

September 6, 2019

Via Electronic Mail and Overnight Courier

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

Re: MIRA Neuro Behavioral Health Center for Children & Adolescents, Tinley Park
Project No.: 19-014 (the "Project")
Response to State Board Report

Dear Ms. Avery:

We have reviewed the revised State Board Report for the MIRA Project referenced above and thank you for the opportunity to respond to that report.

A. Letters of Support

As the SBR notes, the Project received overwhelming public support. The CON application contained 44 letters of support and 12 additional letters were filed since the application was submitted. The SBR noted that there was widespread support among legislators, area mayors, school officials, social workers and others. For the Board members' convenient reference we have compiled a complete list of all support letters by name and organization which we have included for the Board's benefit in the attached appendix.

Of particular importance is the support for the Project from other area hospitals. As the referral letters show, physicians at Advocate Christ Medical Center and Palos Community Hospital pledged a significant number of referrals to the Project. In addition, the Project also has the support of Little Company of Mary Hospital. No hospital in the Planning Area opposed the Project.

B. Planning Area Need

The SBR made a negative finding on Planning Area Need. We understand that this finding is based upon the fact that the Board's bed need methodology does not distinguish between adult and child/adolescent beds. From a clinical perspective, however, psychiatric hospitals segregate adults from adolescents. Further, many hospitals that provide adult psychiatric hospitalization choose not to provide these services for children and adolescents. The table below shows that there is only one hospital in the Planning Area that provides adolescent psychiatric hospitalization services and that this service is not available within the 30-minute travel time standard. To our knowledge no hospital provides specialized psychiatric hospitalization care to children younger than adolescents.

As the application discusses in detail, Planning Area A-04 has a population of 998,142, meaning that the Planning Area has only 12 adolescent beds for almost 1 million people. The disparity of child and adolescent beds is evidenced by a comparison with the statewide average. As the SBR notes, statewide child and adolescent AMI beds comprise 27% of total AMI beds. In this Planning Area, only 6.2% of psychiatric beds are designated for children and adolescents. This planning area has only one-fourth the proportion of child and adolescent beds to adult beds statewide. Any separate bed need mythology would almost certainly show a need for additional child and adolescent beds in the Planning Area.

Name	Address	Type	Treating Children and Adolescents	Distance from MIRA	Numbers of Bed for Adults	Numbers of Bed for Children and Adolescents
Ingalls Memorial Hospital	Harvey, IL 60426	General	Yes	10.5 miles	51	12
Palos Community Hospital	Palos Heights, IL 60463	General	No	10 miles	34	0
MetroSouth Medical Center	Blue Island, IL 60406	General	No	13 miles	12	0
Advocate Christ Medical Center	Oak Lawn, IL 60453	General	No	18 miles	35	0
Little Company of Mary Hospital	736 W 95th St, Chicago, IL 60628	General	No	19 miles	24	0

C. Referral Letters

As the SBR notes, MIRA submitted 54 signed and notarized physician referral letters totaling 1197 referrals. This number of referrals would be more than sufficient to evidence that the proposed Project would achieve target utilization of 85%.

The SBR, however, states that not all of the referral numbers were accepted, primarily because current hospital names were not precise or because some physician referrals exceeded historical referral numbers.

The SBR notes that in some instances the number of projected referrals exceeded the number referral a physician made to hospitals in prior years. The Applicant does not have the same access to this data as Board staff, but acknowledge the could be correct. We note, however, that it is very understandable that new referrals may well exceed historical referrals in the context of psychiatric services. Unlike surgical referrals, many psychiatric patients, or families of patients, choose not be proceed with an in-patient admission, even if recommended by the physician. This is particularly likely when, as here, there are no child or adolescent facilities nearby. The primary hospital destinations for adolescent patients in this area is either two hospitals in distant western suburbs or some hospital in the city of Chicago. Greater access to care in the area could well result in behavioral patients needing psychiatric services actually receiving the hospitalization that they need.

The other reason the SBR lists for not accepting certain referrals was that some physician referral letters listed “downtown hospital” or “other” rather than giving the specific name of the hospital. From a technical perspective, the SBR statement is correct. We believe, however, that despite this technical issue of not precisely identifying the alternative hospital the Board can be assured that there will be sufficient referrals for the hospital to achieve target occupancy.

D. Availability of Funds

The SBR made a finding on the Availability of Funds criterion that the detailed term sheet included in the application is not a firm commitment letter. This is a frequent finding for many projects. While we acknowledge that the term sheet is not a formal commitment, the reason for providing the term sheet does not reflect a weakness in financing availability but rather the high cost of obtaining a formal commitment letter at this time. The cost of submitting and obtaining a formal lending commitment letter with associated costs could easily approach \$100,000. The Applicant and its bank thought it would be fiscally prudent to first obtain the CON approval before incurring the substantial cost of a formal commitment letter.

From the onset of the Project MIRA has worked with First Midwest Bank to ensure funding for the Project. Principals in the Project have a long-standing relationship with First Midwest Bank and the bank has reviewed business plans, construction costs, personal guaranties and other matters. The Applicant is confident that there will be financing available for this Project.

E. Financial Viability

Five ratios comprise the Financial Viability criterion. The SBR made a positive finding on all ratios except one. The SBR states that it could not make a positive finding because the debt to equity ratio could not be validated due to the omission of the debt line in the proforma balance sheet. Any omission of the debt amount was inadvertent. The Applicant would have provided the information if it had known of the omission. Indeed, the balance sheet includes only a limited amount of traditional debt because the hospital entity will not own the building but will instead rent the hospital operating space. The bank term sheet and other internal calculations assume an 80% debt/20% equity financing model and the Applicant assures the Board that this is the intended ratio.

F. Opposition Letter Response

The SBR noted that there was widespread support for the project as shown by support letters, but did note that there was a single letter of opposition. This letter did not come from any hospital, but rather by an investor in a for-profit psychiatric hospital. That opposition letter stated that the hospital it largely owned provides services in the area. That 100-bed hospital primarily serves adult psychiatric patients and would be a very different patient experience from the 30-bed child and adolescent hospital that MIRA proposes. Further, that hospital is located well outside the planning area and the 30 minute travel time. Interestingly, we note that the opposition letter advises the Board that it should be caution in approving a hospital until the data justifies the establishment of a new facility. The new facility for which it obtained approval did not come close to meeting the established bed need and similar failed to meet various other Review Board criteria.

We thank you again for the opportunity to provide comment to the State Board report. We believe the limited negative findings are more than outweighed by the benefit that will be provide to children and adolescents, and their families and communities.

We ask your support for this Project.

Sincerely,



Joe Ourth

JRO/eka
Enclosures

cc: Christopher Higgins

**MIRA Neuro Behavioral Health Care
Letters of Support**

No.	Name	Position	Organization
1.	William P. Walsh, M.D.	Medical Director, Emergency Department	Little Company of Mary Hospital
2.	The Honorable Michael E. Hasting	State Senator	Illinois State Senator, 19th District
3.	The Honorable Bill Cunningham	State Senator	Illinois State Senate, 18th District
4.	The Honorable Stevens Landek	Mayor	Village of Bridgeview
5.	The Honorable Gerald R. Bennett	Mayor	City of Palos Hills
6.	Janet Lin, MD, MPH, FACEP	Past President	Illinois College of Emergency Physicians
7.	The Honorable Michael Howley	Mayor	City of Hickory Hills
8.	The Honorable Keith Pekau	Village President	Village of Orland Park
9.	The Honorable John F. Mahoney	Mayor	Village of Palos Park
10.	Sharronne Ward, Ed.D.,LCPC	President & CEO	Grand Prairie Services
11.	Mary Pat Ambrosino	Chief Executive Officer	Community Services Foundation
12.	The Honorable Robert S. Straz	Mayor	City of Palos Heights
13.	George W. Borelli, D.O.FAC OEP	Medical Director, Emergency Services	Palos Health / Palos Hospital
14.	Linda A. Vollinger MS, BSN, RN, IL-PEL/CSN	President	Illinois Association of School Nurses
15.	Dr. William Kendall	Superintendent	Bremen High School District 228
16.	Patrick Creed	Director of Counseling	Brother Rice High School
17.	(illegible)	Leadership Team	Carl Sandburg High School
18.	Colleen M. McKay, Ed.D	Superintendent	Cook County School District 130
19.	Robert Machak	Superintendent of Schools	Evergreen Park Elementary School, District 124
20.	Larry Tucker	Principal	Marist High School
21.	Jennifer Murzyn	Dean of Student Support & Activities	Mother McAuley
22.	Dr. Jeannie Stachowiak	Superintendent	North Palos School District 117

23.	Michael J. Riordan, Ed.D	Superintendent	Oak Lawn Community High School District 229
24.	Dr. DJ Skogsberg	Superintendent	Orland School District 135
25.	Robert Nolting	Principal	Victor J. Andrew High School
26.	Dr. Anthony M. Scarsella	Superintendent of Schools	Palos School District 118
27.	Dr. Ronald Cozza	Assistant Superintendent for Curriculum	Palos School District 118
28.	Erin Deval	Director of Student Services	Palos School District 118
29.	Stuart Wrzesinski	Palos South Middle School Principal	Palos School District 118
30.	Jennifer Peloquin Biel	Palos West Elementary School Principal	Palos School District 118
31.	Robert Szklanecki	Palos East Elementary School Principal	Palos School District 118
32.	Elizabeth Kocin, LCSW	Social Worker	Stagg High School District 230
33.	Linda A. Vollinger, MS, RN, PEL/CSN	School Nurse	Stagg High School District 230
34.	Mary Pat Cari	Head Dean	Stagg High School District 230
35.	(illegible)	Associate Principal	Stagg High School District 230
36.	Erin Wenat	Teacher	Stagg High School District 230
37.	Corrine V. Lyons	Dean Assistant	Stagg High School District 230
38.	(illegible)	Dean of Students	Stagg High School District 230
39.	Shannon Siob	Dean	Stagg High School District 230
40.	(illegible)	Dean of Students	Stagg High School District 230
41.	Mark Shat	Counselor	Stagg High School District 230
42.	L. John	Counselor	Stagg High School District 230
43.	Kara Steber	Counselor	Stagg High School District 230
44.	Erin Sarnec	Guidance Counselor	Stagg High School District 230
45.	(illegible)	School Counselor	Stagg High School District 230
46.	Randy James	School Social Worker	Stagg High School District 230
47.	Marcelle Karwaier	Counselor	Stagg High School District 230

48.	Sharon	Social Worker	Stagg High School District 230
49.	(illegible)	Principal	Stagg High School District 230
50.	Katheryn B. Mender	Guidance Director	Stagg High School District 230
51.	Paige Lombard	Social Worker	Stagg High School District 230
52.	L. Ellis	Counselor	Stagg High School District 230
53.	(illegible)	Police Officer	Stagg High School District 230
54.	Andy Bee	Teacher	Stagg High School District 230
55.	Mary Dotson	Deans' Secretary	Stagg High School District 230
56.	Michele Dellifo	General Worker	Stagg High School District 230