



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET NO: H-05	BOARD MEETING: September 22, 2020	PROJECT NO: 20-030	PROJECT COST: Original: \$36,292,202
FACILITY NAME: Effingham Medical Office Building		CITY: Effingham	
TYPE OF PROJECT: Non-Substantive			HSA: V

PROJECT DESCRIPTION: The Applicants (Sarah Bush Lincoln Health Center, Sarah Bush Lincoln Health System) are proposing to establish a Medical Office Building (MOB), to house physician office/practice space, diagnostic imaging, laboratory, and rehabilitation services. The proposed 65,400 GSF MOB will be located at 1303 West Evergreen Avenue, Effingham. Project cost: \$36,292,202. The completion date as stated in the application for permit is June 30, 2023.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Sarah Bush Lincoln Health Center, Sarah Bush Lincoln Health System) are proposing to establish a Medical Office Building, in 65,400 GSF of newly constructed space located at 1303 West Evergreen Avenue, Effingham, at a cost of \$36,292,202. The completion date as stated in the application for permit is June 30, 2023.
- The proposed project will replace an existing Medical Office Building and improve the healthcare and well-being of the Effingham market area.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project establishes a Clinical Service Areas, and the project cost exceeds the Capital Expenditure Threshold of \$13,743,450.

BACKGROUND:

- Sarah Bush Lincoln Health Center owns/operates Heartland Health System Inc., which operates the following healthcare facilities:
 - Fayette County Hospital, Vandalia (110 beds) HSA-05
- The applicants propose to establish 64,500 GSF of newly constructed space to establish physician office/practice space, combined with laboratory, diagnostic imaging, and rehabilitation services, near an existing office building it will replace, due to its age and size limitations. The existing office building will be demolished after project completion.

PURPOSE:

- According to the Applicants, *“This project will improve the health care and well-being of the market area by replacing Sarah Bush Lincoln Health Center’s undersized and outdated medical office building located in Effingham County, Illinois. The medical office building will provide the patients of Sarah Bush Lincoln Health Center’s 10-county market area with a wide range of services in appropriately sized and configured facilities. This project is needed and appropriate to address Sarah Bush Lincoln Health Center’s growth in the Effingham market area. In the past three years, Sarah Bush Lincoln has acquired the medical practices of numerous medical providers who were practicing in the Effingham County area.”*

PUBLIC HEARING/COMMENT:

- A public hearing was held on September 2, 2020 for the proposed project, from 12:00pm to 2:00pm at the Keller Convention Center in Effingham. Of the registered attendees, eight spoke in support of the project, and eight spoke in opposition to the project. Twenty-six individuals registered their attendance at the hearing, with twenty-two individuals registering their support of the project, one registering their opposition, and three claiming neutrality. The Application file contains 108 letters of support for the project, 64 letters of opposition, and 3 letters of concern. The transcript from the public hearing is attached to the end of this report.

SUMMARY:

- The State Board Staff reviewed the Application for Permit and the Applicants appear to have not met the following criteria

1110.120(b) Projected Utilization	The Applicants propose to establish 3 general X-Ray machines, with the projected utilization to only support 2 machines.
1120.140© Reasonableness of Project Costs	The Applicants report New Construction costs in excess of the State standard. The Applicants

	provided justification for the overages on page 16 of this report
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STATE BOARD STAFF REPORT
Project #20-030
Sarah Bush Lincoln Effingham Medical Office Building (MOB)

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	Sarah Bush Lincoln Health Center Sarah Bush Lincoln Health System
Facility Name	Effingham Medical Office Building
Location	1303 West Evergreen Avenue, Effingham
Application Received	July 2, 2020
Application Deemed Complete	July 9, 2020
Review Period Ends	September 7, 2020
Permit Holder	Sarah Bush Lincoln Health System
Operating Entity	Sarah Bush Lincoln Health Center
Owner of the Site	Sarah Bush Lincoln Health Center
Project Financial Commitment Date	September 22, 2022
Departmental Gross Square Footage	65,400 GSF (46,237 GSF Clinical)
Project Completion Date	June 30, 2023
Expedited Review	No
Can Applicants Request a Deferral?	Yes
Has the Application been extended by the State Board?	No

I. The Proposed Project

The Applicants (Sarah Bush Lincoln Health Center, Sarah Bush Lincoln Health System) are proposing to establish a Medical Office Building (MOB) at 1303 West Evergreen Avenue at a cost of \$36,292,202. The anticipated completion date as stated in the application for permit is June 30, 2023.

II. Summary of Findings

- A. The State Board Staff finds the proposed project is **not** in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project is **not** in conformance with the provisions of Part 1120.

III. General Information

The Applicants are Sarah Bush Lincoln Health Center and Sarah Bush Lincoln Health System. The Health System owns Sarah Bush Lincoln Health Center a 149-bed hospital in Mattoon and Fayette County Hospital a 110-bed hospital located in Vandalia, and clinics located in Arcola, Arthur, Casey, Charleston, and Effingham.

The proposed Medical Office Building/Physicians' Offices will be in 65,400 GSF of newly constructed space, located at 1303 West Evergreen Avenue, Effingham. The Medical Office Building will be in the HSA V Health Service Area and the F-02 Hospital Planning Area. HSA V includes the following Illinois counties: Alexander, Bond, Clay, Crawford,

Edwards, Effingham, Fayette, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jasper, Jefferson, Johnson, Lawrence, Marion, Massac, Perry, Pope, Pulaski, Randolph, Richland, Saline, Union, Wabash, Washington, Wayne, White, and Williamson. The F-02 Hospital Planning Area includes Bond, Fayette, and Effingham counties, Clay county townships of Blair, Bible Grove, and Larkinsburg. Jasper county townships of Grove, North Muddy, South Muddy, Smallwood, Wade, and Crooked Creek. There are three (3) hospitals in the F-02 Hospital Planning Area

TABLE ONE
Hospitals in the F-02 Hospital Planning Area

Hospitals	City	Beds ⁽¹⁾
Fayette County Hospital	Vandalia	110
HSBS Holy Family Hospital	Greenville	42
St. Anthony's Memorial Hospital	Effingham	133
1. Information from 2019 Hospital Profiles		

This is a non-substantive project subject to a Part 1110 and Part 1120 review. Financial commitment will occur after permit issuance. A non-substantive project is all projects not classified as substantive or emergency projects.

IV. Project Details

The Applicants (Sarah Bush Lincoln Health Center, Sarah Bush Lincoln Health System) are proposing to establish a 2-story medical office building/physician office site in 65,400 GSF of newly constructed space, at 1303 West Evergreen Avenue, Effingham. The facility will provide physical therapy and diagnostic imaging services, which are classified as reviewable under the size and utilization standards of the Illinois Health Facilities and Services Review Board (IHFSRB). The reviewable components will consist of 9,447 GSF of space, and include the following:

Imaging (34,634 DGSF)

- Patient Exam/Provider Work Area (26,860 GSF)
- X-Ray (1,360 GSF)
- CT (825 GSF)
- Magnetic Resonance Imaging (MRI) (1,500GSF)
- Ultrasound (289 GSF)
- Radiology Commons Space (3,800 GSF)

Rehabilitation Services/PT/OT/ST (10,372 DGSF)

Other spatial considerations include (non-clinical):

- Laboratory (1,231 DGSF)
- Mechanical and Other Building Systems (1,875 DGSF)
- Other Non-Clinical (17,288 DGSF)

Board Staff notes the Medical Office Building will be financed in its entirety through construction-related Bond Issues.

V. Project Uses and Sources of Funds

The Applicants are funding this project in its entirety with construction-related bond issues totaling \$36,292,202. The Applicants supplied proof of an A+ bond rating from Standard & Poor's Ratings Service (December 2019), and it appears the Applicants are eligible for the financial waiver.

TABLE TWO				
Project Costs and Sources of Funds				
Project Uses	Reviewable	Non-Reviewable	Total	% of Total
Off-Site Work	\$0	\$2,659,483*	\$2,659,483*	7.3%
New Construction Contracts	\$18,507,069	\$6,759,291	\$25,266,360	69.6%
Contingencies	\$517,954	\$263,601	\$781,555	2.1%
Architectural & Engineering Fees	\$1,522,184	\$630,871	\$2,153,055	5.9%
Consulting and Other Fees	\$56,560	\$23,440	\$80,000	.4%
Movable or Other Equipment	\$3,651,749	\$475,000	\$4,126,749	11.4%
Bond Issuance Expense (project related)	\$123,723	\$51,277	\$175,000	.4%
Net Interest Expense During Construction	\$742,338	\$307,662	\$1,050,000	2.9%
Total Uses of Funds	\$25,121,577	\$11,170,625	\$36,292,202	100.00%
Project Sources of Funds	Reviewable	Non-Reviewable	Total	% of Total
Bond Issues (project-related)	\$25,121,577	\$11,170,625	\$36,292,202	100%
Total Sources of Funds	\$25,121,577	\$11,170,625	\$36,292,202	100.00%
*Demolition of Existing MOB				

VI. Costs Space Requirements

The Applicants are proposing to establish 46,237 GSF for reviewable services, while the remaining 19,163 DGSF will be classified as nonreviewable. The entirety of this spatial configuration will consist of newly constructed space.

TABLE THREE Cost/Space Requirements for Modernization				
Reviewable	Cost	Proposed	New Construction	% of Total
Diagnostic Imaging	\$4,778,601	3,974	3,974	7.1%
PT/OT/ST	\$5,238,008	10,372	10,372	16.8%
Clinical Subtotal	\$10,016,609	14,346	14,346	23.9%
Non-Reviewable	Cost	Proposed	New Construction	% of Total
Physician Office Space	\$12,326,158	26,860	26,860	39.8%
Laboratory	\$610,939	1,231	1,231	2%
Radiology Reception	\$2,167,871	3,800	3,800	7%
Mechanical/Building Systems	\$1,078,125	1,875	1,875	3%
Sitework*	\$2,659,483	0	0	0%
Other Non-Clinical	\$7,433,017	17,288	17,288	24.3%
Non-Clinical Subtotal	\$26,275,593	51,054	51,054	76.1%
GRAND TOTAL	\$36,292,202	65,400	65,400	100.00%

VII. Background of the Applicants

A) Criterion 1110.110 (a)(1) to (3) – Background of the Applicants

To demonstrate compliance with this criterion, the Applicants must provide

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
 2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
 3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.
 4. "Adverse Action" means a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations.
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1. The Applicants provided a listing with license and certification data of all health care facilities owned or operated by the Applicants at page 72 of the application for permit.
 2. No adverse actions have been taken against any facility owned and/or operated by the Applicants. [Application for Permit page 72]
 3. Authorization permitting HFSRB and DPH access to any documents necessary to verify information submitted has been provided at Application for Permit page 72.
 4. Sarah Bush Lincoln Health Center, A Domestic Corporation, Incorporated under the Laws of This State on May 18, 1970 is in Good Standing as a Domestic Not-for-Profit Corporation in the State of Illinois.
 5. Sarah Bush Lincoln Health System, Incorporated under the Laws of this state on April 25, 1983, is in Good Standing as a Domestic Not-for-Profit Corporation in the State of Illinois.

6. The Applicants are in compliance with Executive Order #2006-05 and the Illinois Historic Preservation Agency.
7. The Applicants are in compliance with Executive Order
8. All required reports have been provided to the State Board as required.

VIII. Purpose of The Project, Safety Net Impact Statement, Alternatives to The Project

These three (3) criteria are informational only. No determination on whether the Applicants have met the requirements of the three (3) criteria is being made by the State Board Staff.

A) Criterion 1110.110 (b) – Purpose of the Project

To demonstrate compliance with this criterion, the Applicants must document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other, per the applicant's definition.

“This project will improve the health care and well-being of the market area by replacing Sarah Bush Lincoln Health Center’s undersized and outdated medical office building located in Effingham County, Illinois. The medical office building will provide the patients of Sarah Bush Lincoln Health Center’s 10-county market area with a wide range of services in appropriately sized and configured facilities. This project is needed and appropriate to address Sarah Bush Lincoln Health Center’s growth in the Effingham market area. In the past three years, Sarah Bush Lincoln has acquired the medical practices of numerous medical providers who were practicing in the Effingham County area.”

B) Criterion 1110.110 (c) – Safety Net Impact Statement

All health care facilities, except for skilled and intermediate long-term care facilities licensed under the Nursing Home Act [210 ILCS 45], shall provide a safety net impact statement, which shall be filed with an application for a substantive project (see Section 1110.40). *Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation.*

This project is considered a non-substantive project. Non-substantive projects are not required to submit a safety net impact statement, only projects that are deemed substantive projects. Non-substantive projects are all projects that are not classified as either substantive or emergency.

Substantive projects shall include no more than the following:

- a. *Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.*
- b. *Projects proposing a new service or discontinuation of a service, which shall be reviewed by the Board within 60 days.*
- c. *Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]*

Charity care information is required for ALL projects submitted to the State Board. The Applicants supplied charity care data for Sarah Bush Lincoln Health System (See Table Four).

TABLE FOUR Charity Care Information			
Sarah Bush Lincoln Health Center	FY 2016	FY 2017	FY 2018
Net Patient Revenue	\$285,226,918	\$299,646,327	\$261,723,470
Amount of Charity Care (charges)	\$11,370,376	\$11,730,142	\$11,610,929
% of Charity Care to Net Revenue (Based on Charges)	3.99%	3.91%	4.44%
% of Charity Care to Net Revenue (Based on Costs)	0.55%	0.57%	0.80%

C) Criterion 1110.110 (d) - Alternatives to the Proposed Project

To demonstrate compliance with this criterion the Applicants must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

The Applicants considered four (4) alternatives to the proposed project.

Alternative 1: Do Nothing/Project of Lesser Scope

The Applicants determined that the option of doing nothing would not address the growth experienced by Sarah Bush Lincoln in the Effingham market, and perpetuate the issues pertaining to patient access, patient satisfaction, and the centralization of physician services in the Effingham market area. This alternative was summarily rejected. No costs were identified with this alternative.

Alternative 2: Pursue a Joint Venture with One or More Providers

The Applicants note this project involves core healthcare services, making it inappropriate for a joint venture arrangement. This option was ultimately rejected, and the Applicants did not identify a projected cost with this alternative.

Alternative 3: Utilize Other HealthCare Resources that are Available to Service Population Served by Project

In this alternative, the Applicants envisioned investing over \$26,000,000, only to receive suboptimal results. This alternative would expand the existing facility to 63,000 GSF and limiting any options for future expansion in the facility. The Applicants felt this would be a substantial investment that would ultimately result in demolition of the existing facility and reconstruction of a replacement MOB if provider growth continues in the Effingham market. This option was ultimately rejected by the Applicants.

Alternative 4: Construct a Free-Standing Outpatient Medical Office Building (Proposed Project)

The Applicants note that pursuit of this alternative will centralize Sarah Bush Lincoln's health care operations in the Effingham market, improve patient access/satisfaction,

improve operational efficiencies, and provide options for future growth, if needed. Cost of this alternative: \$36,292,202.

IX. Size of the Project, Projected Utilization and Assurances

A) Criterion 1110.120 (a) – Size of the Project

To demonstrate compliance with this criterion the Applicants must document that the size of the project is in conformance with standards published in Part 1110 Appendix B.

The Applicants propose to establish a Medical Office Building in 65,400 GSF of newly constructed space, located at 1303 West Evergreen Avenue, Effingham. The proposed facility will contain physician office space, imaging, physical/occupational/speech therapy space, and laboratory services. Imaging and Physical Therapy are both classified as clinical services, and Imaging is applicable to State Board standards for size. Table Five illustrates the spatial configurations applicable to State standards, and it appears the Applicants are in compliance with this criterion.

TABLE FIVE Size of the Project				
Service	Proposed	State Standard	Difference	Met Standard?
Reviewable				
Diagnostic Imaging				
General Radiology (3)	1,360 dgsf	3,900 dgsf	(2,540 dgsf)	Yes
CT Scan (1)	825 dgsf	1,800 dgsf	(975 dgsf)	Yes
MRI (1)	1,500 dgsf	1,800 dgsf	(300 dgsf)	Yes
Ultrasound (1)	289 dgsf	900 dgsf	(611 dgsf)	Yes
Physical Therapy	10,372 dgsf	N/A	N/A	Yes
Total Reviewable	14,346 dgsf			
Non-Reviewable				
Physician Office Space	26,860 dgsf	N/A	N/A	N/A
Laboratory	1,231 dgsf	N/A	N/A	N/A
Radiology Reception	3,800 dgsf	N/A	N/A	N/A
Mechanical/Building Systems	1,875 dgsf	N/A	N/A	N/A
Sitework*	0	N/A	N/A	N/A
Other Non-Clinical	17,288 dgsf	N/A	N/A	N/A
Total Non-Reviewable	51,054 dgsf			
Grand Total	65,400 dgsf			

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT OF THE PROJECT (77 IAC 1110.120 (a))

B) Criterion 1110.120 (b) –Projected Utilization

To demonstrate compliance with this criterion, the Applicants must document that the projected utilization of the services in which the State Board has established utilization standards will be in conformance with the standards published in Part 1110 Appendix B.

The Applicants are proposing to establish a two-story Medical Office Building containing the following services for which utilization standards exist imaging, physical therapy and laboratory services. These services will each have one dedicated room/unit, and projected service demand is based upon historical utilization data taken from physicians who will occupy this site. Table Six also provides justification for the proposed Mammography Unit (1), MRI unit (1), and X-Ray units (3).

TABLE SIX Projected Utilization		
MRI	Year 1	Year 2
# of Procedures	1,395	2,500
# of MRI Units	1	1
State Standard (hrs.)	2,500	2,500
# of MRI Units Justified	1	1
General X-Ray	Year 1	Year 2

TABLE SIX Projected Utilization		
# of Visits	9,292	9,598
# of X-Ray Units	3	3
State Standard (visits)	8,000	8,000
# of X-Ray Units Justified	2	2
CT	Year 1	Year 2
# of Visits	1,000	1,030
# of CT Units	1	1
State Standard	7,000	7,000
# of CT Units Justified	1	1
Ultrasound	Year 1	Year 2
# of Procedures	300	350
# of Ultrasound Units	1	1
State Standard (per unit)	3,100	3,100
# of Ultrasound Units Justified	1	1
Services Without Utilization Standards		
Service	# of Rooms	Space
Patient Exam Rooms	62	N/A
Clinical Laboratory Services	1	1,231 dgsf
Rehabilitation Services	1	10,372 dgsf

The Applicants provided substandard projected utilization data for three General X-Ray machines, despite a 3.3% projected growth in service. However, the proposed medical office building will have a walk-in clinic located on the first floor, and the Applicants project this service to utilize the third X-Ray machine exclusively to prevent disruptions in the use of the other two machines. Regardless of the designation of units, a negative finding results for this project.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 IAC 1110.120 (b))

X. Clinical Services Other than Categories of Service

A) Criterion 1110.270 (b) – Need Determination-Service Modernization

The applicant shall describe how the need for the proposed establishment was determined by documenting the following:

1. Service to Planning Area Residents
2. Service Demand

The proposed project seeks to establish a Medical Office Building in 65,400 GSF of newly constructed space. The clinical services proposed are physical therapy and imaging (X-Ray, CT, MRI, Ultrasound). Table Six illustrates the historical and projected utilization for these modalities, and an explanation for the need for these modalities is provided below. The Applicant file contains 26 physician referral letters agreeing to the referral of 1,055 patients to the facility after project completion. The Applicants note the ongoing costly repairs of the existing building, combined with the growing outpatient volumes and increased provider recruitment efforts as the impetus for the proposed project.

Magnetic Resonance Imaging (MRI)

CT

General X-Ray

Ultrasound

The Applicants are proposing to introduce three General X-Ray rooms and one room/unit of the other imaging modalities to the proposed Medical Office Building to accommodate the projected growth in service need in the 3 years after project completion. The Applicants acknowledge that three X-Ray units are not warranted, based on projected utilization, but note that two of the units will be located on the building's second floor to serve the Orthopedics service, and the third will be utilized in the Walk-In clinic planned for the building's first floor. The Applicants note this third unit will alleviate any undue ambulation by the first-floor patients, as well as alleviate any disruptions in services for the patients on the second floor.

CT Scan

The Applicants currently provide CT Scan services at its main hospital campus in Mattoon, which is outside the general service area for the proposed medical office building (28 miles away). In the year 7/1/19 through 6/30/20, the Applicants report having provided 334 CT scans to patients residing in zip codes within the 21-mile service area of the proposed Effingham MOB. The Applicants provided patient referral letters from 25 practicing clinicians from Sarah Bush Lincoln Health Center, with projections to provide approximately 1,020 CT scans to patients residing in the Effingham service area, upon project completion. The Applicants note the projected referral volume will not negatively impact the services currently provided by HSHS St. Anthony's Memorial Hospital, due to the high volume of CT scans currently provided at that facility.

Outpatient Physical Therapy

Currently, the outpatient Physical/Occupational/Speech Therapy services are located on the campuses of the main hospital buildings and will be relocated to the proposed facility upon project completion. There are no State standards for utilization of Physical Therapy, and the Applicants project an increase in utilization for this modality similar to the imaging modalities by completion of the proposed project.

Outpatient Laboratory

The Applicants note the need for OP Laboratory services results from the need to centralize outpatient services into the MOB in Effingham to accommodate the needs of the service area and increase accessibility for a growing outpatient population.

Despite the substandard projected utilization data contained in Table Six, the proposed project appears to meet the service needs for the proposed services modalities planned for the Medical office Building, resulting in a positive finding for this criterion.

THE STATE BOARD STAFF FINDS PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SERVICE ESTABLISHMENT (77 IAC 1110.270 (b))

XI. Financial Viability

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 – Financial Viability

To demonstrate compliance with these criteria the Applicants must document enough cash to fund the proposed project and that the Applicants are financially viable.

The Applicants are funding this project in its entirety with project-related Bond Issues totaling \$36,292,202. The applicant (Sarah Bush Lincoln Health System) has supplied Audited Financial Statements, and the results shown in Table Seven prove the Applicants have enough cash to fund the project in its entirety. The Applicants supplied proof of an A+ rating from Standard & Poor's Ratings Service dated December 20, 2019, which further supports the Applicants financial viability.

TABLE SEVEN Sarah Bush Lincoln Health System Years ended June 2017, 2018 2019 (in thousands)			
	2017	2018	2019
Cash	\$28,554,318	\$55,639,511	\$53,425,133
Current Assets	\$151,051,162	\$154,602,458	\$165,228,443
Total Assets	\$600,582,988	\$647,467,989	\$680,569,118
Current Liabilities	\$57,145,789	\$59,034,995	\$62,242,456
LTD	\$64,426,474	\$58,538,537	\$53,239,967
Total Liabilities	\$187,183,793	\$192,804,391	\$199,528,966
Net Patient Revenue	\$304,402,940	\$326,886,900	\$333,537,315
Total Revenues	\$314,147,043	\$336,596,695	\$351,343,913
Income from Operations	\$23,234,100	\$55,519,657	\$10,830,480
Net Income	\$27,085,193	(\$8,279,580)	(\$2,214,378)
Source: Application, Project #20-030			

XII. Economic Feasibility

A) Criterion 1120.140(a) – Reasonableness of Financial Arrangements

B) Criterion 1120.140(b) –Terms of Debt Financing

To demonstrate compliance with this criterion the Applicants must document the terms of the debt financing and attest the financing will be at the lowest cost available to the Applicants.

The Applicants are funding this project in its entirety with project-related Bond Issues totaling \$36,292,202. The applicant (Sarah Bush Lincoln Health System), has supplied Audited Financial Statements and the results shown in Table Seven prove the Applicants have enough cash to fund the project, and it appears the Applicants have enough funds available to fund this proposed project.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 IAC 1120.140(a) and (b))

C) Criterion 1120.140(c) – Reasonableness of Project Costs

To demonstrate compliance with this criterion the Applicants must document that the project costs are reasonable by the meeting the State Board Standards in Part 1120 Appendix A.

The Applicants note the Applicants will fund the project in its entirety with project-related Bond Issues and appear to be in excess of the State Board Standard for New Construction Costs and have not met the State Board standards established for this criterion. The Applicants did provide a synopsis for the overage, on page 16 of this report.

New Construction Costs and contingencies are \$19,023,023 or \$411.47 per GSF. This appears **HIGH** when compared to the State Board Standard of \$237.95 per GSF (2022 construction mid-point).

Contingency Costs/New Construction are \$517,954 or 2.3% of new construction costs (\$18,507,069). This appears reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Costs/New Construction are \$1,522,184 and are 8% of the new construction and contingency costs (\$19,025,023). This appears reasonable when compared to the State Board Standard of the 5.64% - 8.48%.

Consulting and Other Fees are \$56,560. The State Board does not have a standard for these costs.

Movable and Other Equipment are \$3,651,749. The State Board does not have a standard for these costs when applied to hospitals.

Bond Issuance Expense are \$123,723. The State Board does not have a standard for these costs when applied to hospitals.

Net Interest Expense During Construction are \$742,338. The State Board does not have a standard for these costs when applied to hospitals.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 ILAC 1120.140(c))

D) Criterion 1120.140(d) – Projected Operating Costs

To demonstrate compliance with this criterion the Applicants must document that the projected direct annual operating costs for the first full fiscal year at target utilization but no more than two years following project completion. Direct costs mean the fully allocated costs of salaries, benefits and supplies for the service.

The projected operating cost per patient day for this project is \$3,345.36. The State Board does not have a standard for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED OPERATING COSTS (77 ILAC 1120.140(d))

E) Criterion 1120.140(e) – Total Effect of the Project on Capital Costs

To demonstrate compliance with this criterion the Applicants must provide total projected annual capital costs for the first full fiscal year at target utilization but no more than two years following project completion. Capital costs are defined as depreciation, amortization, and interest expense.

The projected capital cost per patient day is \$295.55. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 ILAC 1120.140 (e))

Justification for the Construction Costs Overage

- The project has additional structural steel support for the equipment required in the Imaging rooms. Additionally, there is added steel and concrete pads for the rooftop HVAC equipment and generator.
- The project includes additional costs to capture a roof screen wall. Due to the proximity of the building to the residential area, it is necessary to place all equipment on the roof that would otherwise be placed on the ground. The screen wall is to help provide noise control and hide the equipment from view.
- Two entrance canopies are included to provide weather protection at both public entrances to the building. This will help protect the patients and public from the weather and provide for a safe drop-off area.
- The project includes a premium cost for higher quality exterior aesthetics for the community which includes faux wood metal panels and extensive curtain wall.
- The project includes a premium cost for various SBL interior brand standards including Texas granite flooring, decorative glass, the quantity of built-in casework and interior stone panels to provide a higher quality look inside the building for patients and public.
- The building contains a two-story interior lobby to provide a more spacious feel and visually pleasing environment for the public.
- Additional costs are figured for the mechanical equipment and shielding which are necessary for the function of Imaging rooms, including MRI, CT, and X-Ray, for patient care.
- The building includes a premium cost for the indoor pool. This includes the equipment, the concrete structure, and the effect on the sizing of the MEP systems to account for the additional HVAC and electric loads.
- Also included is a premium cost to have redundancy in the HVAC system to allow for one of the rooftop units to be down for maintenance and still provide the entire building with conditioned air. This is done by having four smaller rooftop units instead of two larger units.
- Included in the design is a generator backup for portions of the building and placing this generator on the roof to prevent noise pollution to the neighborhood. This comes at a premium cost to the project and is not typical for projects of this type.
- To raise the profile and elevation of the new building, the existing site required a large quantity of dirt import to bring up the grade by as much as eight feet.
- Also, with this elevation change and with the phasing of the construction needed to maintain occupancy of the existing building until the new building is complete, temporary shoring is required and comes at additional cost. This is not typical for a project like this.
- The existing site requires additional cost for the demolition of the two existing buildings in two different phases.
- The site design for the project includes an underground storm water detention basin to prevent loss of valuable parking space. Moving the detention basin underground comes at a premium cost.
- Designed in the project is a larger than typical scope for landscaping to provide better aesthetics and in some areas function for a barrier for noise pollution.
- It is necessary to construct this project in three phases to keep the current building occupied and to meet the city's required amount of parking available during construction. This comes at a cost extending the project schedule and therefore increasing the cost of the general conditions and general requirements of construction.

1 BEFORE THE
2 ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
3
4
5 PROJECT #20-030
6 SARAH BUSH LINCOLN HEALTH CENTER
7 EFFINGHAM MEDICAL OFFICE BUILDING
8
9 PUBLIC HEARING
10
11 SEPTEMBER 2, 2020
12 12:00 NOON
13
14 Thelma Keller Convention Center
15 Holiday Inn
16 1202 North Keller Drive
17 Effingham, Illinois 62401
18
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1 APPEARANCES:

2 MR. GEORGE ROATE, Hearing Officer

3 MR. MIKE CONSTANTINO

4 Illinois Department of Public Health
5 Illinois Health Facilities and Services Review Board
6 535 West Jefferson Street
7 Springfield, Illinois 62761
8
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10
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12
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14
15
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17
18

19 REPORTED BY:

20 Joyce Lawrence

21 CSR-IL, RPR, CCR-MO

22 Alaris Litigation Services

23 15 S. Old State Capitol Plaza

24 Springfield, Illinois 62701

1 (Hearing commenced at 12:00 p.m.)

2 MR. ROATE: Good afternoon. My name is
3 George Roate. I am accompanied by Mr. Mike
4 Constantino, who is out in the lobby at this time.
5 We are from the Illinois Department of Public Health
6 and represent the Illinois Health Facilities and
7 Services Review Board. We are here to conduct a
8 public hearing on the proposed project known as
9 Project 20-030, Sarah Bush Lincoln Health Center
10 Effingham Medical Office Building.

11 As per the rules of the Illinois Health
12 Facilities and Services Review Board, I would like
13 to read the legal notice into the record.

14 In accordance with the requirements of
15 the Illinois Health Facilities Planning Act, notice
16 is given of receipt to establish a medical office
17 building in Effingham, Illinois. Project 2 --
18 20-030 Effingham Medical Office Building Effingham.
19 Applicants: Sarah Bush Lincoln Health System and
20 Sarah Bush Lincoln Health Center. The applicants
21 propose to establish a two-story medical office
22 building in 65,400 gross square feet of space
23 located at 1303 West Evergreen Avenue, Effingham.
24 Project cost: \$36,292,202.

1 A public hearing will take place pursuant
2 to 20 Illinois -- ILCS 3960. The hearing is
3 scheduled for Wednesday, September 2, 2020 at 12
4 p.m. and 2 p.m. at the Thelma Keller Convention
5 Center at the Holiday Inn, 1202 North Keller Drive,
6 Effingham, Illinois.

7 The public hearing is to be held by the
8 Illinois Department of Public Health pursuant to the
9 Illinois Health Facilities Planning Act. The
10 hearing is open to the public and will afford an
11 opportunity for parties with interest to present
12 written and/or verbal comment relevant to the
13 project. All allegations or assertions should be
14 relevant to the need for the proposed project and be
15 supported with two copies of documentation or
16 materials that are printed or typed on paper, size
17 8 1/2 inches by 11 inches. Consideration by the
18 State Board has been tentatively scheduled for
19 September 22, 2020 Illinois Health Facilities and
20 Service Review Board meeting.

21 If you have not done so, please sign in
22 using the appropriate registration forms in the
23 lobby. One form is for individuals who want to
24 provide testimony in favor of the project. Another

1 form is for people to provide testimony who oppose
2 the project. The last form is for individuals to
3 register their attendance who do not wish to
4 testify.

5 To ensure that the Illinois Health
6 Facilities and Services Review Board's public
7 hearings protect the privacy and maintain the
8 confidentiality of an individual's health
9 information, covered entities, as defined by the
10 Health Insurance Portability Act of 1996, such as
11 facilities, hospital -- hospital providers, health
12 plans and health care clearinghouses, submitting
13 oral or written testimony that discloses protected
14 health information of individuals shall have a valid
15 written authorization from that individual. The
16 authorization shall allow the covered entity to
17 share the individual's protected health information
18 at this hearing.

19 To maintain -- to maintain compliance
20 with COVID-19 health protection protocols, we ask
21 that all attendees maintain appropriate social
22 distancing, wear masks, and that no more than 25
23 attendees occupy the meeting room at any given time.
24 You will be called to speak in the order in which

1 you signed in, and we ask that you exit the room
2 immediately after providing your testimony. Those
3 of you who came with prepared text for your
4 presentation may choose to submit that text without
5 giving testimony. However, if you are giving oral
6 testimony, please be as brief as possible. As per
7 the legal notice, I would appreciate two copies of
8 your testimony. When you make your presentation,
9 please give the court reporter the spelling of your
10 complete name. If there is a chief spokesperson for
11 the applicant, we would like that individual to make
12 the first presentation. The remaining testimony
13 will be taken in the order of the names on the
14 registers. Please hold your questions until all
15 testimony is presented.

16 And we already have a set list of
17 presenters, so I'll go ahead and call up the first
18 presenter.

19 At this time, we ask Jerry Esker to
20 please approach the stand.

21 MR. ESKER: That's Jerry with a J. Last
22 name Esker, E-s-k-e-r.

23 All right. Good afternoon everyone. I'm
24 Jerry Esker. I am the president and CEO of Sarah

1 Bush Lincoln Health Center.

2 Sarah Bush Lincoln has been drawn into a
3 public debate with a large Springfield company that
4 owns 100 percent of the hospital here in Effingham.
5 I would like to make this point clear to the
6 residents of Effingham: Sarah Bush Lincoln wants no
7 part of this very divisive conflict. Because the
8 HSHS Corporation requested a public hearing and
9 engaged lobbyists and consultants and went to the
10 media, reached out to legislators and even
11 unsuccessfully tried to involve the Illinois
12 Hospital Association in support of their attempt to
13 block this construction, because of all of those
14 things, we have been forced to respond in this very
15 public forum.

16 This is a really, really tough day for
17 me. I was born in this Effingham hospital, as many
18 of you know. So was my wife, Lana, sitting here,
19 and all of our many siblings. My parents, my own
20 four siblings and their families still live here, as
21 do many of my wife's family. All of them, along
22 with several life-long friends and their family live
23 within the city limits of Effingham or just right
24 outside.

1 I remember skating at the local rink as a
2 kid. That's now a 50-year-old building that was
3 converted to a clothing store -- and I think it was
4 The World of Clothing; that just came to me -- and
5 then it was later converted to the Bonutti Clinic.
6 That's the same Bonutti Clinic building, the
7 50-year-old building that we are now replacing.

8 I have publicly expressed disappointment
9 and some surprise. Surprise because we've been told
10 it's very unusual, highly unusual for a hospital to
11 oppose the construction of a replacement doctor's
12 office. And disappointment because there are
13 efforts to block a project that will bring so much
14 good to the greater Effingham area. This project
15 involves millions of dollars in new construction, a
16 beautiful building sitting right at the intersection
17 of two of our country's largest interstates. This
18 is the Crossroads of America, the real Crossroads of
19 America. It's a building that will house the
20 nationally recognized Bonutti Orthopedic Clinic and
21 serve as a symbol for all of the high quality care
22 that we deliver inside. We asked the architects,
23 including a firm from Effingham, to design a
24 building that reflects the pride and entrepreneurial

1 spirit of this community. And if we can all agree
2 on one thing today, I think we can agree that the
3 architects delivered.

4 HSHS continues to tell the community it
5 does not object to a new building, it just has
6 questions about the size and redundancy of services.
7 And assuming those questions are genuine, I'm happy
8 to provide the answers. The additional space is
9 required to house existing services. The floor plan
10 is clear. Every square foot is accounted for.
11 There is no shell space in this building. It would
12 be cost prohibitive to the point of absurdity to
13 convert the new space into surgery suites, as has
14 been suggested. And regarding redundancy, we have
15 been performing these services in this community for
16 many years and that will not change regardless of
17 the outcome of this hearing. And I need to be
18 really clear about that. There is no service that
19 we offer our patients in Effingham that will change
20 regardless of the outcome of this hearing.
21 The only thing blocking construction of this
22 building -- the only purpose it will serve will be
23 to inconvenience our patients and deprive this
24 community of a boost to economic development.

1 The HSHS Corporation in Springfield is a
2 Goliath. Publicly available information released a
3 few years ago and system report shows a balance of
4 \$128 million in cash and \$1.5 billion in assets
5 that's set aside by its Board of Directors to use at
6 its discretion. Replacement of an outdated office
7 building with a larger office building will not
8 place the local hospital at risk of closing its
9 emergency department. It's not reasonable to even
10 suggest that. If the local ER closes, it's only
11 because the corporate owner in Springfield decided
12 the emergency services in Effingham don't merit the
13 expenditure. And they are never going to do that.
14 So many of the people that I love, including my
15 parents, all of my siblings, live less than ten
16 minutes from the St. Anthony emergency room. If I
17 thought there was even a remote possibility of this
18 project putting emergency services at risk, I would
19 not be standing here. My integrity is important me.
20 I care deeply about what my family and friends in
21 Effingham think of my actions. We're here to do
22 good. To bring our high brand of high quality
23 health care -- to bring our brand of high quality
24 health care, to reinvest our margins directly back

1 into this community, to make the Effingham area
2 better, stronger, healthier. We're not here to do
3 harm.

4 I strongly urge the Illinois Health
5 Facilities and Services Review Board to approve the
6 Effingham Medical Office Building Project.

7 Thank you.

8 MR. ROATE: Thank you.

9 Next, I would like to call Theresa
10 Rutherford to the stand.

11 MS. RUTHERFORD: Theresa, T-h-e-r-e-s-a;
12 Rutherford, R-u-t-h-e-r-f-o-r-d.

13 Good afternoon. First, thank you to the
14 Review Board for traveling to Effingham. We
15 appreciate that and convening this hearing today.
16 This process was established as a format for
17 questions, such as ours, to be addressed.

18 My name is Theresa Rutherford and I have
19 the honor of serving as the President and CEO of
20 HSHS St. Anthony's Memorial Hospital. I appear
21 today in opposition of CON Project 20-030 as
22 originally submitted.

23 Please know that this is extraordinarily
24 rare for St. Anthony's or the Hospital Sisters

1 Health System to oppose a CON application. In the
2 seven years as St. Anthony's CEO, and for the nine
3 previous years as a hospital COO, I personally have
4 never been involved in opposing a CON project. We
5 cannot find a record at any point in its 144-year
6 history of St. Anthony's ever before opposing a CON
7 application. This is not something we do casually
8 or take lightly.

9 The basis of our opposition is simple, in
10 my view. As proposed, Project 20-030 will
11 unnecessarily duplicate existing and presently
12 underutilized hospital services and redirect away
13 from the hospital both patients and revenue that
14 support essential and under-reimbursed hospital
15 services, associated hospital jobs, and a wide range
16 of community benefit projects which totaled over
17 \$11,000,000 last year alone.

18 As anyone involved in health care would
19 well understand, our concerns over this CON
20 application are particularly acute, given the harsh
21 impacts of the ongoing COVID-19 pandemic on rural
22 hospitals like ours.

23 The mission of St. Anthony's and the
24 Hospital Sisters Health System is to reveal and

1 embody Christ's healing love for all people through
2 our high quality Franciscan health care ministry.
3 Our hospital is non-profit as a matter of both law
4 and mission. Hospital revenues are important to us
5 as a means of supporting our mission of service to
6 the community.

7 This is personal for me, also, Jerry.
8 Thank you. Every day for my immediate family and
9 also when my seven grandchildren come to spend time
10 in Effingham, I have the piece of mind knowing that
11 a high quality hospital with essential services,
12 like an emergency department, is just 12 minutes
13 from our door.

14 It's personal for me every time I walk
15 into our hospital doors. I started my career in
16 1979 as a nurse's aide. I spent 11 years as a
17 licensed practical nurse and 30 years as an RN.
18 Eventually, I became a chief of nursing officer
19 before assuming leadership roles as COO and now CEO.
20 Those early years at the bedside, on the front line
21 of delivering patient care, are deeply engrained in
22 me.

23 I found my ultimate calling at St.
24 Anthony's, a federally-designated Sole Community

1 Hospital, where we provide care to everyone who
2 seeks our services, regardless of financial means.
3 The core values of St. Anthony's -- respect, care,
4 competence, and joy -- deeply resonate with me and
5 the team I lead.

6 Just weeks ago, in response to a
7 state-ordered curtailment of elective procedures and
8 associated loss of hospital revenues, it was
9 heartbreaking to lay off colleagues at St.
10 Anthony's. I know what that meant to our team and
11 their families and the communities that we serve.

12 When this CON application was filed, it
13 omitted the usually included information. We
14 requested this hearing to get more information. We
15 have no concerns over the modernization and
16 replacement of an existing medical office building.
17 And as a member of this community, I welcome it.
18 Our concerns and objectives center on the proposed
19 expansion of existing and new services and the
20 building size. Our difficulty is with the scope and
21 scale, not the concept. My concerns are not of HSHS
22 or Sarah Bush Lincoln, but about the people we
23 serve. The 23,000 who will need emergency services
24 in our ER this year, the nearly 700 families who

1 will expand their families and deliver babies in our
2 hospital. Both, essential services. And the
3 thousands who will need and use the social services
4 and programs we support through our community
5 benefit programming.

6 With more complete information and
7 appropriate modifications, we ultimately hope to
8 support this project. Just not as presently
9 proposed. We have long been good partners with many
10 of the providers represented by the CON application
11 in providing health care to Effingham and the
12 surrounding communities and we do this because the
13 care of the providers -- the care that these
14 providers deliver is in the best interest of those
15 we serve. I hope the ultimate resolution of this
16 manner honors that partnership to further our
17 mission of service.

18 Thank you.

19 MR. ROATE: Thank you.

20 The Board would like to call Erica
21 Stollard to the stand at this time.

22 MS. STOLLARD: E-r-i-c-a.
23 S-t-o-l-l-a-r-d.

24 Good afternoon. I am Erica Stollard,

1 Director of Planning and Business Development at
2 Sarah Bush Lincoln Health Center in Mattoon,
3 Illinois.

4 My remarks summarize the written
5 testimony that I am submitting today.

6 Sarah Bush Lincoln has submitted a CON
7 application to construct a medical office building
8 in Effingham, Illinois, which will replace our
9 outdated medical office building and house existing
10 services that we currently provide in Effingham.

11 We respectfully request that the Illinois
12 Health Facilities and Services Review Board approve
13 the project for the following reasons:

14 First, the application has documented the
15 need for the project as required by the Illinois
16 Certificate of Need, CON, rules. The current
17 medical office building is undersized and
18 dilapidated. It was built 50 years ago as a skating
19 rink. Dr. Peter Bonutti converted the space into a
20 medical office building several years ago. The
21 current volume warrants the 65,400-square-foot,
22 two-story medical office building. The replacement
23 building will be constructed just east of our
24 current existing building and the current medical

1 office building will be demolished upon occupancy of
2 that new building. The application clearly
3 documents the project does not include unfinished or
4 shell space. All space is designated for medical
5 office use. And the floor plans that we submitted
6 with our application are actually here on display
7 for you today, if you would like to take a look.

8 Sarah Bush Lincoln meets the Illinois
9 state standards for the size of the project. Sarah
10 Bush Lincoln conducted 40,143 office visits in
11 Effingham-based practices in fiscal year '20,
12 showing a 5 percent growth. SBL projects a 7
13 percent growth each year for the next three years.

14 Sarah Bush Lincoln also meets the
15 Illinois state standards for utilization of the
16 project for CT, ultrasound, and MRI services. The
17 project meets the state standards for two x-ray
18 machines, which will be placed on the second floor
19 in the orthopedic clinic. A third x-ray machine is
20 being requested for this project, which will be
21 located on the first floor in the walk-in clinic.
22 This will allow for walk-in clinic patients to
23 receive access to x-ray images without disrupting
24 care in the orthopedic clinic.

1 Because there are no specific state
2 utilization standards for patient exam rooms,
3 procedure rooms, laboratory procedures, and
4 rehabilitation services, the size of those areas
5 were determined based on review of historical
6 volumes and future projected demand.

7 All services, with the exception of CT,
8 are currently provided in the Effingham Planning
9 Area. Again, all services, with the exception of
10 CT, are currently provided in the Effingham Planning
11 Area. The CT imaging is necessary and will be
12 primarily used in conjunction with the MAKO robotic
13 arm for hip and knee joint replacement. The
14 application has clearly documented that the addition
15 of CT will not negatively impact HSHS St. Anthony's
16 Hospital. Based on the most recent data available
17 in the Illinois Hospital Profile Report, HSHS St.
18 Anthony will continue to operate at a capacity of
19 94.8 percent for CT scan services.

20 Also, the project clearly meets the
21 financial viability criterion and is documented in
22 this application. Sarah Bush Lincoln has an A+ bond
23 rating from Standard and Poor's.

24 Lastly, I would like to draw your

1 attention to the thousands of individuals who are
2 supporting this project. The press release
3 announcing the project, the editorial from the
4 Effingham Daily News supporting our project, and
5 other media interviews have generated hundreds of
6 social media comments in support of this project.
7 Additionally, 301 Effingham residents have signed a
8 petition supporting the project. 1,074 employees
9 from Sarah Bush Lincoln have submitted letters of
10 support. And more than 100 respected business
11 leaders and community members from Effingham and the
12 surrounding communities have submitted letters of
13 support for this project. Attached to my testimony,
14 I am submitting the media coverage, petitions, and
15 social media comments related to this project so
16 that you may directly review the incredible support
17 and enthusiasm we have received to replace our
18 medical office building.

19 Thank you for the opportunity to present
20 my testimony today. I strongly encourage you to
21 approve Effingham Medical Office Building Project
22 20-030.

23 MR. ROATE: Thank you.

24 Next, I would like to call Julie Goebel

1 to the stand.

2 MS. GOEBEL: Julie, J-u-l-i-e; Goebel,
3 G-o-e-b-e-l.

4 Hi, my name is Julie Goebel. I am Vice
5 President of Strategy for the Illinois Division of
6 Hospital Sisters Health System.

7 Thank you, Mr. Roate and Mr. Constantino,
8 for accommodating our public hearing request and
9 providing this opportunity today.

10 We hope everyone understands that HSHS
11 does not oppose the modernization of existing
12 facilities. We have stated that repeatedly and
13 affirm it again today. What we oppose is the
14 unnecessary duplication of services, the costly
15 over-expansion of facilities, and the creation of
16 excess capacity in violation of the Review Board's
17 regulations. This project violates those
18 regulations in material ways and it is to that
19 extent that we oppose it.

20 The permit application contained
21 conflicting information as to the scope of this
22 project and its compliance with applicable rules.
23 After we made an initial inquiry about this, the
24 applicant finally acknowledged just this week that,

1 yes, indeed, they did not follow the Board's rules
2 and they had omitted important information from the
3 permit application.

4 They provided some new information, but
5 it still conflicts with other responses or other
6 representations they have made. And it still does
7 not fully comply with the Review Board's rules.

8 They have not complied with the basic
9 requirement of providing physician referral letters
10 to show where the patients for the proposed services
11 are coming from, and that the project will not
12 adversely impact existing providers. The applicant
13 now concedes that it did not provide the required
14 referral letters. Although the applicant recently
15 submitted some referral letters, it is not done so
16 with respect to all required services. In addition,
17 the submitted referral letters are incomplete, as
18 they do not attest to where the historical
19 procedures were performed and how many patients will
20 be referred from each existing facility.

21 Their information is still incomplete and
22 it still does not allow for a full assessment of the
23 impact of this project. But the information they
24 have provided shows that the project is likely to

1 have a large adverse impact on St. Anthony's.

2 For example, the applicant only has
3 enough patient volume of its own to operate the
4 ultrasound equipment at 11 percent capacity. No one
5 buys expensive medical equipment with the
6 expectation it will hardly ever be used, which is
7 what this application seems to suggest. They need
8 to operate this equipment at a much higher capacity
9 to make it viable. Since they cannot do so with
10 their own patient volume, we can only assume they
11 will seek to obtain this volume from St. Anthony's.
12 They will need close to 3,000 patient visits that
13 they do not currently have to operate the ultrasound
14 to full capacity.

15 They want a CT scanner that they say will
16 operate at less than 15 percent capacity. That is
17 not a viable level of operation. Their new
18 information admits that they are already planning to
19 take volume away from St. Anthony's for the CT
20 scanner. They will need over 6,000 patient visits
21 that they do not currently have to operate the CT
22 scanner at full capacity.

23 They want three x-ray machines, even
24 though they barely justify one with their own

1 patient volume. They will need almost 15,000 x-ray
2 procedures that they do not currently have to
3 operate the x-ray machines at full capacity.

4 This is not a project designed to merely
5 update old facilities and equipment. This is a
6 highly aggressive expansion of services that
7 requires substantial numbers of St. Anthony's
8 patients to become financially viable. And to the
9 extent this gamble pays off for them, it will
10 severely impair the financial viability of St.
11 Anthony's.

12 The Review Board's regulations and
13 policies are intended to preserve the financial
14 viability of existing providers within a community.
15 This project is not in compliance with those
16 regulations and should be denied as submitted.

17 Thank you.

18 MR. ROATE: Thank you.

19 Next, I would like to call Senator Dale
20 Righter to the stand.

21 SENATOR RIGHTER: Dale, D-a-l-e; last
22 name Righter, R-i-g-h-t-e-r.

23 Thank you. My name is Dale Righter. I
24 am a State Senator from the 55th District. My

1 comments here today will closely track the
2 correspondence that I have provided to the Board.

3 As the State Senator from the 55th
4 District, my area of representation and my area of
5 concern includes both Effingham and Coles Counties.

6 My interest here today is two-fold:
7 First, to see that an accurate, fact-based
8 discussion of the application and its potential
9 impact takes precedence. Second, I am an advocate
10 for the overall advancement of this region, both in
11 terms of financial investment and patient care.

12 As you are aware, the application before
13 you contemplates the construction of a replacement
14 medical facility which represents an approximately
15 \$35 million investment in the City of Effingham for
16 purposes of housing, with one small exception,
17 services already being provided by the Sarah Bush
18 Lincoln Bonutti Clinic. Currently, the clinic's
19 services are housed in several facilities throughout
20 the City of Effingham. The new facility will allow
21 for consolidation of several services under one
22 roof. The benefit to the patients who choose to
23 seek services at the clinic is both clear and
24 substantial.

1 The sole exception referenced above is
2 the addition of a single CT scan machine. According
3 to the submitted materials and other available
4 information, St. Anthony's Hospital in Effingham,
5 which is a facility owned by the HSHS system based
6 in Springfield, performs approximately 13,600 CT
7 scans per year. The addition of a single CT scan
8 machine at the clinic will benefit the patients and
9 will result in approximately 300 scans currently
10 being performed at the HSHS facility in Effingham
11 instead being provided by the clinic. As a
12 percentage, that would constitute a mere 2 percent
13 of those scans.

14 Critical to the evaluation of this
15 application, as with all such applications, is the
16 willingness to ensure that public comments regarding
17 the potential impact of any project be verified by
18 and comport with the application itself. And I want
19 to emphasize by the application itself and not by
20 strained attempts to justify opposition.

21 On that note, claims have been made that
22 the St. Anthony's HSHS facility will lose over \$30
23 million in revenue as a result of the project at
24 issue. But from my review of the application and

1 other materials available, there is no evidence to
2 support such a claim. Any significant revenue loss
3 to St. Anthony's which results from the clinic's
4 operations is occurring already today. Construction
5 of a new replacement facility will not change that
6 fact. In fact, in my 23 years in the legislature
7 and of all of the Certificate of Need processes in
8 which I have been involved or which I have
9 monitored, I'm not sure I have ever seen a more
10 blatant or transparent effort to mislead members of
11 the Board or members of the community about the
12 impact of the application itself.

13 As I noted at the top of this
14 correspondence, my interest in this issue is driven
15 by a desire to see the discussion and consideration
16 of this application be driven by the contents and
17 predictable impacts of the actual project under
18 consideration and the advancement of the region as a
19 whole. The proposed medical office building, in
20 bringing the services already being provided by the
21 Sarah Bush Lincoln Bonutti Clinic under one roof and
22 investing \$35 million in new construction in
23 Effingham, is certainly an advancement both
24 financially and in terms of patient care.

1 As such, I respectfully urge the Board to
2 approve the application.

3 Thank you.

4 MR. ROATE: Thank you.

5 Next, I would like to call Dr. Ruben
6 Boyajian.

7 DR. BOYAJIAN: Thank you. R-u-b-e-n,
8 B-o-y-a-j-i-a-n.

9 Good afternoon. Mr. Constantino and
10 Mr. Roate, I appreciate you hearing my concerns
11 today.

12 My name is Dr. Ruben Boyajian. I
13 specialize in general surgery. I am currently in
14 active practice. I am also serving as the medical
15 director of Women's Wellness Center and Cancer
16 Services at St. Anthony's Hospital in the community.

17 I am an independent physician, meaning
18 that I'm not affiliated with either the CON
19 applicant or the affected hospital.

20 In addition to being free of direct
21 financial ties to either the applicant or St.
22 Anthony's Memorial Hospital, my tenure as a surgeon
23 in Effingham dates back well before the CON
24 applicant first came to town. I came to Effingham

1 moonlighting in the emergency room an average of one
2 weekend a month while I was proudly serving as a
3 Major in the United States Air Force, a voluntary
4 service. I was attracted to the community by the
5 caliber of the hospital and the perception -- and
6 exceptional community and unusually level of
7 sophistication for a rural community of the source.

8 After more than 40 years practicing my
9 specialty in Effingham, I believe I understand the
10 community and its health care needs. I make no
11 apology for advocating for my home hospital and
12 community.

13 I respectfully oppose Project 20-030 as
14 submitted. An appropriately-sized replacement
15 building that does not duplicate existing health
16 services would enjoy my unqualified support. In its
17 current form, Project 20-030 will inevitably lead to
18 service cuts and job losses at our Sole Community
19 Hospital. The net effect will be negative for the
20 Effingham area.

21 Collaboration has always been a
22 cornerstone of effective rural health care. Unlike
23 urban environments with multiple hospitals and other
24 providers, rural America is a zero-sum game.

1 In areas of static or declining
2 population, like Effingham, the gains of one
3 provider only come at the expense of another.

4 Collaboration and education of our future
5 physicians and health occupation colleagues is also
6 work done at St. Anthony's with the assistance of
7 community physicians. This investment is building
8 the future of health care for the communities we
9 serve.

10 When the physician group affiliated with
11 this application first arrived some 20 years ago,
12 St. Anthony's could not have been more supportive.
13 The hospital gave these doctors an entire floor and
14 exclusive use of expensive and sophisticated
15 equipment. These physicians thrived in Effingham in
16 large measure because of the support they received
17 from St. Anthony's.

18 A few short years ago, the applicant
19 itself showed up in town and the support and
20 collaboration by St. Anthony's continued unabated.
21 Physicians associated with the applicant enjoyed
22 privileges, space and access to equipment at the
23 hospital. St. Anthony's has recruited doctors now
24 affiliated with the applicant. Collaboration

1 through the Physician Certified Integrated Network
2 has led to consistency of practice, quality, cost
3 containment, and resource utilization.

4 Perhaps a hallmark of this recent
5 collaboration was St. Anthony's becoming one of just
6 two hospitals in Illinois to earn the Joint
7 Commission of Gold Seal of Approval for Advanced
8 Total Hip and Knee Replacement Certification.

9 Collaboration in rural health care, and
10 specifically in Effingham, is needed now more than
11 ever. The COVID-19 pandemic has financially
12 challenged all Illinois hospitals and produced
13 necessary layoffs at St. Anthony's, especially now.
14 It makes little sense to allow this unnecessary
15 duplication and expansion of existing hospital
16 services.

17 I truly hope the staff and members of the
18 Review Board will find a way to the win-win solution
19 that this community both wants, needs and deserves.
20 First step in getting there would be more complete
21 information on this application.

22 I would really like to thank you for the
23 opportunity provided to express my opinion in this
24 very important subject.

1 Thank you.

2 MR. ROATE: Thank you, Doctor, and thank
3 you for your service.

4 Next, the Board would like to call
5 Mr. Nick Williams to speak on behalf of Dr. Peter
6 Bonutti.

7 MR. WILLIAMS: Nick, N-i-c-k; Williams,
8 W-i-l-l-i-a-m-s.

9 Good afternoon. I am Nick Williams
10 reading remarks prepared by Peter Bonutti,
11 orthopedic surgeon at Sarah Bush Lincoln Bonutti
12 Clinic.

13 My remarks summarize the written
14 testimony that I am submitting today.

15 I am Peter Bonutti and it is my name on
16 the building and the practice. I am an orthopedic
17 surgeon and, for the past 30 years, I have done
18 everything in my power to provide excellent and
19 cutting-edge care to my patients. Despite offers to
20 practice at prestigious institutions, such as
21 Stanford, Emory and University of Florida, among
22 others, I chose to practice in Effingham, Illinois,
23 bringing the newest orthopedic care to my patients.
24 Patients have traveled from 41 states and 6

1 countries to the Bonutti Clinic for their care. We
2 see patients on a daily basis who travel hundreds of
3 miles to our clinic. This has required us to build
4 a multidisciplinary facility which will encompass
5 all clinical and diagnostic services under one roof,
6 therefore, allowing patients to have access to all
7 services in the same day. This consolidation of
8 services enhances not only the quality, but the cost
9 efficiency of the patient's care.

10 Despite exclusive work for more than 25
11 years at St. Anthony's Hospital, it became clear
12 that St. Anthony/HSHS was not willing to adequately
13 invest in our practice and a much needed new
14 facility.

15 Three years ago, Jerry Esker, the Sarah
16 Bush Lincoln President and CEO, and I talked about
17 advancing orthopedics and the quality of care.
18 After understanding Jerry and Sarah Bush Lincoln's
19 commitment for improving and investing in the
20 quality of care for our patients, not only I, but
21 the entire group of providers and staff all chose to
22 partner with SBL.

23 After five years of attempting to
24 negotiate a partnership with HSHS, we realized they

1 would not make the investment in a quality facility.
2 Instead, HSHS demanded I travel to numerous
3 facilities up to and including the metro St. Louis
4 area and provide orthopedic and surgical care there,
5 rather than keeping it in our Effingham community.
6 This would have meant spending a substantial amount
7 of time and business outside of the Effingham area,
8 such as Breeze, Greenville and O'Fallon. This would
9 have taken surgeries and revenue away from
10 Effingham.

11 Our partnership allows me to focus on
12 patient care while continuing my research and
13 development. We have published more than a hundred
14 papers, have more than 400 patents, and in excess of
15 700 licenses for medical products. This allows me
16 to continue to bring cutting-edge technology to
17 Central Illinois. I share this information simply
18 because the accumulation of clinical practice,
19 clinical research and medical product development
20 has brought Effingham both national and
21 international notoriety.

22 Both Sarah Bush Lincoln's reinvestment in
23 the local community is what earned my trust and
24 convinced me to partner with it three years ago.

1 With the substantial investment Sarah Bush Lincoln
2 is making in this new facility, it has shown 100
3 percent reinvestment in the local community. This
4 is essential for providing quality of care and will
5 serve our community decades to come. My partners,
6 to this date, still cover ER orthopedic call at HSHS
7 St. Anthony's Hospital, which is a valuable service
8 to the community.

9 Sarah Bush Lincoln focuses on quality and
10 safety for its patients. It is the recipient of the
11 Top Rural Hospital, and a grade of A from the
12 Leapfrog Group, a nationally recognized group that
13 measures quality and safety. These recognitions
14 placed Sarah Bush Lincoln in the top 6 percent of
15 the hospitals nationwide.

16 Community members have embraced us by
17 giving us many awards throughout the years. This
18 year, I was presented the Vocational Excellence
19 Award from the Effingham Noon Rotary group by the
20 former mayor of Effingham, Mr. Jeff Bloemker.
21 Therefore, showing the Effingham community continues
22 to support us and has always trusted us with their
23 care.

24 During my 30 years of contributing to the

1 local economy, by attracting patients from around
2 the United States and employing approximately 200
3 individuals at the clinic and research facility,
4 attracting CEOs and corporate executives to
5 Effingham to evaluate and license technology, I have
6 never asked, nor have received, any financial
7 incentives from the city. Sarah Bush is providing
8 all capital to build a first-rate medical building.

9 Even HSHS agrees the Bonutti Clinic needs
10 to be replaced. Our current structure is 50+ years
11 old and that is not able to accommodate growth.
12 This Certificate of Need application spells out
13 specifically why the space is needed and how it will
14 be used.

15 The clinic we are asking to build is a
16 high quality building that will combine several
17 medical practices into one location and streamline
18 services and create efficiencies and comfort for all
19 of our patients. It is amazing that Sarah Bush is
20 willing to invest \$35 million into a
21 state-of-the-art building for our community. This
22 new facility is its long-term commitment to
23 providing jobs and quality of care in the Effingham
24 community.

1 Sarah Bush Lincoln is a dedicated
2 organization with the largest orthopedic group in
3 downstate Illinois that provides specialty services
4 not available through HSHS St. Anthony. The
5 subspecialists at Sarah Bush Lincoln will be using
6 this facility to provide care. Sarah Bush Lincoln
7 continues to grow because of its commitment to
8 reinvest in its communities and helps everyone
9 regardless of pay or source. It is exactly why we
10 entered medicine, to help everyone in need, not just
11 those with insurance.

12 Please accept this letter as an
13 indication of my wholehearted support of Effingham
14 Medical Office Building No. 20-030. I look forward
15 to an expedited approval of the Certificate of Need,
16 as our aging facility is in urgent need of a new
17 quality building to continue to provide excellent
18 care to our patients.

19 Thank you.

20 MR. ROATE: Thank you.

21 Next, I would like to call Dr. John
22 Scherschel.

23 MR. CONSTANTINO: We have Dr. Scherschel
24 online. He is now unmuted.

1 MR. ROATE: Okay. Thank you, Mike.

2 MR. SCHERSCHEL: Good afternoon. John,
3 J-o-h-n, Scherschel, S-c-h-e-r-s-c-h-e-l.

4 Good afternoon and thank you for allowing
5 me to provide comment on this public hearing
6 regarding this CON application.

7 My name is Dr. John Scherschel. I am an
8 electrophysiologist and President of Prairie
9 Cardiovascular. Prairie is a 72-physician
10 cardiovascular specialty practice which includes
11 cardiology, vascular medicine, electrophysiology,
12 and vascular surgeons serving patients across
13 central and southern Illinois. We have a full-time
14 location within the Prairie Heart Institute at
15 St. Anthony's Hospital in Effingham, Illinois. We
16 are affiliated with the Hospital Sisters Health
17 System.

18 My remarks are in respectful opposition
19 to CON Project 20-030. An appropriately sized
20 replacement building that does not duplicate
21 hospital services merits approval, but not this
22 application as it is submitted.

23 Prairie Cardiovascular has served the
24 Effingham community for more than 30 years. We are

1 deeply concerned over the duplication of
2 higher-margin outpatient services represented here,
3 which can only lead to service cuts, job losses and
4 reduced community engagement by HSHS St. Anthony's
5 Memorial Hospital, a federally designated Sole
6 Community Hospital.

7 I want to respond to public comments by
8 the applicant's CEO, who last week said, I'm looking
9 out my window at a brand new multimillion-dollar
10 building that HSHS St. Anthony's just built a mile
11 from Sarah Bush. Quite frankly, that HSHS building
12 is not at all comparable to the one proposed in this
13 CON application.

14 First, the new HSHS building is just
15 one-fifth of the size of the 65,400 square foot
16 building proposed in this project and was completed
17 at a small fraction of the cost. More importantly
18 is why that HSHS building came to be needed at all.
19 After the CON applicant unilaterally terminated a
20 long-standing, exclusive, professional services
21 agreement with Prairie Cardiovascular, it became
22 necessary for HSHS to construct that small building
23 to assure that the patients of Coles County
24 continued to have access to cardiology, vascular and

1 electrophysiology services. So again, a completely
2 different story than the situation with this CON
3 application. If anything, this reference to a new
4 HSHS building impairs, not helps, the CON
5 applicant's case. The HSHS building sought to
6 maintain existing services to that community, while
7 the applicant today proposes an expansion and new
8 services. The HSHS building was so small and
9 inexpensive that no CON was required, while the
10 applicant today proposes a very pricey and oversized
11 new building to support new services. The thing
12 that they have in common, unfortunately, is that
13 both were born out of non-collaboration by this CON
14 applicant.

15 Our Sole Community Hospital has
16 endeavored to be a good partner with the applicant
17 in serving the greater Effingham area. St.
18 Anthony's has long provided hospital privileges,
19 space and equipment to physicians associated with
20 the applicant and the hospital has recruited
21 physicians to the Effingham community who now work
22 for the applicant. St. Anthony's and the applicant
23 collaborated to become one of only two hospitals in
24 Illinois to earn The Joint Commission's Gold Seal of

1 Approval for Advanced Total Hip and Knee Replacement
2 Certification. That sort of collaboration well
3 serves patients in this rural community.

4 In closing, I sincerely believe that we
5 can and should ultimately get to an appropriate
6 result, but this is predicated upon the condition
7 that our community and all stakeholders are afforded
8 fuller and clearer information on Project 20-030.
9 To date, the applicant has provided vague and
10 inconsistent information about the scope and impacts
11 of this project. Let's all work together, please,
12 to achieve the right outcome for all concerned,
13 especially the patients and people of greater
14 Effingham.

15 Thank you.

16 MR. ROATE: Thank you, Doctor.

17 Next, I would like to call Scott Wilson
18 to the stand.

19 MR. WILSON: Scott Wilson. S-c-o-t-t,
20 W-i-l-s-o-n.

21 Good afternoon. I am Scott Wilson,
22 Immediate Past President of Sarah Bush Lincoln
23 Health Center Board of Directors in Mattoon,
24 Illinois.

1 My remarks summarize the written
2 testimony that I am submitting today.

3 Trust is important in life, particularly
4 when it involves your health care. You want to
5 trust your doctor to treat your illness
6 appropriately and to trust the staff that will take
7 care of you. Your trust -- you trust that your
8 health information remains confidential.

9 Sarah Bush Lincoln's leadership has
10 earned the community's trust through its words that
11 are supported by its actions. This hospital is
12 deeply committed to creating access to care for its
13 community. Recently, replacement plans were
14 unveiled for an aging medical office building in
15 Effingham, the Sarah Bush Lincoln Bonutti Clinic. I
16 support the Effingham Medical Office Building No.
17 20-030. As the immediate past chairperson of the
18 Sarah Bush Lincoln Board of Directors, I assure you
19 that it is just a replacement building. It is large
20 enough to accommodate 17 medical staff members and 6
21 busy practices, as well as their ancillary services.

22 I can also assure you that there was
23 never discussion, a mention, or a thought that Sarah
24 Bush Lincoln would convert the new medical office

1 building into a micro-hospital or a surgery center,
2 as some have suggested. The building is not
3 appropriately defined to accommodate surgical
4 procedures and the Illinois Department of Public
5 Health would never approve the building designed for
6 this use. I am well-acquainted with many of the
7 Sarah Bush Lincoln leaders and I can say without
8 reservation that their word is their bond. They are
9 the epitome of integrity and is the foundation of
10 their decision making.

11 Our board is a steward of the
12 organization. Over the years, I have come to
13 appreciate the complexity of health care. I have
14 witnessed fellow board members wrestle with tough
15 decisions at every turn. Should we enter a new
16 service line? Should we build a new facility?
17 Should we partner with another organization?

18 Sarah Bush Lincoln has a long history of
19 making thoughtful decisions because its staff
20 members mine data, develop long-term projections and
21 make fact-based decisions that serve the
22 community-at-large quite well. SBL does this to
23 achieve its mission, which is to provide excellent
24 care for all and create healthy communities. This

1 means that no one is ever turned away for an
2 inability to pay.

3 At 43 years old, Sarah Bush Lincoln is a
4 financially strong organization with an A+ rating
5 from S & P Global Ratings and is ranked in the top 6
6 percent of hospitals in the nation for quality and
7 safety. It has earned the designation of Top Rural
8 Hospital by the Leapfrog Group. Sarah Bush Lincoln
9 is a trusted source of care in the region destined
10 for an even greater impact.

11 I urge you to approve the Certificate of
12 Need for the Sarah Bush Lincoln Bonutti Clinic
13 Effingham Medical Office Building No. 20-030.

14 Thank you for your time.

15 MR. ROATE: Thank you.

16 Next, the Board will accept testimony
17 from Dr. Andrew Mahtani.

18 MR. CONSTANTINO: We have Dr. Mahtani
19 online.

20 DR. MAHTANI: Yes.

21 MR. ROATE: Thank you, Doctor. You may
22 begin.

23 DR. MAHTANI: I am Dr. Andrew Mahtani. I
24 serve the Effingham community as a hospitalist. For

1 those unfamiliar with the term, that means I am a
2 dedicated inpatient physician who works exclusively
3 in a hospital. Specifically, for me, that is
4 St. Anthony's Memorial Hospital, an officially
5 designated Sole Community Hospital in Effingham.

6 I appreciate the Review Board staff for
7 coming here today. I respectfully appear in
8 opposition to Project No. 20-030 as proposed.

9 It may be that, in other times, Illinois
10 officials could be less vigilant in safeguarding
11 against unnecessary duplication of existing hospital
12 services. If so, that should no longer be the case,
13 given the enormous financial and operational
14 challenges to all hospitals from this ongoing
15 COVID-19 pandemic. No category of hospital has been
16 more profoundly harmed than rural hospitals. Their
17 always delicate financial conditions have been
18 strained in an unprecedented manner.

19 St. Anthony's has been responding to this
20 pandemic since March. Among other things, the
21 hospital prepared a COVID unit, conserved personal
22 protective equipment, and followed CDC guidelines,
23 Executive Orders of the Governor and IDPH guidance
24 to close non-emergency services. St. Anthony's

1 followed state orders and prepared for an influx of
2 COVID patients that never came. The loss of revenue
3 from curtailed elective procedures was never offset
4 by COVID-related patient volume.

5 All the while, our Sole Community
6 Hospital continued to make its essential services
7 and resources available, even as usage declined.
8 Federal CARES Act funds helped somewhat, but they
9 didn't come close to making St. Anthony's whole for
10 its COVID losses. Hospital layoffs became
11 necessary.

12 While the hospital has gradually seen an
13 improvement in patient volumes and revenue, they
14 remain well below pre-COVID numbers.

15 Fully 75.9 percent of St. Anthony's
16 revenue comes from outpatient procedures of the sort
17 that are duplicated in this CON application. That
18 revenue must cross-subsidize essential services,
19 including the emergency room, respiratory therapy,
20 obstetrics, emergency surgery, and post-operative
21 care and intensive care units. I am deeply
22 concerned that Project No. 20-030 will threaten our
23 Sole Community Hospital's ability to sustain these
24 essential services.

1 I sincerely hope that the Review Board
2 will be especially vigilant during this pandemic in
3 safeguarding against the unnecessary duplication of
4 existing and currently underutilized hospital
5 services. The incomplete, vague and inconsistent
6 information provided thus far by the CON applicant
7 is not fully fair to the Effingham community. I
8 hope the Review Board will insist on fuller and
9 clearer documentation and ultimately approve an
10 appropriate win-win solution, a right-sized
11 replacement building without duplicated services.

12 Thank you for your time.

13 MR. ROATE: Thank you.

14 Next, the Board would like to ask Doug
15 Wholtman to approach the stand.

16 MR. WOHLTMAN: Doug Wohltman, D-o-u-g,
17 W-o-h-l-t-m-a-n.

18 Good afternoon. I am Doug Wohltman of
19 Wohltman Construction of Effingham, Illinois.

20 My remarks today will summarize the
21 written testimony that I am submitting today.

22 As an Effingham business owner and
23 resident, I am writing in support of the newly
24 proposed Sarah Bush Lincoln Bonutti Clinic, which is

1 Effingham Medical Office Building No. 20-030.

2 I was very surprised to learn that HSHS
3 St. Anthony Hospital had filed an objection to this
4 \$35 million project. St. Anthony and HSHS have been
5 right-sizing their organization for some time. In a
6 community of 12,000 people, the loss of 100-plus
7 jobs hurts. We have seen this directly with family
8 members of our employees. It also hurts the local
9 auto dealers, the furniture stores, the restaurants,
10 and retail establishments. Without a doubt, we need
11 Sarah Bush Lincoln, its facilities and its
12 investment into our community.

13 This replacement building represents
14 positive growth for this entrepreneurial community,
15 one that I am very proud to be a part of. Besides
16 the significant amount of construction jobs that
17 this project will bring to Effingham during the
18 18-month build process, the project will create a
19 considerable amount of trickle-down jobs in the
20 community. A building of this caliber along I-70
21 will most definitely be a welcome addition to the
22 landscape and create a wow impression to those
23 taking exit 160 into Effingham.

24 This is a time for all Effingham

1 businesses to focus on the community at large and
2 move forward with a growth mindset.

3 Thank you for the opportunity to speak
4 today. I urge you to approve the Effingham Medical
5 Office Building No. 20-030.

6 Thank you.

7 MR. ROATE: Thank you.

8 Next, may I call Meghan Rewers to the
9 stand.

10 MS. REWERS: Meghan, M-e-g-h-a-n. Last
11 name is Rewers, R-e-w-e-r-s.

12 Good afternoon. My name is Meghan
13 Rewers. I serve as the Executive Director of Crisis
14 Nursery of Effingham County. I appear before you as
15 an opponent to the CON Project No. 20-030 in its
16 current form.

17 Ours is just one of many community
18 organizations in Effingham that exist largely due to
19 the support of St. Anthony's Memorial Hospital. We
20 provide protection from and prevention of childhood
21 trauma, abuse and neglect through 24-hour emergency
22 shelter care. At Crisis Nursery, there are no
23 income or demographic guidelines. Our services are
24 free and open to any family or child in need. We

1 help children birth to age 6. Over the last three
2 years, Crisis Nursery has provided more than 500
3 children with more than 20,000 collective hours of
4 emergency childcare services.

5 St. Anthony's provided the seed money for
6 the development of Crisis Nursery and remains our
7 most significant source of financial and operational
8 support. It is no exaggeration to say that, but for
9 St. Anthony's, Crisis Nursery would not exist.

10 The continued existence of many other
11 community organizations in Effingham largely depends
12 on St. Anthony's. There is no question that our
13 rural community is better for it.

14 No new patients or doctors are envisioned
15 by this CON application. Only a redirection of
16 outpatient volume away from a federally designated
17 Sole Community Hospital that already operates below
18 the statute utilization standards. By shifting
19 revenue out of St. Anthony's, Project No. 20-030
20 will leave our rural hospital with fewer resources
21 to engage in the important community support upon
22 which the Effingham community has come to rely.

23 Nobody objects to a similarly-sized
24 replacement medical office building that does not

1 duplicate existing hospital services. It's the
2 scope and the scale, not the basic concept, that is
3 a problem. A win-win solution for everyone should
4 be possible. To get there, I do believe the
5 applicant should give everyone more information, not
6 the incomplete and inconsistent documentation
7 submitted thus far. Our community simply cannot
8 afford to get this wrong.

9 Thank you.

10 MR. ROATE: Thank you.

11 Next, may I call Tom Grunloh to the
12 stand.

13 MR. GRUNLOH: Tom, T-o-m; Grunloh,
14 G-r-u-n-l-o-h.

15 Good afternoon. My name is Tom Grunloh.
16 I am the President of Grunloh Construction here in
17 Effingham.

18 I would like to preface my remarks first
19 to say that we do work for every health facility in
20 the local and regional area. So my remarks today
21 should be taken as a pro-Effingham remark. So --

22 My remarks summarize the written
23 testimony that I am submitting today.

24 As the owner of a local construction

1 company, I am pleased to welcome the proposed Sarah
2 Bush Lincoln Bonutti Clinic, the Effingham Medical
3 Office Building 20-030 in Effingham.

4 My company has been involved with many
5 large projects, so I know firsthand the immediate
6 impact this will have on our community. The math is
7 pretty simple. Every construction job creates 1.6
8 downstream jobs. For the Sarah Bush Lincoln Bonutti
9 Clinic, that translates to 160 new jobs in our
10 community of 12,339 people. Sarah Bush Lincoln has
11 a history of doing business with local companies
12 whenever possible and I am certain this is -- the
13 project will be no different.

14 I know some have concerns about
15 competition and saturation. I am here to tell you
16 that competition is good for a community. I see it
17 every day in my line of work. It creates efficiency
18 and excellence. It makes products better. It makes
19 services better. It makes companies better.
20 Competition is good.

21 Sarah Bush Lincoln has shown itself to be
22 a true community partner in so many ways for
23 decades. A program that is particularly important
24 to me and to which I have made substantial donation

1 is the Sarah Bush Lincoln Dental Services. It
2 provides necessary dental care to children on the
3 state-of-the-art bus that visits throughout the
4 region, including Effingham. Kids get their care
5 they need and get back to school free of pain and
6 worry.

7 I support Sarah Bush Lincoln programs,
8 like Sarah Bush Lincoln Dental Services, because
9 Sarah Bush Lincoln supports the community. I
10 strongly encourage you to approve the Effingham
11 Medical Office Building 20-030. We need this
12 project, these jobs, and this state-of-the-art
13 medical center in Effingham.

14 Thank you very much.

15 MR. ROATE: Thank you.

16 Next, I would like to call Sister Carol
17 Beckermann to the stand.

18 SISTER BECKERMANN: Sister Carol,
19 C-a-r-o-l, Beckermann, B-e-c-k-e-r-m-a-n-n.

20 Good afternoon. I am Sister Carol
21 Beckermann, a Franciscan Sister of Our Lady of
22 Perpetual Help, and I serve as area director for
23 Effingham Catholic Charities.

24 I respectfully oppose the CON application

1 as submitted. If the applicant refiles this project
2 to avoid duplicating existing services at HSHS St.
3 Anthony Memorial Hospital, a non-profit, federally
4 designated Sole Community Hospital, my concerns
5 would be addressed.

6 As with virtually every significant civic
7 and charitable organization in our region, Effingham
8 Catholic Charities has enjoyed a long, significant
9 and necessary support from St. Anthony's. That
10 support takes many forms, including medical
11 prescription assistance, predominantly in the form
12 of emergency medication co-pays, free or greatly
13 reduced diabetic medications and nutrition
14 counseling, vouchers for uninsured dental needs,
15 donations to our pantry's wellness food bags,
16 including special foods for those with people who
17 suffer from diabetes and/or heart disease. And a
18 gallon of milk each month for each of our pantry
19 clients.

20 Duplicating services and redirecting
21 patient volumes and revenue away from our Sole
22 Community Hospital, Project No. 20-030 will put at
23 risk St. Anthony's continuing support for the work
24 of Effingham Catholic Charities and many other civic

1 and charitable organizations. Hospital service cuts
2 and job losses are also a real and inevitable
3 possibility.

4 I sincerely believe that our community
5 would benefit from a clearer and more consistent
6 information regarding Project No. 20-030. Perhaps
7 in an effort to simplify things for an audience
8 unfamiliar with hospital operations and finances,
9 the applicant has left out important details when
10 describing this project to the public. For example,
11 the applicant took out newspaper ads soliciting
12 letters of support for Project 0 -- No. 0 --
13 sorry -- Project No. 20-030, describing it as simply
14 a modernization. Earlier press releases and press
15 statements, likewise, failed to mention the new
16 services. Even in the application itself, the new
17 services were not accompanied by traditional
18 demonstration of need and documented impacts on
19 existing providers. As with anything, details
20 matter.

21 A mere modernization and replacement of
22 an existing medical office building would not raise
23 the concerns present in Project No. 20-030. I hope
24 the Review Board will deny this CON application as

1 originally submitted and ultimately approve a
2 modernization that does not duplicate existing
3 hospital services.

4 Thank you for your time and attention.

5 MR. ROATE: Thank you.

6 Next, the Board would like to call a Amy
7 Dammerman to the stand.

8 MS. DAMMERMAN: Amy, A-m-y, Dammerman,
9 D-a-m-m-e-r-m-a-n.

10 Good afternoon. I am Amy Dammerman,
11 Clinic Director of the Sarah Bush Lincoln Clinic in
12 Effingham, Illinois.

13 My remarks summarize the written
14 testimony that I am submitting today.

15 I am supporting the Sarah Bush Lincoln
16 Bonutti Clinic Effingham Medical Office Building No.
17 20-030 because Sarah Bush Lincoln continues to
18 invest in Effingham, my hometown.

19 I am the clinic director of the Sarah
20 Bush Lincoln Bonutti Clinic. I manage the
21 day-to-day operations of the busy clinic, solve
22 issues, hire staff, and address the needs of the
23 medical team. Before I talk about why this critical
24 project for Effingham, I want to talk about the

1 investment Sarah Bush Lincoln has made in Effingham.

2 To date, my organization has invested
3 nearly 13 million in new buildings and land
4 acquisitions in the last 12 years. I am not even
5 telling the cost of equipment in various buildings.

6 The Effingham Medical Building is an
7 important replacement project. The roof leaks, the
8 HVAC system is inefficient, it floods during heavy
9 rains, there are issues with the automatic doors,
10 the MRI unit is currently positioned outside of our
11 building, it is poorly designed and floors are
12 uneven where additions to the building were added.
13 Despite all of these failings, the underlying issue
14 is space. We have 14 medical staff members
15 providing care in crowded, cramped exam rooms. It
16 is not ideal and certainly not comfortable for
17 patients and employees. I participated in the new
18 design and can guarantee that there is no shell
19 space for later developments. There will be no
20 surgeries performed in this building. It is not
21 even part of the application. The noted procedural
22 rooms for the treatments -- are for treatments like
23 our joint injections and suture removals. Every
24 square inch of this 65,000 square foot building is

1 designed for use.

2 The medical and clinical staff is beloved
3 by their patients. The community has embraced Sarah
4 Bush Lincoln in this 35 million investment in
5 Effingham. It allows us to consolidate services of
6 our existing busy Effingham practice. We employ
7 more than 100 local and area residents in this
8 building and 345 Effingham County residents
9 throughout our health system. These well-paying
10 jobs impact the community and help keep the economy
11 moving.

12 Some people have claimed we are offering
13 redundant services. This is not true. In fact,
14 throughout the pandemic, the SBL walk-in clinic
15 currently operating in Effingham remained open and
16 provided care for many people who needed care
17 quickly, while HSHS St. Anthony Convenient Care
18 shuttered during the pandemic and reopened this past
19 week. We were glad to be available to serve the
20 community. We continue to provide COVID-19 specimen
21 collection and testing to all community members.

22 In HSHS St. Anthony's President and CEO
23 Theresa Rutherford's radio interview recently, she
24 talked about how HSHS has right-sized its

1 organization and asked local business to hire those
2 that they let go. Sarah Bush Lincoln has offered
3 positions to several of these people with valuable
4 health care knowledge and expertise.

5 If this CON is approved, we start
6 building right away and infuse money back into the
7 economy. If this is not approved, we will continue
8 to provide the same world-class care we always have
9 in the deteriorating and undersized building. In
10 the entrepreneurial community, I cannot believe that
11 is what they would want.

12 I strongly urge you to approve the
13 Certificate of Need for the Effingham Medical
14 Building No. 20-030. Thank you.

15 MR. ROATE: Thank you.

16 Next, the Board would like to call John
17 Kingery to the stand.

18 MR. KINGERY: John, J-o-h-n, Kingery,
19 K-i-n-g-e-r-y.

20 Good afternoon and thank you to the
21 Review Board staff for being here today.

22 I speak in opposition to the CON Project
23 20-030 as currently proposed.

24 My name is John Kingery. I am the

1 founder of one of Effingham's largest employers,
2 Kingery Printing Company, and am deeply committed to
3 and involved in my local community.

4 My wife and I started Kingery Printing 52
5 years ago in a small rented building on the
6 courthouse square in Effingham. Over the years, our
7 business grew, requiring a succession of moves to
8 ever larger spaces in Effingham. In 1984, we
9 finally built our own facility on 10 acres of land
10 just outside of Effingham and it now spans over
11 125,000 square feet.

12 Throughout those many years and with a
13 deep sense of gratitude for all this community has
14 done for our business, I have donated both time and
15 resources to many civic and charitable organizations
16 in and around Effingham. Years ago, I served as a
17 volunteer board member of HSHS St. Anthony's
18 Memorial Hospital. As a community leader, I well
19 understand the Effingham area, the health care needs
20 of its people, and what our Sole Community Hospital
21 means to this community.

22 St. Anthony's is the largest employer in
23 Effingham County. It provides all essential
24 hospital services, including an emergency room that

1 never closes. Even when they don't pay for
2 themselves. St. Anthony's serves everyone,
3 including those who cannot pay for their services.
4 St. Anthony's supports our local schools, our park
5 district, and our police and fire departments with a
6 wide range of medical services. Many social service
7 organizations in the greater Effingham area are
8 supported by St. Anthony's.

9 In short, our 144-year-old hospital is
10 fundamentally important to virtually every aspect of
11 life in Effingham. It is a precious asset worthy of
12 preservation.

13 Folks around here are witnessing the
14 harsh impacts of COVID-19 on our hospital, which led
15 to unavoidable layoffs. The always fragile
16 foundation of rural health care has never required
17 more care and attention than now.

18 The proposed new services in this CON
19 application, as well as the oversized replacement
20 building, are simply not in the best interest of our
21 community.

22 Please do not allow an unnecessary
23 duplication of existing and presently underutilized
24 hospital services. Please do not redirect patient

1 volume and revenue away from a hospital that
2 requires those resources to support essential
3 services, jobs and community involvement. Please
4 right-size this project.

5 We can and should do better. A win-win
6 solution is certainly possible and consistent with
7 the Review Board's regulations. To that end, it
8 would help everyone to have a complete, clear and
9 consistent information from the applicant.

10 Thank you.

11 MR. ROATE: Thank you.

12 Is there anyone who wishes to testify who
13 has not had an opportunity?

14 Seeing none, is there anyone who wishes
15 to testify or anyone who wishes to provide
16 additional testimony?

17 Okay. I would remind everyone to submit
18 your written comments to us so that we may have this
19 information for the record.

20 Also, this project is scheduled for
21 consideration by the Illinois Health Facilities and
22 Services Review Board at its September 22, 2020
23 meeting, which will be held at Bolingbrook Golf
24 Club, 2001 Rodeo Drive, Bolingbrook, Illinois.

1 The public has until September 2, 2020 to
2 submit written comments. These comments can be sent
3 to my attention at the Illinois Health Facilities
4 and Services Review Board, care of the Illinois
5 Department of Public Health, 525 West Jefferson
6 Street, Second Floor, Springfield, Illinois 62761.

7 If you prefer, you may fax your comments.
8 Our fax number is area code (217) 785-4111.

9 Are there any questions?

10 MR. CONSTANTINO: George.

11 MR. ROATE: Sir.

12 MR. CONSTANTINO: We have over 50 people
13 connected online through Webex. Are we going to
14 accept testimony from these online attendees?

15 MR. ROATE: I think that would be a good
16 idea, by all means.

17 Do we have a -- do we have a roll that we
18 can call from?

19 MR. CONSTANTINO: I have the names of
20 most of them. Some of them are just -- did not give
21 their names when they signed into the meeting, so we
22 can't call on them. But I do have names of, yeah, a
23 rather lengthy list of names. Do we want to just go
24 down those and see if people want to testify or how

1 do you want to handle this?

2 MR. ROATE: Yes, please do. Can I ask
3 you to call them by name?

4 MR. CONSTANTINO: Okay.

5 MR. ROATE: Thank you.

6 MR. CONSTANTINO: All right. We have an
7 Andrea Koberlein online. Do you wish to present any
8 testimony? Andrea Koberlein.

9 We'll move on.

10 We have Andy Watson online. Do you wish
11 to present testimony?

12 MR. WATSON: No, I do not.

13 MR. CONSTANTINO: Thank you.

14 We have Angel DiPasquale online.

15 We have Bernie Pluard on the line. Do
16 you wish to present testimony?

17 Hello. Is this Bernie Pluard?

18 Hello.

19 MS. PLUARD: I do not wish to.

20 MR. CONSTANTINO: Okay. Thank you.

21 We have Brad Beesley online. Did you
22 wish to present testimony?

23 MR. BEESLEY: This is Brad Beesley. Just
24 wanted to mention, I'm an Effingham resident and

1 also in support of the Sarah Bush Lincoln Project.

2 Thank you.

3 MR. CONSTANTINO: Thank you.

4 I have Brian Murphy on the line. Do you
5 want to submit testimony?

6 MR. MURPHY: I do not.

7 MR. CONSTANTINO: Thank you.

8 All right. I have Cathy Blythe online.
9 Do you wish to submit testimony?

10 MS. BLYTHE: No, thank you.

11 MR. CONSTANTINO: Thank you.

12 We have Catie Sheehan online. Do you
13 wish to submit testimony?

14 MS. SHEEHAN: No, I do not. Thank you.

15 MR. CONSTANTINO: Thank you.

16 We have Christine Joiner online. Do you
17 wish to submit testimony?

18 Christene Joiner.

19 All right. I have Deanna Hunsaker
20 online. Do you wish to submit testimony?

21 Hello, Deanna Hunsaker?

22 All right. I have a Jane Ries. Do you
23 wish to submit testimony?

24 I have Janice Westendorf. Do you wish

1 to submit testimony? Janice Westendorf.

2 All right. Next, I have a Joe Ourth

3 online. Do you wish to submit testimony?

4 MR. OURTH: No, I do not.

5 MR. CONSTANTINO: Thank you.

6 We have Kayla Bowling online. Do you

7 wish to submit testimony?

8 MS. BOWLING: I do not.

9 MR. CONSTANTINO: Thank you.

10 We have Kim Rhodes online. Do you wish

11 to submit testimony?

12 MS. RHODES: Not at this time.

13 MR. CONSTANTINO: Thank you.

14 I have Kristin Doster online. Do you

15 wish to submit testimony to this project?

16 MS. DOSTER: I do not. Thank you.

17 MR. CONSTANTINO: Thank you.

18 All right. I have Lexie Carraway

19 online. Do you wish to submit testimony?

20 MS. CARRAWAY: I'm an Effingham County

21 resident and I support this project.

22 MR. CONSTANTINO: Thank you.

23 I have Mike Kasdorf online. Would you

24 like to submit testimony? Mike Kasdorf.

1 All right. I have a Morgan Wagner on
2 the line. Would you like to submit testimony?

3 MS. WAGNER: Yes. I am a resident of
4 Effingham County and I support this project.

5 MR. CONSTANTINO: Thank you.

6 I have Shelby Jackson online. Would you
7 like to submit testimony?

8 MS. JACKSON: This is Shelby Jackson. I
9 am a resident of Cumberland County and proud Sarah
10 Bush employee and I am in support of this project.

11 MR. CONSTANTINO: Thank you.

12 I have Steve Raymond online. Would you
13 like to submit testimony? Steve Raymond.

14 All right. I have Tammy Weinstock
15 online. Would you like to submit testimony?

16 MS. WEINSTOCK: Hello. Good afternoon.
17 I am a long-time Sarah Bush employee and I fully
18 support this project. Thank you.

19 MR. CONSTANTINO: Thank you.

20 That is the list that I have.

21 MR. ROATE: Thank you, Mike.

22 MR. CONSTANTINO: All right.

23 MR. ROATE: Okay. Question?

24 DR. STEWART: Yes, clarification. There

1 was testimony given that HSHS has never in its
2 history opposed a CON and I believe, in 1994, when
3 there was a surgery center that was offered, there
4 was pretty vehement opposition by St. Anthony's and
5 HSHS to that project. So just a clarification that
6 I believe that was not correct.

7 MR. ROATE: Okay. Thank you.

8 Are there any further questions?

9 Seeing that there are no additional
10 questions or comments, I deem this public hearing
11 adjourned.

12 Thank you.

13 (Hearing adjourned at 1:26 p.m.)

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1 CERTIFICATE OF REPORTER

2
3
4 I, JOYCE LAWRENCE, CSR# 84-1716, for
5 the State of Illinois, do hereby certify that
6 the hearing was reported by me in stenotype and
7 that the transcript is a true and correct
8 transcription of my shorthand notes of said
9 hearing.

10 I further certify that said hearing
11 took place at the time and place hereinabove set
12 forth and that the taking of said hearing was
13 commenced and completed as hereinabove set out.

14 I further certify that I am not
15 counsel for nor in any way related to any of the
16 parties to this suit, nor am I in any way
17 interested in the outcome thereof.

18 



19 Joyce D. Lawrence
20 Certified Shorthand Reporter
21 Registered Professional Reporter
22 State of Illinois CSR License #84-1716
23
24