

From: [Mercy Doctor](#)
To: [DPH.HFSRB.PublicHearings](#); [Avery, Courtney](#)
Subject: [External] RE: Mercy Hospital Closure
Date: Friday, October 30, 2020 11:04:32 AM

10/30/2020

TO:
Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street
Springfield, IL62761

Dear Ms. Avery,

I am writing this letter on behalf of myself and many members of the Mercy Hospital Medical Staff (Medical Staff).

For over 170 years Mercy Hospital has provided lifesaving services to the people of Chicago. The hospital has always taken care of all people in need; regardless of class, color, creed, or ability to pay.

The current owners of Mercy Hospital, Trinity Healthcare (Trinity), have filed with the Illinois Health Facilities and Services Review Board (the board) to close the hospital. In this filing, Trinity is citing 3 reasons to close Mercy. The medical staff disputes all 3 of these reasons as they are cited in the filing.

The reasons cited are:

1. The hospital is having large financial losses
2. Low utilization of the hospital
3. No impact on patient care if the hospital closes

Concerning “The hospital is having a large financial loss”

The medical staff hired a forensic accountant to go through the publicly available financial data. We compared several years of tax filings prior to the sale in 2011-2012 to Trinity with several years after the sale to Trinity.

Some of our findings include:

- The hospital is liberally using “related party expenses”. Basically Mercy hospital is paying its parent company, Trinity Healthcare, large amounts of money for services that actually cost much less.
 - o For example in 2012 the hospital paid about \$500,000 for IT expenses. This was paid to mostly outside vendors. In 2016 Mercy Hospital paid 9.2 Million dollars for IT expenses, but this was paid to Trinity or Trinity entities. Nothing changed in terms of IT or software. The only thing that changed was where the money went. While the use of related party expenses is not illegal, we believe this is being used to inflate losses.
 - o Even for 2 years after Trinity bought the hospital, the hospital was profitable. Now the revenue is similar but the bottom line is much worse. The leads many members of the medical

staff to believe the hospital has been mismanaged and can be profitable with new management.

Concerning “Low utilization of the hospital”

The hospital in recent state filings stated that they are authorized for 412 beds and use 130-150 of them at any given time. This statement creates the illusion that the hospital is being underutilized and that is not true. There is a difference between the number of authorized beds and the actual number of available beds. The hospital is authorized to have 412 beds, but does not have anywhere near that number of actual beds.

The hospital census and utilization rate appears low because:

- The hospital only staffs 150-170 beds at any given time. We are utilizing 130-150 beds at any given time. So the utilization rate is high.
- The hospital was originally authorized to have 412 beds, but that was when we had 2 patients per room. This was eliminated many, many years ago. We only have one patient per room. So that reduces the available beds to 206.
- The bed count was further reduced because several areas within the hospital are used for outpatient office care. In fact 1-2 floors of the hospital are used for outpatient care including the eighth floor, and the 12th floor. These are spaces that were previously used for hospital beds but have not been used for hospital beds in over a decade. They have been fully converted to office space, and cannot house admitted patients.
- We are frequently trying to expedite discharges because patients are waiting for beds to open up to be admitted to the hospital.
- The actual utilization of the hospital is high

Other areas of the hospital are heavily utilized as well including:

The emergency room has over 50,000 visits per year.
The outpatient clinics have over 100,000 visits per year.
Ob/Gyn, Mercy Hospital delivers thousands of babies per year.

Concerning “No impact on patient care if the hospital closes”

In the documents Mercy hospital has filed with the state, they note that many other hospitals accept Medicaid patients. >95% of Medicaid patients are now in a managed Medicaid HMO. These Medicaid managed HMO’s include: Blue Cross Community, Illinicare, Meridian, Molina, Youthcare, and CountyCare. All hospitals accept Medicaid, but most do not take all Medicaid HMO’s. So many of those patients will not have easy access to physicians.

The Health inequalities of the Southside of Chicago will be exacerbated by the closure of Mercy Hospital.

Respectfully, the board and the legislature have the means to save this safety net hospital. Do not allow Mercy Hospital to close.

Sincerely,

John Cudeki, M.D.

