

November 30, 2018

Mr Michael Constantino
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street 2nd Floor
Springfield, IL 62761

Re: Project 18-042
Quincy Medical Group Surgery Center

RECEIVED

DEC 03 2018

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Dear Mr Constantino

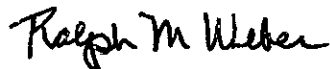
Attached is a replacement page for page 068 of the permit application. The description of Alternative 2 in the submitted permit application states that a joint venture with Blessing Hospital for the proposed project had been proposed. The page restates Alternative 2, to clarify that a joint venture was not proposed or discussed.

The incorrect language in the submitted permit application came from the original draft of the permit application several months before it was submitted. It was an oversight to not correct the statement when the final permit application was submitted in late October.

We apologize for this oversight and want to make sure that the record is correct prior to the start of the review.

There are no other changes to the Alternatives section.

Sincerely,



Ralph Weber
847-791-0830

Internal numbers suggest this alternative would be cost prohibitive. Due to lack of interest by the owner of the existing ASTC, a formal cost proposal was not developed.

2. Undertake Joint Venture for ASTC and Cardiac Catherization Service at 3347 Broadway.

While a joint venture arrangement for the proposed ASTC at 3347 Broadway Street between QMG and Blessing Hospital could allow both organizations to deliver surgical and cardiac catheterization services to patients of each organization, it would require that QMG be a majority owner and not set charges based on hospital outpatient rates. To date, QMG has not received positive affirmation from Blessing that these requirements would occur, or that Blessing Hospital would agree to share equity. A surgery center with lower pricing would be more attractive and beneficial financially to area residents (in the form of lower deductibles), and to employers and insurers, due to the lower cost of service.

Because Blessing Hospital had no interest in changing the structure of Blessing's existing ASTC, and QMG has not heard of interest on Blessing's part in a joint venture for the proposed new facility, this alternative was not pursued. While a specific proposal was not made by QMG to Blessing to joint venture the ASTC proposed at 3347 Broadway Street, numerous proposals have been put forward by QMG to Blessing, including, without limitation, joint venturing the existing ASTC at 1118 Hampshire. To date, no formal, or informal, affirmative response has been received from Blessing by QMG.

The cost of the joint venture development at 3347 Broadway would be slightly higher than the proposed project, due to the additional legal cost to establish the joint venture.

3. Build the ASTC at a Different Location.

There is no expansion space available in QMG's current main building at 1025 Maine Street in Quincy. As a result, QMG considered several sites in the Quincy area, identified by its property advisors. These included options to take over and renovate existing space or construct a new building on Quincy's riverfront, as well as an east end building vacated by an electronics retailer. Each of the other locations had several attractive features. For example, the riverfront property provided a spectacular view of the two bridges between Illinois and Missouri, as well as providing an economic boom to an area that is in need of development. The location on east Broadway is right off the interstate and would have made for easy access from all directions.

The location of QMG's main campus is only 1 mile from the Mississippi River. Missouri locations on the west side of the river are available and attractive, and almost as close to the main QMG office building at 1025 Maine Street as is the proposed ASTC location at 3347 Broadway. A number of these sites have convenient access and ample available parking. QMG has several existing office locations in Missouri, so an ambulatory care facility with cardiac catheterization in Missouri is appealing to QMG.

These alternative locations were ultimately rejected because the site at 3347 Broadway has several advantages. The building is appropriately sized to accommodate the clinical program, can accommodate the potential for future expansion (if needed), has ample convenient parking, and has the additional community benefit of avoiding a potentially long term vacancy in the mall where it will be located.

Capital costs associated with these alternatives were estimated to range from \$19 to \$23 million.

4. Construct Traditional Cardiac Catheterization Lab Adjacent to ASTC.