

August 31, 2020

Illinois Health Facilities and Services Review Board
525 W. Jefferson St., Second Floor
Springfield, IL 62761

Dear Illinois Health Facilities and Services Review Board Members,

I am writing in support of the newly proposed Sarah Bush Lincoln Bonutti Clinic (Effingham Medical Office Building #20-030).

Words can be interpreted differently, but numbers, they are black and white. I have worked in healthcare finance and administration throughout my entire career – about 33 years. As the Chief Financial Officer for Sarah Bush Lincoln, I am responsible for overseeing financial viability including financial reporting, cash management, and financing all major projects.

I realize several people have written letters in opposition to this project citing the harm it will cause HSHS St. Anthony. In fact, many have said the ER could close. Although that is a horrible thought, public records readily available online lead me to believe the ER is not in danger of closing.

In the HSHS system report from 2018, it states it has \$128 million in cash and cash equivalents; and \$1.5 billion in assets set aside by its board of directors to be used at its discretion. In its fiscal year 2019 annual report, Mary Starman Harrison says, “Thanks to the visionary leadership of the sisters, HSHS is a \$2.5 billion healthcare system that spans across two states and serves millions of people each year.” In my opinion, the only way the replacement of the medical office building in Effingham threatens a system with the assets and reserves mentioned above is if the HSHS Board of Directors decides to close it.

I have heard HSHS talk about “right sizing” its organization recently, terminating 10 percent of its work force across its 17-hospital system. I have learned that the 10 percent looks more like 30 percent in Effingham. If SBLHS had access to \$1.5 billion, we would have utilized those resources to save the local jobs. Sarah Bush Lincoln furloughed employees during the pandemic. SBLHS also provided an additional bank of vacation time so employees could receive uninterrupted paychecks and zero jobs were eliminated. It was the right thing to do for our employees who are the strength of our organization.

Please accept this letter as an indication of my full support of Effingham Medical Office Building #20-030.

Sincerely,



Dennis Pluard
CFO, Sarah Bush Lincoln

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Consolidated Balance Sheets

June 30, 2018 and 2017

(Dollars in thousands)

Assets	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 128,198	112,810
Receivables:		
Patients' accounts, less allowance for uncollectible accounts of approximately \$132,682 in 2018 and \$115,900 in 2017	373,261	426,821
Due from third-party reimbursement programs	989	2,491
Other	42,870	37,641
Total receivables	417,120	466,953
Current portion of assets whose use is limited or restricted	303,153	317,603
Inventories	48,386	48,021
Prepaid expenses	29,306	29,615
Total current assets	926,163	975,002
Assets whose use is limited or restricted, net of current portion	1,536,881	1,613,977
Property, plant, and equipment, net	1,492,701	1,410,180
Other assets	100,348	97,809
	<u>\$ 4,056,093</u>	<u>4,096,968</u>
Liabilities and Net Assets		
Current liabilities:		
Current installments of long-term debt	\$ 30,131	30,257
Long-term debt subject to short-term remarketing agreements	220,215	220,215
Current portion of estimated self-insurance liabilities	49,035	51,911
Accounts payable	100,137	105,770
Accrued liabilities	179,238	160,514
Estimated payables under third-party reimbursement programs	52,820	59,981
Total current liabilities	631,576	628,648
Long-term debt, excluding current installments	488,201	522,114
Estimated self-insurance liabilities	76,020	78,564
Derivative instruments	34,527	47,906
Accrued benefit liability	192,077	346,812
Other noncurrent liabilities	48,064	51,640
Total liabilities	1,470,465	1,675,684
Net assets:		
Unrestricted	2,519,588	2,353,270
Temporarily restricted	37,669	40,145
Permanently restricted	28,371	27,869
Total net assets	2,585,628	2,421,284
	<u>\$ 4,056,093</u>	<u>4,096,968</u>

See accompanying notes to consolidated financial statements.

HOSPITAL SISTERS HEALTH SYSTEM AND SUBSIDIARIES

Springfield, Illinois

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(Dollars in thousands)

All significant intercompany transactions have been eliminated in consolidation.

(2) Summary of Significant Accounting Policies

The significant accounting policies of HSHS are as follows:

(a) Presentation

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as revenues and expenses. Peripheral or incidental transactions are reported as nonoperating gains or losses. Nonoperating gains or losses include investment income, other than that which is associated with self-insurance programs, or funds held by trustee under indenture agreements, contributions of excess assets over liabilities, discontinued operations, and the change in fair value of the interest rate swaps.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Significant estimates include allowances for contractual allowances and uncollectible accounts, third-party payor settlements, valuation of investments, recoverability of property, plant, and equipment, self-insurance liabilities, derivative instruments, accrued benefit liability, and other liabilities. Actual results could differ from those estimates.

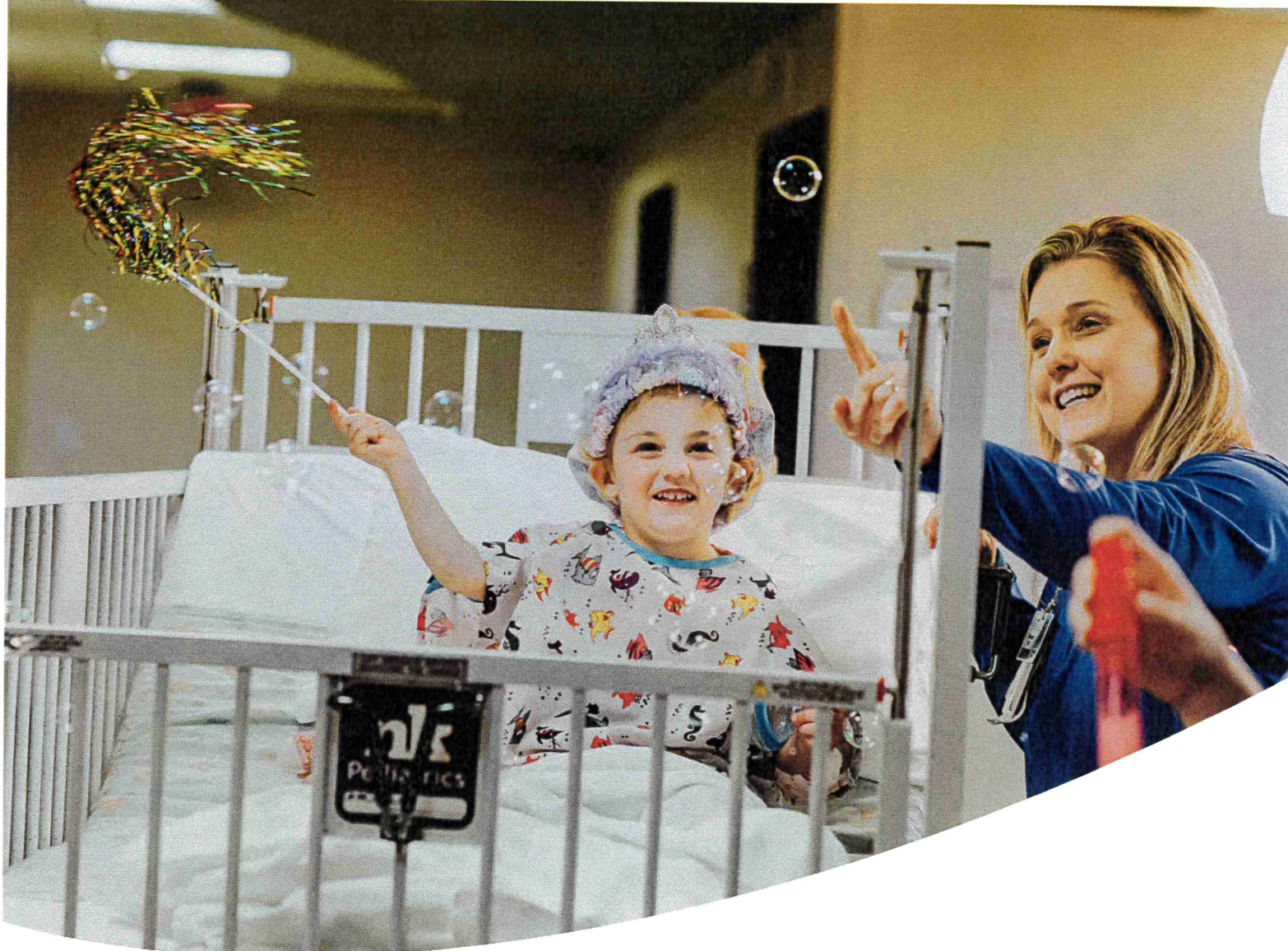
(c) Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less when purchased, excluding those amounts included as assets whose use is limited or restricted.

(d) Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets set aside by the board of directors for future capital improvements, self-insurance funding, and for other purposes over which the board of directors retains control and may at its discretion subsequently use for other purposes; assets held by third-party trustees under indenture agreements; and funds temporarily or permanently restricted by donors. Management classifies the current portion of assets whose use is limited or restricted based on the approximate amount of the current portion of long-term debt and self-insurance.

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Investment return on assets associated with self-insurance programs and assets deposited in funds held by trustee under indenture agreements are reported as other revenues. Investment return from all other investments is reported as nonoperating gains (losses), unless the income or loss is restricted by donor or law.



2019
HOSPITAL SISTERS HEALTH SYSTEM
ANNUAL REPORT



Hospital Sisters
HEALTH SYSTEM

2019 Annual Report Message From Our HSHS President and CEO and Board Chair

Dear Friends and Colleagues,

Hospital Sisters Health System celebrated a milestone anniversary this year, marking 40 years since its incorporation. When the Hospital Sisters of St. Francis came to America to begin their health care ministry 140 years ago, it would have been hard to predict what their ministry would be like today in 2019. Thanks to the visionary leadership of the sisters, HSHS is a \$2.5 billion health care system that spans across two states and serves millions of people each year.

Over the past year, HSHS has faced challenges amidst continuing, vast health care changes across the country. Yet we have remained committed to our mission and are proud to provide high-quality and compassionate care to our patients much like every other year of our 140-year existence. Year after year, we see that the care our colleagues provide is strongly aligned with our Franciscan heritage and mission, and colleagues embody our core values of respect, care, competence and joy in all they do.

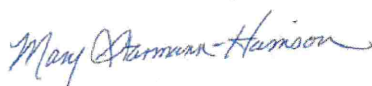
This year's highlights across the system include expansion of cancer care services and telemedicine technology, partnerships with OakLeaf Clinics in western Wisconsin and Springfield Clinic in central Illinois, and continued growth at our medical groups – HSHS Medical Group and Prairie Cardiovascular and our partnership with Prevea Health. There was the opening of a breast milk dispensary, commissioning of a mobile mammography unit, opening of a community pharmacy, and several digital initiatives launched that save patients time and money while still delivering our standard of high-quality care. And that's only scratching the surface of what we have achieved this year for our patients. We have a lot to be proud of at HSHS.

Additionally, as a Catholic health care provider, HSHS has a long and rich tradition of addressing the health needs in the communities we serve. HSHS ministries contribute to community needs through our broader community benefit programs. This includes health education, subsidized health services, research and community building activities. In 2019, it came in the form of free yoga classes, medication take-back programs, blood drives, stroke screenings, suicide prevention education classes, free bike helmets, AED donations, free FBI-ready child identification cards, community gardens, pool days to promote sun and swim safety, and so much more.

All these accomplishments would not be possible without our dedicated colleagues and physician partners who work tirelessly to care for our patients and communities. Our mission is to reveal and embody Christ's healing love for all people through our high-quality Franciscan health care ministry; HSHS is blessed to have a team of committed caregivers who exemplify our mission.

For more than 140 years, our mission to share the healing love of Christ has remained constant. On behalf of the HSHS family, we are grateful for the opportunity to serve our patients, their families and our communities in the healing tradition of Jesus Christ and St. Francis and St. Clare of Assisi.

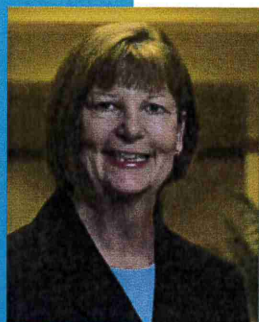
Sincerely,



Mary Starmann-Harrison
President and CEO
Hospital Sisters Health System



Bill Murray
Chair, Board of Directors
Hospital Sisters Health System



Mary Starmann-Harrison
President and CEO



Bill Murray
Chair,
Board of Directors