



Juan Morado, Jr.
71 South Wacker Drive, Suite 1600
Chicago, Illinois 60606-4637
Direct Dial: 312.212.4967
jmorado@beneschlaw.com

September 6, 2019

VIA HAND DELIVERY

Courtney Avery
Board Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RECEIVED

SEP 09 2019

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: MIRA Neuro Behavioral Health Center, Project #19-014- Letter in Response to State Board Staff Report

Dear Ms. Avery:

We represent US HealthVest, LLC ("US HealthVest") and submit the following comments in response to the recently released State Board Staff Report ("SBSR") for MIRA Neuro Behavioral Health Center, Project #19-014. US HealthVest, has previously submitted written opposition to this project outlining the existing capacity in the community and the fact that services designed for this specific patient population are available today at a brand new state of the art behavioral health hospital less than a 15 minute drive from the proposed project site. With the release of the SBSR this week, your staff has not only confirmed the concerns of the community but they have highlighted several other deficiencies with the application that should give this Board pause.

The SBSR contains 4 negative findings, raising the lack of referrals to sustain the facility, the excess beds and existing capacity in the planning area, questioning the financial wherewithal of the applicants, and the financial viability of the project to be completed and succeed. Careful considerations of these types of issues is exactly why this Board exists. While the applicant's cause is noble, this project is does not seem to be the right one, at this time, for this community. Let us examine each negative finding in detail.

Projected Utilization

The projected referrals for this project fall woefully short for what is required for the establishment of a new facility. The proposed facility asks this Board to approve the establishment of a 30 bed Acute Mental Illness ("AMI") hospital. However, your SBSR reflects that the applicants can only fill 15 or 53% of those beds. This will result in an underutilized facility and as we will discuss further in this letter, this finding is the foundation for a number of additional issues that would be caused by this projects approval.

Planning Area Need

There are currently 65 excess beds in the planning area according to the Board's state inventory. As they previously done with other facilities they established in Illinois, US HealthVest conducted extensive research into the surrounding community need for AMI beds. This analysis resulted in US HealthVest looking for a strategic partner already established in the community, and they found that partner in Silver Cross Hospital. The partners, along with community stakeholders developed an application for the newly opened Silver Oaks Behavioral Hospital ("Silver Oaks"), a facility that meets the need for AMI services today and well into the future. Unlike the proposed facility which seeks to update an existing office building, Silver Oaks is a newly constructed state of the art facility that is designed to service the full spectrum of AMI patients.

Of the four existing hospitals listed in the SBSR, not one is at the state's target utilization. Furthermore, Silver Oaks has ample capacity to serve this patient population. Silver Oaks also maintains an open staff policy. Every one of these physicians would be able to provide care for their proposed patients at any one of their facilities, including the one located in the exact same geographic area.

The applicants will likely point to lack of specialized AMI services for adolescents as the main reason it's project should be approved. However, US HealthVest facilities are architecturally and programmatically designed to allow independent and isolated units to be established and maintained to avoid the comingling of disparate patient populations (e.g. age, gender, diagnosis, treatment needs, etc.). This degree of flexibility which runs through the entirety of the facilities operated by US HealthVest is what allows us to meet the needs of an entire community. Silver Oaks is a 100 bed facility and has an adolescent unit that provides a therapeutic environment for youth utilizing evidence-based treatment modalities. There are no questions as to the access or availability of this care - we are there, in this community, already providing this care to this patient population.

Availability of Funds

The applicants stated in their application that vast majority of the proposed project will be funded through debt financing. However, the applicants were unable to secure the requisite commitment letter from their lender. The letter submitted with this application clearly states that it was for "discussion purposes only". There are in fact 9 additional conditions that must be met prior to the bank issuing financing, any one of which if not met would derail the applicant's ability to complete the project.

Financial Viability

The financial information provided by the applicants raised more questions about the applicant's ability to complete and sustain this facility. The SBSR points out that the applicants failed to meet the long-term debt to capitalization ratio, and the entirety of this facility's success is dependent on private commercial payors. In order for this facility to succeed the applicants estimate that they will only be able to service 8% Medicaid patients, or 2 beds in the entire 30 bed

facility. A facility that relies on 91% of their total revenue coming from private commercial insurance does not increase access to care for those who need it most. An overreliance on private commercial payors is a risky proposition for a facility that will only be fill 53% of the beds in the facility as the SBSR points out.

Additional findings Not Noted

The SBSR correctly notes that under your rules there is no duplication of services as there are no facilities within 10 miles of the proposed facility. However, Silver Oaks is just outside of that 10 mile window, and is just 12 miles away from the proposed facility. This is undoubtedly a duplication of services in the community. We applaud the applicants for the care they provide and invite them to join our efforts. However, there can be no doubt that these services exist - are already being provided by a world-class provider - and the capacity exists to meet this need. The SBSR does not mention Silver Oaks once, and this Board should consider the broader community and available access to care. Silver Oaks is open, operational, has capacity and provides the exact same services that are being proposed by this project. That fact alone is clear evidence that approval of this facility will result in both unnecessary duplication and maldistribution in the planning area.

At this time *the data does not justify the establishment of a new facility*, and the HFSRB should be cautious to approve the establishment of a new facility duplicating these services in a community that already has access to this care.

If you have any questions or need any additional information regarding the project, please feel free to contact Mark J. Silberman or me. I can be contacted via phone at 312-212-4967 or via email at JMorado@beneschlaw.com and Mark via phone at 312-212-4952 or via email at MSilberman@beneschlaw.com.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



Juan Morado, Jr.