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Office of the President

June 3, 2011

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Mr. Dale Galassie
Chairman
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Mercy Crystal Lake Hospital and Medical Center ("Mercy") (Project Number 10-089)

Dear Chairman Galassie:

Thank you for the opportunity to provide information about Mercy's application for a Certificate of Need ("CON") to construct and operate a hospital in Crystal Lake, Illinois. The purpose of this letter is to correct the record concerning some demonstrably false statements made in opposition to our proposal at the public hearing held on March 18, 2011. We were compelled to respond to these statements because they wrongly impugned the integrity of hundreds of our partners (employees) and doctors who commit their professional lives to serving the thousands of patients Mercy treats each day at our Illinois clinics and hospital.

At the March 18, 2011 public hearing on our CON application, Centegra representatives stated that Mercy "lacks commitment to the community" and has "invested very little" in Mercy Harvard Hospital. These statements are demonstrably false and are a disservice to our hundreds of Illinois partners and doctors.

Mercy has an admirable track record of providing needed medical services in Illinois, most of them in McHenry County. Over nearly 20 years, Mercy has created 13 multi-specialty clinics in ten communities in McHenry County. We employ nearly 600 partners, including nearly 100 multi-specialty physicians. In 2003, the then-constituted Illinois Health Facilities Planning Board approved Mercy's partnership with Harvard Memorial Hospital, a financially struggling hospital serving one of the most diverse and indigent populations in McHenry County. Mercy has invested over \$20 Million in Mercy Harvard Hospital upgrading its facilities and medical equipment. For example, Mercy has expanded and upgraded the facility's emergency department and operating rooms. Mercy has also added numerous new physician specialties and many new medical and surgical services. Without the commitment of Mercy and its partners, the Harvard, Illinois community would not have 24 hour emergency services, inpatient and outpatient hospital services, and a myriad of other health care services that our partners and doctors delivery daily.

Mercy has also sponsored hundreds of public health screenings and programs in McHenry County and regularly participates in other community benefit programs. Our doctors and partners routinely volunteer their time and energy at a variety of community events. Mercy and its partners touch the lives of more than 100,000 individuals each year through voluntary community involvement.

If approved, Mercy's proposed Crystal Lake facility is a logical extension of Mercy's already deep commitment to the residents of McHenry County. Equally as important, the proposed facility will positively address many barriers that currently impact that ability of McHenry County residents to access high quality, convenient and affordable health care. Mercy Health System is committed to the Crystal Lake area. The proposed hospital project meets the needs of the community in the most appropriate way by addressing the long-standing need for more acute care hospital beds and integrated health care services. There is a need for enhanced and easier access to hospital services, and data prepared by the State of Illinois confirms demand for at least 83 beds in Planning Area A-10.

Mercy has chosen to locate its hospital and medical center in the most densely populated area of McHenry County that suffers from excessive traffic congestion. The more than 163,000 residents of Crystal Lake, Lake in the Hills, Cary and Algonquin will immediately see relief because they will have easy access to a high quality integrated delivery system. Crystal Lake is also the home of the most diverse population in McHenry County and has a growing geriatric population in need of additional services. Crystal Lake also has the greatest concentration of indigent individuals in need of safety net services.

Mercy's proposed hospital project will have a profound positive impact on the economic environment in McHenry County. The project will generate an estimated 650 to 800 construction related jobs within the State of Illinois and McHenry County. Within the first year of opening the facility, Mercy Crystal Lake Hospital and Medical Center is expected to employ more than 1000 individuals, filling 840 full-time positions, of which approximately 600 will be new jobs. The total industry sales impact of Mercy Crystal Lake Hospital and Medical Center ranges from \$102.78 Million in the first year of operation to \$257.5 Million five years later. The total employment impact of the proposed project ranges from 729 FTE jobs during the ramp-up period, 840 FTE jobs in year one and 1330 jobs in year five.

In addition to generating jobs and income, the economic activity associated with Mercy Crystal Lake Hospital and Medical Center will also generate tax revenue for the State of Illinois and local governments. The clinic portion of the project will be subject to property taxes and a portion of the sales will be subject to sales tax. Income taxes generated by the jobs increase are estimated to produce from \$1,372,000 to \$4,396,000 for the State of Illinois (using a 3% flat rate.).

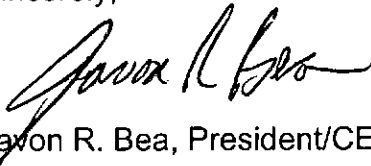
When one combines the anticipated benefits associated with the development of Mercy Crystal Lake Hospital and Medical Center with Mercy's historical commitment to the State of Illinois and the residents of McHenry County, any assertion that Mercy somehow "lacks commitment" or "invests very little" in the community is not only false, it is also disingenuous. Given my Illinois roots, such statements are something I take personally. By way of background, Illinois has been home to my family and me; I come from a multi-

generational Illinois family. My father and his father's side originated from Springfield, Illinois. My mother's family is from the Bloomington, Girard, and Virdin, Illinois areas. I grew up in Rockford, Illinois with my eleven brothers and sisters and attended a seminary boarding high school in Crystal Lake, Illinois and college at Northern Illinois University in DeKalb, Illinois. I have been the CEO of Mercy Health System over 21 years and have been grateful for the opportunity to improve health care for my home State of Illinois.

The proposed Mercy Crystal Lake Hospital and Medical Center is the right project, in the right location, at the right time and for the right reasons. Mercy's Crystal Lake Hospital and Medical Center will meet an immediate need for hospital beds in McHenry County, enhance access to hospital services for the greatest number of people, and most diverse population, in the area; and lower costs of health care services by creating healthy competition in an area dominated by one provider.

I appreciate your consideration of this matter and Mercy's proposed project.

Sincerely,



Javon R. Bea, President/CEO

C: Courtney Avery, Administrator