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January 3, 2017

VIA OVERNIGHT DELIVERY
RETURN RECEIPT REQUESTED

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Ferrell Hospital, Eldorado, Illinois; Project # 16-048
Harrisburg Medical Center
Opposition Letter Response

Dear Ms. Avery,

We have reviewed the two letters provided to the HFSRB by Mr. Disney and Mr. Smith from Harrisburg Medical Center dated December 16, 2016 and received by the Board on December 22, 2016. We believe these letters indicate several misrepresentations, misconceptions, and factual errors. This letter, dated January 3, 2017, is in response to the letters received from Harrisburg Medical Center. On behalf of Ferrell Hospital we trust the Review Board fully takes our comments into consideration when making its determination.

1. Deaconess Health System (DHS) Evansville, Indiana, is not a co-applicant to our permit application as was indicated in the opposition letters. The co-applicant is Deaconess Regional Healthcare Network, LLC, a totally separate Illinois entity.
2. However, Deaconess Health System (DHS) has a long history of providing Level II Trauma for the State of Illinois and is a State of Illinois designated Trauma Center; DHS also chairs the Region five State Trauma program. Deaconess is also a resource hospital

under the State of Illinois for 3 EMS services. Additionally, DHS serves as the primary Stroke Center for southern Illinois.

3. Ferrell Hospital, like Harrisburg Medical Center, is also a not-for-profit acute care hospital serving a regional, multi-county, service area which overlaps many other hospital providers in the region. Neither of us is unique in this regard.
4. Harrisburg Medical Center indicates its concern and speculates Ferrell Hospital may close. Hence, it opened an outpatient clinic in Eldorado “several years ago”. From our perspective, Harrisburg interceded or encroached in our local market by opening this competitive facility. That said, Illinois does not have a competitive / comparative CON review process like other states, so this opposition comment, is irrelevant.
5. Ferrell’s proposed modernization project is based on providing local geographic access to a wide-range of healthcare services to the community as it has provided since its founding. Additionally, the modernization project will enable Ferrell to improve the quality and care the Hospital offers its patients. We are the sole community hospital in Eldorado, Illinois.
6. In a letter dated September 6, 2002, Ferrell Hospital was designated a “necessary provider of health services” by the IDPH. Subsequently, in a letter dated February 13, 2003, CMS designated Ferrell Hospital as a CAH (Critical Access Hospital). More recently, Ferrell was also designated an “Essential Community Provider” under the Affordable Care Act (ACA). These continued designations indicate Ferrell Hospital is an essential access point for local healthcare services and wishes to remain so through its proposed modernization project. The reasons for the original CAH designation have not changed over the years and Ferrell continuously adheres to the purpose of its designation by seeking to improve access to healthcare by keeping essential services within its rural community. This is a goal of its modernization project.

7. Harrisburg Medical Center indicates Ferrell is financially advantaged by being a CAH. This is a factual statement and consistent with federal law and regulations predicated on reducing the financial vulnerability of rural hospitals and preserving necessary and accessible healthcare services in rural America.
8. Harrisburg Medical Center implies in its opposition letter that Deaconess Health Systems, Evansville, Indiana, financially supports Ferrell Hospital to the Medical Centers detriment. This is not a factual claim. Deaconess provides no ongoing financial support to Ferrell. Ferrell Hospital is an independent organization.
9. Harrisburg Medical Center claims Ferrell Hospital “transfers” patients out-of-state with most of them going to Indiana. Hospitals do not generally “transfer” patients, physicians make the appropriate referrals. Stark law implications aside, patients have preferences, patients self-select providers, and specialized healthcare services are not always locally available. Hospitals do not fully control patient / provider relationships as is referenced in the opposition letters. It is a dynamic marketplace and patients make choices.
10. Since the inception of the Medicare Rural Hospital Flexibility Program and 42 CFR, Part 485, there have been many initiatives to modify the CAH program. However, no one has been successful in these endeavors; on the whole, Congress supports rural healthcare. We see no current efforts to modify the basis for critical access hospital existence as originally conceived.
11. Ferrell Hospital proposes to maintain and modernize its current 25 authorized CON beds by modernizing 5 of its semi-private rooms and making updates to have 15 private rooms. Given that its peak census approximates 22 patients (see 2015, AHQ, IDPH). CAH hospitals with small bed basis have wide swings in its seasonal, daily, and hourly usage. The average annual midnight occupancy percentage does not reflect operational realities in a small CAH Hospital. We propose to provide modernized facilities for our community and regional service area as we presently furnish. This reality does not rise to the level of “maldistribution” as claimed.

12. Harrisburg claims “the scope and size of this project exceeds the scope and size of a project necessary to correct Ferrell Hospital deficiencies ...”. In fact, Ferrell proposes to essentially update existing facilities through its modernization project and provide adequate facilities for Ferrell’s community and service area. Two General Radiology rooms are necessary to provide back-up due to routine maintenance and/or equipment failure. Two OR suites are proposed due to scheduling and contaminated case consideration (quality of care / infection control) and the proposed ED stations are based on peak demand.
13. The opposition letter explicitly indicates certain existing imaging services, (MRI, CT, Nuclear Medicine, Mammography, and Ultrasound) not be replaced / modernized as proposed in the Project. Each of these services, excepting mammography, provide inpatient services. Why would Ferrell Hospital deny these services to their patients? Harrisburg, by their opposition, proposes to interfere with the practice of medicine in Eldorado similar to their developing an outpatient facility in our community several years ago.
14. It is within the Review Boards purview to judge our capital cost, not another provider. The facility component itself approximates 58 percent of the project cost, and we believe the cost per sq. ft. to be within the Board’s guidelines. If the proposed project cost is excessive, or unfeasible, we do not believe the USDA would consider its funding.

To reiterate, we believe the opposing letters are self-serving predicated on hoping Ferrell Hospital will close. Our proposed modernization project is based on the Hospital remaining a vital community resource providing local access to care for our rural community. We trust the review Board comes to the same conclusion.

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If you have any questions, I can be reach at 618-273-3361 ext. 150 or by e-mail at acoleman@ferrellhosp.org.

Sincerely,

A handwritten signature in black ink that reads "Alisa Coleman". The signature is written in a cursive, flowing style.

Alisa Coleman, MHA
Chief Executive Officer

CC: Mike Constantino, Supervisor, Project Review Section