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April 10, 2019

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Via Hand-Delivery by Messenger

Ms. Courtney R. Avery
Mr. Michael Constantino
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Project 18-042, Quincy Medical Group Surgery Center
UnityPoint Confirmation

Dear Ms. Avery and Mr. Constantino:

RECEIVED

APR 10 2019

HEALTH FACILITIES &
SERVICES REVIEW BOARD

The purpose of this letter is to confirm the position of the Illinois Health Facilities and Services Review Board ("HFSRB") Staff that UnityPoint Health ("UnityPoint") is not a necessary party to QMG's application, and, therefore, is not required to be listed as a co-applicant.

As set forth in 77 Ill. Adm. Code § 1130.220, only the following individuals or entities are required to be listed as applicants for construction projects of a proposed health care facility:

- 1) the person who will hold and who currently (as applicable) holds the license (or Medicare and/or Medicaid certification if licensing is not applicable) for each facility;
- 2) the person who has final control of the person who will hold or who currently holds (as applicable) the license (or Medicare and/or Medicaid certification if applicable) for each facility;
- 3) any related person who is or will be financially responsible for guaranteeing or making payments on any debt related to the project; and
- 4) any other person who actively will be involved in the operation or provision of care and who controls the use of equipment or other capital assets that are components of the project, such as, but not limited to, fixed equipment, mobile equipment, buildings or portions of buildings, structures such as parking garages, etc.

As QMG will hold the license for the proposed facility, QMG is a necessary party under 1130.220(a)(1). As legal counsel for QMG, and based on my review of all pertinent documents and communications with QMG representatives, no individual or entity other than QMG satisfies any of the enumerated conditions listed in 1130.220 as they pertain to this project. Therefore, under 1130.220, QMG is the only necessary party to the subject application.

In written submissions to the HFSRB and comments made during the March 5, 2019 HFSRB Meeting, Blessing representatives asserted that QMG failed to list UnityPoint as a co-applicant to QMG's application. Further, during the public participation portion of the March 5, 2019 HFSRB Meeting, both

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the Chair of Blessing Hospital's Board and Associate Chief Nursing Officer for Blessing Hospital alleged that QMG had concealed or failed to disclose necessary and required information about its relationship with UnityPoint to the HFSRB's Staff, which, according to the speakers, would require that UnityPoint be listed as an applicant. (Exhibit 1, March 5, 2019 Transcript, 193-195, 208-210.) These allegations are baseless and without merit.

During a March 15, 2019 technical assistance meeting with the HFSRB's Staff, conducted in accordance with 77 Ill. Adm. Code § 1130.620, the HFSRB's Staff verbally confirmed that UnityPoint does not qualify as a necessary party to QMG's application for permit under 1130.220. The HFSRB's Staff confirmed that the HFSRB had previously decided in 2012 that UnityPoint (formerly Iowa Health System) did not have final control over QMG and that no documentation or information had been submitted to the HFSRB or its Staff to alter or contradict the HFSRB's previous decision on the issue. QMG offered to submit additional information on the issue if questions remained, but the HFSRB's Staff confirmed this was not necessary. The HFSRB's Staff further confirmed that QMG's CON consultant neither misrepresented nor failed to disclose necessary information related to UnityPoint during technical assistance communications with the HFSRB's Staff that took place before QMG's application was filed. The HFSRB's Staff was aware of the previous HFSRB decision regarding UnityPoint's lack of final control over QMG, and, as a result, the inquiry in relation to this project focused on whether UnityPoint satisfied the other enumerated conditions of 1130.220, specifically 1130.220(a)(3) regarding financial responsibility, such that it would be a necessary party to the application. As QMG's CON consultant and the HFSRB's Staff confirmed during technical assistance communications, none of the other conditions applied, and, as a result, UnityPoint is not a necessary party to the application and was not required to be listed as a co-applicant.

This letter is intended to accurately summarize the recent technical assistance communication pertaining to the UnityPoint co-applicant issue. If any portion of this letter is inaccurate or if any additional information is required, please do not hesitate to contact me or my colleague, Rebecca Lindstrom (312-463-6217).

Sincerely,

Tracey Klein

Enclosure – Exhibit 1

cc: Carol Brockmiller – CEO, Quincy Medical Group
Ralph Weber – CON Consultant

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Conducted on March 5, 2019

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1 life. Without insurance, employee assistant
2 program, support and flexibility, and other
3 programs provided by Blessing, I wouldn't be able
4 to afford my own hospital bills caused by cancer,
5 which led to my hysterectomy at age 30. But God
6 has a plan. My sister became my surrogate and my
7 daughter was born.

8 With a potential job loss for myself,
9 400 coworkers, I am afraid, but most of all I am
10 afraid for my patients that will not be able to
11 have a safe place to come to in a time of need.
12 Families will be left with unanswered questions.

13 I close with fear and worry, if CON 18-042
14 were to pass, where this would leave me, my
15 coworkers, patients, and families.

16 Thank you.

17 MS. MITCHELL: Next up, Julie Brink,
18 Dr. Harsha Polavarapu, Julie Duke, Dr. Salvador
19 Sanchez, and Dr. Rob Johnson.

20 Again, please, if you have written
21 comments, leave a copy on the table.

22 You may begin.

23 MS. BRINK: I am Julie Brink, a member of
24 a family-owned construction and trucking company

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1 with more than 100 employees in Quincy and serve
2 as chair of the Blessing Hospital board. As a
3 business and community leader, I oppose the QMG
4 CON application.

5 The record before you reflects a pattern
6 of QMG making false and misleading statements in
7 this matter, some formally retracted and others
8 not. The most troubling and significant
9 misstatements have been those that surround the
10 controlling interest that Iowa-based UnityPoint
11 has in QMG.

12 As a result of the Freedom of Information
13 Act request, the record shows that QMG
14 40-percent-owner UnityPoint has reserve powers
15 over QMG that have not been disclosed to this
16 Board. UnityPoint controls capital expenditures
17 and disposition of assets, including this ASTC.

18 Why was this controlling interest hidden?
19 Simple: The optics of an Iowa corporation causing
20 the loss of more than 400 jobs in Quincy was
21 inconvenient.

22 More important, UnityPoint's controlling
23 interest means it must be listed as a Coapplicant
24 in this CON. By concealing this controlling

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1 interest, required disclosures were never made,
2 and that's just plain wrong.

3 I respectfully ask that the Applicant be
4 required to follow the rules that this application
5 be filed by all the required parties, including
6 UnityPoint, and this application be required to be
7 amended accordingly.

8 Thank you very much.

9 MS. DUKE: Good afternoon. My name is
10 Julie Duke. I serve Blessing as administrative
11 director of revenue cycle. I am here to address
12 Blessing's pricing.

13 Historically we have utilized provider-
14 based reimbursement. Medicare put this
15 reimbursement model in place because they saw the
16 need for hospitals to fund safety net services,
17 and we have properly utilized it.

18 The world is changing, with site-neutral
19 payments and, as QMG knows, we have adapted. In
20 fact, we have formally applied to be a
21 freestanding ASTC, which will be implemented as
22 soon as we receive CMS' approval.

23 You may hear from QMG one-off examples
24 where Blessing's pricing is higher and patient

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1 project. It is not a collaborative venture.

2 Blessing agrees with the staff analysis.
3 QMG's ASTC is planned to be a for-profit center.
4 As a for-profit center, QMG will skim the easiest,
5 most profitable cases. Blessing would be left
6 with the least-profitable cases and the sicker
7 patients. Blessing would be the only choice for
8 those patients who cannot afford to pay.

9 CON 18-042 is not in the best interests of
10 the greater Quincy community --

11 MR. ROATE: Two minutes.

12 MR. KEMPE: -- and, respectfully, should
13 be denied.

14 Thank you very much.

15 MS. MITCHELL: Next up are Emily
16 Hendrickson and Dan Lawler.

17 MR. CONSTANTINO: Thank you.

18 Thank you very much.

19 MS. HENDRICKSON: Good afternoon.

20 My name is Emily Hendrickson, and I am the
21 associate chief nursing officer at Blessing
22 Hospital. I'm also a lifelong member of the Adams
23 County community, and I volunteer on the Adams
24 County Ambulance board.

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1 I planned to come today and speak about
2 the severely negative impacts on our ambulance
3 service and our community or the fact that QMG
4 just met with our ambulance director on
5 February 25th to start discussions about the
6 impact to the ambulance.

7 As a previous cath lab director, I could
8 discuss the risks associated with off-site cath
9 labs and that, also, QMG, on page 76 of the CON,
10 states they will also be performing interventional
11 procedures, which increases the risk to our
12 community by less than 1 percent to upwards of
13 4.8 percent, and this does not take into account
14 the two-hour transfer time for a community member
15 in case of an emergency.

16 Instead, I wish to challenge the statement
17 that during, quote, "technical assistance" the
18 Board staff told QMG that UnityPoint did not need
19 to be an applicant. Our FOIA request shows this
20 assistance on page 9 of the records.

21 QMG never disclosed the reserve powers of
22 UnityPoint and only mentions its 45 percent
23 ownership of QMG. Mr. Constantino was never asked
24 about the significance of UnityPoint reserve

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1 powers because they were never disclosed. Under
2 Board rules those reserve powers constitute
3 control, and UnityPoint should be named as an
4 Applicant on the CON.

5 These are the reasons that I respectfully
6 ask you to deny this CON. Thank you.

7 MR. LAWLER: My name is Dan Lawler. I'm
8 an attorney with Barnes & Thornburg, and
9 I represent Blessing Hospital in opposition to the
10 Quincy Medical Group Surgery Center.

11 All of this project's patient volume is
12 coming from an existing surgery center that this
13 Board approved for the Quincy Medical Group in
14 2000. In 2006 this Board approved the medical
15 group's sale of the surgery center to Blessing
16 Hospital.

17 Instead of buying back into the existing
18 surgery center, as Blessing Hospital has offered,
19 the medical group wants to take their patients out
20 to the shopping mall. To what end? Not cost
21 savings.

22 By April of this year, the existing
23 surgery center will be transitioned from hospital
24 provider-based pricing to an ASTC facility fee.