

May 18, 2010

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Mike Constantino, Supervisor, Project Review Section
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

MAY 18 2010

HEALTH FACILITIES &
SERVICES REVIEW BOARD

RE: Transfer ownership of a hospital. Project 10-013, Westlake Hospital, Melrose Park and transfer ownership of a hospital. Project 10-014, West Suburban Medical Center, Oak Park

Dear Mr. Constantino:

We are writing to comment on the Certificate of Need application for the proposed asset purchase agreement between Vanguard Health Systems and Resurrection Health Care involving two suburban Chicago hospitals: Westlake Hospital in Melrose Park and West Suburban Medical Center in Oak Park. Our specific objection is to the agreement by Vanguard to maintain religiously-based health care restrictions that were instituted by Resurrection, a Roman Catholic health system, at these hospitals, which were nonsectarian prior to their affiliation with Resurrection.¹

The proposed new operator, Vanguard, is a nonsectarian entity. Since these two hospitals will no longer be operated by a Catholic system, and the Catholic restrictions have eliminated some services needed by the patients who rely on these hospitals, we believe that perpetuation of the restrictions would be contrary to public health needs and to sound public policy. Accordingly, we respectfully request that the Health Facilities and Services Review Board strike that aspect of the agreement before acting on the proposed transaction.

Objectionable condition of proposed sale

The two hospitals being sold to Vanguard are both historically nonsectarian facilities that had been acquired by Resurrection: Westlake Hospital in Melrose Park, which joined Resurrection in 1998, and West Suburban Medical Center in Oak Park, which was added to the Resurrection system in 2004. These two hospitals are presently operated in accordance with the *Ethical and Religious Directives for Catholic Health Care Services* ("the *Directives*"), which are issued by the United States Conference of Catholic Bishops.² Introduction of the *Directives* has restricted the delivery of reproductive health services, specifically through the prohibition of sterilization procedures and contraception at these hospitals, and has given the local Bishop say over the way that medical care is delivered there.

As a condition of the transfer of ownership, Vanguard has inexplicably agreed to a demand from the Resurrection Health System to maintain these religiously-based service restrictions at both hospitals, apparently in perpetuity. This aspect of the agreement would not be in the best interests of the patients served by these hospitals, who have struggled to find access to prohibited health services since Resurrection began operating these facilities.

In 2004, at the time the Illinois Health Facilities Planning Board approved the West Suburban sale to Resurrection, over community protests, hospital officials insisted patients would not be negatively affected by the elimination of the prohibited health services. For example, they dismissed concerns about the discontinuation of sterilization services at West Suburban by saying these services would be readily available at another nearby facility, Bethany Hospital. Women who wanted to have post-partum tubal ligations could either choose to deliver at Bethany or give birth at West Suburban and then be transferred

¹ West Suburban Medical Center, Oak Park Certificate of Need application, Section 1.7 (Operational Pledges) of the Asset Purchase Agreement, page 935 (March 18, 2010).

² United States Conference of Catholic Bishops, *Ethical and Religious Directives for Catholic Health Care Services* (2009, 5th edition), available at http://www.usccb.org/meetings/2009Fall/docs/ERDs_5th_ed_091118_FINAL.pdf.

to Bethany for the procedure. Many patients found this second option objectionable due to the inconvenience and associated risks of a repeat surgery for patients who had delivered by Cesarean Section. Moreover, two years after the Board approved the sale, Bethany discontinued maternity care when it reinvented itself as a specialty hospital.

How do the Directives affect patient care?

The *Directives* prohibit Catholic-affiliated hospitals from providing reproductive health services, including contraception, sterilization, and infertility testing and treatment. Some hospitals also interpret the *Directives* to prohibit giving emergency contraception to rape survivors, despite an allowance made in the *Directives* for such cases.³

The *Directives* also prohibit abortion, but this prohibition is not strictly limited to elective abortion. There are reported instances of hospitals interpreting the abortion *Directive* to prohibit medical interventions on behalf of women experiencing miscarriages or ectopic pregnancies (in which the embryo attaches and begins to develop outside of the uterus, commonly in a fallopian tube) when there is a detectable fetal heartbeat.⁴ Doctors have also reported that Catholic hospitals, including West Suburban Hospital operating under Resurrection, have transferred women who were suspected of having ectopic pregnancies without providing a proper medical examination or delayed care of patients who are miscarrying until a fetal heartbeat was no longer detectable, subjecting patients to unnecessary risks by delaying potentially lifesaving treatment.⁵

The *Directives* can also be interpreted to limit patients' end-of-life care options, particularly to refuse or remove artificial nutrition and hydration. The *Directives* instruct Catholic hospitals to comply with patient's end-of-life wishes unless those wishes are "contrary to Catholic moral teaching." The United States Conference of Catholic Bishops recently restated its position that "there is an obligation to provide patients with food and water, including medically assisted nutrition and hydration for those who cannot take food orally. This obligation extends to patients in chronic conditions (e.g. the 'persistent vegetative state') who can reasonably be expected to live indefinitely if given such care."⁶ This *Directive* runs contrary to the principle of respect for patient autonomy and deny the right of a patient to refuse unwanted medical treatment, including artificial hydration and nutrition.⁷

Our recommendation

When Resurrection acquired West Suburban hospital six years ago, the health system made promises to the community that it would improve services and the hospital's financial viability. Yet we see today that

³ Directive 36 states:

Compassionate and understanding care should be given to a person who is the victim of sexual assault. Health care providers should cooperate with law enforcement officials and offer the person psychological and spiritual support as well as accurate medical information. A female who has been raped should be able to defend herself against a potential conception from the sexual assault. If, after appropriate testing, there is no evidence that conception has occurred already, she may be treated with medications that would prevent ovulation, sperm capacitation, or fertilization. It is not permissible, however, to initiate or to recommend treatments that have as their purpose or direct effect the removal, destruction, or interference with the implantation of a fertilized ovum.

⁴ Freedman, et. al, *When There's a Heartbeat: Miscarriage Management in Catholic-Owned Hospitals*, AM. J. OF PUB. HEALTH (Oct. 2008).

⁵ Chris LaFortune, "Hospital Rules Prompt Pregnancy Transfers," *Oak Park Oak Leaves*, Vol 127 No. 42 (Oct 13, 2004).

⁶ United State Conference of Catholic Bishops, News Release, Bishops Approve Items on Marriage, Reproductive Technologies, Medically Assisted Nutrition and Hydration (Nov. 18, 2009), available at <http://www.usccb.org/comrn/archives/2009/09-242.shtml>.

⁷ *Cruzan v. Missouri Dep't of Health*, 497 U.S. 261 (1990); see also *Gray v. Romeo*, 697 F. Supp. 580 (D.R.I. 1988) (privacy interest of patient to refuse treatment overrides any countervailing state interest).

Resurrection is not only abandoning its commitment to this hospital and Westlake Hospital, but also proposing to leave behind one of the most egregious aspects of its ownership. There is no reason the patients of these hospitals should continue to be deprived of comprehensive reproductive health services and patient choices once the hospitals are no longer Catholic affiliated.

The sale of these hospitals to Vanguard, a nonsectarian entity, presents an opportunity to lift the restrictions and improve the care provided to the communities served by these hospitals. Patients of these hospitals could be given access to a broader and unrestricted range of services, and patients and physicians of Vanguard's other facilities would not face the possibility of encountering unexpected religious restrictions if sent to Westlake Hospital or West Suburban Medical Center.

We urge you to approve the CON only on the condition that Westlake Hospital and West Suburban Medical Center remove from their Asset Purchase Agreement the Operational Pledge to maintain religious restrictions. Taking this action would enable the members of the communities surrounding these hospitals to once again have access to medical standards of care and would serve the important government interests of promoting public health goals by ensuring the availability of the full range of reproductive health services.

Thank you for the opportunity to provide these comments. Khadine Bennett of Roger Baldwin Foundation of ACLU of Illinois is available to provide any further information you may require or to answer any questions you may have. She can be reach at 312.201.9740 ext. 306 or kbennett@aclu-il.org. We look forward to working with you and with the leadership of Vanguard Health Systems to address the issues we have highlighted.

Sincerely,

Khadine Bennett, Staff Attorney
Roger Baldwin Foundation of ACLU of Illinois
180 N. Michigan Avenue, Suite 2300
Chicago, IL 60601

National Organization for Woman, West
Suburban Chapter
Box 996
Oak Park, IL 60303

Debra Stulberg, M.D.
Department of Family Medicine
Department of Obstetrics and Gynecology
MacLean Center for Clinical Medical Ethics
The University of Chicago
5841 S. Maryland Ave. MC 7110
Chicago IL 60637

Planned Parenthood of Illinois
18 S Michigan Ave, Sixth Floor
Chicago, IL 60603

Mujeres Latinas en Accion
2124 West 21st Place
Chicago, IL 60608

Midwest Access Project
2000 West Armitage Avenue
Chicago IL 60647

Black Women for Reproductive Justice
1424-28 East 53rd Street, #306
Chicago, IL 60615

Illinois Choice Action Team
559 West Diversey Parkway #119
Chicago, IL 60614

Chicago Abortion Fund
333 W. North Ave, Suite 267
Chicago, IL 60610

Illinois Maternal and Child Health Coalition
1256 West Chicago Avenue
Chicago, IL 60642

Illinois Caucus for Adolescent Health
226 S. Wabash, Suite 900
Chicago, IL 60604

Religious Coalition for Reproductive Choice -
Illinois Affiliate
17 W. Maple Street
Hinsdale, IL 60521

League of Women Voters of Illinois
727 North 1st Street
Geneva, IL 60134

National Council of Jewish Women - Illinois
State Public Affairs
1107 Central, Wilmette, IL 60091

National Women's Law Center
11 Dupont Circle, NW, # 800
Washington, DC 20036

MergerWatch Project
475 Riverside Drive, Suite 1604
New York, NY 10115

Addendum to Letter: Description of Organizational Signers

West Suburban NOW is a chapter of the National Organization for Women, the largest feminist organization in the world. NOW is a multi-issue organization, working on economic issues and issues of reproductive health care.

Since 1988, the **Illinois Maternal and Child Health Coalition** has been fighting to improve the health of all women, babies, young people and families in Illinois. As an organization, we bridge the gap between policy makers and those affected by their decisions. Through education, we empower people to make healthy choices that strengthen families and communities.

The **Roger Baldwin Foundation of the ACLU of Illinois' Reproductive Rights Project** seeks, through litigation, public education and legislative advocacy, to make certain that all in our society have access to the full range of reproductive health care and information.

Mujeres Latinas en Accion is a non-profit, community-based organization in Chicago. Its mission is to empower their fellow Latinas by offering services that reflect their values and cultures and by advocating on issues that matter to Latinas.

The **Midwest Access Project** exists to increase the provision of full-spectrum reproductive health care in the region, without barriers to access, through education and training of health care providers and the public.

Planned Parenthood of Illinois operates 17 health centers throughout the state. In FY 2009, PPIL conducted 181,955 visits for our patients, most of whom live at or below the federal poverty level. It is our mission to provide effective reproductive health services, especially to those who do not have adequate resources in settings which preserve the privacy, dignity and essential rights of the individual.

The **Religious Coalition for Reproductive Choice - IL (RCRC)** is part of a national effort that calls on clergy and laity to work on issues of reproductive justice. RCRC brings the moral power of religious communities to ensure reproductive choice through education and advocacy. RCRC seeks to give clear voice to the reproductive issues of people of color, those living in poverty, and other underserved populations. We work for public policies that ensure the medical, economic, and educational resources necessary for healthy families and communities that are equipped to nurture children in peace and love.

In partnership with youth, the **Illinois Caucus for Adolescent Health (ICAH)** is a statewide not-for-profit agency that advocates for sound policies and practices that promote a positive approach to adolescent sexual health and parenting. We believe that reproductive justice for adolescents must encompass the ability to prevent pregnancy and disease through contraception and accurate information, the ability to terminate a pregnancy, and the ability to bring a pregnancy to term and parent.

The **Chicago Abortion Fund (CAF)** fights to overturn economic barriers to reproductive choice. Through direct service and education/advocacy, CAF assists low-income women in obtaining safe abortion services by providing clinic referrals, negotiated discounts and financial assistance.

The **Illinois Choice Action Team** is a group of volunteers committed to advancing NARAL Pro-Choice America's mission.

Black Women for Reproductive Justice seeks to build a grassroots constituency organized to collectively affect changes in the public and private institutions and policies that prevent us from obtaining optimum reproductive and sexual health.

The **National Council of Jewish Women (NCJW)** is a grassroots organization of volunteers and advocates who turn progressive ideals into action. Inspired by Jewish values, NCJW strives for social justice by improving the quality of life for women, children, and families and by safeguarding individual rights and freedoms.

The **League of Women Voters** is a non-partisan, grassroots, multi-issue organization. The League's purposes are: to establish positions on public policy through member participation and agreement; to take concerted actions that secure policies consistent with League positions; to enhance citizen participation in federal, state and local government decisions and; to increase citizen participation in the election process.

The **MergerWatch Project** has 12 years of experience working with communities across the nation to protect patients' rights and access to care when nonsectarian hospitals form business partnerships with religiously-sponsored hospitals.

The **National Women's Law Center** is a Washington D.C.-based advocacy organization working to protect and advance opportunities for women and girls. The Center has developed a number of legal strategies to challenge transactions that reduce access to reproductive health care and has provided assistance to communities across the nation.



An Affiliate of Community Catalyst

475 Riverside Drive
Suite 1604
New York, NY 10115
212.870.2010
www.mergerwatch.org

Fax Cover Sheet

Date: 5/18/10

To: Attn: Karen M. Hall
Mike Constantino, Supervisor, Project Review Section
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

From: Sheila Reynertson
Phone: 212.870.2010
Pages: 7 (including cover)

Fax: 217-785-4111

Re: Written Comments on the Transfer ownership of a hospital. Project 10-013,
Westlake Hospital, Melrose Park and transfer ownership of a hospital. Project 10-014,
West Suburban Medical Center, Oak Park

Thank you,

Sheila Reynertson
Program Associate
MergerWatch Project
475 Riverside Drive Suite 1604
New York, NY 10115
Sheila@mergerwatch.org
212.870.2010
www.mergerwatch.org
www.raisingwomensvoices.net

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525 West Jefferson St.
Springfield, IL 62761

HEALTH FACILITIES &
SERVICES REVIEW BOARD

RE: Projects 10-013 and 10-014 Changes of Ownership of Westlake Hospital and West Suburban Medical Center

Dear Chairman and Members of the Illinois Health Facilities and Services Review Board:

This letter is submitted pursuant to is to 77 Ill. Admin. Code § 1130.950. It is intended to provide a summary of the public hearings in connection with the change of ownership of Westlake Hospital ("Westlake") and West Suburban Medical Center ("West Suburban"), Project Nos. 10-013 and 10-014, respectively. In addition, this letter is intended to facilitate reference to the Illinois Health Facilities and Services Review Board's (the "Board") record in the event of questions regarding certain aspects of the proposed change of ownership of the two hospitals.

Vanguard Health Systems, Inc. ("Vanguard") and Resurrection Health Care Corporation ("Resurrection") requested public hearings in connection with Project Nos. 10-013 and 10-014 in order to provide a forum for public input for the proposed change of ownership of Westlake and West Suburban. These hearings were conducted on April 26, 2010. As the hearing transcript evidences, 40 individuals testified in favor of the change of ownership of Westlake, and 43 testified in favor of the change of ownership of West Suburban. By contrast, those applications were opposed by 7 and 12 individuals, respectively. Literally, hundreds more attended to record their support for these applications.

Vanguard was honored and humbled by the testimony provided by the many residents and community leaders who have come to know our work since our purchase of MacNeal Hospital ("MacNeal") in Berwyn in 2000 and Louis A. Weiss Memorial ("Weiss") in Chicago in 2002. The individuals' written and oral testimony reflected the diverse support we have received to date; their supportive testimony corroborated Vanguard's real commitment to the communities it serves and detailed the investments that we have made at both MacNeal and Weiss. They spoke to our good faith as partners in providing for the current and prospective health care needs of Illinois families. While only a small sample of the more than 3,600 MacNeal and Weiss employees were represented at the hearings, these employees' testimonies spoke volumes about our record as an Illinois employer and health care services provider. Witnesses spoke to Vanguard's full participation in the diverse urban communities where we are making our home and reconfirmed Vanguard's pledge to enforce a charity care policy that is at a level consistent with or greater than other area hospitals.

Below, we provide a summary of Vanguard's positions regarding certain aspects of its change of ownership applications raised at the April 26 public hearings.

1. Clarification Relating to Incentives Provided by the State of Michigan, Wayne County, and the City of Detroit in connection with Vanguard's Proposed Purchase of the Detroit Medical Center ("DMC").

As the Board may be aware, Vanguard intends to imminently close a transaction to purchase seven hospitals that are owned by the DMC, which has been profitable for the last several years. In connection with this transaction, the State of Michigan, Wayne County, and the City of Detroit have joined together and agreed to provide Vanguard with a 12-year tax abatement for all property and business taxes, with 3 additional years of graduated tax abatements. This package of financial incentives is expected to total millions of dollars, and, in turn, will be reinvested through capital improvements at the DMC hospitals. Because of the recent history of operating profits and the financial support by the State, county, and city, Vanguard has chosen to commit to operate the DMC for ten years.

By contrast, both Westlake and West Suburban have suffered staggering operational losses, and Vanguard has not received any public funding support as part of this sale. Indeed, over the past five years, these two hospitals have lost more than \$166 million. Nevertheless, Vanguard is optimistic and eager to take on the challenges presented by owning and operating Westlake and West Suburban – and the risks that come with them – because we believe that these facilities, with our expertise, can not only survive, but thrive.

2. Clarification of Vanguard's Voluntary 60-Day Commitment to Retain Existing Hospital Employees.

Neither Illinois law nor regulations promulgated by the Illinois Department of Public Health require Vanguard to make any prospective commitment to retain hospital employees after acquiring a health care facility. Nevertheless, Vanguard has committed to retain all hospital employees for no less than 60 days following the acquisition of Westlake and West Suburban from Resurrection. Vanguard has chosen to make this commitment in order to help stabilize the hospitals during this transition.

3. Clarification of Vanguard's Commitment to Continue Services that Respond to the Communities' Needs.

The public hearing transcript is replete with testimony from individuals and organizations who have worked closely with Vanguard in Illinois since it purchased Weiss and MacNeal in 2000 and 2002, respectively. These individuals affirm Vanguard's impressive track record in providing and developing services that meet the health care needs of the communities that it is privileged to serve. In fact, in the combined 18 years that Vanguard has owned and operated Weiss and MacNeal, Vanguard has invested a combined \$175 million in capital and service improvements in the two hospitals. (Specific detail regarding these capital improvements was set forth in various testimonies provided on April 26.) In fact, only one category of service has been discontinued during this time period: Weiss' obstetric ("OB") unit. Despite a five-year effort to grow the OB service, Weiss applied for and received unanimous approval from the Board to close its OB service after documenting that the utilization had dramatically dropped to less than three patients per day, that four other proximate OB providers were able to treat

patients, and that the area had a significant excess of OB beds. No party objected to the closure of that service. In sum, Vanguard's ownership of Weiss and MacNeal has been marked by significant investment and growth in facilities and services, not reductions or elimination of services.

4. Documentation Relating to Vanguard's Proven Commitment to Medicaid-Eligible and Uninsured Residents of Illinois.

Vanguard's change of ownership applications detail its commitment to providing robust services to Medicaid-eligible beneficiaries and uninsured patients. See Project Nos. 10-013 and 10-014, Certificate of Need applications, Attachment 18B. Unlike other providers, Vanguard has focused on the health care needs of these populations and believes that it brings both excellence and efficiency to an institution located in an urban environment with substantial Medicaid and uninsured utilization. As we affirmed at the April 26 public hearings, Vanguard has committed to operate Westlake and West Suburban with the charity care policies currently in use at MacNeal and Weiss. Those policies provide for a "sliding scale" approach that allows patients with household incomes of equal to or less than 500% of the federal poverty level to receive a percentage of assistance from Vanguard for their health care services, with full assistance provided to individuals having a household income at or below 200% of the federal poverty level. As a result, the proposed policies provide discounts that are higher than those currently in place at those hospitals. Vanguard's commitment to maintain this level of charity care going forward is not limited to these transactions; it has made the same or similar commitments in Michigan and Arizona.

5. Clarification of Vanguard's Commitment to Invest in the Hospitals' Infrastructure and Equipment.

Vanguard anticipates that it will invest significant capital spending in both hospitals immediately upon the close of the transaction. Currently, Vanguard expects that it will invest capital in new information technology systems, enhanced newborn security software, renovating business office space, a new Picture Archiving and Communication Systems, and some initial renovations to the physical plant subsequent to the transaction closing. Vanguard estimates that its initial capital spending at Westlake and West Suburban will be more than \$10 million. This figure excludes routine capital expenditures, which are items necessary to maintain the facilities and their current clinical services, and new-initiative capital related to long-term strategic plans that will be developed post-closing, such as facility expansions, new clinical service lines, or acquisition of new clinical technologies. Thus, we anticipate that capital spending in the first year to a year and a half, including both routine and initiative capital expenditures, will be significantly higher than \$10 million.

We appreciate the opportunity to address these issues, and will be happy to expand our responses when we appear before the Board in June.

Sincerely,





7435 West Talcott Avenue
Chicago, Illinois 60631
773.792.5555

Sandra Bruce, FACHE
President & Chief Executive Officer

May 17, 2010

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By E-Mail and Federal Express

MAY 18 2010

Chairman and Members
Illinois Health Facilities and Services Review Board
525 West Jefferson St.
Springfield, IL 62761

HEALTH FACILITIES &
SERVICES REVIEW BOARD

RE: Project Nos. 10-013 and 10-014 Changes of Ownership of Westlake Hospital and West Suburban Medical Center

Dear Chairman and Members of the Illinois Health Facilities and Services Review Board:

This letter is submitted pursuant to is to 77 Ill. Admin. Code § 1130.950. It is intended to provide a summary of the public hearings in connection with the change of ownership of Westlake Hospital ("Westlake") and West Suburban Medical Center ("West Suburban"), Project Nos. 10-013 and 10-014, respectively. In addition, this letter also provides a brief summary of the process by which Resurrection Health Care Corporation ("Resurrection") identified Vanguard Health Systems, Inc. ("Vanguard") as a purchaser of Westlake and West Suburban.

Overview of the Public Hearings

Resurrection and Vanguard requested public hearings in connection with Project Nos. 10-013 and 10-014 in order to provide a forum for public input for the proposed change of ownership of Westlake and West Suburban and related assets. These hearings were conducted on April 26, 2010. The overwhelming support that we received at the hearing is testament to the importance of these two hospitals in their communities and the role that we have been privileged to play in Melrose Park and Oak Park.

Resurrection was truly honored by the outpouring of support for the proposed sale of Westlake and West Suburban that was received from members of the Resurrection family, Federal and State legislators, and community leaders. Specifically, Sister Patricia Ann Koschalke, Member, Religious Congregation of the Sisters of the Holy Family of Nazareth, Chairperson, Resurrection Sponsorship Board, explained that Resurrection "will be unable to continue operation of [Westlake and West Suburban] as they exist today" Illinois Department of Public Health ("IDPH"), Health Facilities and Services Review Board, Transcript of In Re: Public Comments Regarding



7435 West Talcott Avenue
Chicago, Illinois 60631
773.774.8000
www.reshealth.org

Chairman and Members
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Westlake Hospital Transfer of Ownership to Vanguard Health Management, Inc., Project No. 10-013, at 8:21-23 (Apr. 26, 2010) (“Westlake Public Hearing Transcript”); IDPH, Health Facilities and Services Review Board, Transcript of In Re: Public Comments Regarding Application to Transfer Ownership of a 234-bed Acute Care Hospital, West Suburban Medical Center, Project No. 10-014, at 8:24-25, 9:1 (Apr. 26, 2010) (“West Suburban Public Hearing Transcript”). After experiencing years of significant and ultimately unsustainable losses at these hospitals, subsidized by the Resurrection system and – since Resurrection considered closure of one or both hospitals undesirable, particularly in light of the massive loss of jobs that would result – Resurrection determined that “the only viable option remaining was divestiture of the facilities” to “a suitable buyer to take over the hospitals [that] would have sufficient resources to invest and assure their continued operation into the future.” Westlake Public Hearing Transcript, at 11:14-19; West Suburban Public Hearing Transcript, at 11:16-22. As Sister Koschalke detailed in her testimony, Resurrection believes that the transfer of ownership to Vanguard is the best option for the continued operation of both Westlake and West Suburban. *See* Westlake Public Hearing Transcript, at 11:19-23; West Suburban Public Hearing Transcript, at 11:23-24, 12:1-2.

In addition to Sister Koschalke’s testimony, Pat Shehorn, Executive Vice President and Chief Executive Officer, Westlake and West Suburban, provided testimony of Westlake’s and West Suburban’s critical importance to the communities they serve. Specifically, Ms. Shehorn detailed the programs that Westlake and West Suburban have offered, such as providing free mammograms to uninsured women in Proviso Township, developing nutrition and health programs to local schools to combat childhood obesity, and providing assistance to nearly 1,000 individuals to identify primary care providers through the Reach Out! Program. *See* Westlake Public Hearing Transcript, at 27:6-15; *see also* West Suburban Public Hearing Transcript, at 30:2-5. She also explained that, despite the significant contributions these facilities have made to their communities, the Resurrection system’s financial losses outweigh its ability to continue to operate these facilities. She urged the Board to expeditiously review and approve the Certificate of Need applications for change of ownership of Westlake and West Suburban. *See* Westlake Public Hearing Transcript, at 27: 16-24, 29:1-8; *see also* West Suburban Public Hearing Transcript, at 30:20-22, 31:21-24, 32:1-5.

Finally, Jeannie Carmedelle Frey, Senior Vice President of Legal Affairs, Resurrection, noted the careful and thoughtful process that Resurrection engaged in over a period of many years to attempt to maintain these hospitals as health care providers, meeting their communities’ needs,



7435 West Talcott Avenue
Chicago, Illinois 60631
773.774.8000
www.reshealth.org

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including capital investment of over \$86 million and subsidizing operating losses of over \$165 million in the past five years. After concluding that it did not have the resources to assure these institutions' financial viability, Resurrection asked other area non-profit hospitals and health systems to consider taking over responsibility for Westlake and West Suburban, but "no one was willing to even make an offer, citing their own financial constraints or that [the] hospital[s] did not fit their strategic plan." Westlake Public Hearing Transcript, at 113: 2-11; West Suburban Public Hearing Transcript, at 123:15-24, 124:1-3. She also detailed Resurrection's rationale in choosing Vanguard to purchase these hospitals, citing Vanguard's impressive track record in Illinois at MacNeal Hospital and Louis A. Weiss Memorial Hospital, its generous charity care policy, and community partnerships that it has forged. *See* Westlake Public Hearing Transcript, at 113: 12-24, 114: 1-7; *see also* West Suburban Public Hearing Transcript, at 124:7-22.

Brief Summary of Resurrection's Decision to Sell Westlake and West Suburban

As the testimonies at the April 26th public hearings indicate, Resurrection's decision to sell Westlake and West Suburban did not come lightly; it resulted from a careful and thorough evaluation by its Board of Directors, management, and religious sponsors to ensure the viability of these hospitals. After Resurrection determined that it could no longer support the staggering losses at Westlake and West Suburban without serious risk to its entire health care system and its charitable mission, Resurrection repeatedly sought out several not-for-profit buyers, both Catholic and non-Catholic, without success. Resurrection's efforts to maintain these facilities as not-for-profit community health care providers spanned several years and included the following proposals: merging one or both facilities with Catholic or non-profit, non-Catholic hospitals; establishing one of the hospitals as a specialty hospital or health care center, alone or as part of a joint venture with other health care providers; consolidating both hospitals' operations; and asking eight Chicago and Illinois not-for-profit health care providers to consider acquiring the hospitals on any terms. These and many other attempts over the years to develop viable plans to assure that Westlake and West Suburban could continue as not-for-profit entities contributing to their communities' health and well-being, were unsuccessful.

Unable to find a non-profit buyer for the hospitals or to continue to bear the crushing financial losses generated by the hospitals, Resurrection identified Vanguard as a potential purchaser. Vanguard was recognized as a viable prospective owner of the two hospitals, given its



7435 West Talcott Avenue
Chicago, Illinois 60631
773.774.8000
www.reshealth.org

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excellent track record in Illinois and throughout the country as a capable and responsible health care provider and the nearby location of its two other Illinois hospitals. Although the hospitals and related assets will no longer be not-for-profit, Resurrection is confident that the level of commitment demonstrated by Vanguard will ensure that these facilities will remain valuable community resources, consistent with Vanguard's history in operating and developing its other 15 hospitals.

Resurrection believes that the proposed sale of Westlake and West Suburban and related assets is necessary to ensure the viability of the remaining components of the Resurrection system, including its six other hospitals, skilled nursing facilities, retirement homes, ambulatory care centers, home health services, and physician offices. Moreover, Resurrection believes that the sale of these hospitals and related assets to Vanguard represents the best interests of the communities served by these hospitals and the only viable option to the continued operation of these facilities.

* * *

Again, we are sincerely appreciative of the several hundred individuals who attended the April 26th public hearings in support of the proposed sale of Westlake and West Suburban from Resurrection to Vanguard. We are so grateful to have provided health care services to the communities served by Westlake and West Suburban, and we hope that these facilities will be able to provide excellent clinical services to these communities for many years to come.

Sincerely,

A handwritten signature in cursive script that reads "Sandra Bruce".

Sandra Bruce, FACHE
President and Chief Executive Officer

SB/fdjo