

April 8, 2021

VIA EMAIL

Courtney Avery
Board Administrator
Illinois Health Facilities Review Board
525 West Jefferson, 2nd Floor
Springfield, Illinois 62761

I am writing in opposition of The Quincy Medical Group Hospital project (20-044). The application provided for this hospital is incomplete and inaccurate. I am a lifelong citizen of Quincy. I am a current customer of both Blessing Hospital and Quincy Medical Group. I am a business owner and real estate developer.

QMG is requesting to relocate beds from other facilities which isn't allowed by HFSRB rules. Allowing the game of hospital bed trading to skirt the rules is dangerous path to go down. Once we start allowing that we have defeated the purpose and oversight that the HFSRB was created for. The 10 beds they are requesting to relocate from Rushville aren't even in the Quincy Planning Area (E-01), they are in the E-05 planning area. If beds are to be relocated from a facility in the E-05 planning area, shouldn't they remain in that same region? QMG is requesting these bed transfers without input from the communities they are being taken from. Carthage is located closer to Macomb than it is to Quincy yet they are moving them to Quincy. Rushville is 60 miles by road to both Quincy and Springfield, yet they are they being located to Quincy. Before the HFSRB could make a fully informed decision to allow the dangerous practice of bed trading, they would need to have patient data from all the hospitals surrounding those facilities to review how many of their patients are the result from outmigration in the Rushville and Carthage service areas. That data would be the only way to accurately determine where the majority of their patients go to receive care. The HFSRB has been provided with no such data so it would be impossible to make an informed decision on bed trading amongst competing hospitals.

QMGH is asking the board to approve an \$84 million project without providing hardly any financial information. They are planning finance 100% of the project which is unheard of in commercial real estate. They are even borrowing 100% of their startup capital. When QMG applied for their ASTC (18-042) their financial statements showed they had only 3 days of operating cash. Fast forward to now and there is little likelihood that position has improved. They had to lay off many staff members and furlough others last year as their operating reserves were nearly depleted due to covid. The ASTC project went drastically over budget and over project duration and has yet to open. Unfortunately, we

don't really know their cash position since they didn't provide financials for QMG, they only provided generic projections for their hospital. With QMG being listed as a co-applicant on page 2, QMG is required to provide their financial statements as well. They opted to omit those from the application. The QMG hospital is a new entity with zero assets so I find it difficult they could obtain a \$23 million startup loan and secure a \$60 million lease buildout without a cosigner that holds assets which would be QMG in this case. QMG also stated that borrowing the startup money was cheaper than liquidating investments, well the hospital is a new entity so there are no assets. Clearly those investments are owned by QMG not QMGH so financials need to be provided by both applicants.

QMG fails to mention the additional 20 beds that Blessing added in 2020 which would drastically alter their inflated demand for additional beds in Quincy. Their projections had Blessing with 178 beds not 198 beds. Quincy's population is the same as it was in 1940 and most expect a substantial drop once the census results come back. I fail to see how Quincy is going to magically grow at unprecedented rates while the surrounding communities that they traded the beds with are going to decline. Predicting a 5.5% growth rate compounded annually isn't accurate, it was just the growth rate they needed to plug in to justify the 25 beds. Even with the magical growth rate that QMG has predicted to justify their 25 beds they aren't accounting for Blessing to add a single bed over the next 7 years. If that growth were to truly occur it would be unrealistic to assume that Blessing would just sit back and watch the beds in the region fill up and do nothing over the next 7 years while QMG constructs their hospital.

QMGH inaccurately claims that they will meet or exceed the state projected services utilization rates by the end of year 2. When reviewing their own information provided on page 107 of the application it's very evident that they won't meet the standard on many of the items. They met the state standard on Medical/Surgical patient days by 1 day to finish at 7301. The emergency department somehow made the state minimum by a mere 35 visits to finish at 16,035 visits. Those two departments limping in is a direct result of QMG knowing the number they need to be at and working backwards to make their math work. They provide zero data to support their projections.

| Department | Projected Utilization | State Minimum |
|-------------------------------|-----------------------|-----------------|
| Ultrasound | 1501 Visits | 3100 Visits |
| CT Scan | 3907 Visits | 7000 Visits |
| MRI | 446 Procedures | 2500 Procedures |
| C-Section Suite | 453 Hours | 1500 Hours |
| Medical/Surgical Patient Days | 7301 days | 7300 Days |
| Emergency Department | 16,035 Visits | 16,000 Visits |

QMG fails to account for duplication of their own services. They received approval for 5 operating rooms which aren't accounted for in their utilization rates for the hospital. Those 5 rooms just received their IDPH permit this week so they should count as an additional 5 operating rooms in this healthcare region. There was no mention the MRI and CT machines in the newly licensed ASTC which will reduce their utilization rates they are projecting in their application. QMG also failed to account for duplicate

physician referrals to both their ASTC and in this pending application. They can't double count their referrals. If they were used to justify the need for the ASTC they can't now be used again to justify the hospital

QMG has proposed a 54 month construction timeline for this hospital after approval. It doesn't take 4 plus years to do \$60 million in construction. A typical project of this nature should be completed in 24 months, which is about \$30 million a year in construction costs. It's very obvious why they are projecting such a long construction schedule, they needed those additional years to allow for their inflated growth rates to fully mature. If 2 years were removed off this project, then they would lose 2 years of their compounding growth rates which would then not justify the 25 beds. That would only show a need for another 13 beds, assuming their record growth projections continues each and every year which is extremely unlikely to occur. QMG requested such a lengthy construction schedule to make "their" math work in regards to utilization rates not construction schedules.

In the application for the QMG hospital on page 106, QMG indicates they don't meet the state standard for the size of the project in 6 of the 8 categories. It was back in 2019 at the HFSRB meeting when QMG presented their case for their new ASTC and a major reason that they presented was the current ASTC owned by Blessing was too small. The operating rooms were too small for their doctors to work with the new equipment used in procedures today. Now here we are 2 years later and they are perfectly ok with building a hospital that doesn't meet the state minimum for square footages. That doesn't seem like a plan that's building toward the future and committed to this property. The reason is simple, they can't afford to build one that meets the state requirements as shown with their 100% financing arrangement.

- Emergency room is 11.1% under the state standard
- Diagnostic and Imaging is 8.2% under the state standard
- Operating Room is 29.8% under the state standard
- Procedure Room is 24.6% under the state standard
- Phase 1 Recovery Bay is 26.6% under the state standard
- Phase 2 Recovery Bay is 67.6% under the state standard

For the reasons that I have stated above I respectfully ask you to deny application 20-044 for the Quincy Medical Group Hospital. I thank you for your time and the work that you do to protect the healthcare facilities in our community.

Thank you,

A handwritten signature in black ink, appearing to read 'Adam Booth', with a stylized, flowing script.

Adam Booth