



October 8, 2020

Ms. Courtney Avery
Administrator
Illinois Health Facilities & Services Review Board
525 West Jefferson Street
Springfield, Illinois 62761

Dear Ms. Avery:

As a longtime adviser to countless hospitals and health systems nationwide, I'm writing to validate Mercy Hospital and Medical Center's conclusions regarding the need to increase access to outpatient care on Chicago's South Side, and to support their bold plan to transform its system of health.

Our firm, Kaufman Hall, is a leading management consulting firm and a trusted partner to more than 3,000 healthcare organizations. Founded in 1985, Kaufman Hall helped initiate the concept of integrated strategic financial planning in the healthcare industry, and data-driven analysis is a core pillar of our firm. Since 2013, we have advised more than 675 healthcare organizations and have overseen 150 healthcare strategic partnerships, mergers, and acquisitions.

With regards to the issue before the board today, we have worked extensively with many safety net hospitals, and have witnessed firsthand the problems Mercy is facing. The funding challenges cannot be overstated. We routinely help safety net hospitals identify paths for long-term financial solvency, and it is a nearly impossible task. There are numerous reasons for this predicament, including the lack of adequate government support for providing care for the uninsured and underinsured. For providers that depend on Medicaid, developing the capital capacity needed to invest in infrastructure and routine maintenance and compete with systems with more resources can be very difficult.

At the beginning of 2020, we undertook a comprehensive analysis of the system of health on Chicago's South Side. What we found is consistent with trends we see elsewhere: low utilization rates across the system for facilities that are expensive to maintain yet do little to address patient needs, and a higher incidence of chronic conditions coupled with reduced access to the outpatient and preventive care needed to address those conditions. Since we first conducted our analysis, the problems that safety net hospitals face have been significantly exacerbated by the ongoing financial and operational challenges of the COVID-19 pandemic. Our firm concluded that the South Side desperately needs new facilities and stronger access to outpatient care.

On behalf of the many safety net hospitals for which we have worked over the years, we urge the board to take a proactive role in transforming the system of patient care to better meet the needs of patients. Mercy's plan to discontinue services within its aging facility and open an outpatient

Ms. Courtney Avery
Illinois Health Facilities & Services Review Board
October 8, 2020
Page 2

clinic is an important step toward transforming healthcare on the South Side at a pivotal moment in time.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Grube', written over a thin horizontal line.

Mark Grube
Managing Director and National Strategy Leader