

April 14, 2021

Courtney Avery
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, IL 62761

Re: Ortho Illinois Ambulatory Surgery Center
Elgin, Illinois
Project #20-040
Supplement to Response to Safety Net Impact Statement

Dear Ms. Avery:

I am the Vice President of Finance for the North Illinois Market of Advocate Aurora Health, which includes Advocate Sherman Hospital.

By letter dated January 6, 2021 we filed a Response to Safety Net Impact Statement. In that Statement we outlined that our hospital net revenues were down by 13% to budget before COVID grant revenues, and that our charity care and amount uncollectible from patients were up \$21,000,000 (53%). At that time, we also projected a significant operating loss. With calendar year 2020 now closed we can provide more detail.

Over half of the hospital's revenue comes from public sources, such as Medicare and Medicaid. We are privileged to serve these patients and welcome all patients to Advocate Sherman Hospital regardless of their ability to pay. However, payments received from Medicare and Medicaid do not cover the cost of high-quality care for these patients.

These are certainly trying times for hospitals. Hospitals such as Advocate Sherman more than ever are being forced to make difficult decisions as we face a number of financial headwinds including continuing expense inflation significantly exceeding reimbursement increases, the financial impact of COVID in 2020 and continued patient reluctance to seek services in the face of COVID in 2021, and increasing physician costs. We are grateful for the CARES ACT funding but these dollars did not cover our losses in 2020. Even with those dollars the Sherman service area lost \$15 million last year. And this was not a one-time loss, we are budgeted to lose even more in 2021, and that is not sustainable for the long term.

Advocate Sherman is in a way a safety net hospital given the population we serve. While we are of course taking appropriate action to strengthen our financial situation, the loss of profitable surgical volume to another ASC in the Elgin area will have a significant detrimental impact to Advocate Sherman Hospital and the safety net services we provide at a time when we are already challenged as noted above.

Thank you for considering our financial situation and its impact on the safety net services to our community in light of the ASC application.

Sincerely,



David Cartwright, CPA
Vice President, Finance
Advocate Aurora Health