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HEALTH FACILITIES &
SERVICES REVIEW BOARD

October 4, 2017

Illinois Department of Public Health
Office of Policy, Planning and Statistics
Attn: Ms. Courtney Avery
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: E-036-17 Centegra Hospital Woodstock Certificate of Exemption

Dear Ms. Avery:

The following correspondence is provided in comment on the above noted application pending before the Health Facilities Services Review Board (HFSRB).

In his presentation at the recent Public Hearing held on October 2, 2017 in Woodstock, Illinois regarding this matter, Mr. Dan Waller, Partner Barnes and Thornburg, representing Memorial Medical Center - Woodstock d/b/a Centegra Hospital Woodstock, attributed his client's needs for a Certificate of Exemption to withdraw comprehensive health care services from this facility was due to the impact of changing reimbursement rates, increasing bad debt at Centegra's facilities, and today's uncertain health care climate. I take exception to his characterization that these factors were all unforeseen and out of the control of Centegra.

A review of hearing materials regarding the granting of a Certificate of Need for Northern Illinois Medical Center d/b/a Centegra Hospital-Huntley tells a different story. Objectors to Centegra's Certificate of Need submitted a detailed report from Krantz Consulting soundly refuting the underlying demand Centegra claimed for the Huntley Hospital. Here are a few choice quotes:

"The Applicant assumed a of 35% med/surg loss (Centegra-Woodstock) but just from new population growth. Using the Applicants's methodology, they forecast the Centegra Hospital-Woodstock would only use 400 patients. A more complete calculation of loss should be 2,100 including the base loss of 1,700 patients plus the loss of 400 new patients arising from population growth."

"The Applicant could not reasonably achieve its forcast volume if the stated impact on existing providers is a low as the Applicant portrays."

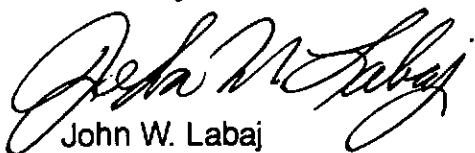
"At the same time the Applicant understates the impact on existing providers, we believe they have overstated their ability to draw patients from Northern Kane County as outlined in their original Certificate of Need application."

The Kerntz Consulting study and other documentation submitted to HFSRB during the Certificate of Need hearing for Northern Illinois Medical Center d/b/a Centegra Hospital-Huntley clearly demonstrates that sufficient red flags were raised that this facility could not be supported. The inescapable conclusion is that the management team of Centegra Health Systems made a bad business decision to construct the Centegra-Huntley, an inescapable conclusion of which is inescapable in light of recent losses of \$60 plus million. Furthermore, the HFSRB is culpable in this travesty in granting a Certificate of Need for the facility to be build. Unfortunately, the citizens of Woodstock, Illinois must pay the price for this bad business decision, and that's not fair.

In order to stem the flow of bad debt, a new Master Facility Plan is being proposed by Centegra Systems. Looking to the same management team to restructure the system they have clearly ruined is not the answer. Clearly, merger talks with Northwestern Health Systems have been ongoing for over a year and other health systems may be interested in the opportunity the demise of the Centegra System may offer. This is the opportunity that may be afforded the citizens of Woodstock to retain a facility that will provide comprehensive health services.

Therefore, I suggest it is the best interest of all involved that the HFSRB play a needed role to facilitate discussion with either Northwestern Health Systems, Sherman Health, Advocate Good Shephard, Mercy Health, St. Alexius, or any other health system to alert them to the opportunity that the nearly abandoned Centegra Hospital-Woodstock provides. Clearly, Centegra Systems is not up to the task, and rather than abandon the citizens of Woodstock, shouldn't another entity be give the opportunity to provide comprehensive health care services to the community?

Sincerely,



John W. Labaj

cc: Dr. Brian Sager, Mayor, City of Woodstock