpatient bed, we will continue to care for them as we do today until a safe bed has become available.

If a patient arrives and they have both a behavioral need and a medical need, as we do today, if the medical need requires inpatient care, we will admit that patient and make sure that they are at a point where they are medically stable before they are discharged either to home or an inpatient behavioral health bed if that is what they require.

CHAIRWOMAN SAVAGE: Okay. Thank you. That helps.

Now, just to reiterate, based on the State law of Part 1130 of the Health Facilities and Services Review operational rules, basically we need to proceed based on Javon Bea meeting all the requirements, and that's why we're bringing it to the Board so that we could hear more information, but technically based on that law we're needing to proceed with the vote. So just so everybody is aware of that.

So, George, if you could please call the roll.

MR. ROATE: Thank you, Madam Chair.

Senator Demuzio.

(No response.)

MR. ROATE: I'll pass.

Dr. Grundy.

MEMBER GRUNDY: Aye.

MR. ROATE: Thank you.

Dr. Martell.

MEMBER MARTELL: I must recuse myself and abstain from the vote.

MR. ROATE: Okay. Thank you.

Dr. Murray.

(No response.)

MR. ROATE: Dr. Murray.

CHAIRWOMAN SAVAGE: Dr. Murray, we can't hear you.

MEMBER MURRAY: Can you hear me now?

CHAIRWOMAN SAVAGE: Yes.

MEMBER MURRAY: Great. First, I have to apologize. It's my understanding -- I'm sorry that I got distracted for a minute -- that we -- that if the application is complete, which I understand staff has said that it is -- is that correct? -- then we are not allowed by statute to vote against this? Is that also correct? That is my understanding.

CHAIRWOMAN SAVAGE: That is correct.

MEMBER MURRAY: So let me say this then. I have said this before, but I want to put it on the record here.

This Board was set up to do two things. One is the certificate of need kind of thing we're doing, and then the second thing is to help with health planning. And we haven't done that; we haven't talked about that. And, in fact, our rules and regulations about what is needed and what's not needed are old, and they haven't even been updated. So I greatly resent having to vote on these things when we have not done the other piece of what we should be doing, which is planning.

I also understand that other participants are from the local area and may have to abstain, so I'm going to reluctantly vote, as I think I'm ordered to, yes on this. But I want to make sure we put on our agenda some real discussion about planning and putting resources into appropriate planning to guarantee that needed services are met throughout the state. So my vote is yes.

MR. ROATE: Thank you, Dr. Murray.

Doubling back, Senator Demuzio.

(No response.)

MR. ROATE: Chairwoman Savage.

CHAIRWOMAN SAVAGE: I vote yes based on the State Board staff report, but I reiterate what Dr. Murray had said and agree.

MR. ROATE: Thank you.

Senator Demuzio.

MEMBER DEMUZIO: (Inaudible) Yes.

MR. ROATE: Yes.

CHAIRWOMAN SAVAGE: Yes. Thank you.

MR. ROATE: Thank you.

That's 5 votes in the affirmative, 1 vote of recusal.

CHAIRWOMAN SAVAGE: So the application for Javon Bea Hospital exemption is approved. Thank you.

MR. SILBERMAN: Thank you members of the Board.

CHAIRWOMAN SAVAGE: Have a good day.

MR. SILBERMAN: Thank you.

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CHAIRWOMAN SAVAGE: Next on the agenda are the Applications Subsequent to Intent to Deny. We will start with 1-01, Project 19-021, the Rehabilitation Institute of Southern Illinois in Shiloh.

May I have a motion to approve Project 19-021, the Rehabilitation Institute of Southern Illinois to establish a 40-bed rehabilitation hospital. May I have a motion, please.

MEMBER MARTELL: I so move.

CHAIRWOMAN SAVAGE: May I have a second.

MEMBER MURRAY: Second.

CHAIRWOMAN SAVAGE: Okay. There are no requests for the public to offer testimony. Is there anyone here to present -- to represent the applicant?

MS. FRIEDMAN: Yes, we're here.

CHAIRWOMAN SAVAGE: Okay. Please identify yourself and proceed with the swearing in of the applicants.

(Witnesses sworn.)

MS. FRIEDMAN: Thank you so much. For the court reporter, my name is Kara Friedman. You might be able to see my name there, K-a-r-a;

Friedman is F-r-i-e-d-m-a-n. I'm with the law firm of Polsinelli as counsel for the applicants. Thank you all --

MR. MORADO: Can I ask you to hold on one second. Mike, I'm trying to share my screen, if you wouldn't mind giving me that ability because we have a PowerPoint presentation, as well.

MS. FRIEDMAN: It looks like you're on, Juan.

MR. MORADO: There we go. Okay. I think we're all set. Sorry about that.

MS. FRIEDMAN: I don't see the first slide of our presentation. I'll wait for that.

CHAIRWOMAN SAVAGE: Juan, it seems like the last slide maybe.

MS. FRIEDMAN: There we go.

MR. MORADO: All right. Thank you.

MS. FRIEDMAN: So thank you everyone for your time this morning. We so appreciate the hard work of Ms. Avery putting this together virtually to make this a safe meeting, and I know as we live through it right now it is no small change. If you have any trouble hearing any one of us, I'm sure you'll stop and we'll regroup to make sure all of our speakers are heard and all of our

points communicated to the group. This is a bit awkward, and we're doing our best despite the fact that none of us are together.

This is my first time appearing before the newest Board member, Dr. Grundy. Thank you so much for your service to the state. And while Mr. Kaatz has expressed support for this model of care, specifically at the last meeting he voiced his support for it, is absent for this docket item does mean that we need your unanimous approval today. So we appreciate your questions if you have any before endorsing this project with a yes vote.

Here today with us to discuss a plan for a rehabilitation facility in the Metroeast region, which is the Illinois side of the St. Louis metropolitan area are Michael McManus, the president of Memorial Regional Health system; Troy DeDecker, area president of Encompass; Marty Chafin, our health planning consultant; and my colleague, Juan Morado. Mark Dwyer, who runs the Rehabilitation Institute of St. Louis for the applicants is also on the line and available to answer questions.

I'm particularly excited to present this project to you today to bring specialized

rehabilitation services to an area of Illinois that currently does not have any dedicated inpatient rehabilitation program. You may recall last year the other hospital in this area, St. Elizabeth's filed an application to close its rehabilitation program at the hospital, so this will be a great benefit to this community for us to be able to continue to provide this care.

And on a personal note, though he has no involvement with this application or the applicants, my brother is a physician specializing in Seattle in physical medicine and rehabilitation, and it's his life work to help people recover from catastrophic illnesses and injuries. Because I've supported loved ones, as well, through extensive rehabilitation, I've learned the benefit of intensive inpatient rehab services, and I know the great resource that this program will be for the Metroeast region.

So to begin our substantive presentation I will pass the microphone, so to speak, to Michael McManus. Michael.

MR. McMANUS: Good morning. Thank you for your time today. My name is Michael McManus, and

as just mentioned, I'm the president of Memorial Regional Health system, which includes Memorial Hospital in Belleville and Memorial East Hospital in Shiloh.

Memorial is part of the BJC health system, the largest health system in the St. Louis metro area and affiliated with Washington University School of Medicine. Before I continue, we'd like to first thank the community for coming forward to support this project with letters of support. Also invaluable was the staff's technical assistance during this process which guided us in fully describing the demand for this service.

As the Board staff report reflects, this project is unopposed. With the exception of a few minor technical issues which our attorneys will discuss in a few minutes, this project complies with the Board's applicable criteria.

For those of you less familiar with the Metroeast region where this inpatient rehabilitation facility will be built, the Metroeast is a name we use to refer to the eastern suburbs of the St. Louis, Missouri, area, which lie across the Mississippi River in Illinois. It's the state's

second largest urban area with a population of over 700,000 which encompasses more than five counties.

I've been in health system leadership and a steward of healthcare resources in the Metroeast region for over 30 years. This long engagement provides me with a deep understanding of the community healthcare needs and guides me in helping direct the steps we need to take to advance care to the communities we serve.

One of the things that some of you may understand is that while there are some people who will travel to St. Louis for care, there's an equally large group that are adverse to crossing the river. We recently completed a market study which validated this fact. To many of our residents the river might as well be an ocean for the healthcare access barrier it creates for a meaningful segment of our community, especially the more vulnerable members like our seniors. This is a service that needs to be provided locally especially following last year's closure of the inpatient rehabilitation services at St. Elizabeth in a neighboring town of O'Fallon.

Our executive leadership approaches each

task with the goal of improving the quality of life for residents throughout the area. It's with this charge in mind that we collaborated with our rehabilitation services partner Encompass to develop this proposal.

The inpatient rehabilitation services that will be developed if this project is approved are an extension of the existing partnership we have in Encompass in St. Louis, which is an essential component of helping our patients who have suffered serious and debilitating illnesses and injuries to return to the activities of daily living and maximize their ability to return to independency enjoyed before their hospitalization.

As you will hear more about further along in our presentation, approximately 9 out of 10 of the admissions to this program will follow an acute hospital stay. Currently there is no provider of this service in our county, St. Clair County, and patients must either receive a lower level of care or travel to Missouri for this care. Sometimes their acute hospital stay is extended while an appropriate discharge plan is developed to meet their significant rehabilitation care needs.

To give you a better sense of what we are trying to accomplish, I'd like to turn the presentation over to Troy DeDecker of Encompass so he can tell you more about how we intend to extend our Missouri partnership to the Metroeast region here in Illinois and give you a better sense of the patients we will serve and the services that we will offer in this setting if this request is approved. DJC Health system and Encompass have had a 20-year relationship, so I'm delighted to have Troy and Encompass with us today.

Thank you very much.

MR. DeDECKER: Thank you, Michael.

My name is Troy DeDecker, and I am the central region president for Encompass Health. I have responsibility for largely the Midwest which also includes the state of Illinois where we have a very successful inpatient rehab hospital in Rockford, Illinois, and we are currently under construction in Libertyville, Illinois, and received approval in the Quad Cities at the last Board meeting.

As Michael pointed out, Encompass has a history of developing strong partnerships with

community hospitals across the country like BJC, and our partnership at BJC has been in place for over 20 years. In fact, it's been such a successful partnership that in 2017 we opened a second location in St. Peters, Missouri, which is important because, as you will learn about inpatient rehab, being closer to the community where our patients are from is important because patients support -- if they have support is a critical part of the recovery from devastating events or injuries.

Another important point is the quality. The Rehabilitation Institute in Kansas City -- I'm sorry -- the Rehabilitation Institute in St. Louis exceeds both regional as well as national performance measures on patient outcomes. They are accredited by the Joint Commission as well as our Commission of Accreditation of Rehabilitation Facilities. They have five disease-specific certifications, which is probably the only rehab hospital in the area that has such designations.

Our proven outcomes is a reason why patients from Illinois come to St. Louis for care. And, in fact, 25 percent of the patients that are currently

being served at our St. Louis location are from Illinois. That represents about 29 beds of patients that need care that are coming over the river, as Michael pointed out, for this care. It is important for these patients to be able to have the support of their family members to be available for family teaching and training as we rehabilitate them to get back home.

Next slide. I first want to talk about what Encompass Rehabilitation is, and I will then go into the details on the slide in front of you.

Patients that come to us require intensive inpatient physical therapy, occupational therapy, oftentimes speech therapy. They're supervised by a physician who is managing their care and coordinating the care with the support of our rehabilitation nurses which have specialized training to provide care for their patients.

The primary goal for patients that come to inpatient rehab is for them to regain their functional ability to allow them to go back home and into the community and return to work if necessary. The typical length of stay for our patients in inpatient rehab is about 14 days.

Now, on the slide in front of you -- and Michael touched on this -- it shows not only the source of where admissions come from for inpatient rehabilitation but also the patient mix, the patient diagnostic mix. Although, I'd like to share some patient stories with you to help reflect that.

The first story comes actually from Illinois, from our Rockford hospital and recently was profiled on many media outlets in the community. It was a 26-year-old woman that contracted COVID while pregnant. She had an emergency C-section and while hospitalized suffered from a debilitating stroke. She was on a ventilator for 40 days and suffered cognitive deficits as well as physically debilitated. Her goal was to return home and hold her baby for the first time. She spent 17 days in our Rockford rehabilitation hospital, and earlier this month she was able to hold her baby. She hopes to return to care for patients herself in the future.

Another example is a 32-year-old mother that was involved in a car accident that resulted in a brain injury and a broken pelvis. Her goal

was to return home with her family and eventually return to work. After her stay in an inpatient rehab hospital she is now home with her family, and she is working on returning back to work.

Or a 60-year-old father that suffered a devastating stroke. He needed an inpatient rehabilitation stay to return home, but more importantly to walk his daughter down the aisle late last year.

It's important as we talk about where our patients come from, patients still may go to St. Louis for the complex high-level care, but at the end of the day they need to be closer to home for the inpatient rehabilitation care that we are offering today.

This project at 40 beds we feel is the right size, and Marty is going to go into detail with regard to healthcare planning as to what would justify it. But remember today we have 29 average daily census worth of patients that are currently being treated at our St. Louis hospital that are from the Illinois area.

So thank you for your time today, Board and staff, and for your review. I'd like to hand

it off to Marty for her to provide additional details of the need.

MS. CHAFIN: Thank you, Troy. I'm Marty Chafin with Chafin Consulting Group, M-a-r-t-y C-h-a-f-i-n. By way of background, I have 33 years of experience in the healthcare industry. I work on both the provider and the consulting side. On the provider side I worked for an integrated healthcare delivery system that provided, in addition to general acute care services, psychiatric services, skilled nursing facilities, and inpatient rehab services.

Most of my time has been spent on the consulting side. Though I am located in Atlanta, Georgia, I work with clients throughout the United States and have also worked internationally with the Supreme Council of Health in Qatar, or as we say in the U.S. Qatár, to develop a regulatory framework in which to evaluate community need.

Where I want to start today is to convince you and educate you that there is, in fact, significant community need. Mike and Troy both talked about the community benefits of the proposed project, but I'm going to look at the

other side of that coin, if you will, and talk about community need.

Before I walk through several methodologies that were used to quantify community need, I want to start with where we are today. In front of you is Slide 4. You see the four-county HSA on the map, and while Mike talked about this is part of the Metroeast St. Louis area, I'm going to focus my comments specifically on these four counties, St. Clair, Madison, Monroe, and Clinton Counties.

The four-county area has the population of 600,000 residents. However, there are only 34 inpatient rehab beds to serve those 600,000 residents. What that means is that HSA 11 ranks absolutely last in terms of statewide beds per population.

In front of you you also see on Slide 4 a bar chart that represents beds per thousand population. The bar chart is from high to low moving left to right, and each bar represents an HSA, and as you know, there are 11 in the state. So HSA 6, for example, has the highest beds per population of .233 per thousand population. If you move all the way to the right, HSA 11 is the

red bar and has the state's lowest beds per population. In fact, the .055 is less than half of the statewide average, and the statewide average is illustrated by the red line that you see running across the bar chart, the .123.

Dr. Murray's comments earlier with regard to the need for the Board to think about appropriate planning to ensure that the needed services are available throughout the state, I'm going to ask you to do that today. What you see in front of you as a bar chart is the significant gap in care that exists between the beds per population for HSA 11 and the statewide average. You can close that gap in care and ensure access to services by approving the proposed 40 beds. In fact, if you approve this 40-bed project, that HSA 11 bar raises to almost exactly the statewide average to a .1219 number.

The one question that you may have is why the state bed need methodology shows only one bed needed, and we are proposing 40 beds needed, and the data in front of you shows that 40 beds would close that gap in care. And the difference is two population groups are not accounted for in

your bed need methodology.

One of the population groups are the patients that are crossing the river and going to Missouri for care. As Troy mentioned, there are so many patients leaving Illinois to go to Missouri for intensive inpatient rehab services that there is a bed need of 29 to serve those patients alone.

The second population group that is not accounted for in the bed need methodology are those patients that have an unrealized need or patients that need and would benefit from inpatient rehab but are not receiving that care because there are simply not enough beds available. As both Mike mentioned and Troy mentioned, there are 34 beds available to this population. Those beds will be located in northern Madison County, and they are the approved Anderson Rehab Institute. To be clear, Mike mentioned that St. Elizabeth's, which was located in St. Clair County, that unit has closed. So there is not a single bed available to the residents in St. Clair County.

Next slide, please.

That was the high-level picture, and that was the simple way to evaluate a 40-bed project is

needed to enhance access and close the gap in care. What I'd like to do now is walk you through three different approaches that individually each show this community need for 40 beds.

The first is physician referrals, and I'll talk about that in just a moment in detail. Based on the physicians caring for HSA 11 patients we know that there is a bed need of 51. We are asking, as you know for 40.

The second methodology that I will discuss is kind of a 30,000-foot view, and that is to look at actual patients from HSA 11 that either are crossing the river to go to Missouri for care, and that need is for 29 beds, or St. Elizabeth's that has now closed, we have to considered those patients who no longer can access that service. So HSA 11 actual patients in need of the proposed project would justify 47 beds.

Finally, you as a Board have recognized that patients in need of rehab services but unable to receive those services should be accounted for. Again, looking back to Dr. Murray's comments about the appropriate planning to ensure that services are available, this gap in care or expected patients

are sufficient that there is a need for 38. And I will remind you, as Troy said, you have approved both Libertyville and Quad Cities projects, and in doing so you approved the methodology that we are using here to identify these 38 beds for the patients who need it and would have benefited from rehab services but did not receive it.

So taken individually the three methodologies support the community need for 40 beds. More appropriately, when these three methodologies are taken into in totality, there's clearly a need for the proposed 40-bed project.

Next slide, please. Thank you.

To go through the first methodology in a little bit more detail to be sure that we all understand what we're looking at and the relevance of this, as you know, the Board rules require that physician referrals are included to ensure that the project is needed and will then be successful. The Board rules have a 85-percent occupancy threshold.

Slide 6 in front of you shows that the physicians who are caring for HSA 11 patients today have testified that they have sufficient

numbers of patients in their practices, most of them across the river in Missouri, that were referred for care in Missouri or that needed rehab care but because (audio interruption) chose a less optimal service such as skilled nursing or to go home with home healthcare. So these physicians, all of whom are chair, or chiefs, or medical directors affiliated with the Barnes-Jewish Hospital have documented 1,138 patients for whom they care for that they intend to refer to this proposed facility.

The average length of stay that you see here, 13.9 is the most recent data available, and it's calendar year '18 information. If you use the 13.9 length of stay by the actual patients that the patients have treated and intend to refer, and you factor in the 85 percent occupancy, then there is a bed need for 51 beds to care for the physician patients. These are the boots on the ground, the patients cared for by the physicians, and there is a community need of 51 beds.

We could stop here, but rather than doing that we've looked at several other methodologies. Next side, please, Juan.

The next slide shows you what I would call a 30,000-foot view and a methodology that looks at bed need in terms of the community as a whole. Again, we had the physicians just a moment ago who justified the need for 51 beds; we're proposing 40. This analysis looks at a combination of actual patients and expected patients.

A year ago the presentation to this Board for this proposed project received four yes votes, and that was based on the community benefits alone. The question was asked at that time how many beds were needed for actual patients before we consider what I'm calling expected patients.

The answer then that Dr. Martell -- her question was how many actual beds were needed. The answer then and the answer now is 29 beds are needed to take care of the patients from HSA 11 that travel across the river to receive care in Missouri. That is the 635 patients you see in front of you, consideration of the 13.9 average length of stay that is statewide for calendar year '18, and consideration of the 85 percent occupancy. That's how we get to the 29 beds needed for actual patients having to leave their community and go to

Missouri for care. So that answers Dr. Martell's question from a year ago.

Since that time and the four yes votes were received something has changed, and you heard about it from Mike. St. Elizabeth's has closed. The unit in calendar year '18 that was in St. Clair County served 400 patients. Again, assuming the 13.9 average length of stay for the statewide average and an 85 percent occupancy factor, there is a bed need of 18 to take care of actual patients who previously utilized St. Elizabeth's but who can no longer do so because that program is closed. So before we even consider the previously approved methodology by this Board on the expected or projected patients, we have a 47-bed need for actual current patients that either travel out of state for care or use St. Elizabeth's that is now closed.

Again, we do not stop there. We look at expected patients, and that's where you see in the line item that has No. 3. The Board previously has heard detail on this, so I will not go through a lot of detail unless you have questions, but the methodology that is used here is the exact same

methodology that I presented to you for the approved Libertyville project and the approved Quad Cities project.

Three factors form the basis for this expected patient need. One is to identify the patients that are leaving the general acute care hospital that are most likely in need and appropriate for intensive inpatient rehab services. That number was approximately 22,000 patients.

But we know that all 22,000 patients will not be admitted to rehab; they cannot, for example, undergo that intensive three-hour-a-day therapy. So then the question becomes what discharge rate do you use, and we have used an approximate 8 percent discharge rate. That is based on what happens for HSA 11 patients who do cross the river and receive care. It also corresponds to Encompass' experience in the Midwestern states. So an 8 percent factor multiplied by your approximately 22,000 rehab-appropriate cases and the third factor in consideration of the statewide 13.9 length of stay results in a 38-bed need for the expected, or estimated, or projected patients, if you will.

From a health planning standpoint, when we

add the 47 beds needed for actual patients and the 38 beds needed for the expected or estimated patients, there is a gross bed need of 85. So HSA 11 needs 85 intensive inpatient rehab beds to meet their patients' needs.

We have to then subtract Anderson Rehab Institute's approved and under construction beds from that 85 to have a net bed need of 51. It is no coincidence that the 30,000-foot view and the objective methodology using the data shows a 51-bed need, and the physicians who care, and understand, and know the patients' needs also resulted in a 51-bed need.

Next slide, please.

In conclusion, we've looked at the numeric need from two ways. We've looked at it from the physicians who know and understand the patients and who are testifying that they will refer the 1,138 patients supporting and justifying 51 beds. We've also looked at it from a 30,000-foot view of actual and expected patients, and the result, as I just walked you through, is 51 beds.

The last comment I'd like to make is in addition to the patients and their families who

will directly benefit from this project, there is a positive impact to the economy. And while, of course, you would not approve a project based on that, I do think it's important to mention that short- and long-term the proposed 40-bed hospital will positively impact the Illinois economy.

And with that I will turn it over to Juan Morado.

MR. MORADO: Thank you so much, Marty. And members of the Board, I appreciate your attention and patience with us. Allow me an opportunity to summarize our presentation for you. I'm going to be touching on three points and addressing the findings in the staff report.

First, this project is the right size for this community. Second, current migration patterns of patients traveling across state lines as we sit here today, along with referral letters supporting this project justify its approval. And third, this is a huge investment for this community.

This project is truly the right size facility at this time. That's why this project is for 40 beds, not 22, and not 100. As the Board knows, and as I recall from my days on your side

of the table, and as we discussed with staff during our technical assistance meeting, the 100-bed rule is historically not based on any particular research and policy. And while we understand and respect that it is the Board's rule, we appreciate the Board's willingness over the years to use your discretion to approve right-size projects that can provide needed services to the community.

Today you heard from Marty Chafin, a premier health planner who undertook a rigorous planning analysis and educated us all on the statistical justification for the project. We are all in agreement that there is a need for these services in the planning area. The data clearly reflects Illinois residents are leaving the state for this care, and with the recent closure of the St. Elizabeth's unit, this is the right project to ensure that this community can maintain access to this crucial service.

Members of the Board, you had questions for us the last time we appeared before you, and we went back and did our homework. Along with the changes in access that I've just described, the

data shows that this project is needed now more than ever. Under every need methodology there is ample justification for you to approve this 40-bed facility. The distinct referrals for this project justify it; the data justifies it.

You previously accepted an alternative need methodology for three similar projects in Evansville, Moline, and Libertyville in just the last year, and you found that methodology to be sufficient to approve those projects.

Consistent with your accepted practice we used rehabilitation inpatient codes and discharge data of patients who have received the type of high-dose inpatient rehab that Troy discussed today, and it reflects that there is a need for even more beds than we're seeking in this application.

As I mentioned, we are seeking a 40-bed facility because that's the right size facility at this time. However, it's important to note that our construction designers build our facilities in a manner that would accommodate future growth and would allow us to come back to this Board and add additional capacity to meet the needs of the community.

Your staff report correctly notes that our alternative need methodology justifies the 40 beds being sought, and as you can see on the graphics on the screen, there just simply isn't enough sufficient access to rehab beds in the region.

This project represents a $30 million investment in the east St. Louis Metroeast region and specifically in Shiloh, Illinois. We expect significant economic growth resulting from this project, including hundreds of construction jobs, 150 new jobs at the hospital, and natural significant long-term economic growth within the region. We think it's telling that we have received an overwhelming number of support letters from physicians, businesses, and political leaders, and still zero opposition to this project.

We hope we provided you with ample documentation of the need for the services in the region and evidence that gives you comfort to use your discretion to approve this project, fulfill your mission and provide access to necessary care to this community. We thank you for your consideration and would be happy to answer my questions you may have.

CHAIRWOMAN SAVAGE: Do any members of

staff have any comments or questions?

(No response.)

CHAIRWOMAN SAVAGE: Do any Board members have any further questions or comments?

(No response.)

CHAIRWOMAN SAVAGE: Mike Constantino, can you please present the State Board staff report.

(Audio disruption.)

CHAIRWOMAN SAVAGE: Okay. Change of plans.

One more time, do any Board members have any questions?

(No response.)

CHAIRWOMAN SAVAGE: Okay. So we're going to proceed with the roll call. So, George, if you could please call the roll.

MS. FRIEDMAN: I'm not sure that there's been a motion to approve.

MR. ROATE: Motion made by Dr. Martell, seconded by Dr. Murray.

Senator Demuzio.

MS. AVERY: Senator, your vote.

MEMBER DEMUZIO: I vote yes.

MR. ROATE: Thank you.

Dr. Grundy.

MEMBER GRUNDY: I vote yes.

MR. ROATE: Mr. Kaatz is absent.

Dr. Martell.

MEMBER MARTELL: I vote yes based on the testimony heard today and the staff analysis.

MR. ROATE: Dr. Martell, we need you to unmute. We couldn't hear you; I'm sorry.

MEMBER MARTELL: It's a yes based on staff report and testimony.

MR. ROATE: Thank you.

Dr. Murray.

MEMBER MURRAY: I vote yes based on the staff report and testimony.

MR. ROATE: Chairwoman Savage.

CHAIRWOMAN SAVAGE: I vote yes based on the State Board staff report and the testimony heard today.

MR. ROATE: Thank you. That's 5 votes in the affirmative.

CHAIRWOMAN SAVAGE: The application is approved. Thank you.

MR. MORADO: Thank you so much members of the Board.

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CHAIRWOMAN SAVAGE: So next on our agenda is Project I-02, Project 19-027, Midway Dialysis, Chicago. May I have a motion to approve Project 19-027, Midway Dialysis to establish a 12-station ESRD facility.

MEMBER MARTELL: I so move.

CHAIRWOMAN SAVAGE: May I have a second. May I have a second for our motion?

Stacy has seconded motion.

Are there any outside folks people who are testifying today for the Midway Dialysis, Chicago?

(No response.)

CHAIRWOMAN SAVAGE: Okay. That seems to be a no.

MS. FRIEDMAN: This is Kara Friedman, and we were not anticipating anyone testifying. I'm representing the applicant, and if I could just note I just texted our presenter, so she should be dialing in in just a moment.

CHAIRWOMAN SAVAGE: Okay. Mike Mitchell will be on the lookout.

MS. FRIEDMAN: We're running early, which is usually a good thing.

MR. MITCHELL: Kara, could I ask you who

the presenter is?

MS. FRIEDMAN: Sure. Dawn Thomas.

MR. MITCHELL: Okay. I have her now. We're connected.

MS. FRIEDMAN: Okay. Great.

CHAIRWOMAN SAVAGE: We're going to move on to Mike Constantino presenting our State Board staff report.

MR. CONSTANTINO: The Applicants are asking the State Board to approve a 12-station ESRD facility in Chicago, Illinois, at a cost of $5.2 million. There is a need for 66 ESRD stations in the City of Chicago by 2022. Within the 5-mile GSA there are 23 ESRD facilities. Three of the 16 stations that have been in operation over two years are at target occupancy of 80 percent. Seven of the facilities with 90 stations are not operational or are in ramp-up. Utilization of the 16 facilities is 61 percent, and of the 23 facilities 55 percent. Currently there is an excess 131 stations at the 80 percent target utilization. There is a surplus of stations in this 5-mile GSA per the ratio of station to population.

CHAIRWOMAN SAVAGE: Thank you, Mike.

Okay. So, Kara, I see that Dawn is here, so if you would like to have Dawn sworn in, if you could spell your name, we'll proceed with your testimony.

MS. FRIEDMAN: Sure. Is the court reporter swearing us in? I guess I'm sworn.

CHAIRWOMAN SAVAGE: Yes, she is.

(Witness sworn.)

MS. THOMAS: Good morning everyone. My name is Dawn Thomas, and I'm the division vice president for DaVita Chicagoland region -- or division, and with me today is our CON attorney, Kara Friedman.

So the planned clinic is designed to address the need for additional clinics in this area of Chicago. As part of a collaboration with the University of Chicago Medical Center DaVita now operates clinics within the south side neighborhoods of Stony Island, Woodlawn, Kenwood, and Park Manor.

In assessing the need identified in various parts of the city, there is a need for a clinic on the south side. This clinic will address that need, and we are placing it in an area with a high

concentration of individuals that suffer from kidney disease. And as the Board is aware, in 2018 there was an executive order that was signed by the administration aimed at advancing kidney health in the United States, and obviously, DaVita supports these efforts to take steps towards holistic value-based care for our kidney patients.

As the largest provider of home dialysis in the U.S., we along with our nephrologist partners are well positioned to deliver the in-home dialysis -- or deliver in-the-home dialysis base, excuse me. We've been accelerating home growth with our investment in technologies such as home remote monitoring and a telehealth platform to make it easier for our patients to treat at home.

While the growth in our home program is four times the growth rate of our in-center treatment options, we realize our home modalities are not viable options for all patients. Some patients face situational and psychosocial barriers. Situational barriers include inadequate housing or water or inadequate family support, which are difficult or impossible to overcome even

when patients are motivated to initiate home modalities. Psychological barriers may include lack of confidence in a patient's ability to conduct dialysis at home, fear of self-cannulation, fear of a catastrophic event, quality of care at home. But even with these factors I mean, we still continue to offer home modality to patients.

Socioeconomic factors also account for the election of home modalities. The Midway geographic service area specifically is an economically disadvantaged community. It's got a pretty high minority population. There's about 21 percent African-Americans there and 54 percent Hispanic. And we looked at a recent study and saw that African-Americans are about 30 percent less likely, and Hispanic patients are about 19 percent less likely to elect a home modality than are white patients. A lot of this is due in part to a lack of a referral to a nephrologist prior to initiating dialysis, higher unemployment, higher rates of being uninsured, sometimes not having as much support, and greater likelihood of living in poorer communities with lower levels of educational attainment.

So in addition to the barriers of electing home modalities, the population of this geographic service area continues to age. While other areas on the south side have seen some outmigration, the population in the West Lawn area, the neighborhood where Midway would be located has been stable. Further, departures to the Chicago suburbs have skewed the age cohort of the midway geographic service area such that the 55-and-older age cohort, the age cohort with the highest prevalence of end-stage renal disease we've seen it increase from 2010 to 2017 by about 13 percent. So we see a continued need for in-center hemodialysis in neighborhoods like West Lawn.

Now, dialysis centers are effectively the medical home for these patients with kidney failure, and as such we are charged with renal disease population health management and use evidence-based practices to improve patient dialysis outcomes and overall health. Our patients nearly always suffer from associated disease comorbidities such as cardiovascular disease, diabetes, glucose intolerance, hypertension and lipid disorders, and we're on the front line of

managing the patients' overall well-being and the associated high costs with hospitalizations and other complication that we find with these patients.

In my role specifically overseeing all the Chicago clinics, I mean, I see how important neighborhood access to care is in getting patients to be compliant with their treatments. And as you know, treatment compliance leads to lower hospitalizations and better patient outcomes.

On the point of lowering hospitalization rates, this is a core focus for DaVita. In all of our integrated kidney care initiatives, we take a patient-centered approach to managing the unique needs of medically complex renal patients across the entire care team and continuum, and our holistic approach is built on ongoing community with patients during their treatment to address their health needs beyond dialysis. We want to treat the whole patient.

In Chicago specifically our clinical team partners with the clinic managers to develop plans for our frequently hospitalized patients to help them manage their total healthcare needs, and these initiatives and our patient compliance monitoring

have resulted in lowering hospitalizations.

So given the various barriers of election of home dialysis coupled with the aging of the Midway geographic service area population and lack of access to healthcare services, the need for in-center hemodialysis remains high in this area.

Thank you for your time today, and we respectfully ask the Board to consider the establishment of Midway Dialysis.

MS. FRIEDMAN: Thank you. We're happy to answer questions.

CHAIRWOMAN SAVAGE: Do our Board members or staff have any questions for the applicant?

MEMBER MARTELL: I don't have a question for the applicant but more so for the staff Board, and I have raised this before.

The projections in the attached data that we received seem to imply that all centers will be over 80 percent by November 31st of 2022. Could that be verified?

MR. CONSTANTINO: Dr. Martell, it's a projection based upon usage rate. Within this 5-mile area, though, what we're seeing is there is an abundance of stations.

CHAIRWOMAN SAVAGE: Any further questions or comments?

(No response.)

CHAIRWOMAN SAVAGE: Okay. George, if you could please call the roll.

MR. ROATE: Thank you, Madam Chair. Motion made by Dr. Martell, seconded by Dr. Grundy.

Dr. Grundy.

(No response.)

MR. ROATE: Dr. Martell.

MEMBER MARTELL: Again, no based on the staff report and the ongoing overcapacity in that system in that region.

MR. ROATE: Thank you.

Dr. Murray.

MEMBER MURRAY: I vote no based on the staff report.

MR. ROATE: Thank you.

Senator Demuzio.

(Audio interruption.)

MR. ROATE: Thank you.

Dr. Grundy.

MEMBER GRUNDY: I vote no based on the staff report.

MR. ROATE: Chairwoman Savage.

CHAIRWOMAN SAVAGE: I vote no based on the State Board staff report.

MR. ROATE: Thank you.

That's 5 votes in the negative.

CHAIRWOMAN SAVAGE: Application for this permit has been denied. Thank you.

We're going to take approximately a five-minute break, and we'll be right back at about 10:55 or so.

(Recess taken, 10:51 a.m. to 11:04 a.m.)

CHAIRWOMAN SAVAGE: Thank you everyone. We're going to go into executive session. So our Board members and ex-officio members, if you can check your State email, there's going to be a new link sent for that, not the one that was already sent.

And then we're going to, for everyone else, come back in session at about 1:00 after lunch. So if you want to go ahead and get some lunch, that would be great.

(At 11:05 a.m. the Board adjourned into executive session. Open session proceedings resumed at 1:24 p.m. as follows:)

ITEMS APPROVED BY THE CHAIRWOMAN

a. #19-039 Midwest Endoscopy Center, Arlington Heights, 9-Month Permit Renewal

b. #18-018 North Suburban Pain & Spine Center, Des Plaines, Decrease Project Size, Alter Project Funding Sources

c. #19-029 Blessing Hospital ASTC, Quincy, Permit Alteration Increase Project Cost 2.97%

d. #20-005 DaVita Rogers Park Dialysis, Chicago, Establish 12-Station ESRD Facility

e. #20-015 Winchester Endoscopy, Libertyville, Discontinuation of an ASTC

f. #20-016 DaVita Illini Renal Dialysis, Champaign, Add 6 ESRD Stations

g. #20-024 Coulterville Rehabilitation and Health Care Center

h. #20-031 Mount Sinai Hospital Medical Center, Chicago, Ogden Commons I, Establish Medical Office Building

i. #20-032 Mount Sinai Hospital Medical Center, Chicago, Ogden Commons Project II, Relocate ESRD Facility

j. #20-023 Silver Cross Hospital and Medical Centers Establish a 16-bed Dedicated Observation Unit

k. #18-020 Silver Cross Hospital and Medical Centers Alteration to Permit

l. Declaratory Ruling Hope Creek Care Center Revise 2017 Patient Days Data

m. Declaratory Ruling AMITA Health Saint Joseph Hospital, Chicago Correct 2018 Surgical and Procedure Rooms

n. E-042-20 Rush Oak Park Hospital, Discontinue 36 LTC beds add 20 M/S beds

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CHAIRWOMAN SAVAGE: Hello and welcome back to our Health Facilities and Services Review Board meeting. We apologize for our technical delays and again ask for your patience as we're dealing with technical issues sometimes. So we're going back into order.

So we're now going to move on to Applications Subsequent to Initial Review. Our first one will be H-01, Project 19-022, Austin Dialysis at Loretto, Chicago.

May I have a motion to --

MEMBER MARTELL: I so move.

CHAIRWOMAN SAVAGE: Sandra, if you can renege your motion; we're going to do something else first. You're on mute.

MEMBER MARTELL: I'll renege my motion or withdraw my motion.

CHAIRWOMAN SAVAGE: One moment. We're going to have Mike Constantino speak now in just a second.

MR. CONSTANTINO: Thank you, Madam Chair. The State Board staff is asking the State Board to grant a Board deferral until the December 2020 State Board meeting so the applicants can address

the hiring of a medical director and obtaining the appropriate referrals. This project has been in our office since May of 2019, and this is the second Board deferral for this applicant.

Thank you, Madam Chair.

CHAIRWOMAN SAVAGE: Thank you. Okay. May I now entertain a motion to defer Project 19-022, Austin Dialysis at Loretto, Chicago, to establish a 12-station ESRD facility.

MEMBER MARTELL: I so move the deferral of project -- Agenda Item I-01, Project 1902 -- I'm sorry; I've got the wrong one -- 19-022 to establish the 12-station ESRD facility to December of 2020.

CHAIRWOMAN SAVAGE: And may I have a second.

MEMBER GRUNDY: I second the motion.

CHAIRWOMAN SAVAGE: Thank you.

Is there anyone present to represent the applicant?

MR. HYLAK-REINHOLTZ: This is Joe Hylak-Reinholtz, attorney for the applicant. Can you guys hear me through my phone or my computer?

CHAIRWOMAN SAVAGE: We hear you. If you can be sworn in.

Paula, can you swear him in?

(Witness sworn.)

CHAIRWOMAN SAVAGE: You can proceed.

MR. HYLAK-REINHOLTZ: Thank you. Good afternoon, Madam Chairwoman, distinguished members of the Board, Administrator Avery, and staff. My name is Joseph Hylak-Reinholtz, counsel for the applicants Austin Dialysis at Loretto Hospital, a not-for-profit community-focused safety net hospital located on Chicago's west side. Thank you for taking the time today to consider Project 19-022 that proposes the establishment of a 12-station end center hemodialysis unit in leased space inside Loretto Hospital.

The purpose today is to request a Board deferral on this project to allow the applicants a little more time to secure a replacement nephrologist or an affiliated physician practice group. Before taking questions, please allow me a few more minutes to give a brief update on the project and how we arrived at the situation my clients find themselves in today.

As Mike said, this project was originally submitted in May of 2019. When the application

was submitted, Austin and Loretto were negotiating principals of Maple Avenue Kidney Center to be the main source of referrals for the project. Nephrologists at Maple Avenue are presently taking care of the hospital's inpatient dialysis treatments.

Unfortunately, negotiations failed to result in an agreement between the parties and Loretto. However, Loretto's seeing a need in its highly African-American community for dialysis care due to a disproportionate number of diabetes and other diseases that end up in chronic kidney disease, and they decided to submit a permit application.

That application, when we first filed we took a different approach, one not traditionally seen by this Board. The application relied on hospital inpatient data instead of the more common historical numbers this Board sees in other dialysis applications, that is historical numbers from nephrologists already in practice submit such data to the relevant renal network, which is Renal Network 10. Data provided by my client instead relied on historical case load experience over the

past three years of the hospital, data which was not credited towards any specific nephrologist or nephrology practice and therefore is not data that is sent to the renal network. However, the data was certified by the hospital's primary nephrologist and represented the hospital's best effort to move forward after the negotiations with Maple Avenue ended without a compromise.

As anticipated, Maple Avenue submitted a letter of opposition to the State Board making a number of false and inaccurate claims. I will point out one thing. Maple Avenue did make a salient point that my clients took note of, that is their claim that the hospital's data included patients who already had a nephrologist, suggesting that we were overcounting our numbers.

My client was prepared to ask the State Board for consideration at the October 2019 meeting. Staff recommended that we seek a Board deferral then. We accepted that recommendation, and the project was put on hold.

Since then certain assertions made by Maple Avenue, Loretto then dove back into its numbers and eventually removed any patient data

having a nephrologist that was already being double counted. So we submitted revised need information to the State Board in January of this year.

Unfortunately, my clients had another setback. Before initial submission I asked the primary nephrologist in our present application a common threshold question that I pose is, "Do you have any issues with contracts that might pose a noncompete issue?" She said no. That ended up not being the case. She had to remove herself from the project, and we had then recontinued the search of looking for a nephrologist.

Since then my clients have renewed discussions with Maple Avenue Kidney Center. Again, unfortunately, those negotiations fell apart and did not result in an agreement. Therefore, Loretto and my other client Austin Dialysis submitted a letter to the Board indicating that we had now engaged with a physician practice affiliated with Loretto Hospital, and that practice has agreed to recruit and retain a nephrologist to serve as the medical director and also be the source of referrals.

My client also stated that it was willing to appear before the State Board at its last meeting

and ask for your approval despite not having an identified nephrologist perhaps seeking a conditional approval or conditional permit that would allow us time to obtain a nephrologist. Staff did not support that recommendation. So again, we delayed the process.

The process does continue to be a daunting task. It's hard to find a nephrologist that's not affiliated with a DaVita or Fresenius. It's a very real challenge. Therefore, I am unable to report today that we have secured a nephrologist. They are still moving forward diligently, and are not only expanding -- they're expanding their search not just from Illinois but beyond Illinois' borders, as well.

To be clear, Maple Avenue at present continues to remain a nonviable option for the applicants, but in this ongoing saga anything remains possible.

In sum, I'm here today to ask for another Board deferral and ask you to give my client a little bit more time to search for a nephrologist that can join the practice group and then bring an in-center dialysis center to a historically

medically underserved area in the city of Chicago.

If there are any questions, I'm happy to answer them.

CHAIRWOMAN SAVAGE: Do any of our State Board staff members or Board members have any questions? Did you hear me?

Oh, go ahead.

(No response.)

MEMBER MARTELL: I think that, again, based on the request for deferral, really looking to understand more about the capacity issue and the concern with the number of stations in the region and their current usage so that this is not a duplication of service.

MR. HYLAK-REINHOLTZ: Based on the current Board need data which was also the case when we submitted the application, there is still a need for extra dialysis stations in the HSA. So we're looking to fill that, as well.

Also, Loretto is on the west side of Chicago in the Austin neighborhood which is just one of the largest African-American populations in the city of Chicago, so we see -- the hospital sees quite a bit of cases of patients who are

without nephrologists and need dialysis care when they come into the hospital for other reasons.

So we did look -- when I say "we," my client Loretto looked at this data and showed that there was a number of patients who were not affiliated with nephrologists and that are receiving inpatient care over the past three years, and those numbers, if you apply the same threshold as we do with traditional cases, we could show that there's a need for a 12-station inpatient dialysis center or an in-center dialysis unit.

CHAIRWOMAN SAVAGE: Anyone with anymore questions for our applicant?

(No response.)

CHAIRWOMAN SAVAGE: Okay. Then that is -- the Board deferral is approved.

HYLAK-REINHOLTZ: Thank you.

CHAIRWOMAN SAVAGE: You'll be back at the December meeting. Thank you.

HYLAK-REINHOLTZ: Thank you.

MR. ROATE: Do we have to have a vote?

CHAIRWOMAN SAVAGE: Okay. We're going to have a vote now, George, if you could please call the roll regarding Austin Dialysis at Loretto.

MR. ROATE: Thank you, Madam chair. Motion made by Dr. Martell, seconded by Dr. Grundy.

Dr. Martell.

MEMBER MARTELL: Yes, support the deferral.

MR. ROATE: Thank you.

Dr. Murray.

MEMBER MURRAY: Yes, I support the deferral.

MR. ROATE: Thank you.

Senator Demuzio.

(No response.)

MR. ROATE: Dr. Grundy.

MEMBER GRUNDY: Yes, I support the deferral.

MR. ROATE: Thank you.

Chairwoman Savage.

CHAIRWOMAN SAVAGE: Yes, I support the deferral.

MR. ROATE: Thank you.

Senator Demuzio.

MEMBER DEMUZIO: Yes, I support the deferral.

MR. ROATE: Thank you.

That's 5 votes in favor of deferral.

CHAIRWOMAN SAVAGE: Thank you. Now the Board deferral is approved.

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CHAIRWOMAN SAVAGE: Okay. So now we're going to move on to H-02, Project 20-017, Metroeast Endoscopic Surgery Center in Fairview Heights.

May I have a motion to approve Project 20-017, the Metroeast Endoscopic Surgery Center to add orthopedic specialties.

MEMBER MARTELL: I so move.

CHAIRWOMAN SAVAGE: A second, please.

MEMBER MURRAY: Second.

MEMBER GRUNDY: I second the motion.

CHAIRWOMAN SAVAGE: There are requests from the public to offer testimony. Mike Mitchell, please proceed with our testimony people.

MR. MITCHELL: All right.

MS. AVERY: We ask that you -- please, two minutes or less so that we can stay on -- so George will be timing. Thank you.

MR. MITCHELL: All right. We have a Dr. Georgia Costello. Are you here, Dr. Costello?

DR. COSTELLO: Yes.

CHAIRWOMAN SAVAGE: Okay. Dr. Costello, if you'd like to please provide your testimony now.

DR. COSTELLO: My name is Dr. Georgia

Costello. I'm a lifelong resident of the Metroeast, and my family and I have participated civilly and civically in our region for many decades. Among other things I am the immediate past president of Southwestern Illinois College and presently serve on the board of HSHS St. Elizabeth's Hospital in O'Fallon.

I respectfully oppose the Metroeast Endoscopic Surgery Center project for three basic reasons.

First, it's a duplication of services based entirely on procedures offered at two existing HSHS hospitals, one being a critical access hospital.

Second, the proposed duplicated services will, according to the application, significantly increase patient costs with exorbitant professional fees.

And third, the resulting reduction in revenues to the existing hospitals will diminish safety net services in the area.

The project file contains opposition letters from some 75 significant people in our region. They include letters of opposition or comments

from city, county, and State elected officials, fire department, EMS and ambulance service representatives, local health departments, business leaders, physicians, and hospital executives.

Beyond the adverse impacts and staff documented deficiencies, I cannot understand what is going on with the physicians associated with this project. First, they say Dr. Ungacta will make the referrals. Then they say Dr. Bradley will. Then Dr. Bradley says he will not refer, and now I'm told he says he will. Ladies and gentlemen, something is quite out of order here. Certainly, this should present some concerns for the Review Board. I respectfully ask that this project be denied.

CHAIRWOMAN SAVAGE: Thank you. Next person.

MR. MITCHELL: Next we have Pat Schou.

MS. SCHOU: Good afternoon. I'm Pat Schou, executive director of the Illinois Critical Access Hospital Network which represents the 51 critical access hospitals across the state. We respectfully oppose the Metroeast Surgery Center project.

St. Joseph's Hospital in Highland has been a Federally designated critical access hospital

since 2004, highlighting its importance in providing safety net and other essential healthcare services. Seven years ago they built a brand-new hospital with improved patient access and state-of-the-art surgery suites to accommodate orthopedic, vascular, general surgery, and other surgical specialties.

In the past decade, 120 of America's 2000 rural hospitals closed for good. Many rural hospitals in Illinois are now under serious financial strain due to loss of population and the ongoing pandemic. Preserving rural hospitals has become a Federal and State priority.

As has been long true, the viability of rural hospitals and of access to care in rural areas depends on the sort of collaboration that St. Joseph's has provided to the physician group associated with this project, collaboration that should be preserved, not destroyed.

This project admits that it will take hundreds of outpatient orthopedic cases away from a critical access hospital. In doing so it will cause significant financial harm to the hospital and puts at risk access to emergency, inpatient, other necessary healthcare services. We

respectfully believe that there is no justification for duplicating these orthopedic services.

Thank you for the opportunity to submit my comments.

CHAIRWOMAN SAVAGE: Thank you. Next, Mike.

MR. MITCHELL: Next we have Michelle Clatfelter.

MS. CLATFELTER: Good morning. My name is Michelle Clatfelter, associate general counsel for the Hospital Sisters Health System which opposes the Metroeast Surgery Center project.

The applicant submitted two new letters into the project last Friday, well beyond the 20-day cutoff period for written comment.

CHAIRWOMAN SAVAGE: Ma'am, you're cutting in and out.

MS. CLATFELTER: The applicant submitted two new letters into the project file last Friday, well beyond the 20-day cut-off period for written comment. In the past, this Board's general counsel would have marked those letters as ex parte communications and reported them to General Assembly under Section 4.2 of the Planning Act and the State Officials and Employees Ethics Act.

The Board's Administrative Rules state that any communication that is not authorized by the public comment process is a prohibited ex parte communication. Such communications are not to be considered by the Board or form the basis for any decision.

The applicant attempts to justify these communications as a response to the Board's staff report. They are not proper responses. First, the submission was made after the statutory deadline for responding to the staff report. Second, under the Planning Act, responses must be limited to addressing factual errors in the staff report. Yet here the applicant submitted entirely new information via letters written after the staff report was posted. Some of that new information is plainly untrue.

We respectfully request that this Board defer Project No. 20-017 to determine whether the applicant's last-minute submissions should be considered at all by this Board, and if so, to allow the public and HSHS time to submit written comment on it. Alternatively, we request that the project be denied. Thank you.

CHAIRWOMAN SAVAGE: Thank you. Next speaker.

MR. LUDWIG: My name is John Ludwig, President and CEO of HSHS St. Joseph Hospital Highland. We are a small, 25-bed Critical Access Hospital in southern Illinois and oppose the Metroeast Endoscopic Surgery Center project.

The permit application states that 200 orthopedic surgeries will be redirected from our hospital to the surgery center by Dr. Felix Ungacta. When we notified your staff that Dr. Ungacta performed few surgeries at our hospital, the applicant then claimed that the referrals were really coming from Dr. Matthew Bradley.

I then called Dr. Bradley, who told me that he did not even know about this project until my call. Dr. Bradley sent me a letter stating that he had left Dr. Ungacta's medical group last May and that all relationships and referrals to any provider of that group, including Dr. Ungacta, had immediately ceased. Dr. Bradley's letter was timely included in the project file per Planning Board rules.

In spite of those rules, the applicant filed two letters last Friday, well after the legal comment period, claiming that Dr. Bradley now supports the project with 49 patient referrals. The letters include factual inaccuracies such as Dr. Ungacta's supposed generosity to our hospital via a donation, when, in fact, he never actually fulfilled his pledge.

Something strange is going on here, but one thing is certain. The applicant previously misled this Board by claiming Dr. Bradley's referrals when he did not even know about this project. They should be held accountable for that, and this project should be denied.

Thank you.

CHAIRWOMAN SAVAGE: Thank you. Next attendee.

MR. KLAY: Good afternoon. My name is Chris Klay. I am President and CEO of HSHS St. Joseph Hospital in Breese, Illinois.

I am opposed to the Metroeast Endoscopic Surgery Center project. It relies entirely on shifting outpatient orthopedic surgeries away from my rural hospital and others and will further

deplete already anemic volumes due to the impact of the COVID-19 pandemic.

We have already suffered job losses of healthcare professionals and colleagues related to the pandemic, and this project comes at the worst possible time.

Pre-COVID, our 40-bed medical-surgical unit was below 20 percent utilization, and our operating rooms were at only 35 percent capacity. There is no need whatsoever for another orthopedic surgical facility in our area.

It is especially disheartening to see one of our local surgeons, Dr. Felix Ungacta, supporting this project. My health system purchased expensive advanced robotic surgery equipment at his request and for his use. Obviously, utilization of that equipment, which is costly to maintain, could plummet if this project were approved.

We are a 52-bed rural hospital and are doing all we can to recover from, and continue providing services during, this pandemic. We are proud of our five-star rating with CMS' Hospital Compare program, which recognizes our consistent delivery of high-quality and safe patient care,

but there is only so much we can weather. We respectfully request that this Board deny Project 20-017.

Thank you.

CHAIRWOMAN SAVAGE: Thank you.

Mike, on to the next person, please.

MR. MITCHELL: Okay. We have Brian Wilson, Nancie Zobrist, and Kurt Prenzler, but I cannot identify them on our attendee list, so I'm going to go on to Dr. Donald Bassman. Dr. Bassman, are you there?

DR. LUDWIG: Dr. Bassman will be joining in just one minute. As he was listed last on the agenda, I am calling him right now.

Dr. Bassman is here.

DR. BASSMAN: I am Dr. Donald Bassman, a longtime orthopedic surgeon serving patients in the greater St. Louis and Metro East areas. I oppose the Metroeast Endoscopic Surgery Center project for three reasons. One, it adversely impacts rural hospitals. Number two, it will cause a reduction in the safety net of services in the area. And number three, it unnecessarily duplicates existing hospital services.

The most disappointing element of this project is its complete disregard for the historic collaboration between St. Joseph's Hospital-Highland, and the orthopedic physician group at the involved surgery center. At the request of these physicians, the hospital in 2015 invested $1 million on a Mako surgical robot and thereafter spent $125,000 annually for preventative maintenance. In 2019, the hospital invested another $290,000 in software upgrades for the Mako. These were significant investments for a small, 25-bed critical access hospital.

It is beyond disappointing that this physician group now wants to redirect its surgical cases to a competing facility and destroy the sort of collaboration that is so important in rural health care.

Two letters containing factual inaccuracies were filed by the applicant on Friday, well after the comment period. Contrary to Dr. Ungacta's letter, he was not the only orthopedic provider at the hospital from 2007 to 2018 -- myself and several others were there, too -- and know that St. Joseph's Hospital Breese and Highland both

hold the prestigious CMS five-star rating for outstanding quality care and commitment to patients.

Please deny this project.

CHAIRWOMAN SAVAGE: Are there any other participants to speak?

MR. MITCHELL: That is all that I can identify.

CHAIRWOMAN SAVAGE: Okay. Thank you, Mike.

Okay, Mike Constantino, could you please present the State Board staff report.

MR. CONSTANTINO: Thank you, Madam Chair. The applicants are asking the State Board to approve --

MEMBER MURRAY: Mike, it's cutting out.

MR. CONSTANTINO: -- the addition or orthopedic surgery services to its current ASTC center located in Fairview Heights, Illinois. The reported project costs are approximately $180,000. The expected completion date is March 31st, 2021.

No public hearing was requested. We did receive a number of support letters and opposition letters on this project. We also received three comments on the State Board staff report all concerning the referrals from Dr. Ungacta and

Dr. Bradley.

The first letter is from HSHS that owns St. Joseph Hospital in Highland, critical access hospital affected by this proposal. That letter concerned the historical referrals of Dr. Ungacta. Those historical referrals from HSHS St. Joseph Hospital in Highland that were provided were actually patients of Dr. Bradley and not Dr. Ungacta. To our understanding, Dr. Ungacta did not perform any surgeries for the period of time covered by the letter submitted by the applicants.

On May 29th, 2020, Dr. Bradley resigned from his position with Dr. Ungacta's practice. To date we have not received a referral letter from Dr. Ungacta that meets the requirements of the State Board.

As mentioned in the public comments, on Friday we received a referral letter from Dr. Bradley, and it was put on the State Board website as is our practice. That letter stated that Dr. Bradley performed surgery on 49 Illinois patients in the past 12 months to a surgery center in St. Louis, and now of those 49 historical referrals Dr. Bradley predicts that he will be

able to refer 49 patients to Metroeast Endoscopic Surgery Center.

The third letter we received was from Dr. Ungacta providing an overview of the history of Midwest Bone and Joint surgery and the plans for the future, as well as the statement that he performs 200 to 250 surgeries per year and the hiring of additional surgeons in his practice. As I mentioned, this letter from Dr. Ungacta does not meet any of the requirements of the State Board for a referral letter.

We did have findings related to this project. None of the referrals we reviewed provide services to any patient within the 17-mile GSA or the geographic service area. The applicant was unable to meet one of the four conditions required by service accessibility and planning. There appears to be averages in capacity in the 17-mile GSA that can accommodate the workload identified with this application. Additionally, the proposed referrals to the surgery center from HSHS St. Joseph Hospital Highland will reduce the hours at the hospital surgery department by 23 percent.

Thank you, Madam Chair.

MS. AVERY: Madam Chair, it's my understanding that we may have three more people for public comment.

Kara, can you hear us and if you can --

MS. FRIEDMAN: I can just barely hear you, Courtney, but I hear you announcing that we have three supporters that are on.

MS. AVERY: Public comment --

MS. FRIEDMAN: I'm sorry, Courtney, I can't hear you.

CHAIRWOMAN SAVAGE: Kara, can you hear me?

MS. FRIEDMAN: I can.

CHAIRWOMAN SAVAGE: Okay. So she said who are the three participants, and who is the presenter, and who is the participants that -- you know, just for testimony.

MS. FRIEDMAN: Sure. So the three supporters are Matthew Greenberg, Felix Ungacta, and Matthew Bradley, and then the presenters and Mark Freeland and myself.

CHAIRWOMAN SAVAGE: Okay. Thank you. One second.

MS. FRIEDMAN: And I'm sorry for any confusion, but we did submit their information

before the deadline yesterday.

CHAIRWOMAN SAVAGE: So, Mike Mitchell, can you facilitate those other three that were originally on the list of participants, and then we'll move to Kara Friedman's list of three people she said.

MR. MITCHELL: All right. Just one moment.

Do we have Brian Wilson?

MR. WILSON: Yes.

MR. MITCHELL: Okay. Go ahead, sir.

MS. FRIEDMAN: Can I just have one moment, please? That is not one of the three people I mentioned, just as note.

CHAIRWOMAN SAVAGE: No, Kara, we're going to the three people who originally said they wanted to testify, and then we'll move to your three people after that.

I'm sorry. Please go ahead and proceed.

MR. WILSON: My name is Brian Wilson. I serve as emergency services chief for the City of Highland. In that role, I manage the Fire and EMS Department. I appear in strong opposition to the Metroeast Surgery Center project. As Dr. Georgia Costello noted --

CHAIRWOMAN SAVAGE: Sir, I'm sorry; whoever is speaking right now, could you stop for one second. We have a lot of feedback going on.

MS. AVERY: Are you in a room with multiple devices?

MR. WILSON: Yes.

MS. AVERY: You're going to have to spread out.

CHAIRWOMAN SAVAGE: Because we can't really understand what you're saying.

Perfect. Okay. Now go ahead and try again.

What was his name, Brian something? Brian Wilson?

MR. MITCHELL: I think we have lost the connection to Dr. Ludwig now. I think they may have hung it up.

CHAIRWOMAN SAVAGE: Okay. Can we move to one of the other people and maybe he'll come back on?

MR. MITCHELL: My information was all three of those people were with Dr. Ludwig. I don't have those other individuals listed on my list, so I'm afraid we may have lost them all.

CHAIRWOMAN SAVAGE: Okay. Let's move on to Kara's people then.

MR. MITCHELL: Okay. We have Dr. Felix Ungacta. However, his connection is such that I cannot unmute him. At this time it's not allowing me to do that, so I'm going to move on to Dr. Matthew Bradley.

Dr. Bradley.

DR. BRADLEY: Yes. Can you guys hear me?

MR. MITCHELL: Yes, we hear you, sir.

DR. BRADLEY: Excellent. Thank you.

Thank you, Madam Chair. As I said, my name is Dr. Matthew Bradley and I'm a board-certified orthopedic surgeon. I was previously Dr. Ungacta's partner, and during COVID I moved my practice closer to my home. I do live in Columbia, Illinois. I currently work with the affiliated medical practice here in Illinois as well as in the St. Louis area where I see patients from both St. Louis as well as the Metroeast region which now has a population in excess of 700,000. This is an increase of about 100,000 patients over the last 10 years.

Orthopedic -- access to orthopedic surgical

care at freestanding surgical centers in the Metroeast area is always very difficult. In fact, the last remaining surgery center in the area recently closed, that being the one in Waterloo.

With the growing population it's now become imperative that we be able to provide these safe alternatives to our patients. Last year only about 400 orthopedic cases were performed at ambulatory surgery centers, which is less than 10 percent of all outpatient surgeries performed in the area. Nationally you see about 50 percent of outpatient orthopedic cases being performed at ambulatory surgery care centers.

The disparity is a great disservice to the local residents of Illinois. As it stands, my Illinois patients have to arrange transportation to go to a Missouri surgery center of their choosing, which provides an increased cost.

Additionally, Missouri providers don't typically accept Illinois Medicaid patients and their various programs. The applicant and the surgery center has enrolled all Illinois Medicaid plans and very actively accepts all Medicaid patients despite no legal obligation to do so.

There's no specific volume requirements for you to consider to approve the proposal, but I did submit to you my 49 cases on Illinois patients I have done.

Off the cuff I can tell you living in Columbia, Illinois, and seeing these patients over the last four or five months since I moved my practice, COVID has changed my practice significantly. Patients are very afraid to even come into the clinic to see me and even more afraid to go to the hospitals. I've got patients that absolutely will refuse to have surgeries and seek medical care in the hospital environment over the fear of COVID. I don't see this fear ceasing anytime soon, and these patients are now not having the care they need, often becoming wheelchair-bound, homebound and not leaving their homes due to their fear of getting surgery at facilities that are treating COVID.

Ambulatory surgery centers have the advantage of being able to screen patients and not have to accept patients with COVID, unlike hospitals. Our screening techniques are very, very rigid and provide a very safe environment, a comfortable

environment for my patients.

I ask that you please consider approving this application to allow me to perform orthopedic surgery at a safe outpatient environment for my patients.

Thank you, Madam Chair. Appreciate your time.

MS. FRIEDMAN: I have Dr. Ungacta on my line here.

Dr. Ungacta, you may need to move away from your computer to get away from the feedback, but I think this is the best we can do. I think we can hear you. Can you test it?

DR. UNGACTA: Testing. Can you guys hear me?

MS. FRIEDMAN: Okay. They can hear you.

DR. UNGACTA: Great. Good afternoon. This is Dr. Felix Ungacta. Thank you, Madam Chair and Board members for having me today.

I represent the 12,000 patients that I have treated over the past 13 years and these patients count on me to bring them to a safe place and a place that's appropriate for their outpatient surgery. I'm a board-certified Illinois licensed

orthopedic surgeon practicing in the Metroeast region, and my practice covers the communities north of Highland south, east, and west, even into St. Louis.

I started my practice in Highland in 2007. Since 2007 St. Joseph's Hospital has been my primary practice location. So in 2013 when they requested financial support for constructing a new hospital, my wife and I made a $100,000 donation to the hospital. For that the surgery center, thanks to Dr. Felix Ungacta and Mrs. Ungacta the surgery center and the Ungacta Conference Center has been established for a $100,000 support.

Since the new hospital opened in 2013, I have continued to support them and have been the only dedicated full-time orthopedic provider in the community. The Highland Hospital has provided an exceptional level of care in my 13 years of practicing there, and I've never had a single lawsuit since practicing in Highland and since my practice started in 2001.

Fast forward to today. My practice is actively recruiting a third and a fourth orthopedic surgeon after signing on Dr. Robert Leff from Ohio

who will be starting my practice in October with my group next month and also Lieutenant Colonel Ryan Sieg potentially starting next spring who is a Mako robotic expert.

Over the recent years as healthcare shifted from inpatient to outpatient so did my practice. Currently more than 90 percent of my surgical cases are outpatient. Today we send total knee and total hip patients home the same day, the day of surgery. That was not the case even a year ago. So to me the question today for the committee is where is it most appropriate to perform outpatient surgical procedures. I think the answer is obvious.

I have gone on record supporting the proposal with a referral commitment. The reason being in today's environment this is an appropriate setting to perform a wide variety of surgeries that I currently perform. With the advent of COVID-19, the reasons to have this option available is critical.

In general, I perform about 200 to 250 cases per year. With the addition of additional surgeons to my practice, the estimated number of cases is

750 cases per year. Again, 90 percent of these cases can be performed in an outpatient setting.

I am seeking out freestanding outpatient surgical facilities as a safer alternative and a lower cost setting for my patients. As a surgeon, it is my responsibility to be my patients' number one advocate, and that's what I'm doing here today.

I understand thoroughly the opposition's business case. That's understood. But my support for the project extends beyond business assumptions. I have no business or financial arrangement with the center. I'm here today for my patients. I've never owned or operated a surgery center, an imaging center, or even physical therapy, just my primary orthopedic practice.

I brought to Highland four years ago technology far advanced of even Barnes-Jewish Hospital; they haven't started; they start it in 2021. So this is something I brought to the community. I spearheaded this effort, and I will continue using the robot if I'm able to.

I support the expansion of this Metroeast Endoscopic Surgery Center for cases that are

appropriate, and with orthopedic surgery, 90 percent of cases are performed in an outpatient surgery setting. I hope one day that HSHS will establish an outpatient surgery center because it's appropriate, and it's critical that we have a place for patients to go that would decrease the probability of them contracting viruses such as COVID-19.

I want to thank you for your time, and I speak on behalf of my 12,000 patients that I currently treat still in Highland, Illinois. Thank you very much, Madam Chair and Board members.

CHAIRWOMAN SAVAGE: Thank you.

Do you have your other person, Kara?

MS. FRIEDMAN: Mike Mitchell is that person able to join by computer?

MR. MITCHELL: Yes. I believe we have Matthew Greenberg.

MR. GREENBERG: Yes. Can you hear me?

CHAIRWOMAN SAVAGE: Yes.

MR. GREENBERG: Perfect.

Hello everyone. My name is Matthew Greenberg, and I fully support the addition of orthopedic services at Metroeast Surgery Center,

Project 20-17.

I left my job due to COVID and so currently have insurance under the State's Medicaid plan. 12.9 million of the state's residents are enrolled in the Medicaid program, and over 125,000 of them are enrolled in the planning area where this surgery center is located.

You're witness today to intimidation and manipulation by a more than $2 billion, quote, "nonprofit," closed quote, healthcare system which supposedly is a safety net provider. It is here today on that pretense that it should somehow control the area healthcare market and that you should trust it to take care of people in this region. But fact is, if you were a Medicaid enrollee or uninsured, it is going to be impossible for you to get access to anything short of emergency care from this Health Sisters Health System.

Unlike this bullying health system, the applicant, which is merely requesting to add certain doctors to its medical staff in a lower cost setting, openly accepts Medicaid, and its payor mix is similar to the planning area's

patient population. The pricing of the surgery center helps not just individual patients but this state, as well, for the lower cost that it expands for every Medicaid case done in the ASC.

I have some extremely serious medical conditions myself that I'm dealing with, and I am exceedingly frustrated by my inability to get services from nonprofit health systems. I spend hours a day bouncing from one staff person to the next. I get something scheduled only to get a call back before I get to the appointment telling me that, in fact, they will not accept my insurance for the visit.

Hospital Sisters has a large group of employed physicians throughout the area it serves in Illinois, yet they do not accept most of the Medicaid managed care plans. Of the four plans offered in the Metroeast region, Hospital Sisters Medical Group only accepts one. That does not get people hurt by the economy and otherwise underserved the care they need. The proposal today will help fill that void. Please approve Metroeast Endoscopic Surgery Center's proposal today.

CHAIRWOMAN SAVAGE: Thank you.

MR. MITCHELL: Okay. I believe we have our other commenters again now. Just a moment. Let me try them.

Is Brian Wilson there?

MR. WILSON: Yes, I am. Can you hear me now?

CHAIRWOMAN SAVAGE: We can.

MR. WILSON: My name is Brian Wilson. I serve as the emergency services chief for the City of Highland. In that role I manage the fire and EMS department. I appear in strong opposition to the Metroeast Surgery Center project.

As Dr. Georgia Costello noted, there is a wide ranging opposition throughout our community and region from elected officials, to local health departments, to business leaders, to physicians and hospital executives. Fire, EMS, and ambulance service representatives, of which I am one example, have likewise registered their opposition.

I know the critical importance of having a local hospital with a 24/7/365 emergency department. It can literally make the difference of life or death. The redirection of 200 outpatient surgeries per year from our 25-bed critical access hospital

will unavoidably result in-service cuts and possibly impact the emergency department.

St. Joseph's Hospital Highland has been a part of our community since 1878. In that 140-year history, no challenge has been greater than the current COVID-19 pandemic. To further financially challenge our hospital at this precarious time would be wrong on many levels. To even consider approving this application which is inconsistent regarding patient referrals, allowing no opportunity to correct last-minute misstates by the applicant would violate procedural rules and be unfair. I respectfully urge denial. Thank you.

CHAIRWOMAN SAVAGE: Thank you.

MR. MITCHELL: All right. Next we have Nancy Zobrist. Nancy, are you there?

MS. ZOBRIST: Yes, I am here.

I am Nancy Zobrist, executive director of the Highland Chamber of Commerce. We join the many other organizations and leaders throughout our region in opposing the Metroeast Endoscopic Surgery Center project.

The application relies entirely on the redirection of existing outpatient orthopedic

procedures performed at two rural hospitals, which certainly must represent the very definition of unnecessary duplication of services. The adverse consequences for our community and its Federally designated critical access hospital would be substantial and irreversible.

As a necessary but nonetheless unfortunate consequence of the COVID-19 pandemic, State officials curtailed all elective hospital procedures. That hit our local hospital hard. Now is a particularly bad time to add to the financial challenges facing rural hospitals.

Our residents and businesses depend upon the continued viability of Highland's St. Joseph's Hospital. We are justifiably proud of both the effected rural hospitals. Each holds the prestigious five-star rating from CMS, something fewer than 10 percent of all hospitals achieve. They are high quality and worthy of preservation.

The CON applicant has benefited from a generous partnership with our small critical access hospital in the form of robotic surgery equipment purchased and maintained by the hospital at the specific request of the involved surgery

center practice group. Such collaboration is critical to the success of rural healthcare and should be protected rather than discarded.

Our local chamber respectfully urges denial of this project. Thank you.

CHAIRWOMAN SAVAGE: Thank you.

MR. MITCHELL: Our last commenter is Kurt Prenzler. Are you there, Mr. Prenzler?

MR. PRENZLER: Yes, I am.

Good afternoon. My name is Kurt Prenzler. I serve as chairman of the Madison County Board and appear before you in opposition to the Metroeast Surgery Center project. I am one of many elected officials referenced by Georgia Costello who opposed this project.

My letter to the Review Board details six reasons for my opposition. I echo the grounds for opposition expressed and timely submitted by State Representative Charlie Meier, the mayors of Highland and Breese, the chairman of the Clinton County Board, local public health departments, area EMS providers, and other local officials.

In my submitted letter I discussed a balancing of interests. The certificate of need

applicant offers as his sole justification to this project a supposed cost savings for patients. Yet no such savings are documented, and the record even reflects cost increases.

Balanced against this illusory benefit are many significant adverse impacts. They include an unnecessary duplication of services, negative impact on safety net services by a Federally designated critical access hospital, added financial pressures to rural hospitals already suffering from the COVID-19 pandemic and State orders to curtail elective procedures, and a disregard of the positive history of collaboration by the affected hospitals with the applicant.

I believe that the interests of one entrepreneur should not prevail over those of entire communities. I believe that applicants should be held accountable for untruthful submissions and that rules should be followed. I respectfully suggest that this project warrants denial. Thank you.

CHAIRWOMAN SAVAGE: Thank you. I believe that's all for public participation. So now, if you'd like to go ahead, Kara. If there's somebody

else presenting with you that needs to be sworn in, go ahead, Paula.

MS. FRIEDMAN: Yes, Doctor -- Mark Freeland is on the line, and I'm not sure if he can show his video, but he should be here.

THE COURT REPORTER: Are you there, Mr. Freeland?

MR. MITCHELL: Yes, we have him on the line.

THE COURT REPORTER: I'll just need him to raise his right hand and be sworn. Are you doing so?

MS. FRIEDMAN: Can we just make sure he's there?

Mark, can you say hello?

(No response.)

MS. FRIEDMAN: Just a moment, please. Because I thought he was on the line.

And you say -- Mike Mitchell, you said that you think he is on the line? Mike is muted now, too.

MR. MITCHELL: Oh, sorry. He should be unmuted, yes.

MS. FRIEDMAN: Okay. Maybe he's muted his own line.

Mark Freeland, can you hear me? I may

have to do the same thing that I just did with a supporter. Let me see if I can just get him on the line.

(An off-the-record discussion was held.)

(Witness sworn.)

MR. FRIEDMAN: Okay. I think Mark Freeland would like to begin the presentation, and then I'll have some comments, as well.

MR. FREELAND: All right. Well, good afternoon. Thank you, Madam Chair and Board for allowing me to speak this afternoon. Again, my name is Mark Freeland. I was formerly executive director of the Southern Illinois Regional Wellness Center, which is a Federally qualified health center located in East St. Louis and Washington Park, Illinois. Currently my job is as an assistant administrator primarily working with credentialing and billing for the surgery center, and I'm here today to request permission for the center to credential orthopedic surgeons and begin providing those services.

As you all likely know, a freestanding ambulatory surgery center provides the same high-quality surgical care as hospitals but in a more

convenient setting at a fraction of the cost, and for many members of our community this center is the only option for receiving this convenient care. We serve nearly 1,000 Medicaid patients every year, and it would be great to see this number grow even larger with the addition of orthopedic surgery.

I want to thank our community for the outpouring of support we received for our plans to have orthopedic surgeons at our center. Over a dozen letters were submitted to this Board, including from State Representatives Jay Hoffman, District 113, and LaToya Greenwood of District 114.

Now, these supporters identified many of the access problems for residents of the Metroeast area, including rising healthcare costs and financial ruin experienced by people who get huge surprise medical bills from hospitals. As some of you may know, a former Board member publicized his own medical bankruptcy. And this is not a hypothetical issue, and despite what some want you to think, hospitals are not a panacea for the medical needs of low-income families.

To provide you some background, in 2013 the

Board approved the establishment of our surgery center in Fairview Heights, which is adjacent to Belleville. If you're unfamiliar, this is the area just across the river from St. Louis. Our center was approved by this Board and has provided and continue to provide high-quality low-cost surgical options for the elderly and the less affluent members of our community.

At that time we came before this Board and committed to serving as a safety net provider for our community. I'm proud to say that our accredited surgery center has lived up to that commitment and is the largest provider of Medicaid ambulatory surgical treatment services for the entire planning area, which includes Clinton, Madison, and St. Clair Counties. This creates meaningful savings for government payors and particularly the State of Illinois, but during the last four years more than a quarter of our patients have been Medicaid beneficiaries compared to 7.6 percent of the entire planning area and 4.2 percent statewide. In fact, over 60 percent of Medicaid beneficiaries treated at a surgery center at Health Service Area 11 were served by our small surgery center.

Following our initial focus on colorectal cancer screening and other GI services, we have since expanded our focus to add other surgical specialties with the unanimous approval of this Board.

When you approve this request, it will help us fill the local void left by the relocation of St. Elizabeth Hospital from the more urban and impoverished Belleville to the more affluent community of O'Fallon.

You'll also hear from a rehab provider applicant later today because of lack of resources in this part of Illinois patients often must travel to Missouri for simple elective lower cost surgical procedures and other relatively basic care. Unfortunately, this is not an option for Medicaid patients, as most of Missouri surgery centers do not contract with Illinois Medicaid managed care plans. We contract with all Medicare plans in St. Clair County. Expanding our medical staff will be a meaningful contribution to healthcare access for all of our area residents.

The Medicare Payment Advisory Commission, also known as MedPAC, advises Congress on reimbursement issues relative to Federal healthcare

reimbursement policy. According to its most recent 2019 report to Congress, providing Medicare beneficiaries access to freestanding surgery centers is beneficial because services provided at an ASC setting are, and I quote, "Less costly to Medicare and beneficiaries than service delivered at hospital outpatient departments. Medicare payment rates for surgical procedures performed in hospital outpatient departments are almost twice as high as an ASC," unquote.

Providing a lower cost alternative is even more important in these days of reduced access to affordable employer-based health insurance. With our region seeing historically high unemployment rates, many people, if insured at all, now have a $5,000 or more deductible regardless of their income level. With this benefit structure, unless a patient experiences a catastrophic illness, their insurance benefits are generally irrelevant.

Further, according to the Census Bureau data, 15 percent of area residents live at or below the Federal poverty limit. This is why MESC treats so many Medicaid patients. In hospitals about 20 percent of patients undergoing surgery

receive a surprise medical bill sometimes as much as $100,000. We do not engage in the practice of surprise medical billing and advertise our rates for people paying out of pocket in advance. We also never send a patient's unpaid bill for collections.

Through my involvement with the Federally qualified health clinic I've seen firsthand the impact a large and sometimes unexpected healthcare bill can have on patients and their families. How many GoFundMe campaigns have you all seen to cover extraordinary medical expenses? Unless and until there are affordable health insurance options, the communities we serve deserve a lower cost option.

As previously noted, we have historically treated 60 percent of Medicaid beneficiaries receiving ASC services in our planning area, but we also offer our uninsured patients a global fee or free care if they cannot afford it. We readily accept free clinical referrals, and we stand behind our commitment to continuing our practices as a safety net provider and upon adding this service will increase access for the underserved. We've been a safety net provider since we opened

our doors six years ago. That is a documented track record that you can count on. With this in mind I urge you to approve this proposal to add orthopedic surgery in our center.

Prior to January 1st, 2018, the addition of a surgical specialty was never regulated by this Board. For decades specialty ASC's can offer additional surgical specialties whenever warranted in the way hospitals currently can without seeking regularity approval. Since additional regulations became effective in 2018 this Board has approved several CON permits to add specialties at ASCs without a single denial. This 100 percent approval rate reflects the fact that adding a surgical specialty improves patient access and increases utilization of existing healthcare resources all for a relatively small cost. In this case the permit would allow for an expenditure of up to $180,000 on surgical equipment.

Given that this Board has thus far approved all permit requests and a surgical specialty, I would not expect this project to be received any differently, particularly since MESC is an

important safety net provider region, and many of the private surgery centers that have received permits to add specialties do not participate in the safety net as we do.

We're very proud of what we do for our community and our patients. I ask that you approve this application so we can provide a high-quality low-cost option for our patients in orthopedic closer to home for Metroeast residents.

In closing, I would just like to address, several of the opposers talked about redirection of surgeons. Having worked in the Metroeast area for the last 20 years, our focus has been on primarily the areas of East St. Louis, Washington Park where a higher percentage of Medicaid patients live. So it's not necessarily a redirection; it's providing greater and more access.

Thank you for your time.

MS. FRIEDMAN: Thank you. If I could just close with a few comments, and in particular I want to make a few points about the project based on your staff report. And, again, my name is Kara Friedman, and I'm counsel for the applicant.

First, as reflected in your Board staff report, this is a nonsubstantive project, meaning that though the Planning Board has procedures to require submission of an application, this is not a matter of major consideration for this Board, as it is in outpatient service, it does not create or establish a healthcare facility or a category of service. This is an existing ambulatory surgery center with two key rooms, and there will be no physical expansion of the operations in connection with privileging this additional specialty.

You should note that this project was not opposed by Memorial Hospital which is operating in Belleville as well as in Shiloh or its affiliate BJC. Memorial Hospital in Belleville is the closest hospital location to this surgery center. As also Mr. Freeland noted, it's where St. Elizabeth, the Hospital Sisters hospital, operated before it pulled up roots there and went to the more affluent suburbs.

Hospital Sisters uses this process regularly to oppose its competitors to maintain its market dominance. Though BJC did not oppose the Hospital Sisters cancer center in 2018 after

Memorial had already developed its center, Hospital Sisters opposed the Memorial program. Hospital Sisters also opposed Memorial Hospital's establishment of inpatient services in Shiloh in 2011. Hospital Sisters opposed the prior expansion of this surgery center. And we have demonstrated our role as a safety net provider, I hope that's coming through loud and clear, in the years that this surgery center has been operating.

Plain and simple, Hospital Sisters has bullied the orthopedic physicians who wish to do cases at this ASC. As for the reference to COVID, we all know COVID has created a backlog of elective orthopedic cases and a serious imperative for having COVID-free zones in which to safely undertake procedures and other medical care.

Since it's not adding physical capacity, by its nature this proposal will not create duplication. As your staff report notes, there is no need methodology for surgical services. What we do know is that for a lower cost choice of service for residents of the Metroeast area people must cross into Missouri for outpatient surgical services to be treated in a surgery center. As

Dr. Bradley notes in his documents, he does his cases at Apollo Surgery Center in St. Louis.

So why should you approve this project? Surgery centers reduced Medicare costs by more than $4 billion each year, and this state is one of the largest, if not the largest payor at least by number of patients that it covers similar benefits by the cost savings offered by a surgery center.

In this case -- and I won't repeat the data because Mr. Freeland did a really good job of that -- this applicant, this operator is a major participant in the delivery of care to area residents enrolled in Medicaid. And on top of that, another 30 percent are Medicare patients, the other government payor.

As policy makers, you should be wary of the payment disparity between surgery centers and hospital outpatient departments that may discourage providers like Hospital Sisters from shifting services to surgery centers, and you should prioritize policies that incentivize safe migration of eligible procedures to the ASC setting to achieve maximum savings to government payors.

As your records indicate, Hospital Sisters does not operate a surgery center in the Metroeast area nor to my knowledge anywhere that it has hospitals. This is a real shame for the state, and we really need to see something change in this immediate area.

In the regulation of healthcare and other industries, there's a principle that market participants should be provided a level playing field despite certain differences in their characteristics. We do not have that level playing field here when it comes to expanding the offerings of the surgical service. The disparity in your oversight of the two types of surgical providers wasn't as meaningful in prior years, and as Mr. Freeland mentioned, previously multispecialty surgery centers like this operator could provide any service that could be safely performed in a surgery center, which is logical because a core principal of health planning is to provide access to high-quality and lower cost care in an appropriate setting.

I ask you to also take into consideration the settled law based on judicial review of

projects that have come before this Board. This Board is not charged with protecting market share or profitability of individual providers. Though, as a point of reference, the area hospital -- the company opposing this brings in over $2 billion in annual revenues. This Board is required to consider the impact of another provider only insofar as it is consistent with the public interest and with the orderly and economic development of healthcare resources.

As a sophisticated group of healthcare planners, this Board knows that encouraging the use of outpatient ambulatory surgery centers as an alternative to hospital-based care is consistent with the core tenet of health planning to reduce healthcare costs for government payors, employers, patients, and their families, and as such Planning Board rules should be generally construed to encourage the development and utilization of ambulatory surgery centers as an alternative.

We thank you for your time today and respectfully ask that you approve this project.

CHAIRWOMAN SAVAGE: Thank you.

Are there any questions from our Board

members or State Board staff?

MEMBER MURRAY: I have a question for the staff. In the report you mentioned that -- and I couldn't quite understand the sentence. It said something like "None of the criteria below," and you referred us to pages 11 through 13 or 13 through 16, something like that. What I wanted to be clear on, does everything on that page say that this application failed to meet those criteria, or is it one of those criteria?

MR. CONSTANTINO: There's currently eight ASTCs and six hospitals within the 17-mile GSA. These applicants have not identified one patient from that 17-mile GSA that they provided any service to.

MEMBER MURRAY: Okay.

MR. CONSTANTINO: Secondly, one ASTC in this 17-mile GSA has been approved to provide this surgical specialty being proposed, orthopedic surgery, by the applicant to be added. The remaining ASTs have not been approved to provide all the specialties being proposed. All these surgical specialties are available at the six hospitals within the 17-mile GSA. The service proposed to

be added by the applicant is available in that 17-mile GSA, and this project is not a cooperative venture with another hospital.

That was what's meant that they didn't meet four of the conditions required for that service accessibility.

MEMBER MURRAY: Thank you.

MS. FRIEDMAN: And if I may, I think the idea around that criteria is that they seek to have you meeting a single criteria, not necessarily all four.

I would note that I believe that that reference to services being offered at another surgery center are in Madison County, towards the north end of Madison County. This surgery center is located adjacent to Belleville which in many respects is medically underserved. So asking patients in the Belleville area to go to the northern part of the next county over, I don't think it's appropriate access to the service.

MR. CONSTANTINO: Well, the doctors who are proposing to refer patients have never identified any patient from the 17-mile GSA. There's been no documentation submitted, so

they're not serving residents of the GSA.

MS. FRIEDMAN: You heard Dr. Ungacta and Dr. Bradley today speak to their anticipated referral --

CHAIRWOMAN SAVAGE: I think Kara -- Kara's internet looks to be out right this second.

Do you have any questions, Dr. Martell?

MEMBER MARTELL: I do not.

CHAIRWOMAN SAVAGE: Kara, can you hear us? We'll give her another minute to try and get her internet back.

Kara, are you back with us? Her triangle went away.

Kara, we can hear you, so if you want to try and continue speaking even though we can't see your video.

MS. FRIEDMAN: Sorry; I don't know what happened there.

CHAIRWOMAN SAVAGE: It's just technology. It's fine.

MS. FRIEDMAN: So I'm not exactly sure where I dropped off. I think the primary question here that I think people are struggling with is whether or not orthopedic care is available in the

immediate area of Fairview Heights and Belleville, the adjacent town. And I don't think there's any question that there are no orthopedic surgical services there. The two physicians testified before you today and discussed where they're doing their cases and what they expect to do.

There's no minimum threshold of, you know, you need to do 250 orthopedic cases to justify this program because the operating rooms already exist. We're not trying to build a volume in order to demonstrate that we should build a surgery center or that we should build operating rooms. We're merely trying to credential physicians to an existing surgery center. So if they had five cases and wanted to come and have some block time, there's no criteria that would say that that's inadequate. These physicians have presented before you today that they intend to use the surgery center.

CHAIRWOMAN SAVAGE: Thank you.

Do we have any other questions or comments?

(No response.)

CHAIRWOMAN SAVAGE: Okay. Hearing none,

we would like to then go ahead and proceed with our roll call, George.

MR. ROATE: Thank you, Madam Chair. Motion made by Dr. Martell, seconded by Dr. Murray.

Senator Demuzio.

(No response.)

MR. ROATE: I'll skip over.

Dr. Martell.

MS. FRIEDMAN: Can you please repeat any votes you hear? Because I can't hear any of them.

CHAIRWOMAN SAVAGE: Sure.

MS. AVERY: Senator Demuzio.

MEMBER DEMUZIO: (Inaudible.)

THE COURT REPORTER: I didn't hear it.

MR. ROATE: Thank you.

THE COURT REPORTER: I didn't hear that vote.

MR. ROATE: Dr. Martell.

MEMBER MARTELL: No, based on the staff report and testimony provided today.

MR. ROATE: Thank you.

CHAIRWOMAN SAVAGE: Hold on. Senator Demuzio did respond. She voted no.

MR. ROATE: Dr. Murray.

MEMBER MARTELL: Based on the staff

report, no.

MR. ROATE: Thank you.

Dr. Grundy.

MEMBER GRUNDY: Based on the staff report, I'll vote no.

MR. ROATE: Thank you.

Chairwoman Savage.

CHAIRWOMAN SAVAGE: I vote no based on the staff report.

MR. ROATE: That's 5 votes in the negative.

CHAIRWOMAN SAVAGE: So the application permit has been denied. Thank you -- oh, intent to deny; my apologies. The application for the intent to deny is approved. One moment.

(An off-the-record discussion was held.)

CHAIRWOMAN SAVAGE: So the applicant has received an intent to deny, and you'll be hearing from our State Board staff in the near future. Thank you.

I would like to have a five-minute break. So if everybody can come back in five minutes.

(Recess taken, 2:43 p.m. to 2:54 p.m.)

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CHAIRWOMAN SAVAGE: Next on the agenda is Project 20-029, Birth Center of Chicago in Chicago.

May I have a motion to approve Project 20-029, Birth Center of Chicago to establish a two-bed freestanding birth center, a motion to approve.

MEMBER MURRAY: So moved.

CHAIRWOMAN SAVAGE: Thank you, Dr. Murray.

A second.

MEMBER GRUNDY: I second the motion.

CHAIRWOMAN SAVAGE: Thank you, Dr. Grundy.

Is there anyone here to present to represent the applicant? Oh, I'm sorry, one second. I'm looking at the wrong thing. Apparently, there are requests from the public to offer testimony. So if Mike Mitchell you would please proceed with whomever those folks are.

MR. MITCHELL: Okay. Our first commenter is Robin Ross. Are you there? Robin Ross, are you there?

MS. ROSS: Yes.

MR. MITCHELL: Proceed.

MS. ROSS: Yes. Hi, my name Robin Ross,

and I am a birth doula and childbirth educator for the last 12 years. I service the Chicagoland area, and I'm also mother of three children. Two children I birthed in a nearby hospital, and the last one I birthed at home.

In my 12 years' experience as a doula, I have supported well over 800 families in their labors and births and hundreds more in the education process in and around the Chicagoland area. In my own personal experience with birth and in being part of the birth experience of hundreds of families around the Chicagoland area, birthing options are a necessity especially for the city of Chicago where we have very limited resources in terms of other options outside of hospital options or home birth options.

Families want choices, as did I, and I did not have the option of a birth center. Many do not feel comfortable doing a home birth or a hospital birth. Therefore, the option of a freestanding birth center brings the best of both worlds especially during a pandemic when so many families are now more reluctant to go to a hospital where they need to enter either through

the ER or main entrance in which sick patients may also be entering through. Having safe birthing options such as a freestanding birth center in the city of Chicago provides a valuable option to low-risk families in Chicago to safely and comfortably birth their babies.

CHAIRWOMAN SAVAGE: Thank you.

Next person, Mike.

MR. MITCHELL: We have Carrie Stewart and Heather McCullough signed up, but I do not see them on my attendee list, so I'm going to go to Claire Zawa next. Are you there?

MS. ZAWA: Yes, I am here. Thank you.

Yes, I am Claire Zawa. I'm a certified labor support doula, a postpartum doula, a mindfulness-based childbirth and parenting educator, and I'm also the care manager with Birthways. On behalf of myself and of Birthways, which has been caring for expectant and new families since 1997 in the Chicago area, we are speaking as a proponent of the project to establish a freestanding birth center in the city of Chicago. I will keep my remarks brief, but I'm happy to provide more information if anyone would like.

Maternal and infant mortality and morbidity rates continue to rise in the city of Chicago, in our state, and in our country despite the raising cost to the healthcare system. Establishing a freestanding birth center would increase access to high-quality patient-centered care, which has been shown to improve all measures of care and outcomes and decrease the cost to the system.

Midwives are trained to assess risk, and if a risk arises in pregnancy or birth, they will refer out to an obstetrician or other specialist. The birth center has already established a transfer location relationship with Illinois Advocate Masonic, ensuring that they have their patients' health and well-being as the top priority for their care.

The vast majority of pregnancies and births are low risk. These are biologically normal life events. Self-experience and statistically measured outcomes are improved when the laboring person feels heard and respected by their healthcare provider, when the birth location feels physically and emotionally safe. And when they are an active participant in their care. These

all point to how imperative choice is when it comes to our healthcare in general but to pregnancy, birth, and postpartum care in particular. A hospital-based birth or a home birth are not necessarily appropriate or wanted by every pregnant person, and a freestanding birth center provides a safe and supportive alternative. The provider and birth location will determine what options are available to an individual.

I support this project for the health and well-being of all pregnant individuals, their families, and our communities. Thank you.

CHAIRWOMAN SAVAGE: Thank you.

Mike, did you get ahold of any of the -- see that Carrie or Heather were on? Mike Mitchell?

MR. MITCHELL: No. No, they are not. I don't see them on my list of attendees.

CHAIRWOMAN SAVAGE: Okay. Are one of the call-ins Carrie Stewart or Heather McCullough?

(No response.)

CHAIRWOMAN SAVAGE: Mike Mitchell, could you unmute everybody for one moment, and we can see then if Carrie Stewart and Heather McCullough are on?

MR. MITCHELL: Hang on and I will try to do that.

CHAIRWOMAN SAVAGE: Thank you.

(Audio disruption.)

CHAIRWOMAN SAVAGE: So is there anyone present to represent the applicant for Birth Center of Chicago?

Is there a Laura Wiegan?

MR. MITCHELL: I don't have her listed as an attendee.

CHAIRWOMAN SAVAGE: Okay. Mike Mitchell, can you go ahead and unmute again and ask for this -- or maybe Mike Constantino can ask for her.

(Audio disruption.)

CHAIRWOMAN SAVAGE: We'll put them on hold and move on to our next applicant.

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CHAIRWOMAN SAVAGE: H-05, Project 20-030, Effingham Medical Office Building in Effingham.

May I have a motion to approve Project 20-030, Effingham Medical Building to establish a medical office building.

MEMBER GRUNDY: So moved.

CHAIRWOMAN SAVAGE: Thank you, Dr. Grundy.

A second, please.

MEMBER MARTELL: Second.

CHAIRWOMAN SAVAGE: Thank you, Dr. Martell.

There are members from the public to offer testimony. Mike Mitchell, please proceed.

Oh, and we really need to stick to the two-minute rule, which George will let them know if you're heading that way.

Go ahead, Mike.

MR. MITCHELL: Okay. The first commenter we have is Senator Dale Righter. Senator Righter, are you there?

SENATOR RIGHTER: I am. Can you see me and hear me?

MR. MITCHELL: We can hear you.

CHAIRWOMAN SAVAGE: We can hear you.

SENATOR RIGHTER: Give us just a second

and we will get the video turned on. Can you unmute Kim Uphoff and allow video?

CHAIRWOMAN SAVAGE: He wants video.

SENATOR RIGHTER: Okay. Can you hear me okay?

CHAIRWOMAN SAVAGE: We can. Please proceed.

SENATOR RIGHTER: Thank you very much. Greetings to the Board members who are part of the conference. My name is Dale Righter. I'm the State senator for the 55th District of Illinois, and I appreciate this opportunity to speak in support of the proposed new medical office structure by Sarah Bush Lincoln Bonutti Clinic.

As the State senator for the 55th District I represent both Coles and Effingham County, so I have an interest in both areas. I have an interest in their financial advancement, and I certainly have an interest in the patient care that takes place, not only the patient care for my constituents but the patient care that's delivered by people within my district, and that's why I'm here today.

I also have an interest that we have an accurate and fact-based discussion of what the

application is and its predictable results.

As you know, the project that is before you is a proposed $35 million investment in the city of Effingham to build a new Sarah Bush Lincoln Bonutti Clinic. Right now the services offered by the Bonutti clinic are spread throughout several cities in the city of Effingham. This project would consolidate those services under one brand-new roof. So the advancement in terms of financial investment is obvious and just as obvious for patient care, as well.

Critical to the evaluation, I believe of this application, as with all applications that you consider, is an effort to make sure that the comments that are made both to the Board and publicly are verified by the contents of the application and the predictable outcome of the application if it's approved.

Early in this process the opponents, HSHS out of Springfield claimed that if this application was granted, the HSHS facility and the city of Effingham would lose $30 million of revenue annually. Here recently the opponent has revised that number down, so now we have a new and

improved loss figure of $7 million a year. The problem is both of those figures are premised on future projections of what volume may or may not be, which are not -- that is not part of the State standards. In fact, in my 33 years as a member of the General Assembly, and being involved in CON applications, and in monitoring them or watching them, I have never seen a more aggressive and transparent effort to mislead the public or the Board with regards to the impact of an application were it to be granted.

MR. ROATE: Two minutes.

SENATOR RIGHTER: Yes. As I said a few months ago, I have an interest in both of these areas and in an accurate commentary on the application. The granting of this application is good for both of these areas and the patients that are in them, and I would respectfully request the Board to please grant the application. Thank you very much.

CHAIRWOMAN SAVAGE: Thank you.

Next person.

MS. UPHOFF: Are you ready for me to begin?

CHAIRWOMAN SAVAGE: Tell us your name,

please.

MS. UPHOFF: Good afternoon. I'm Kim Uphoff, vice president of operations at Sarah Bush Lincoln Health Center in Mattoon, Illinois, and my remarks today will address the opposition that has been submitted by HSHS.

HSHS has opposed our project to replace a 50-year-old medical office building that once served as a skating rink. HSHS has stated three main points of opposition, none of which have been validated by the State Board staff.

First, I will address its contention that the building is too large.

HSHS states that it would not oppose the project if it was the right size but never states what it would consider to be the right size. We instead chose to follow your regulations and design the project to meet your standards, and the State Board report finds that the size conforms to 1110.120A.

HSHS claims this project will negatively impact its hospital. The State Board report makes no finding of any negative impact to HSHS as a result of this project. HSHS makes only a self-

serving calculation on future volumes that are not applicable. Its calculation is not an accepted methodology by any State standard.

HSHS' claims are quite ironic. Three months ago HSHS St. Anthony's opened a new clinic 1 mile from our hospital in Mattoon and established new services, including an MRI, CT, X-ray, ultrasound, mammography, along with primary care, a walk-in clinic, orthopedics, cardiology, and OB/GYN services. It's disingenuous for HSHS to suggest concerns about the impact of our project when it is the one that has established new duplicative services in our planning area a mile from our hospital.

Lastly, I will address the claim that this project has duplicative clinical services. It is important to remember that Sarah Bush Lincoln currently operates a medical office building in Effingham, and we currently provide MRI, ultrasound, X-ray, lab, physical and occupational therapy, occupational medicine, a walk-in clinic, primary care, orthopedics, EMT, a general surgery clinic, interventional pain, urology, and pediatrics all in Effingham, and we will continue to provide these services in Effingham regardless of whether

we do so in a replacement building. Blocking the replacement of this building will serve no purpose other than to inconvenience our patients and make them continue to receive healthcare in a substandard building. Our patients and the community deserve better.

Thank you for allowing me to speak. I respectfully request that you approve this application.

CHAIRWOMAN SAVAGE: Thank you.

We're going to hold now on the Effingham Medical Office Building project, and we're going to return to the Birth Center of Chicago, which is Project 20-029, and our sincere apologies for going back and forth, and we're very sorry we didn't hear you for the folks from the Birth Center.

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CHAIRWOMAN SAVAGE: So for those who want to present for the Birth Center, Mike, can you unmute them?

MR. MITCHELL: Okay. I'm trying to locate Dele Ogunleye and Laura Wiegand, but I still do not see them on the list. I'm going to go to Sarah Stitina.

MS. STITINA: Hi. Yes, Dr. Dele Ogunleye is presenting. I'm not sure why he's not showing up. They are connected to a computer. Maybe they can send you a message through the chat, and then you'll know what name they're under. I'll text them.

MR. MITCHELL: They are not currently showing up on the attendee list.

MS. STITINA: I can put them over speaker phone. Would that be okay?

CHAIRWOMAN SAVAGE: That is fine.

MS. STITINA: Hi, Dr. Ogunleye. I have you on speaker phone for the CON hearing.

DR. OGUNLEYE: Hello. Hi, this is Dr. Dele Ogunleye.

CHAIRWOMAN SAVAGE: Doctor, if you could hold on one second. If you're in the same room with Sarah -- Sarah, you have to mute your

computer so that he can talk a little bit. I think that will help.

DR. OGUNLEYE: I just muted my computer, and I hope everyone can hear me better at this point.

CHAIRWOMAN SAVAGE: Yes, very clear. Go ahead, Doctor.

DR. OGUNLEYE: I can hear you all, but I wish I could also speak to you, but I can see everyone. So sorry for the technology mix-up. I was just going to say a few words for the Birth of Chicago. Can everyone hear me?

So thank you, Madam Chairperson and everyone else on the Board. I would like to use this opportunity to thank Mike and everyone on the staff of the Board for getting us to discuss with you today.

We are here to talk about the Birth Center of Chicago project. A few months ago we were before this Board talking about the Burr Ridge Birth Center, and a lot has changed since then. We all have to be in separate locations, and we can't be in the same room. However, also, we were with the Board when we first talked about the Birth Center in Bloomington-Normal.

So everyone that does not know about the concept of the Birth Center, I will just summarize briefly our journey so far. We were licensed in September 2016 and were accredited by CABC in November of 2016, as well. We have grown steadily and in February 2020 we celebrated our 300th birth. In 2019 we experienced a tremendous growth rate, and this year we expect high growth rate.

The Bloomington-Normal Birth Center has about a 4.4 percent C-section rate which compares favorably with the national average of 32 percent C-section rate. Because of the low transfer rates and great safety, many patients have continued to come back to the birth center. We have patients that travel as far north from Rockford and Chicago and as far south as St. Louis. The demand for a safe out-of-hospital alternative for low-risk pregnancies is evident from the birth center in Bloomington.

The midwifery model of care is safe and proven. It's a centuries old approach to delivering babies. It's an alternative to hospital care for low-risk patients, and it's still the main model of care in most of the world.

Laboring and giving birth under the guidance of a midwife in a birth center does not mean sacrificing appropriate care or safety. Low intervention does not mean no intervention or oversight. Our birth centers are equipped with necessary medication, supplies, equipment, and safety protocols.

The American College of Obstetrics and Gynecology and the American Academy of Pediatrics supports certified midwives in properly accredited freestanding birth centers as the first line of care. The birth center model of care has helped to reduce overall cost of births by 30 percent, and it reduces C-section rates and also its associated costs and to meet the demand for out-of-hospital births, which is the fastest growing segment of births in the country.

A review of CMS Strong Start initiative, which was a study that looked at 10,000 patients at 47 birth centers found that women who received clinical care in a birth center had better outcomes at lower costs than other Medicaid beneficiaries. Birth centers are very exemplary in their focus on wellness and also provide a strong sense of

community and support for many of the patients that seek their care there.

We believe that Illinois put itself on the right path nearly a decade ago when it passed legislation for alternative healthcare, not only for the cost savings but also because the state put itself on a path towards meeting the demands for safe alternatives to traditional obstetric care.

So when we decide to open a birth center, what do we look at? The first thing that crosses our mind is safety. We usually start off with what makes this birth center safe, and so we talk to the hospitals that potentially are going to collaborate with the birth center, most especially hospitals that have a similar philosophy. And to this end we were able to secure a partnership agreement with Advocate Masonic Medical Center, and they accepted to accept transferring patients who need to leave the birth center for a few different reasons, and this led us to the Cook County location. We considered this location met -- we considered that this location met the State guidelines because in the planning area of A1 or A5 within Cook County, there were no other

existing birth centers in that area.

The other factors that we looked at included transportation corridors, access to cross-section of consumers, commercial, Medicaid patients, and also patients who were experiencing shortage of providers. We found two provinces on the Lincoln Avenue location in Chicago, and we chose the current location because we evaluated parking and ease of transportation and access. We then spoke with some first responders from the nearby fire districts and private ambulance companies, and they were happy to partner with us to transport any patient that we have to the hospital. The city planners unanimously approved a special use permit for this location.

The center will attract clients from within and outside the territory, including different minority groups who would regularly visit the birth center. Studies have shown with access to birth centers pregnancy outcomes in minority groups are better when they receive regular care from a birth center.

I want to leave you with a comment from the National Birth Center's study which said few

innovations in healthcare service promise lower cost, greater availability, and a high degree of satisfaction when compared with urban hospital deliveries. Birth Centers offer a safe and a sensible alternative to hospitals for low-risk patients most especially in this time that many pregnant women are looking for alternatives but also have worries of COVID-19 very high in their mind.

I would like to thank the panel for listening to us. I'm sorry about the technical difficulties. We'll take any questions that you have. Thank you.

CHAIRWOMAN SAVAGE: Is there anyone else from the Birth Center to present, or are you all finished with your presentation?

DR. OGUNLEYE: We still have one, I believe. I believe that was Carrie. Carrie Stewart wanted to speak.

CHAIRWOMAN SAVAGE: Okay.

All right. Do any Board members have any questions for the applicants or comments?

(No response.)

CHAIRWOMAN SAVAGE: All right. Mike

Constantino, if you could please present the State Board staff report.

MR. CONSTANTINO: The Applicants are proposing the establishment of a two-bed birth center in Chicago, Illinois. This will be the third birth center in this planning area. The other two are located in Burr Ridge, owned by the Applicants, and in Berwyn, owned by an FQHC. There was no public hearing, and support letters were included in the application for permit. No opposition letters were received.

Thank you, Madam Chair.

CHAIRWOMAN SAVAGE: Thank you, Mike. If there are still no questions, George, would you please call the roll.

MR. ROATE: Thank you, Madam Chair. Motion made by Dr. Murray, seconded by Dr. Grundy.

Dr. Martell.

MEMBER MARTELL: Yes, based on the staff Board report. Although, I would like to see future from a policy direction a little more understanding of placement of these so that there's geographic distribution. I know this was not addressed as part of the legislation except

just some kind of general planning guidelines, but some of our highest risk communities in Chicago are not being addressed by these centers.

MR. ROATE: Thank you.

Senator Demuzio.

(Audio disruption.)

MR. ROATE: Thank you. Your vote was yes.

Dr. Murray.

MEMBER MURRAY: I vote yes based on the staff report.

MR. ROATE: Thank you.

Dr. Grundy.

MEMBER GRUNDY: I vote yes based on the staff report.

MR. ROATE: Thank you.

Chairwoman Savage.

CHAIRWOMAN SAVAGE: Yes. I vote yes based on the State Board staff report.

MR. ROATE: Thank you. That's 5 votes in the affirmative.

CHAIRWOMAN SAVAGE: Okay. The application is approved. Thank you.

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CHAIRWOMAN SAVAGE: Kim, are you ready for us to continue with public comment -- I'm sorry -- if you could hold one moment. We're conferring.

MS. UPHOFF: Okay.

CHAIRWOMAN SAVAGE: Thank you. I'm terribly sorry. We're having a bit of an issue right now, if you guys could just hold tight.

(An off-the-record discussion was held.)

CHAIRWOMAN SAVAGE: All right. Ms. Uphoff, you can continue with your presentation.

MS. UPHOFF: Okay. Great.

CHAIRWOMAN SAVAGE: I'm sorry; is there a way that you can -- are all of these people adding something individual, or can they sort of combine their comments in some way?

MS. UPHOFF: So we have nine speakers that are public speaks that wanted to speak today, and the next person is actually Jim Schultz. He will be joining remotely, and he should be attached -- or you should be able to find him.

MR. MITCHELL: Yes, we have him unmuted.

MS. UPHOFF: Okay. Great. He is the public speaker that would like to speak next.

MR. SCHULTZ: Madam Chairperson, thank

you. This is Jim Schultz from Effingham.

CHAIRWOMAN SAVAGE: We hear you.

MR. SCHULTZ: I'm here today in support of the proposed Sarah Bush Lincoln Bonutti Clinic. Throughout my entire career I've been about economic development. I am a private equity investment manager that has invested in over 100 companies throughout the United States creating over 4,000 jobs. I also served previously as the chairman of the board of the Illinois Chamber of Commerce, and I had the distinction receiving unanimous Illinois Senate approval to serve as director of Illinois Department of Commerce and Economic Opportunity.

I am a fifth-generation descendent of settlers of Effingham County, and I have seen in our county that progress is a hallmark of our past, but it's also a road to our future. I want our future generations to aspire for the same.

We're a community comprised of entrepreneurs. Years ago this community decided to put a plan in place to grow the community, and today we are thriving. We are fortunate to be situated on what we call the crossroads of America between Interstates 57 and 70 and State Highways

40, 33, and 32. There are about 12,000 residents in Effingham, but we attract a lot of visitors from across the country. They come to stop here for dinner, fuel, a place to rest for the night, but they also come here for Sarah Bush Lincoln Bonutti Clinic's facilities. They travel great distances to receive the excellent orthopedic care right here in our city, and we value all of our guests.

The current building that the Bonutti clinic is in was built over 50 years ago as was mentioned earlier as a skating rink. I previously owned a business which occupied 30 percent of this current clinic building, and that was 25 years ago. At the time I vacated the building, I felt the facility had reached its functional obsolescence. I can only imagine what the situation is with the building in 2020.

I fully support this project because I think it makes sense for patients, and it makes economic development sense for the community. The proposed building is a contemporary two-story beautifully designed clinic. It meets all the medical needs that are addressed in one building

in a presence on the north entrance of our city which will draw attention to our community. I encourage you to grant this certificate of need. Thank you for your time.

CHAIRWOMAN SAVAGE: Thank you. Next.

MS. UPHOFF: Next we have Hank Stephens. He's the City commissioner from Effingham, and he would like to make a few remarks.

CHAIRWOMAN SAVAGE: Okay.

MS. UPHOFF: And he will need to be unmuted. He is joining us remotely.

MR. STEPHENS: I believe I've been unmuted. Can you hear me?

CHAIRWOMAN SAVAGE: We can. Go forth.

MR. STEPHENS: Thank you. My name is Hank Stephens. I'm a commissioner on the Effingham City Council. I'm not speaking today on behalf of either Sarah Bush Lincoln Health Center or St. Anthony Memorial Hospital. As a member of the City Council, I would like to correct the record with respect to the position of the City of Effingham on this project.

I've spoken with Mayor Mike Schutzbach as well as with the other members of the City Council,

and neither the mayor nor any member of the Council oppose the construction of the proposed building. The City of Effingham wishes to remain neutral as the mayor attempted to make clear in a second letter sent to the Board on September 2nd, 2020, some quotes from an initial letter that he said do not clearly reflect his intentions, and those comments were intended only to reflect how much the City appreciates the presence of St. Anthony Hospital in our community.

Again, I want to reiterate that the City of Effingham does not oppose this project and wishes to remain neutral. Thank you.

CHAIRWOMAN SAVAGE: Thank you.

MS. SCHUETZ: Good afternoon. I am Anya Schuetz, a member of the Sarah Bush Lincoln Health Center board of directors.

Just as important in life, particularly when it involves your healthcare, Sarah Bush Lincoln's leadership has earned the community's trust through its word that are supported by its actions. This hospital is deeply committed to creating access of care for its community.

As a member of the Sarah Bush Lincoln

board of directors, I assure you that the building is just a replacement building. It is large enough to accommodate 17 medical staff members in six busy practices as well as ancillary services. I can also assure you there was never a discussion, a mention, or a thought that Sarah Bush Lincoln would convert the new medical office building into a microhospital or a surgery center as some have suggested.

I am well acquainted with many of the Sarah Bush Lincoln leaders. They are the epitome of integrity, which is the foundation of their decision making. Our board is a steward of the organization, and I have witnessed my fellow board members wrestle with tough decisions at every turn.

Sarah Bush Lincoln has a long history of making thoughtful decisions because staff members mine data, develop long-term projections, and make fact-based decisions that serve the community at large. Sarah Bush Lincoln does this to achieve its mission to provide exceptional care for all and create healthy communities.

This means that no one is ever turned away for inability to pay for care. In the most recently

published social accountability report, Sarah Bush Lincoln provided approximately $16.4 million in community benefit programs, services, and financial assistance. Giving back to the community is a hallmark this organization.

I encourage you to approve the certificate of need for the Sarah Bush Lincoln Bonutti Clinic Effingham Medical Office Building, No. 20-303. Thank you for your time and consideration today.

CHAIRWOMAN SAVAGE: Thank you.

MR. POIROT: Next thank you for the opportunity to support the Effingham Medical Office Building, Project No. 20-030. I'm Andy Poirot, project director for McCarthy Building Companies, a company named as one of the top three healthcare builders by Modern Healthcare magazine. We are a national company but have built more than $350 million in healthcare projects in Illinois in just the last 10 years.

McCarthy uses a software called Modelogix to analyze real project cost. The software takes the RSMeans city cost index per location and the Engineering News Record construction cost index for time and applies those adjustments to the

selected project to produce cost data for those buildings as if they were built today in Effingham. Applying that model for projects similar to this one, it is higher than the State standard allows. My experience says you cannot build a medical office building with advanced imaging services and a therapy pool that meets the allowable cost-per-square-foot state standard.

McCarthy built a medical office building for HSHS in Effingham that finished in 2019, and the cost per square foot was higher than the State standard allows. Despite this the project was justified and approved by the Illinois Health Facilities Service Review Board.

The recent design and development of a project budget provided includes several items that are not typical of comparable projects. Most notably is the site requires an extensive amount of work. The new MLB is being built within feet of the existing Bonutti clinic while it's operational. This requires additional temporary measures, including a temporary shoring system between the buildings. The existing clinic will be demolished after the new building is complete

and the grade is raised, which requires an extensive amount of fill. With replacing the premium site factor with a more typical site cost factor, this project is back in the range expected. There are several other factors that should be considered, and the State staff report notes the valid justifications on page 17 of the report.

I appreciate your time today and encourage you to approve the Effingham Medical Office Building, Project No. 20-030. Thank you.

CHAIRWOMAN SAVAGE: Thank you.

Up next.

DR. OMIYI: Good afternoon. My name is Didi Omiyi. I'm an orthopedic surgeon who practices at the Sarah Bush Lincoln Bonutti Clinic. Thank you for listening to my testimony today. I am here to support the Effingham Medical Office Building, Project No. 20-030.

I'm originally from Nigeria, and I moved to the United States 22 years ago as a teenager to pursue my lifelong dream of becoming a physician and a surgeon, and I've had an opportunity to train at great institutions in order to help me

achieve this goal. My parents instilled in me the importance of helping others, and it's been humbling that I've been able to practice here in the community for six years now in helping to treat patients with difficult problems. My goal has always been to put patients first and to help them achieve their goals and get them to where they want to be in terms of restoring their function, improving their pain, and improving their daily lives.

It's this desire to provide the most excellent sort of care that led me to be a leader and a member of the Joint Commission project at St. Anthony's Hospital to help them achieve a gold seal in orthopedics. It was the work of our clinic in conjunction with HSHS St. Anthony's that allowed us to achieve that goal. We're still committed to the community, and we still take call at HSHS St. Anthony's Hospital and treat patients whose insurance does not allow them to have surgery outside of that hospital in that particular location. This exemplifies our dedication of commitment to the community and providing the best care for the patients regardless of their needs.

I'm now part of the team leading the Sarah Bush Lincoln project in order to achieve a Joint Commission gold seal status in orthopedics here at Sarah Bush Lincoln. Quality patient care is a top priority for Bonutti Clinic and Sara Bush Lincoln, and that's why our groups combined two years ago in order to provide the best orthopedic services to the patients in our area.

There's no substitute for excellence. Everyone who comes to us for care expects the best possible care in a comfortable and welcoming environment. We're fortunate to have the support of Sarah Bush Lincoln which provides us with state-of-the-art equipment to help our patients. We rely heavily on robotic surgeries in advancing total joint replacement and customized surgeries, and a CT scan is critical equipment in use for that particular procedure. We have knowledge and expertise, and I am honored to provide it.

Again, thank you for your time. I urge you to approve the CON application so we can continue to provide quality care to our patients in a building that meets our patients' needs.

CHAIRWOMAN SAVAGE: Thank you, Doctor.

Next. Go ahead.

MR. GRUNLOH: Thanks for your time today. I'm Tom Grunloh, a business leader in Effingham, and I support the Medical Office Building, Project 20-0330.

As the owner of Grunloh Construction, I am pleased to welcome this new project to Effingham. My presence here today is because I am pro-Effingham. We do construction projects for HSHS St. Anthony, Carle Foundation Hospital, and Sarah Bush Health Center in this area, so I am trying not to pick sides. Quite the opposite, I believe that this project will make all of the entities mentioned better.

I know that some have concerns about competition and/or saturation of services. I'm here to tell you the competition is good for a community. I see it every day in my line of work. It creates efficiency and excellence; it makes products better; it makes services better; it makes companies better. Competition is good.

My math is pretty simple. Every construction job creates 1.6 downstream jobs. For Sarah Bush Lincoln Bonutti clinic project that

translates to many new jobs in our rural community of 12,339 people. Sarah Bush Lincoln has a history of doing business with local companies whenever possible, and I am certain this project will be no different.

In all transparency, Grunloh Construction is not the general contractor for this project, but we have worked on other projects for Sarah Bush Lincoln. I can attest that it does not cut corners and builds facilities that welcome its guests.

Sarah Bush Lincoln has shown itself to be a true community partner in so many ways for decades. A program that is particularly important to me and to which I have made substantial donation is the SBL dental services. It provides restoration dental care to children on the state-of-art bus that visits schools throughout the region, including Effingham.

MR. ROATE: Two minutes.

MR. GRUNLOH: Yes?

MR. ROATE: You have two minutes, sir.

MR. GRUNLOH: Okay. I support the Sarah Bush Lincoln project like the dental service

because SBL supports the community. We need this project, these jobs, and the state-of-the-art medical service center in Effingham. I encourage you to approve the CON application. Thank you.

MR. ROATE: Thank you.

CHAIRWOMAN SAVAGE: Thank you, sir.

Next.

MR. MITCHELL: Okay. We have a Dennis Pluard on the line. Mr. Pluard.

MS. UPHOFF: He needs to mute you on the line because you're signed in on your computer.

MR. MITCHELL: It's okay. He's muted now.

MS. UPHOFF: Okay. Thank you.

MR. PLUARD: Good afternoon. I am Dennis Pluard, CFO of Sarah Bush Lincoln. Today I will address the misconceptions that replacing this clinic presents a hardship to HSHS.

In general terms, I would define Sarah Bush Lincoln's financial position in the millions, with an "m" and HSHS's financial position in billions, with a "b." Sarah Bush Lincoln pales in comparison to the financial strength of HSHS's expansive corporation with multiple hospitals in both Wisconsin and Illinois.

In the public hearing held on September 2nd and presentations and public hearings throughout the Effingham community and in press coverage, HSHS staff and supporters have repeatedly said that because of the pandemic, it fell on hard times and is struggling financially. According to the CDC website, the HSHS Corporation collectively received $88 million in Federal stimulus funds just this spring. As reported by the HSHS CEO in its own annual report, HSHS is a 2.5 billion corporation and it has 1.5 billion set side to use at its board of directors' discretion. In my opinion as an executive with 37 years of healthcare experience, HSHS is not as strapped for cash as it would have us believe.

HSHS has repeatedly cried poor and wants to stop the construction of the new SBL Bonutti clinic on the guise that it is struggling financially and that this medical office building would hurt it. HSHS has manufactured facts and floated conspiracy theories to attempt to halt the project. The facts are truly clear. Sarah Bush Lincoln has been transparent through this entire process and has stood by its integrity answering

everyone's questions and concerns. Our record speaks for itself.

I urge you to approve the Effingham Medical Office Building, No. 20-030 today. Thank you for your attention and consideration.

CHAIRWOMAN SAVAGE: Thank you.

Go ahead, Mike Mitchell.

MR. MITCHELL: All right. We have several opposition speakers. The first one on the list is Mary Starmann-Harrison. Are you there?

MS. STARMANN-HARRISON: Yes, this is Mary. Can you hear me?

MR. MITCHELL: Yes, we can hear you.

MS. STARMANN-HARRISON: Great. Thank you very much.

My name is Mary Starmann-Harrison, and I am the president and CEO of Hospital Sisters Health System. We oppose the Effingham medical office building application as currently submitted.

We operate nine hospitals in central and southern Illinois, including HSHS St. Anthony's Memorial Hospital in Effingham. St. Anthony is a Federally designated Sole Community Hospital. As such, it has been the sole source of inpatient

hospital services reasonably available to Medicare beneficiaries in the area. All of our hospitals suffered financial shock of the COVID-19 pandemic, and St. Anthony's was particularly hard hit.

We are not opposed to the modernization of healthcare facilities. We do however oppose the unnecessary duplication of healthcare services and the excessive cost of this project. As reflected in the staff report, this project does not meet the criteria for need in Part 1110 or the financial criteria in Part 1120.

The project adds so much excess capacity that to meet the State's minimum utilization standards the applicant would need over 25,000 additional patient visits beyond its historical referrals. The only source for this volume is the existing area provider, St. Anthony Memorial Hospital.

We oppose this duplication of diagnostic services and respectfully request that the project be denied as currently submitted. A right-sized "win-win" is possible. Thank you very much.

CHAIRWOMAN SAVAGE: Thank you.

Mike, next.

MR. MITCHELL: Next we have E.J. Kuiper.

MR. KUIPER: Good afternoon. My name is E.J. Kuiper. I'm the Illinois division president and CEO of the Hospital Sisters Health System. We oppose the Effingham medical office building application.

This project is not simply the addition of one surplus X-ray machine. The applicant gamed the system with all of its diagnostic equipment. They are nowhere near the State standard on any of that equipment.

One example is CT scan. The State standard is 7,000 visits annually, but the applicant documented only 334 of its own patient referrals, less than 5 percent utilization. The applicant is not going to operate that equipment at 5 percent utilization. It would not be financially viable to do so. They will want much more, and the only source for additional volume is at St. Anthony's.

To operate all four diagnostic services at this Board's target utilization levels the applicant would need over 25,000 annual patient visits redirected from St. Anthony's Hospital. That includes over 15,000 X-rays, 6500 CT scans,

2700 ultrasounds, and 1200 MRIs. That translates to $30 million in revenue or $8 million in lost contribution margin for our hospital. These are high-margin services that St. Anthony's needs to subsidize over services such as the emergency department which the applicant does not provide.

Also, the project exceeds your cost standards by nearly 73 percent, $411 a square foot compared to the State standard of $238. That is excessive.

We oppose this unnecessary duplication of diagnostic services and respectfully request the project be denied as currently configured. Thank you for your time.

CHAIRWOMAN SAVAGE: Thank you.

Next.

MR. MITCHELL: Next speaker is Julie Goebel.

MS. GOEBEL: Hi. Good afternoon, my name is Julie Goebel, vice president of strategy for the Illinois division of HSHS. We oppose the Effingham Medical Office Building project as submitted given its significant negative impacts on St. Anthony Memorial Hospital.

The applicant fails to require with the

basic requirements of demonstrating that this project will not adversely impact existing providers. We agree with the submitted comments of Senator Andy Manar that more information should be required so that a "win-win" outcome can ultimately occur.

No one buys expensive medical equipment that will hardly ever be used. Yet that is what the application suggests. The clear intent and impact is to redirect substantial patient volume and revenue away from our Sole Community Hospital.

This is not a project to merely update old facilities and equipment; it is a highly aggressive expansion of services that requires substantial numbers of St. Anthony's patients to become financially viable. To the extent this gamble pays off for the applicant, it will severely impair the financial viability of St. Anthony's.

The Review Board's regulations and policies are intended to preserve the financial viability of existing providers within a community. This project is not in compliance with those regulations and should be denied as submitted. More than ever, given the ongoing pandemic, rural hospitals

need protection from such unnecessary duplication of services. Thank you.

CHAIRWOMAN SAVAGE: Thank you.

Next, Mike.

MR. MITCHELL: All right. The next scheduled speaker is Theresa Rutherford.

MS. RUTHERFORD: Good afternoon. I'm Theresa Rutherford, president and CEO of HSHS St. Anthony's Memorial Hospital. I appear in opposition of the Effingham Medical Office Building as submitted.

Please know that it is extraordinarily rare for St. Anthony's of the Hospital Sisters Health System to oppose a CON application. This is not something we do casually or take lightly.

The project proposes a replacement building literally 2 1/2 times the size of the original. It will redirect away from our Sole Community Hospital patients and revenue the support essential but under-reimbursed hospital services, associated hospital jobs, and a wide range of community benefit projects which last year alone totaled over $11 million to our community by St. Anthony's.

This is not "crying wolf" situation for us.

Weeks ago, in response to State-ordered curtailment of elective procedures and the associated loss of hospital revenue, it was heartbreaking to lay off colleagues at St. Anthony's. Another significant reduction would be devastating.

Please take a moment to read the submitted comments of our Effingham mayor. You heard earlier from his counsel. Like him we want a "win-win" solution. We have no quarrel with the concept of modernizing this medical office building, just the scope and scale of the original application. Thank you.

CHAIRWOMAN SAVAGE: Okay. Mike, I think may be she was done. On to the next person.

MR. MITCHELL: Okay. The next speaker is Carrie Crippin.

MS. CRIPPIN: I'm Carrie Crippin, board member at St. Anthony's Memorial Hospital speaking in opposition.

I wanted to briefly share insights into the community sentiment and also the project file.

First, nobody is against a modernized medical office building, nobody. All 165 opposition letters make clear the writers' support for a

modernized building, just one that does not duplicate existing and underutilized services at our hospital. The vast majority of support letters make no mention of added services, just a modernized building. In that respect they are on the same page as those who oppose the application as filed, with duplicated service.

In local press releases the applicant never mentioned added services, just a modernized building. Same with the full-page ads in our local newspaper, sometimes two in one day soliciting support letters; no mention of added services, just the modernization. And, of course, everyone supports a modernized building.

In recent talks before our local rotary and chamber, our hospital CEO and I have personally witnessed the understanding that dawns over people when that nuance is explained.

Nobody is closer to a local community than its mayor. I encourage Review Board members to review the letter submitted by our mayor and City manager and also by Senator Andy Manar expressing neutrality while looking for the "win-win" solution that allows modernization without hurting the

hospital.

Everyone wants both the applicant and the hospital to succeed, not one at the expense of the other. The pathway to that desired "win-win" outcome may require an initial denial. Thank you.

CHAIRWOMAN SAVAGE: Thank you.

Mike, next one.

MR. MITCHELL: Next we have Dr. Ruben Boyajian.

DR. BOYAJIAN: Thank you. My name is Dr. Ruben Boyajian. I'm a board certified general surgeon.

After more than 40 years practicing general surgery in Effingham I believe I understand the community and its healthcare needs. I make no apology for advocating for my home hospital and community. I oppose the Effingham Medical Office Building as submitted.

In its current form this project will lead to service cuts and job losses at our Sole Community Hospital. The net effect will be negative -- effect will be negative for the Effingham area.

Collaboration has always been a

cornerstone of rural healthcare. In areas of static or declining population like Effingham the gains of one provider can only come at the expense of another.

When the physician group affiliated with this application first arrived 20 years ago, St. Anthony's could not have been more supportive. The hospital gave these doctors an entire floor and exclusive use of expensive equipment, including robotic equipment. These physicians thrived in Effingham because of the support they receive from St. Anthony's.

A few short years ago the applicant itself showed up in town, and the support and collaboration by St. Anthony's continued. Physicians associated with the applicant enjoyed privileges, space, and access to equipment at the hospital. St. Anthony has recruited doctors now affiliated with applicant.

Collaboration in rural healthcare is needed now more than ever. The COVID-19 pandemic has financially challenged all Illinois hospitals and produced necessary but unfortunate layoffs at St. Anthony's. A right-sized building without new

procedures would be a "win-win" solution that our community needs.

I do thank you for the opportunity to express my opinion. Thank you.

CHAIRWOMAN SAVAGE: Thank you, Doctor.

Next. Mike Mitchell, do we have Dr. John Scherschel?

MR. MITCHELL: We should have him on the line. Are you there, Dr. Scherschel?

DR. SCHERSCHEL: I am, yes. Thank you. Thank you for the opportunity to speak.

I am Dr. John Scherschel, president of Prairie Cardiovascular. I'm appearing today in opposition to the Effingham Medical Office Building as currently proposed.

Prairie Cardiovascular is a 72-physician subspecialty group that serves patients across southern and central Illinois. We've been part of the Effingham community for more than 30 years with a full-time location at St. Anthony's Memorial Hospital and are affiliated with the Hospital Sisters Health System.

I feel obligated to respond to public comments today and by the applicant's CEO who has

said, and I quote, "I'm looking out my window at a brand-new multimillion dollar building that HSHS St. Anthony's just built a mile from Sarah Bush." Please know that the Prairie and HSHS building is not at all comparable to the one proposed today.

The Prairie and HSHS building is just one-fifth the size of the 65,400-square-foot building before you and was completed at a small fraction of the cost. Our small building was well below all threshold for CON approval, and most importantly is why our new building came to be needed at all.

After the exclusive and long-standing relationship between the CON applicant and Prairie Cardiovascular was ended, it became necessary for Prairie to have a small building in order to continue providing care for patients in that county. Patients in Coles County continue to require access to cardiology, vascular, and electrophysiology services. Our small building was conceived of a desire to meet an actual patient care need with a project of appropriately modest scope.

I will continue to support my community

healthcare partners we provide for patient care needs but with an appropriately sized and adequately resourced facility. Thank you.

CHAIRWOMAN SAVAGE: Thank you, Doctor. Do we have Dr. Andrew Mahtani?

DR. MAHTANI: Yes.

CHAIRWOMAN SAVAGE: Okay. Go ahead.

DR. MAHTANI: I am Dr. Andrew Mahtani, a hospitalist, meaning I'm a dedicated inpatient physician who works exclusively in a hospital. For me that's St. Anthony's Memorial Hospital, an officially designated Sole Community Hospital in Effingham. I oppose the Effingham medical office building as proposed.

It has never been more important than now to safeguard against unnecessary duplication of existing hospital services. No hospital type has been more profoundly harmed by the COVID-19 pandemic than rural hospitals. Their always delicate finances have been strained in unprecedented ways.

St. Anthony's has been responding to this pandemic since March. Among other things, the hospital prepared a COVID-19 unit, conserved personal protective equipment, and followed

CDC guidelines, executive orders of the governor, and IDPH guidance to close nonemergency services. St. Anthony's followed State orders and prepared for an influx of COVID-19 patients that never came. The loss of revenue from curtailed elective procedures was never offset by COVID-19-related patient volume. All the while our Sole Community Hospital continued to make its essential services and resources available even as usage declined. Hospital layoffs became necessary.

Over 75 percent of St. Anthony's revenue comes from outpatient procedures of the sort that are duplicated in this CON application. That revenue must cross-subsidize essential services, including the emergency room, respiratory therapy, obstetrics, emergency surgery, and postoperative care and intensive care units. This project will threaten our Sole Community Hospital's ability to sustain these essential services, and I respectfully ask that the Review Board deny this project as presently proposed. Thank you.

CHAIRWOMAN SAVAGE: Thank you, Doctor.

Do we have Meghan Rewers?

MS. REWERS: Yep, I'm here.

I'm Meghan Rewers, executive director of Crisis Nursery of Effingham County. I oppose the medical office building project in its current form.

Crisis Nursery is one of many community organizations in Effingham that exists largely due to the support of St. Anthony's Memorial Hospital. We provide protection from and prevention of childhood trauma, abuse, and neglect through 24-hour emergency shelter care. At Crisis Nursery there are no income guidelines or demographic limitations; our services are free and open to any family or child in need. We help children from birth to age 6, and over the last three years Crisis Nursery has provided more than 500 children with more than 20,000 collective hours of emergency child care services.

St. Anthony's provided the seed money for the development of Crisis Nursery and remains our most significant source of financial and operational support. It is no exaggeration to say that but for St. Anthony's, Crisis Nursery would not exist.

The continued existence of many other community organizations in Effingham largely depend

on St. Anthony's. There is no question that our rural community is better for it.

Nobody objects to a similarly sized replacement medical office building that does not duplicate existing hospital services. A "win-win" solution for everyone should be possible if this initial proposal is denied. Our community simply cannot afford to get this wrong. Thank you.

CHAIRWOMAN SAVAGE: Thank you.

Do we have Sister Carol Beckerman?

SISTER BECKERMAN: Yes. I'm Sister Carol Beckerman. I'm the area director for Effingham Catholic Charities, and I oppose the Effingham Medical Office Building project in its current form.

Effingham Catholic Charities is one of many community organizations in the Effingham area that relies on the support of St. Anthony Memorial Hospital. With the help of St. Anthony Memorial Hospital we are able to provide people without insurance and of limited financial means an opportunity to visit a dentist for and exam, X-ray, and an extraction if necessary. We are also able with the hospital's help to provide clients suffering with diabetes access to needed

medications. St. Anthony's provides milk for every pantry household and monetary support for our pantry wellness bags for people suffering from diabetes and/or heart disease. These high-cost services would not be possible without the help from St. Anthony Memorial Hospital.

We are not the only community organization that St. Anthony helps in seeking to improve the health and wellness of the communities it serves. As with Effingham Catholic Charities, the continued existence of these services of many other community organizations in Effingham largely depends on St. Anthony's. The health of many citizens has improved significantly due to St. Anthony's commitment to the community and to the organizations that serve that community.

No one objects to a similarly sized replacement medical office building that does not duplicate existing hospital services. A "win-win" solution for everyone should be possible if this initial proposal is denied. Thank you for your attention.

CHAIRWOMAN SAVAGE: Thank you, Sister.

Do we have John Kingery?

MR. KINGERY: Yes, I'm here.

My name is John Kingery. I am the founder and chairman of one of Effingham's largest employers, Kingery Printing Company, and I respectfully oppose the Effingham Medical Office Building as proposed.

My wife and I started Kingery Printing 52 years ago in a small rented building on the courthouse square in Effingham. Over the years our business grew, and for the past 26 years we've had our own facility on 10 acres of land just outside of Effingham.

I've donated both time and resources to many civic and charitable organizations in and around Effingham. Years ago I served as a volunteer board member of St. Anthony's Memorial Hospital. I understand the Effingham area, the healthcare needs of its people, and what our Sole Community Hospital means to this community.

St. Anthony's is the largest employer in Effingham County. It provides all essential hospital services, including an emergency room that never closes. It serves everyone, including those who cannot pay for services. St. Anthony's

supports our local schools, our park district, our police and fire departments with a wide range of medical services. Many social services organizations in the greater Effingham area are supported by St. Anthony's. This 144-year-old hospital is foundationally important to virtually every aspect of life in Effingham.

The proposed new services in this CON application as well as the oversized replacement building are simply not in the best interests of our community. Please do not allow an unnecessary duplication of existing and presently underutilized hospital services. Please right-size this project. Thank you for your consideration today.

CHAIRWOMAN SAVAGE: Thank you. Is there anyone else to offer testimony?

MR. MITCHELL: That's all of our listed speakers.

CHAIRWOMAN SAVAGE: Okay. Thank you. Is there anyone here to present to represent the applicant?

And I see you're coming to the podium, so if you could please identify yourself, we can

proceed with the swearing in of the applicant whoever is going to speak.

MR. ESKER: I'm Jerry Esker, J-e-r-r-y E-s-k-e-r. I have with me Kim Uphoff, vice president of operations; Dr. Peter Bonutti, orthopedic surgeon; Erica Stollard, our director of planning and business development; Tim Kastl, our director of facilities; Patty Peterson, our director of communications; and Joe Ourth, our CON counsel.

THE COURT REPORTER: Will you all raise your right hands, please, and be sworn.

(Witnesses sworn.)

MR. ESKER: All right. Good afternoon. I'm Jerry Esker, president and CEO of Sarah Bush Lincoln Health Center.

Sarah Bush Lincoln --

CHAIRWOMAN SAVAGE: I'm so sorry; we're going to have the State Board staff report. I do apologize.

MR. CONSTANTINO: Thank you, Madam Chair.

The applicants are proposing to establish a medical office building to house additional office practice space, diagnostic imaging,

laboratory, and rehabilitation services. The proposed 65,400 gross square feet MOB will be located in Effingham, Illinois. The project cost is approximately $36.3 million. The completion date is June 30th, 2023.

We did receive comments on the State Board State Board report. We did make one change. The gross square footage cost should be 4.11 and not 12.59 per gross square foot. I used the wrong denominator; I apologize. The applicants are still over the State Board standard for a medical office building and did provide a justification for the overage at the end of the staff report.

We did receive comments from HSHS on the State Board State Board report. The first comment from HSHS stated that they had three CT scanners, two at the hospital one located in an ambulatory care building that was completed in 2019 that the Board approved as Permit No. 14-056. The data the Board collects was for 2018. That is the most recent data available and shows the hospital with two CT scanners. The 2019 data shows the hospital with three CT scanners.

I just want to point out for the Board's

information all diagnostic and treatment utilization standards are the minimums per unit for establishing more than one unit. So essentially when someone comes before the Board and says they have 50 -- a projected utilization of 50 scans, and they want one unit, they've met our standard.

Thank you, Madam Chair.

CHAIRWOMAN SAVAGE: Thank you, Mike.

You can proceed with your presentation now.

MR. ESKER: All right. Well, good afternoon. Again, I'm Jerry Esker. I'm the president and CEO of Sarah Bush Lincoln Health Center.

Sarah Bush Lincoln is a 149-bed not-for-profit community hospital located between Mattoon and Charleston. We have long served the 10-county area throughout eastern Illinois which includes nearby Effingham. In fact, 345 of our employees reside in Effingham.

Our success has been built on our mission to provide exceptional care for all. That literally means that no one in our service area is ever turned away from the hospital, or from a clinic, or from utilizing any of our services

because of an inability to pay.

I'm excited to present the Effingham Medical Office Building to the Board today. We've been planning this for more than two years. The building will house our 12-member orthopedic and occupational medicine team, a walk-in clinic, internal medicine and pediatric practice, and an interventional pain management practice. We successfully operate all of these practices in Effingham today. Additionally, the building will continue to accommodate physical and occupational therapy that features an in-ground therapy pool which exists today, diagnostic imaging services including replacing our docked MRI with a permanent unit that is inside the building rather than outside, and lab stations. In all there will be 17 medical providers and over 100 employees in the building.

Again, an important point, we already operate all of these services in Effingham with one exception and that is CT. Designing during the pandemic we were mindful to add sufficient space to create ample social distancing to keep our patients and employees safe.

The community has trusted us to be stewards with the health center's resources. When a building has reached the end of its useful life or a practice has grown to the extent it needs additional space, it is only then that we move forward with new construction.

The current clinic building is failing. There are constant repair issues, an HVAC system that struggles with seasonal changes, a leaking roof and flooding with all the associated problems that come with water in a building. Exam rooms are too small to accommodate wheelchairs and walkers, and the nurses' stations are not central to their work.

Throughout our 43-year history our independent rural community hospital has always taken the high road, but unfortunately Sarah Bush Lincoln has been drawn into debate with a large Springfield company that owns 9 or 10 hospitals in Illinois, including the hospital in Effingham. I want to make this point clear to the State and to the Effingham community, Sarah Bush Lincoln does not want any part of this divisive conflict. Because the HSHS corporation requested a public

hearing and advanced multiple forms of opposition, we're now responding in this forum.

This process has been really difficult for me. I was born in that Effingham hospital, as was my wife and all of our nine siblings. My parents and my only four siblings and their families still live in the immediate Effingham area, as do many of my wife's family and several lifelong friends and their families. I remember skating at the local rink as a kid. It's a 50-year-old building that was converted to a clothing store and then later to the Bonutti Clinic. Yes, that's the same Bonutti Clinic that we are now replacing.

I publicly expressed disappointment and surprise. Surprise because we've been told that it's highly unusual for a hospital to oppose the construction of a replacement doctor's office and disappointment because there are efforts to block a project that will bring so much good to the greater Effingham area. We have been nothing but transparent throughout this process.

This project involves millions of dollars in new construction, a beautiful building sitting right at the intersection of two of our country's

largest interstates, the Crossroads of America. It's a building that will house the nationally recognized Bonutti orthopedic clinic and serve as a symbol for all of the high-quality care that's delivered inside. We asked the architects, and that includes an Effingham firm, to design a building that reflects the pride and entrepreneurial spirit of the community. I think you'll agree they delivered.

Hospital Sisters continues to tell the community it does not object to a new building; it just has questions about the size and redundancy of services. Assuming those questions are genuine, I'm happy to provide the answers today.

The additional space is required to house existing services. The floor plan is clear; every square foot is accounted for; there's no shell space.

Regarding their claim of redundancy, we've been performing these services in the community for many years, and that will not change regardless of the outcome of this meeting. I want to be clear about that; the services we already offer in Effingham will not change. The Sisters blocking

the construction of this building will serve no purpose other than to inconvenience our patients and further deprive this community of a boost to economic development.

Hospital Sisters Corporation is a Goliath compared to Sarah Bush Lincoln. As you heard, publicly available information released in 2018 in a Sisters' report shows $1.5 billion in assets set aside by its board of directors to use at its discretion. Replacement of an outdated Bonutti Clinic with a larger office building will not place the local hospital at risk of closing its emergency department as has been suggested. It's not even reasonable to suggest that to the community.

So many of the people I love, including and especially my parents, my 90-year-old parents, my brother, my three sisters and their families, they all live less than 10 minutes from that hospital emergency room. If I thought there was even a remote possibility of this project putting emergency services and my own family at risk, I would not be standing here.

I'd be remiss if I didn't mention that

HSHS just spent millions of dollars on a new building and equipment within a mile of Sarah Bush Lincoln. You heard Dr. Scherschel talk about that. It's immediately adjacent to yet a third healthcare provider, a building that houses services that HSHS has never been offered in the Mattoon-Charleston community. All of the services in this new building are already being offered by others, and they are the very offices to which HSHS objects to today. Certainly makes their claim of redundancy seem disingenuous.

While the speakers were largely made up of employees, you have heard from several people today who have given you reasons to approve this project, and these people represent the heart and soul of Effingham: Jim Schultz, a nationally recognized entrepreneur who's led the state as the director of the Illinois Department of Commerce and Economic Development and as the board chairperson of the Illinois Chamber of Commerce; Senator Dale Righter who represents citizens residing in service areas of both hospitals, and I'll remind you of the points he made in regard to some of the figures that have been put out there; Effingham

City Council Member Hank Stephens who spoke today especially and only to set the record straight on the City's position that they do not oppose the construction of this building; Board Member Anya Schuetz, who spoke to our integrity; Tom Grunloh, owner of Grunloh Construction in Effingham as one of the largest builders in the region that's been responsible for several large and noble projects at the University of Illinois and both hospitals present here today; and finally, Dr. Didi Omiyi who provides orthopedic expertise to the Effingham community and actually well beyond our area.

I'm really offended by the statement that we have gamed the system, and I'll refer you to the State report on that matter. My integrity is important to me. I care deeply what my family and friends in Effingham think of my actions. SBL is here to do good, to bring our brand of high-quality healthcare, to reinvest our margins directly back into the community to make Effingham better, stronger, and healthier.

Mike Mitchell, can you please bring up my first slide?

This is a picture of the current SBL Bonutti

Clinic. It literally sits in a basin at the north entrance of Effingham on 570 and I57. When it rains hard, the building floods, the roof leaks, and among other things, the HVAC system needs to be replaced.

Okay. The next three slides, Mike. These are architectural renderings of the proposed medical office building, and you can go through those pretty quickly.

And finally, the last slide is of the medical staff who provide excellent care at our SBL Bonutti clinic. They are beloved by their patients in that community.

In closing, I strongly urge the Illinois Health Facilities and Services Review Board to approve the Effingham Medical Office Building project. We have two speakers who will speak briefly. One is Dr. Peter Bonutti for whom the clinic is named. He is off site in Florida, and if he is muted, please unmute him. I'm not sure if you can see him. I think we can. Okay, Peter.

DR. BONUTTI: Thank you, Jerry.

Good afternoon thank you for your time and attention today. I am Peter Bonutti, an

orthopedic surgeon at Sarah Bush Lincoln. For the past 30 years, I have done everything in my ability to provide excellent and cutting edge care to my patients. Despite offers to practice at prestigious units like Stanford, Emory, and the University of Florida, I chose to practice in Effingham, Illinois.

I am most proud of the fact that patients have traveled from 41 states and 6 countries to the Sarah Bush Bonutti Clinic for their care. We see patients daily who travel hundreds of miles to our clinic. This incredible growth has required us to build a multidisciplinary facility which encompasses all clinical and diagnostic services under one roof, therefore allowing patients to have access to all services the same day. This consolidation of services improves the quality, is cost efficient, and enhances the patient's experience. I am proud this facility will bear my name.

Three years ago Sarah Bush Lincoln president and CEO Jerry Esker talked about advancing our orthopedics practice and improving the quality of care. After understanding Sarah Bush Lincoln's similar commitment to improving and investing in the quality of care, not only I but the entire

group of 12 providers and our staff chose to partner with Sarah Bush Lincoln. This partnership affords me the time to focus on patient care while continuing my research and development. To date I have published more than 100 papers, developed over 400 patents and in excess of 700 licenses for new medical products. This synergy allows us to continue to bring cutting edge technology to rural downstate Illinois. Surgeons have visited Effingham from across the U.S. and internationally to learn my new surgical techniques. The accumulation of orthopedic practice, clinical research, and medical product development has brought Effingham national and international notoriety.

Along with a complement of orthopedic surgeons our occupational medicine practice provided trusted care to employees in over 200 local and area companies. To provide a quality program requires space, areas like audiology lab, wound care services to grow a practice. The reception area for this busy two-provider practice is also inadequate and is a long outgrown space, and it's difficult to provide

adequate social distancing which now is critical. Occupational medicine should be separated from the orthopedic space because patients present different types of injuries and illnesses. I cannot mix occupational medicine patients with healthy surgical patients recovering; it's simply not safe.

Sarah Bush Lincoln's reinvestment in the local community is what earned my trust and convinced me to partner with it three years ago. It continues to demonstrate a long-term commitment to quality safety and care to Effingham with a substantial investment in our new clinic. My physician partners to this date continue to cover emergency room and night call at HSHS St. Anthony's, which is a valuable service to the community. Sarah Bush Lincoln Bonutti Clinic provides care for everyone regardless of payor source, while certain of the medical staff at HSHS do not accept Medicaid or some commercial programs, and so in some cases Sarah Bush Lincoln Bonutti Clinic is the only place which patients can find care.

Even HSHS concedes the Bonutti clinic needs to be replaced. Our current structure is 50 years old, and space is at a premium. We

cannot even bring the MRI in the building; it is docked outside at the north entrance. Like occupational medicine, orthopedics, diagnostics, rehab reception areas are small and again do not allow easily for social distancing.

The certificate of need application specifically spells out why we need the space and how it will be used, and the State staff report states the new building meets all the size criteria. The clinic combines several Effingham medical practices into one location, streamlining services and creating efficiencies and comfort for our patients. This new facility is Sarah Bush Lincoln's long-term commitment to providing jobs and exceptional quality of care to the Effingham community.

Sarah Bush Lincoln is a dedicated organization with the largest orthopedic group now in downstate Illinois providing innovative and cutting edge technology. We continue to grow because of our commitment to reinvest in the community, and as the commitment is our mission to provide exceptional care to everyone regardless of payor source, it is exactly why we entered medicine,

to help everyone in need.

I am proud to be part of this team and this growing independent hospital. I will now ask Erica Stollard, director of business and planning development to address the State Board report. Thank you.

MS. STOLLARD: Thank you, Dr. Bonutti.

Despite the inaccurate information you heard in HSHS' public comment today, we are pleased that our project complies with all of your review criteria with only two exceptions as Mr. Constantino reported. I would like to briefly address the two negative findings.

The first item I'd like to address are the X-ray units. The State Board report noted that our volume would justify two rather than three X-ray machines. We currently have three X-ray machines in Effingham and will not be adding any new additional units with this project. As you know, the proposed project replaces an existing medical office building currently in operation. That building has two existing X-ray machines that are used in the orthopedic center. In Effingham we also currently operate a walk-in clinic at another

location. As part of this project, we would relocate that walk-in clinic to the new building. That walk-in clinic also currently has an X-ray machine, and that machine will be move to the new location for use in the relocated walk-in clinic. It is important for patient flow to have an X-ray machine in this walk-in clinic area. Let me assure you this project does not add any new X-ray machines than we already have in Effingham.

The last item I'd like to address are the construction costs. The State Board report notes that our construction costs are over the State standard. Fortunately, the State Board report also notes that we explain the reasons for being over the State standards. You can find that justification on page 17 of the State Board report.

Mr. Andy Poirot, the project manager from McCarthy Building Companies who will also be our contractor gave public comment explaining in more detail the reasons for the project costs. As he noted, McCarthy also constructed the HSHS medical office building in Effingham recently, and those construction costs were also over the State

standard. We could go into additional detail on construction issues like imaging shielding issues or cost, HVAC redundancy, and stormwater retention, but in the interest of time we will instead offer to answer any questions you may have. I can assure you that Sarah Bush Lincoln is fiscally responsible, and we have no interest in spending more than is prudent.

In closing, I am pleased to share that we have received overwhelming support for this project from the Effingham community as documented in media coverage, a local newspaper editorial, thousands of support letters, hundreds of signed petitions, and hundreds of social media comments. You'll see this in the file submitted during the September 2nd public hearing.

Lastly, we would like to thank the State Board staff for their assistance through this entire process; they have truly been a pleasure to work with. Thank you and we'll be happy to answer any questions that you may have.

CHAIRWOMAN SAVAGE: Thank you. Do any of our Board members or staff have any comments or questions?

(No response.)

CHAIRWOMAN SAVAGE: Okay. Hearing no comments or questions, George, can you please call the roll.

MR. ROATE: Motion made by Dr. Grundy, seconded by Dr. Martell.

Senator Demuzio.

(Audio disruption.)

MEMBER MARTELL: Okay. I apologize. Can you just come back to me for a minute?

MR. ROATE: Thank you. Okay.

Dr. Murray.

MEMBER MURRAY: Based on the staff report and testimony I vote yes.

MR. ROATE: Thank you.

Dr. Grundy.

MEMBER GRUNDY: Based on the staff report and testimony I vote yes.

MR. ROATE: Thank you.

Back to Dr. Martell.

MEMBER MARTELL: I am back on. I vote yes based on the staff report and testimony provided.

MR. ROATE: Thank you, Dr. Martell.

Chairwoman Savage.

CHAIRWOMAN SAVAGE: I vote yes based on the State Board State Board report.

MR. ROATE: Thank you. That's 5 votes in the affirmative.

CHAIRWOMAN SAVAGE: So this application for permit is approved. Thank you.

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CHAIRWOMAN SAVAGE: Now we're going to move on to H-06, Project 20-033, Restorative Care Institute of Chicago. May I have a motion to approve Project 20-033, Restorative Care Institute to establish a 28-bed long-term care facility.

MEMBER GRUNDY: So moved.

CHAIRWOMAN SAVAGE: Thank you, Dr. Grundy.

A second, please.

MEMBER MURRAY: Second.

CHAIRWOMAN SAVAGE: Thank you, Dr. Murray. There are requests for public to offer testimony. Mike Mitchell, please.

MR. MITCHELL: All right. We had a Dr. Ann Alley signed up for testimony, but I do not see her on my attendance list, so I'm going to move on to Dr. Adam Bodzin. Are you there?

DR. BODZIN: Yes, I'm here. Can you hear me?

CHAIRWOMAN SAVAGE: Yes, go ahead.

DR. BODZIN: Great. Just first a quick thank you for allowing me to speak on this facility's behalf. I don't work for this facility at all. I'm actually an abdominal transplant surgeon who happens to know one of the project leaders Mitch Hamblet by way of his father's

transplant. I performed his transplant quite some time ago. I do have permission to mention that just so if anyone is worried.

I'm speaking because I can't stress enough the need for a safe infection-conscious skilled nursing facility for those at high risk after discharge from the hospital. Immunosuppressant debilitated patients include but are not limited to transplant patients, those on chemotherapy, and those with extreme debilitation especially after surgery. While many of the skilled nursing facilities do a wonderful job taking care of certain patient populations, some are simply not quipped to handle the complexity of a certain patient population which especially includes my patients.

In my experience this leads to longer hospital stays for these very medically complex patients in the hospital and further unnecessary financial burden on the healthcare system, and I've seen that across all regions in the U.S., whether that's out in California, in Chicago where I was previously, and now in Philadelphia.

I feel confident, having seen plans for

this game changing facility that would provide exactly what many hospitals need and healthcare providers, as well, that work with significantly immunosuppressed patients. It would allow for hospital and facility relationships that can make patient care seamless upon discharge from the hospital and actually create early discharge and decrease healthcare costs.

A safe haven for those at most risk for infection, setbacks, and hospital readmissions, I've seen first hand a need for facilities such as this and truly believe it would change the landscape for a very vulnerable patient population.

Thanks so much for allowing me to speak on behalf of the facility. Appreciate the time.

CHAIRWOMAN SAVAGE: Thank you, Doctor.

Do we have Senator Sara Feigenholtz?

Senator Sara Feigenholtz, do you have her, Mike Mitchell?

MR. MITCHELL: We have her. Senator Feigenholtz, are you there?

CHAIRWOMAN SAVAGE: I can't hear you, Senator. Senator Feigenholtz, we can't hear you.

Do we have Representative Lamont Robinson

meanwhile until her audio is fixed?

MR. MITCHELL: I do not have Lamont Robinson on the list of speakers at the moment.

CHAIRWOMAN SAVAGE: Okay. Do we know if Sara Feigenholtz can talk yet? Then put herself on mute.

MR. MITCHELL: Senator Feigenholtz, are you there?

CHAIRWOMAN SAVAGE: Can you guys hear something?

MR. MITCHELL: I'm hearing background noise, but I'm not getting a communication from Senator Feigenholtz.

CHAIRWOMAN SAVAGE: Okay. Well, let's move on to Karin Ulstrup then, and we'll hopefully come back to the Senator.

MR. MITCHELL: Dr. Ulstrup, are you there?

DR. ULSTRUP: I am. Can you hear me?

CHAIRWOMAN SAVAGE: Yes, thank you. Go ahead.

DR. ULSTRUP: My name is Dr. Karin Ulstrup. I'm an internal medicine doctor at Northwestern Medicine, been working there for about 20 years, take care -- I'm a primary care provider and

primarily take care of patients in the outpatient facility. Thank you for the opportunity to speak today.

I have known Mitch both personally and professionally for several years, and over the past year he has talked to me about this project. I am not specifically part of the project, but he has talked to me about this project explaining way before COVID the ideas that he had as far as infection control.

One of the biggest things I've seen in my patients who go to care facilities after they're discharged from the hospital is infection, and they are readmitted to the hospital multiple times. Based on the review of what I've seen of this project, I've seen state-of-the-art ideas about infection control, patient care, patient comfort, as well as improvement in patient outcomes with decreased hospital admissions.

I feel like the care that will be provided in a facility such as this, similar to what Dr. Bodzin said, will really become state of the art, and I feel like in retrospect Mitch was way ahead of his time now that COVID has occurred.

In addition to the infection control, I think the ventilator capabilities in such a highly controlled environment are really fantastic. I feel like the wound care operations that they offer are again state of the art and beyond any other facilities that I have seen. And I feel like patient comfort will really be a key part of this facility.

So I am very excited about this being built near our facility and think there's definitely a need for such high-quality care.

CHAIRWOMAN SAVAGE: Doctor, were you finished with your testimony?

(No response.)

CHAIRWOMAN SAVAGE: Doctor, were you finished with your testimony?

(No response.)

MR. MITCHELL: Okay. I've got Gary on. I'm going to try Senator Feigenholtz again.

CHAIRWOMAN SAVAGE: Okay. Thank you.

MR. MITCHELL: Senator Feigenholtz? Are you there, Senator Feigenholtz?

CHAIRWOMAN SAVAGE: Senator Feigenholtz, we hear a lot of background noise, but we don't

hear you speaking.

MR. MITCHELL: All right. I'm getting word that Senator Feigenholtz is in a legislative meeting, so she may not be available.

CHAIRWOMAN SAVAGE: Okay. Thank you. Then shall we go to the opposing folks?

MR. MITCHELL: All right. The first opposition speaker we have is Timothy Wood. Are you there?

MR. WOOD: Yes, I'm here. Can you hear me?

CHAIRWOMAN SAVAGE: We sure can. Go ahead.

MR. WOOD: Thank you so much, Madam Chairman. My name is Tim Wood, and I'm an asset manager for LCS, which is owner-operator of The Clare, which includes the Terraces at The Clare. I'm speaking in opposition of Project 20-033.

While there are multiple concerns with this proposed project, I will focus on one of the more significant, which is the concern with regard to the service demand criterion provided by the applicant.

The project identifies no relationships with any of the area hospitals such as Northwestern, Rush, UIC, nor any physician affiliated with any

of these hospital systems. Why? Because the referring hospitals and affiliated physicians already have the strength and quality they need in order to discharge patients to existing providers within the 10-mile service area.

Further, the applicant has provided referral letters that demonstrate taking referrals away from existing providers, as well as obscure providers, a giving indication of the potential referral volume. The applicant does not indicate it's their intent to focus on cosmetic surgery recovery, yet they are providing over 200 patients a year from Wilmette, from a surgeon up in Wilmette which is 20 miles away. Asbury Garden was provided a referral letter, which is a provider in North Aurora, Illinois, almost 40 miles away and is suggesting 60 referrals a year. Who would possibly want resident care services that far from their home when there are tremendous quality providers in the North Aurora and surrounding areas?

Finally, the applicant suggests a 90-day length of stay, which is simply unheard of in the current healthcare environment for postacute care.

We typically see lengths of stay ranging from 7 to 25 days.

There is not a need for a facility designed to skim high-reimbursement short-term patients as is represented in their financial projections for the facility which projects a daily rate of almost $700. There are plentiful and quality providers already within the 10-mile service area, and this project would negatively impact those providers and certainly runs the risk of not filling the large beds proposed.

I respectfully present these comments in opposition to Project 20-033. I would ask the Board to deny Restorative Care Institute's application to establish a new facility. Thank you.

CHAIRWOMAN SAVAGE: Thank you.

Do we have Erin Donaldson?

MS. DONALDSON: Yes. Can you hear me?

CHAIRWOMAN SAVAGE: We can. Go ahead.

MS. DONALDSON: Thank you. My name is Erin Donaldson, vice president/director of operations for LCS, owner-operator of The Clare, which includes the Terraces at The Clare, a facility within the 10-mile geographic service

area of the proposed facility. I'm speaking in opposition to Project 20-033.

While there are a number of concerns with the proposed project, I will focus on one of the most significant, which is there is no bed need to justify creating a new facility.

There are many quality providers providing postacute care with high levels of infection control, rehabilitation, and specialized wound care and management and evidenced by the number of four- and five-star facilities. These services already readily exist within the 10-mile geographic service area and do not need to be replicated.

As an established and reputable five-star facility we proudly and compositionally provide these same services within our community and do not hit the target occupancy of 90 percent. I understand the bed need methodology predicts a need for beds, but the overall census being as low as it is for already existing quality care facilities undermines the idea of needing more beds.

Bed need methodology is only one part of assessing need. Another is utilization of existing

facilities and impact on area facilities. If there were a need for more beds, I am certain you would have far more area facilities looking to add them and they are not. This project would negatively impact other providers and most certainly runs of risk of not filling the large number of beds proposed at 98.

I respectfully present these comments in opposition to Project 20-033 and would ask the Board to deny Restorative Care Institute's application to establish a new facility. Thank you.

MR. MITCHELL: I now have State Representative Lamont Robinson.

CHAIRWOMAN SAVAGE: Okay. Go ahead, State Representative.

REPRESENTATIVE ROBINSON: Good afternoon. Can you hear me?

CHAIRWOMAN SAVAGE: We can.

REPRESENTATIVE ROBINSON: Great. Thank you very much. I am calling in support. Knowing that we have a health desert, particularly in the city of Chicago and across the state, as a representative in Illinois General Assembly we need skilled nursing homes all across the state.

We know that this has been an issue for decades. We also need to make sure that in the midst of COVID that we are providing quality healthcare across the state, as well. So that is why this afternoon I am calling in support of the -- I'm sorry -- in I'm not sure if you heard me. Can you still hear me? I think I dropped out a little bit.

CHAIRWOMAN SAVAGE: You did drop out. If you could say your last little bit again, please.

REPRESENTATIVE ROBINSON: Sure. So I am supportive of Restorative Care Institute that will employee 100 full-time healthcare professionals. That is needed not only in my district but in the city of Chicago, as well as across the state. So, again, I am calling in support. Thank you very much for your time.

CHAIRWOMAN SAVAGE: Thank you, State Representative.

And did we get Senator Feigenholtz back?

MR. MITCHELL: No, we do not have Senator Feigenholtz.

CHAIRWOMAN SAVAGE: Okay. She's probably in her meeting.

MR. MITCHELL: Probably.

CHAIRWOMAN SAVAGE: Okay.

MR. MITCHELL: That's all the speakers we have.

CHAIRWOMAN SAVAGE: Is there anyone to present or represent the applicant?

MR. SHEETS: Yes, there is, Madam Chair. Chuck Sheets from Polsinelli.

CHAIRWOMAN SAVAGE: Okay. If you can get sworn in, please.

Paula.

Oh, are there more people than you?

MR. SHEET: There are. There's Mitch Hamblet, Anne Cooper. I believe we have a couple of bankers, too. We're all on and I'm sure they're going to raise their hands, Madam Chair.

(Witnesses sworn.)

CHAIRWOMAN SAVAGE: Mike, if you could proceed with the State Board staff report.

MR. CONSTANTINO: The applicants are asking the State Board to approve the establishment of a long-term care facility in Chicago, Illinois, at a cost of approximately $34.6 million. The applicants are Restorative Care Institute, LLC, and 50 Huron Street, LLC, and owned 100 percent by

Mr. Hamblet, Jr.

The State Board has been updating their findings on this project. There's a calculated need for 207 long-term care beds in the planning area. However, there are already two long-term care facilities within a 10-mile radius of the proposed project with over 14,000 beds with an average occupancy of 60 and a half percent. On any one day there's approximately 4800 beds not in use in this 10-mile GSA, and overall within the city of Chicago there's an excess of approximately 1300 long-term care beds.

We also had findings related to the financing of the project. This is the first time we have seen these applicants or Mr. Hamblet appear before this State Board. These are new entities owned 100 percent by Mr. Hamblet.

On September 10, 2020, we received two revised letters from Lakeside Bank signed by the chairman and CEO of the bank. This was provided to the Board members in an email sent to you labeled No. 6.

Just a comment. Board staff is required to inform the Board that the applicants have the

financial wherewithal to complete the project and provide a proper standard of care. In my opinion, all the letters from the banks should apply the assurance that should this Board approve this project, the financing as documented in the application for permit will be approved without any mention of due diligence in the letters. In my opinion, the State Board members are entitled to have the due diligence done before the applicant appears before the Board.

Thank you, Madam Chair.

CHAIRWOMAN SAVAGE: Thank you. If you'd like to proceed with your presentation.

MR. SHEETS: Chuck Sheets, I'm counsel for Restorative Care Institute. I would like to thank the Board staff, particularly Courtney and Mike Constantino for their thorough review, and I'd also like to thank Mike Mitchell for holding this all together; it cannot be an easy job. I'd also like to thank Senator Feigenholtz, Representative Robinson, Dr. Alley, Dr. Bodzin, and Dr. Ulstrup for their support in highlighting the need for this project to be developed.

To note, this project was unopposed until

you just heard two public commenters opposed, but there was no public hearing requested and no letters submitted in opposition to the State agency.

The project is a new development. It's a 98-bed skilled nursing facility in the city of Chicago that will service Medicare, Medicaid, and private pay residents. You may not know this, but last September the Board staff calculated a new bed need for this particular area in Chicago, and that bed need went up from 30 beds to 207 skilled nursing beds in area 6B, Planning Area 6B.

Now, the Restorative Care Institute will be the first stand-alone skilled nursing facility built in Chicago, should you approve it, in nearly 40 years that is not part of another continuing care community or a retirement community and is open to the general public. A proposed facility will primarily service postacute patients, including ventilator-dependent patients and will deliver higher levels of infection control while specializing in rehabilitation and wound care through collaboration and innovation within the healthcare community. It will be located in downtown Chicago within 3 miles from Northwestern

Memorial Hospital, Rush University Medical Center, University of Illinois Hospital, and John Stroger Hospital of Cook County.

Further, through advanced physical plant design and infection prevention protocols it will improve public safety, resulting in better outcomes and a lower chance of subsequent infection-related care.

Regarding the State Board findings, our project received a finding on service accessibility and unnecessary duplication and maldistribution. According to the finding, this was due to skilled nursing facilities within the geographic service area operating below the State Board's 90 percent utilization standard in 2018. You heard Mr. Constantino just refer to that.

First, I want you to note how expansive the geographic service area is as defined in the Board's criterion. As shown on the map that I'm hoping -- there it is. Thank you, Ms. Cooper. As shown on the map, the area is essentially the entire city of Chicago. Its borders stretch from Lake Michigan to Oak Park, almost the Indiana border to downtown Evanston.

Now, within this particular 10-mile general service area there is a population of 2.7 million people, and there are 82 skilled nursing facilities. Of the 82 skilled nursing facilities in the geographic service area, many of these are older facilities that have converted shared units that used to hold three or four people into semiprivate and private units. Thus, the facility may have a license for 150 beds but may actually only have 100 beds that are set up and in use.

The result is that the facility utilization rates that are reported to the Board are misleading. In addition, several of the facilities that are within this geographic service area provide services that are totally unrelated to skilled nursing, such as they service a developmentally disabled population and a mentally disabled population.

And finally, I would note that there are 10 facilities in Table 8 that's in the State agency report at the back that have an occupancy that shows less than 1 percent. Now, clearly this is an error. It simply highlights the inaccurate information that these skilled nursing facilities

provide to the Board staff.

And then finally and most importantly for your consideration, among the 82 skilled nursing facilities in the service area, only 5 will admit ventilator-dependent patients according to the State Board's information.

Now, all of these factors indicate utilization standards that are not fairly comparing apples to apples. Again, I want to stress the type of patients that will come to this facility are ventilator-dependent patients and patients with infectious diseases. And as we've seen over the last six months, this is going to be more and more important in the skilled nursing facility area.

Now, the other findings that were found by the State agency and by Mr. Constantino relate to the availability of funds on the project, and they indicate that this project did not meet the State Board's cushion ratio, and the application did not include an adequate commitment letter from a lending institution.

Now, our application did include a commitment letter that memorialized an agreement to underwrite the loan, and that letter is dated

April 30th and it's in the application. According to the letter, Lakeside Bank is providing 75 percent financing or roughly $26 million, and the ownership is providing the remainder of the equity. The other financing terms were included in the commitment letter which are customary commitment letters of this type.

When we found out that staff had an issue with the wording of the bank letter, we provided a second bank letter from Lakeside Bank that's dated September 10th, 2020, and this further clarifies the bank's commitment to lending upon the Board's approval of the project. The vice chairman and president David Pinkerton from Lakeside Bank is available today to answer your questions you might have regarding this particular project's ability to perform and the bank's willingness to provide the financing for this project.

Now, along with the second financing letter we submitted documentation evidencing that there's cash available to fund the 25 percent of the equity contribution, which is roughly $8.6 million. This criterion is aimed to provide the Board with assurance that the applicant has the ability to

actually fund this project and to complete and financially manage the success of the project after its completion.

As an additional assurance, we also have invited Paul Weiland, president of Weiland & Associates, who is a certified public accountant to speak on behalf of my client. He is also available to answer any questions you have regarding my client's financial qualifications and the structure of all of his separate businesses and corporate entities.

Now, at this time I'd like to introduce Mitch Hamblet, who is the president and founder of Restorative Care Institute, and Mr. Hamblet can provide further detail on all the various aspects of this project that make it very unique and I think a project that you're really going to like.

MR. HAMBLET: Thanks, Chuck. Can everyone hear me okay?

CHAIRWOMAN SAVAGE: Yes. Go ahead.

MR. HAMBLET: Wonderful. I'd like to thank the Board, as well, and staff, and those who have come out in support of our project. It means a lot to all of us, and we greatly appreciate your

valuable time and their valuable time over this last year.

The concept of the Restorative Care Institute is to improve patient safety and outcomes by developing innovative protocols in infection control in designing systems to prevent communicable diseases. This was conceived last year when my father passed due to several healthcare-associated infections.

I've been an owner and creator of healthcare companies for the last 20 years, and I'm not new to infections, but this was the first time it affected someone close to me. In 2016 my father was fortunate to receive a kidney transplant from the University of Chicago. His surgeon was on the phone. He was very instrumental in the process of putting this together and helpful as a source of knowledge.

Due to my father's lowered immune system and complications from the infections after the surgery he was in and out of nursing homes for almost two years, back to the ICU, back to the nursing home, back to the ICU. He developed a UTI, he developed a bone infection, and eventually

we lost him in 2018.

We never once questioned his physicians -- as you can see today, some of them were on the call -- and we didn't question the skilled nursing facilities, but we knew that there wasn't a place that could do what we're trying to do today. That's why we're doing this. We want to build a facility that focuses on the rehabilitation of a person in a very safe environment, whether that means weaning a patient with a pulmonary illness off of a ventilator or protecting patients from infections while recovering from major surgeries.

Now, it's difficult to do; it's expensive. We know that. We have a lot of experience in developing projects this size and larger, but this particular project makes so much sense because we can do it affordably.

One reason is we've secured a building very close and I should say in the heart of the downtown that can significantly save costs on the construction bid reusing the existing building superstructure. Our plan is to demolish the exterior of the building and the nonloadbearing walls, retain the foundations and five floors of

structural and then add three more floors to the remaining building and install a modern facade which will then look like one solid building. When we're done, we'll have an eight-story building with the most modern safety systems, a beautiful design, and without the higher price tag.

The second reason for this building working so well for this type of project and for this specific project is it was originally designed to house the American Library Association. So the floor loads of the building, the weight that it can handle and the ceiling heights were higher than normal. So these existing characteristics allow us to put the new facility right over the old almost seamlessly. Again, it frees up considerable money which can go towards the advanced environmental systems that we're proposing here today to put into this building that you won't see in other nursing homes.

In addition to reusing the current structure, the existing building has over 100 feet of frontage on Huron, and this allows us to design all the patient rooms so that they have city views completely unobstructed.

And then lastly, given our ventilator capabilities and the focus of postacute patients and proximity to major hospitals in this area, which -- if you'll allow me to pull up or, Anne, if you'll pull up those, that would be wonderful -- we basically are within 3 miles of six different area hospitals. Hopefully -- let me share my screen here. Well, I'm unable to share my screen. So, Anne, if you would, please.

MR. MITCHELL: Well, you can share your screen.

MR. HAMBLET: Well, it's grayed out on my screen.

MR. MITCHELL: Just one moment and I'll get you connected.

MR. SHEETS: And, Mike, if you can allow Anne to share.

MR. HAMBLET: He's done it for me. I have access now. Let me just pull it up. Hopefully you're able see that. Let me move it down here.

If you can see on this map, we're within 3 miles of six area hospitals. Mike, if it's possible, if you would let Anne share her screen, it might be easier. It seems like it's turning my

exhibits on the side.

MR. MITCHELL: Okay.

MR. HAMBLET: Thank you.

So with our ventilator capabilities, being so close to as many hospitals as we are, and the likelihood of ever encountering another building like this that would be as convenient to these resources and referral sources, that it would fit as well as it does in a neighborhood with the public transportation that it has is highly unlikely.

What makes this project the most special is what's behind the scenes. A very special component of each patient room is the negative air pressure. Every patient room will have a minimum of 12 air changes per hour. Effectively our patients will breathe a hundred percent fresh air. This is one of the most important features in protecting someone with an airborne virus.

In addition to the negative pressure, each room will be equipped with technology that allows our physicians to collaborate among team members and family. I've included a rendering -- and, Anne, if you could bring up Exhibit 2 a typical

patient room. In this rendering you'll see that our rooms are designed to be not like your typical nursing home room. Our concept here is to get someone healthy and get them home and back to the community. So we design our rooms with not just large floor-to-ceiling windows but with the access of a touch screen, very large video center that allows our residents to not only do telehealth but also to enjoy things like Netflix and the sporting games while they're there.

So, Anne, if you can go to daytime for me, I'd appreciate that. That's the shared. If you could go to Exhibit 3.

MR. SHEETS: This is what happens when lawyers control IT. It's never good.

MR. HAMBLET: Thank you. Anne has actually put up something interesting. This is the same patient room, but what it shows you is a fold-out bed for family. And the idea here is that we firmly believe that as a patient is recovering like my father was, the ability to have him close to a spouse was critical but actually helped in his recovery whenever he would go back to the ICU. So our concept here is that we have a

convertible bed that becomes a bench in the daytime, but it folds down to become a place where a family member could stay to be close with their loved one.

Also, one thing I want to point out in our patient rooms is that our patient has control over these rooms. So they not only can control their entertainment, but they can control by voice the sound in their room, and they control the lighting in their room. And if you notice, this room is actually set to the twilight so that the patient can actually say "Go to twilight," and the room will actually convert. And if we have patients on ventilators, of course, they can still use manual controls, but part of that concept is that we want to have as few things as possible that can possibly spread disease.

So finally, as part of every single room we put out, in every single room that we designed we put several things in to consider these things that make it easier for someone who is recovering to not only have the control of their space but also to trust to be able to clean it and keep it sanitary.

Over the last year and a half we've interviewed physicians and clinicians and engineers, a lot of our own staff, and that's how we've designed this building. We've invited several people to speak on our behalf. Dr. Eminar Gruall we're hoping will speak and tell you a little bit about some of the designs that he would put into this building, and we've actually adopted some of those. Others here today who have been helpful in designing the safety protocol of this project are also available, and I'd like them to speak and say why they feel this is a necessary project but more importantly why it was designed the way it was and how it can actually produce better outcomes for patients when they're recovering from a surgery, whether that be from a major surgery like a transplant surgery or from a surgery like a hip or orthopedic surgery.

Again, I want to thank the Board for their valuable time, and we're open to any questions you may have.

MR. SHEETS: Mike, if you can introduce -- I don't know if your banker is there with you, but I know Mr. Constantino had some questions about

the financing. So maybe we could have the banker if he's available -- I know it's been a long day already, but if he's available have him speak.

MR. MITCHELL: What is the name of the gentleman?

MR. HAMBLET: It will be David Pinkerton.

CHAIRWOMAN SAVAGE: And we'll probably have to have him sworn in.

MR. MITCHELL: He's unmuted.

MR. PINKERTON: Hello everyone, my name is Dave Pinkerton. I'm the president and vice chairman of Lakeside Bank.

CHAIRWOMAN SAVAGE: Mr. Pinkerton, one second. Were you sworn in before?

MR. PINKERTON: Yes, I was.

CHAIRWOMAN SAVAGE: Okay. Go ahead and proceed.

MR. PINKERTON: Okay. Lakeside Bank will be providing the financing for this project. We have over a 20-year relationship with Mr. Hamblet. We've done over eight projects with Mr. Hamblet totaling about $100 million worth of projects. Mr. Hamblet is well known to us; he's financially strong, has the industry knowledge, and is more

than capable of seeing this project through completion.

His equity is already on deposit; it is available. His companies are run extremely well. All of our projects have been run in a timely manner and have had no issues whatsoever.

Lakeside Bank looks forward to working with Mr. Hamblet to make this project successful, and I'm here to answer any questions that you may have. Thank you.

MR. SHEETS: Madam Chair, with all that said we're here to answer any questions, and I know it's late in the day.

CHAIRWOMAN SAVAGE: Charles, can we have the banker -- Mr. Constantino had one more question.

MR. SHEETS: Sure.

MR. CONSTANTINO: Is the Lakeside Bank going to make the loan if the project is approved?

MR. PINKERTON: Yes. We are making the loan for the project, correct.

MR. CONSTANTINO: I'd just like to make some comments about what Mr. Sheets said.

(Audio disruption.)

MR. SHEETS: Madam Chair, I didn't hear all that, but I think where Mike is going since we've had this discussion many times over the years.

I agree that the Board staff is handcuffed slightly because the skilled nursing facilities and other nursing homes are not required to report accurate data, and many times they leave beds that are -- we used to call them ghost beds, but they're beds that are licensed, but they're never set up, and they're never in the building.

I think the reasons for that are long, and I don't want to bore the Board with the history of the nursing home industry and why they keep those licensed beds, but I know Mike's heard this many times before. Essentially, a lot of the mortgage companies that loan money to nursing homes, you know, they use the number of beds as part of the collateral for those loans.

So whenever those beds are reduced, the banks get nervous, and the mortgage companies get nervous. So they always resist telling the truth about how many beds they actually have set up in the building. I know that hospitals are much more

accurate in their reporting, and there's a little more teeth in the Board's regulations on those.

I hope that answers your question, Mike. I wasn't -- I didn't hear the whole thing, but I'm guessing that's where it was going.

CHAIRWOMAN SAVAGE: Can you go into a little bit about your Medicare and Medicaid projections? That's the other part.

MR. HAMBLET: Okay. Thank you. Yeah, sorry, Mike it's very hard to hear you.

We have set up the building to be both Medicaid and Medicare as well as private. Our projections are showing that we have a 30 percent Medicaid population and a 70 percent private and Medicare population.

Does that answer your question, Mike? Can you hear me?

CHAIRWOMAN SAVAGE: The question is what you all are projecting for Medicare and Medicaid volume.

MR. HAMBLET: Yes, that is our projection.

CHAIRWOMAN SAVAGE: Can you repeat that again? I'm sorry.

MR. HAMBLET: Okay. Sorry; we seem to be

having an issue.

We're projecting that 30 percent of the building, approximately 30 percent will be Medicaid, and the other 70 percent will be private as well as Medicare.

MR. SHEETS: I can clarify a little bit, Mike. All of the beds will be Medicare certified, and 30 percent of them -- 28 are duly certified.

MR. HAMBLET: Correct.

MR. SHEETS: That might help.

MR. HAMBLET: I'm sorry, Madam Chair; I'm having a hard time hearing.

CHAIRWOMAN SAVAGE: So do we have any of our Board members that have any questions or comments or other staff board members?

MEMBER MURRAY: I just want to be clear with what criteria the staff thinks have not been met. It seems like a long list here in the report.

So it seems like six criteria, and now we've had the availability of funds more or less addressed. So I guess my question is still on the unnecessary duplication.

MR. CONSTANTINO: Within that 10-mile GSA

there's an unnecessary duplication.

MR. SHEETS: Well, and if I could just add, you know, again, we're talking about 82 different nursing homes in the entire city of Chicago. So if this project was located, you know, in a more rural area, you might see on that last table of your State agency report, you might see three or four or maybe six or eight other facilities located within that GSA, but because this encompasses the entire city of Chicago you have 82 other facilities that are listed.

Realistically, that 10-mile geographic area for the city of Chicago is much different, as I'm sure you're aware, that would be out in the suburbs or in a rural area. Just the population density and the travel times, everything changes in the city of Chicago.

We believe that those criterion on most of the homes, since only five of those homes actually will admit ventilator-dependent patients and only four will admit patients with infectious diseases, that, you know, those are really the homes that are in this particular service business that this particular new nursing home would address.

So we're hoping that you can see that it's not an unusual finding for a nursing home project, as you probably know. There are a lot of empty nursing home beds out in the state of Illinois, but, again, there hasn't been a new standalone nursing home in Chicago in 40 years. So we're hoping that you give Chicago the chance to utilize an upgraded physical plant and something new open like they have out in the suburbs.

MR. HAMBLET: Chuck, if I may, can we ask the doctor to give us a quick comment about referrals? He's one of our speakers, and we'd like to at least respond to that, but before we do I'd like to say something just so the Board members understand.

This is not the same as the other nursing homes that exist today. This nursing home is being built with infection controls that none of these homes can say they have. We know for a fact that not only is negative pressure one of the most important aspects of this home, but so is HEPA filtration and ultraviolet light inside the duct work. Now, these are not things that exist in nursing homes today, and it's one of the reasons

why a lot of the nursing homes have been plagued with lots of COVID cases, for example.

And it's very important to note that this is a new idea for a nursing home. It's not that different as far as the operations go, but as far as the building is, the way it's built and designed and the protocols that will be in place for the staff, that's the most critical factor. That's what makes it so different than the other homes.

And as I mentioned before, when we lost my father, we were inspired to do something like this. We realized that we probably would still have him with us if there was a nursing home we could have sent him to that had infection prevention controls. He was on massive immune suppressants, and he couldn't go home because of the needs that he had. And we looked everywhere from Wisconsin to Michigan, and we couldn't find anything that could handle this. There was nothing in Chicago; there was nothing in the suburbs. So since we didn't find it, that's why we've decided to build it.

As I mentioned earlier, we spent the last

year researching this. And I'm sorry that a lot of our witnesses weren't able to come on today, we lost them earlier, but I would like Dr. Agrawal to speak. If he can be unmuted, I would appreciate it.

MR. MITCHELL: He's unmuted now.

DR. AGRAWAL: Thank you, Mitch, for that.

Thank you, Board, for your time today. I'm a board-certified intensivist who has been practicing for over 20 years in the Chicagoland area, and I currently work in both COVID and non-COVID ICUs, I don't want to duplicate what a lot of the other doctors have said and what Mitch very eloquently just said, but I do believe that this is a very unique type of facility that he is trying to create, and I truly do understand the passion behind why he's trying to do this.

We've all dealt with very difficult cases both personally and with family when it comes to healthcare-associated infections, the toll it takes on the healthcare system, the amount of debilitation that every new infection brings to that patient, the loss of muscle mass, the decreased mobility which then can lead to a downward spiral that leads to a much lower quality

of health, quality of life, quality for the family to be able to interact, isolation leads to depression, leads to all kinds of -- a rolling system if you will. And then as these patients keep bouncing back and forth from the assistive facilities, nursing homes, skilled nursing facilities back to the hospital, they use a lot of resources. I can tell you that during COVID times these patients present very similarly to a possible COVID patient, so a lot of resources were now reallocated to them. They typically ended up having long stays, as well, so a real tax on the healthcare system, a real tax on the availability of beds.

If we can minimize these effects more practically, if we can take a look at possible data that can come out of a facility like this and establish new best practices for the community at large, for the country at large, we can really I think have a big impact on our healthcare dollars, how they're spent, on the way the facilities are able to take care of the masses in a much more effective way with good stewardship of resources and, you know, the psychosocial aspects of all

this I think can be minimized in a much more dramatic fashion.

I have worked with Mitch to try to kind of come up with ideas for how to set up the facility, and I feel that a lot of stuff that he has integrated has been great really from a patient safety need to a staff safety standpoint; I think those are two very important things. I think the advanced infection control policies, the negative pressure, allowing for -- one of the difficulties that we've had, too, in this new pandemic world is where can we send our patients afterwards. A lot of facilities just don't have the capability or are uninterested in taking patients like this. A facility like this could easily accommodate those COVID patients without taxing the patient healthcare system. In a time of true pandemic or crisis this could even be converted to an additional facility, if needed, that could specialize in the care of these types of patients.

There's a lot of stuff that excites me about a project like this, but even from a day-to-day grind of taking care of patients who have recurrent infections or difficult infections,

a place like this I think is much needed and would alter our perception of how to treat these patients going forward.

Thank you for your time. I appreciate it.

MR. HAMBLET: Madam Chair, is it possible we can have Deanna Dang speak for us?

CHAIRWOMAN SAVAGE: Sure.

MR. MITCHELL: Deanna Dang should be available to speak now.

CHAIRWOMAN SAVAGE: I'm sorry; can you repeat that?

MR. MITCHELL: Deanna Dang should be connected. Are you there?

CHAIRWOMAN SAVAGE: Repeat the name again, Mike.

MR. MITCHELL: I believe Chuck asked for Deanna Dang.

CHAIRWOMAN SAVAGE: Is that correct, Mitch?

MR. HAMBLET: Yes, that's correct.

Deanna, are you with us?

Unfortunately, Madam Chair, we've lost several people due to the time. And we appreciate you all staying; we really do. It makes it difficult.

While we're waiting for Deanna, if we can, Mike, we just want to verify that we answered your questions about financing.

We are not doing this through what you may be more familiar with as HUD financing. That is not contingent upon that. This is a shovel-ready project with a building that we have under control. I will say we don't have it under control forever; we have it, as we mentioned to the Board, as an option to purchase, and that allows us to do this process, go through licensing and be approved. But as of the time this project started to now we've gone through significant steps in preparing and aligning financing for this and have reviewed multiple sources of financing and have made the decision to go to Lakeside, who has done multiple projects for us in the past and understands our company and understands this project.

So I can tell you that the reason why we produced the additional letters as requested and also produced the president of the bank is to show you our seriousness in starting this project. I can also tell you that this project is available to provide not only public but private healthcare

and do it in a way that gives each patient the exact same results and services, which I love.

The patient rooms are designed to be not only large but private, and that's one of the great features about this project, and I hope that the Board recognizes this when they -- when they review this.

MR. CONSTANTINO: I'm comfortable with the financing based upon the statements of the bank.

MR. HAMBLET: You're breaking up. Did you say you're comfortable with the financing?

MR. CONSTANTINO: Yeah, based upon the statement the president of the bank made under oath today.

MR. HAMBLET: Thank you.

CHAIRWOMAN SAVAGE: Do any of our other Board members have any questions and concerns, and, Dr. Murray, were your concerns addressed?

MEMBER MURRAY: Yes, thank you.

CHAIRWOMAN SAVAGE: Thank you.

Dr. Martell, you're on mute.

MEMBER MARTELL: I don't know if this was answered somewhere in the audio, but what forms of reimbursement are you going to be accepting from

the patient population?

MR. HAMBLET: I'll answer that or, Chuck, you can go ahead and answer it.

MR. SHEETS: Go ahead, Mitch.

MR. HAMBLET: The building is going to be open to both Medicaid and Medicare as well as private. Is mine on or can you hear me?

MEMBER MARTELL: Yes, I can hear you. You identified the percentage of those?

MR. HAMBLET: We did. I'm sorry, Member Martell, that is 30 percent Medicaid and Medicare, and Medicare and private for the remaining 70.

MR. SHEETS: So it's actually 28 beds that will be duly certified, and the rest of them will be Medicare certified.

CHAIRWOMAN SAVAGE: I can't hear you. What?

MR. SHEETS: I'm sorry; let me try to repeat that. So 28 beds will be both Medicare and Medicaid certified, and then the remaining beds will be Medicare certified. And as you probably know, private pay insurance like Blue Cross/Blue Shield, you know, you have to be Medicare certified, too, so it's always smarter to make all of them Medicare certified.

CHAIRWOMAN SAVAGE: Thank you. Does that answer your question, Dr. Martell?

MEMBER MARTELL: Yes, it does. Thank you.

CHAIRWOMAN SAVAGE: Thank you. Any other questions or concerns by Board members or State Board staff.

(No response.)

CHAIRWOMAN SAVAGE: All right. Hearing none, George, if you could call the roll.

MR. ROATE: Thank you, Madam Chair. Motion made by Dr. Grundy, seconded by Dr. Murray.

Senator Demuzio.

(Audio disruption.)

MR. ROATE: Thank you for the yes vote.

Dr. Martell.

MEMBER MARTELL: Yes, based on the staff report and the updated information provided under oath today.

MR. ROATE: Thank you.

Dr. Murray.

MEMBER MURRAY: I vote yes based on today's testimony and the staff report.

MR. ROATE: Thank you.

Dr. Grundy.

MEMBER GRUNDY: I vote yes based on the staff report and the updated testimony.

MR. ROATE: Thank you.

Chairwoman Savage.

CHAIRWOMAN SAVAGE: I vote yes based on the State Board staff report and the testimony and updates today.

MR. ROATE: Thank you. That's 5 votes in the affirmative -- oh, Mr. Kaatz, are you with us this evening?

MEMBER KAATZ: Yes. I vote yes based on the applicant's ability to answer the questions that were before them, the overall quality of the testimony, and the staff report.

MR. ROATE: Sorry about that, sir. Thank you.

That's 6 votes in the affirmative.

CHAIRWOMAN SAVAGE: And so the application for the permit is approved. Thank you so much and thank you for staying with us during our delays and technological problems today.

MR. HAMBLET: Thank you for staying with us.

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CHAIRWOMAN SAVAGE: All right. So next up is H-07, Project 20-037, Blessing Hospital Ambulatory Surgical Treatment Center in Quincy. May I have a motion to approve Project 20-037, Blessing Hospital Ambulatory Surgery Treatment Center for the expansion and build-out shell space.

MEMBER MURRAY: So moved.

CHAIRWOMAN SAVAGE: May I have a second?

MEMBER MARTELL: Second.

CHAIRWOMAN SAVAGE: Thank you, Dr. Martell and Dr. Murray. There are no requests from the public to offer public testimony, so thank you.

Is there anyone present to present the applicant -- to represent the applicant.

MS. KAHN: Yes, I am Maureen Kahn.

CHAIRWOMAN SAVAGE: Okay. Can we get you sworn in, please?

(Witness sworn.)

CHAIRWOMAN SAVAGE: Mike Constantino, if you could please present the State Board staff report.

MR. CONSTANTINO: The Applicants are proposing a build-out of shell space approved as part of #19-029 the establishment of an ASTC on

the Hospital campus at a cost of $763 thousand.

(Audio disruption.)

CHAIRWOMAN SAVAGE: Thank you, Mike.

Okay. Maureen, if you want to go ahead with your presentation.

MS. KAHN: Good afternoon, Ms. Avery, and Board members, and staff. I'm Maureen Kahn. I'm the president and chief executive officer of Blessing Health System and Blessing Hospital, and today in the room with me I've got Patrick Gerveler, our CFO; Lori Wilkey, our administrative director of surgical services; Margaret Stagaman, who is our strategic planning coordinator, and I should probably start with thanking the staff for their assistance and the Board for your time here today since it's been a long day.

We had one concern that came out of the project that we submitted, and it was the reasonableness of our project cost at the time of submitting the budget for this fourth OR build-out. At the time that we submitted our project, our pricing at that time was based on the conceptual layout and some estimated pricing. Since the time of our submission we have now gotten all of our

finalized prices, and our costs are now coming in below the State standard for the square footage cost. So I think now -- and I hope I don't say that incorrectly, Mike, but I think we are now $2 below the State standard on cost. So we brought that number back down.

So I think other than that, that was the only area that we fell out in our project submission, and I would respectfully ask for the Board's approval on this application to build out the shell space for us in the ambulatory surgery center while it's under construction right now. We're doing this; we've learned a lot going through the project; we've hired additional surgeons; we've got volume, as well as we know with certain viruses we need some time in turning over rooms and allowing them to ventilate properly at the proper air exchange before we put another patient in the room, and we want to be able to have this room to use it as a flip room and get the right timing for our patients in ambulatory surgery. That's the request.

CHAIRWOMAN SAVAGE: Thank you. Do our Board members or other Board staff have any questions?

(No response.)

CHAIRWOMAN SAVAGE: Okay. Hearing none, if, George, you could call the roll.

MR. ROATE: Thank you, Madam Chair. Motion made by Dr. Martell, seconded by Dr. Martell.

Senator Demuzio.

(Audio disruption.)

MR. ROATE: Thank you.

Dr. Murray. Dr. Murray.

MEMBER MURRAY: I vote yes based on the revised report.

MR. ROATE: Thank you.

Dr. Martell.

MEMBER MARTELL: Yes, based on the staff report and the clarification on the financials.

MR. ROATE: Thank you.

Mr. Kaatz.

MEMBER KAATZ: I vote yes based on the work that the staff did, as well as the material in the testimony, and I also like the level of consciousness that the applicant provided in their explanation of the project. So I vote yes.

MR. ROATE: Thank you.

Dr. Grundy.

MEMBER GRUNDY: I vote yes based on the revised staff report.

MR. ROATE: Thank you.

Chairwoman Savage.

CHAIRWOMAN SAVAGE: Yes.

MR. ROATE: Thank you. That's 6 votes in the affirmative.

MEMBER MURRAY: This is our last one. I move we adjourn.

CHAIRWOMAN SAVAGE: So now we have to do the approval of all these other things. Right?

May I have a motion to approve the June 30th, 2020, meeting transcript.

MEMBER MURRAY: Yes, I move -- can we move everything at once because I'm getting ready to get off of this call.

MEMBER MARTELL: I second it.

CHAIRWOMAN SAVAGE: Okay. So let me revise that. So may I have a motion to approve the June 30th, 2020, meeting transcript, the record items through AA as listed on the September 22nd, 2020, final meeting agenda and the -- well, we didn't have a financial report. Just those things.

MEMBER MURRAY: I so move.
CHAIRWOMAN SAVAGE: Go ahead.
MEMBER MURRAY: I so move.
CHAIRWOMAN SAVAGE: And may I have a second.
MEMBER MARTELL: Second.
CHAIRWOMAN SAVAGE: Thank you. Okay. So those are passed or do we need to vote?
MEMBER MURRAY: Just say all in favor and let's move on.
CHAIRWOMAN SAVAGE: All in favor everyone.
(Ayes heard.)
CHAIRWOMAN SAVAGE: We did not have any financial reports and then -- oh, you do.
MS. AVERY: We'd ask that you please review the financial report and let us know if you have any questions.
CHAIRWOMAN SAVAGE: Okay. And the 2021 meeting dates, did anyone have any issues with that.
MEMBER MURRAY: If it's not a motion, let's not discuss it.
MEMBER MARTELL: Realistic, I'll be honest, I will need to -- I received that in my disk, and I will have to take a look at that. My

planning schedule is a little off.

CHAIRWOMAN SAVAGE: I can't imagine why.

If we can ask everyone no later than October 9th to advise Courtney of any potential conflicts, and we'll approve it at the November 5th next meeting that we have.

MEMBER MURRAY: Great.

MEMBER MARTELL: All right. Our meeting is adjourned -- oh, motion to adjourn; I'm sorry.

(Audio disruption.)

MEMBER MARTELL: Thank you, Senator. May I have a second.

MEMBER GRUNDY: I'll second.

CHAIRWOMAN SAVAGE: Fabulous. All in favor.

(Ayes heard.)

CHAIRWOMAN SAVAGE: We are now adjourned.

(Off the record at 5:44 p.m.)

CERTIFICATE OF SHORTHAND REPORTER

I, Paula M. Quetsch, Certified Shorthand Reporter No. 084-003733, CSR, RPR, and a Notary Public in and for the County of Kane, State of Illinois, the officer before whom the foregoing proceedings were taken, do certify that the foregoing transcript is a true and correct record of the proceedings, that said proceedings were taken by me stenographically and thereafter reduced to typewriting under my supervision, and that I am neither counsel for, related to, nor employed by any of the parties to this case and have no interest, financial or otherwise, in its outcome.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 6th day of October, 2020.

My commission expires: October 16, 2021

_____

Notary Public in and for the
State of Illinois

I