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April 14, 2021

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Via Email

Ms. Courtney R. Avery  
Administrator  
Illinois Health Facilities and Services Review  
Board  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

**Re: Quincy Medical Group Hospital – Project No. 20-044  
Project’s Compliance with Review Criteria**

Dear Ms. Avery:

This office represents Quincy Medical Group Hospital, Inc. and Quincy Physicians & Surgeons, S.C. d/b/a Quincy Medical Group (collectively, the “Applicants”). In this capacity, we are writing to address the project’s compliance with the review criteria of the Illinois Health Facilities and Service Review Board (the “State Board”).

The Applicants carefully planned the proposed project to ensure substantial conformance with applicable State Board review criteria and compliance with the purposes of the Illinois Health Facilities Planning Act (the “Act”), which include, among others, establishing a procedure that promotes “the orderly and economic development of health care facilities, avoids unnecessary duplication of such facilities and promotes planning for and development of facilities needed for comprehensive health care, especially in areas with unmet needs.” 20 Ill. Comp. Stat. 3960/2. ***The State Board is required to approve and authorize the issuance of a permit if it finds, among other conditions, that the project substantially conforms with applicable State Board review criteria.*** 20 Ill. Comp. Stat. 3960/6(d).

Illinois law is clear that a project need not satisfy each and every review criterion to justify approval. 77 Ill. Adm. Code 1130.660(a) (“failure of a project to meet one or more of the applicable review criteria shall not prohibit the issuance of a permit”); *Provena Health v. Illinois Health Facilities Planning Bd.*, 886 N.E.2d 1054 (Ill. App. Ct. 2008). In fact, there is no definitive number of criteria that must be satisfied to demonstrate substantial conformance with the State

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Board's regulations or to justify a project's approval. *Provena*, 886 N.E.2d at 1065 (noting that substantial conformity does not mean complete compliance and upholding State Board approval of a project with seven negative criteria). Further, Illinois courts have consistently rejected the argument that any one criterion is more important than another. *Id.*

Rather, it is the responsibility of the State Board to evaluate each project as a whole, taking into consideration criteria with which a project does and does not conform, and to balance those findings with the overall need for the project - while exercising its discretion and judgment - in deciding whether to approve a project. *Centegra Hosp.-McHenry v. Mercy Crystal Lake Hosp. and Med. Ctr.*, 141 N.E.3d 1167, 1176-1177 (Ill. App. Ct. 2019) (upholding State Board approval of small format hospital project despite 6 negative findings); *Mercy Crystal Lake Hosp. & Med. Ctr. v. Ill. Health Facilities & Servs. Review Bd.*, 59 N.E.3d 27, 35-36 (Ill. App. Ct. 2016).

***Importantly, it is not the State Board's responsibility to protect market share of individual providers, and providers do not have a protectable right to maintain their market share or be shielded from competition. Provena***, 886 N.E.2d 1054, 1061, 1067.

## **1. Planning Area Need – 77 Ill. Adm. Code § 1110.200(b)(1)-(3),(5)**

### **a. Medical/Surgical Beds**

The Applicants recognize that, according to State Board standards, there is a reported excess of medical/surgical beds in Health Planning Area (“HPA”) E-005.<sup>1</sup> HPA E-005 is comprised of two hospitals, Blessing Hospital in Quincy and Memorial Hospital, a critical access hospital in Carthage, which collectively operate 193 medical/surgical beds. Blessing Hospital, however, operates or controls 178, or approximately 92%, of the total 193 medical/surgical beds in HPA E-005. Based upon reported historical utilization from 2015 to 2019 and State Board standards, 144 of the 193 beds are justified, resulting in an excess of 49 medical/surgical beds.<sup>2</sup>

As noted in the table on the following page, Blessing Hospital is responsible for 40 of the 49 reported excess medical/surgical beds in HPA E-005. Further, 20 of the 49 medical/surgical beds were added at the request of Blessing Hospital under the State Board's “10% Rule” and put

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<sup>1</sup> Ill. Health Facilities & Servs. Review Bd., Update to Inventory of Hospital Services (Mar. 18, 2021).

<sup>2</sup> At the time the Applicants filed the subject application in December of 2020, 2019 reported hospital data from Illinois hospitals, including Blessing Hospital, was not yet available to the public.

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into operation in November of 2018.<sup>3</sup> At the time Blessing Hospital's request was made and/or approved by the State Board, Blessing Hospital already had an excess of 20 medical/surgical beds.<sup>4</sup> According to State Board standards, *there was no need to add beds in 2018, and the approved addition exacerbated the over-bedding of HPA E-005.*

HPA E-005 Medical/Surgical Bed Analysis									
	Beds	2015	2016	2017	2018	2019	Total	Beds Justified	Bed (Need)/ Excess
Blessing Hospital	178	38,649	42,430	44,858	45,028	43,686	214,651	138	40
Memorial Hospital	15	1,134	1,330	1,213	1,239	1,126	6,042	6	9
<b>Total</b>	<b>193</b>	<b>39,783</b>	<b>43,760</b>	<b>46,071</b>	<b>46,267</b>	<b>44,812</b>	<b>220,693</b>	<b>144</b>	<b>49</b>

Additionally, in the April 6, 2021 letter from counsel for Blessing Hospital, reference is made to a 2019 request to the State Board by Blessing Hospital to add an additional 20 beds to its bed inventory and the potential for Blessing Hospital to add an additional 60 beds to HPA E-005 before QMG's proposed hospital would be operational if deemed "necessary" by Blessing Hospital.<sup>5</sup> It is our understanding that Blessing Hospital's most recent request was approved by the State Board in late 2020 but the additional 20 beds have not yet been put into operation, and, as such, not yet reflected in the State Board inventory. If there is no need for additional medical/surgical beds in HPA E-005, why did Blessing Hospital request to add 20 beds to HPA E-005 in 2017 or 2018 and again request another 20 beds in 2019 or 2020? Such requests appear wholly inconsistent with its current arguments that inpatient volumes at Blessing Hospital are projected to remain flat or even decline in coming years. Further, Blessing Hospital's routine addition of 20 beds every two years has the practical effect of further lowering Blessing Hospital's utilization below the State Board standard and creating additional barriers to new market entrants.

Despite the State Board inventory reflecting an excess of medical/surgical beds, the Applicants believe there is a demonstrated actual need for additional medical/surgical beds in

<sup>3</sup> See 20 Ill. Comp. Stat. 3930/5(c) permitting increases in the total number of beds of a healthcare facility by the lesser of 20 beds or 10% of total bed capacity within a two-year period without a certificate of need or certificate of exemption. See Ill. Health Facilities & Servs. Review Bd., 2019 Inventory of Hospital Services A-40 (2019).

<sup>4</sup> Blessing Hospital 2018 medicals/surgical beds (158) – Blessing Hospital 2018 justified medical/surgical beds (138) = 20 medical/surgical bed excess.

<sup>5</sup> April 6, 2021 Letter from Benesch, p. 17.

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Adams County due to elevated and/or excessive occupancy levels at the local hospital. As noted in the application, Blessing Hospital exceeded its 85% occupancy standard on 118 days in 2017, and, as of April 2018, was unable to accept more than 35 transfer patients due to excessive occupancy levels.<sup>6</sup> This trend continued throughout 2019 and 2020 as QMG physicians with admitting privileges at Blessing Hospital were routinely notified through e-mail communications that the hospital was close to exceeding its maximum occupancy and were requested to submit discharge orders to ensure sufficient capacity for newly admitted patients.

Importantly, while the Applicants seek to establish a 25 medical/surgical bed hospital, due to the Applicant's prudent planning and redeployment of underutilized beds from regional hospitals (not improper "bed swapping" as alleged by counsel for Blessing Hospital), no more than 17-19 medical/surgical beds will be added to HPA E-005 and no more than 7-12 medical/surgical beds will be added to Health Service Area 3.

Denial of the proposed project due to strict adherence to the State Board's calculated planning area need would place unfair emphasis on one review criterion and would effectively prohibit any new market entrants, stifle innovation, curtail access to high quality health care, and eliminate any likelihood of reduced hospital costs in the community. ***Quincy Medical Group Hospital is not responsible for the over-bedding of HPA E-005, and neither it nor the community should be penalized.*** Further, the burden should not be borne by patients who determine the patient-centered integrated care model of Quincy Medical Group Hospital better suits their health care needs.

#### **b. Obstetrical Beds**

The Applicants also recognize that, similar to medical/surgical beds, there is an excess of 14 obstetric beds in HPA E-005 according to State Board inventory.<sup>7</sup> ***This excess is again due to over-bedding at Blessing Hospital*** as reflected in the table on the following page. Importantly, patient choice, improved access to high-quality care, and the reduction of healthcare costs should be the drivers of health care. Patients who prefer a patient-centered integrated health care model should not have to bear the burden of Blessing Hospital's decision to over-bed HPA E-005.

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<sup>6</sup> See Project No. 18-013, Blessing Hospital App. to build out shell space and construct two new inpatient floors, p. 60.

<sup>7</sup> Ill. Health Facilities & Servs. Review Bd., Update to Inventory of Hospital Services (Mar. 18, 2021).

<b>Obstetrical Bed Analysis</b>									
	<b>Beds</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>	<b>Beds Justified</b>	<b>Bed (Need)/Excess</b>
Blessing Hospital	25	2,624	2,730	2,477	2,585	2,392	12,808	9	16
Memorial Hospital	2	419	390	361	244	272	1,686	2	0
<b>Total</b>	<b>27</b>	<b>3,043</b>	<b>3,120</b>	<b>2,838</b>	<b>2,829</b>	<b>2,664</b>	<b>14,494</b>	<b>11</b>	<b>16</b>

## **2. Unnecessary Duplication of Services/Maldistribution/Impact to Other Providers - 77 Ill. Adm. Code § 1110.200(c)(1)-(3)**

### **a. Medical/Surgical Beds**

This review criterion is inexorably tied to the planning area need criterion and current over-bedding issue at Blessing Hospital described above. According to State Board standards, neither Blessing Hospital's nor Memorial Hospital's utilization justify their current medical/surgical bed capacity. In planning the proposed hospital, the Applicants worked with its regional hospital partner, Memorial Hospital, to address the maldistribution in HPA E-005. As a result, the project involves the prudent redeployment of underutilized medical/surgical beds from Memorial Hospital to Quincy Medical Group Hospital. As noted in Section 1.a, Memorial Hospital's historical utilization justifies 6 of its 15 medical/surgical beds. Memorial Hospital has committed to redeploy up to 8 medical/surgical beds to Quincy Medical Group Hospital. The redeployment of medical/surgical beds will allow Memorial Hospital to operate its medical/surgical unit in line with the State Board's 60% utilization standard and improve access to care while minimizing the number of new beds in the community.

### **b. Obstetrical Beds**

According to the current obstetrical bed inventory, HPA E-005 has an excess of 14 obstetric beds,<sup>8</sup> which is due entirely to over-bedding at Blessing Hospital. As shown in the table in Section 1.b., Blessing Hospital's historical utilization justifies only 9 of its 25 obstetric beds. If Blessing Hospital's obstetrical unit was properly sized, it would operate closer to the State Board standard, and there would be a need for additional obstetrics beds in HPA E-005. Importantly, Quincy

<sup>8</sup> Ill. Health Facilities & Servs. Review Bd., Update to Inventory of Hospital Services (Mar. 18, 2021).



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Medical Group Hospital will be right-sized to address projected need for obstetrical services at the hospital.

### 3. Clinical Services Other than Categories of Services - 77 Ill. Adm. Code § 1110.270(b)

As shown in the table below and according to State Board standards, Blessing Hospital currently has an excess of emergency department bays, operating rooms, and imaging equipment based on its historical utilization from 2015 to 2019. However, similar to the previous review criteria, it should be reiterated that *Quincy Medical Group Hospital is not responsible for currently underutilized hospitals within HPA E-005 or Blessing Hospital's recent requests to add additional beds.*

Quincy Medical Group Hospital will be right-sized to address the needs and number of patients to be served and to minimize any adverse impact on other providers in the area. For example, in contrast to Blessing Hospital's 7 ultrasound machines (of which only 4 are justified based on recent volume and State Board standards), Quincy Medical Group Hospital will have *one* ultrasound. While the Applicants acknowledge underutilized hospitals exist in HPA E-005, the Applicants are not responsible for this underutilization. Further, an existing hospital should not be rewarded for its failure to adjust to an evolving health care delivery system by being allowed to effectively block new market entrants, which stifles innovation and curtails access to high quality, affordable health care.

Blessing Hospital Clinical Service Areas									
		2015	2016	2017	2018	2019	Total	Justified	(Need)/ Excess
Emergency Services	31 bays	54,411	45,781	43,484	41,565	39,640	224,881	23	8
Operating Room	10 operating rooms	8,450	9,117	11,270	10,727	12,094	51,658	7	3
Procedure Room	1 procedure room	2,292	-	-	254	268	2,814	1	(0)
General Radiology	24 X-Ray/ Fluoroscope	55,003	56,029	57,146	56,801	52,676	277,655	9	15
Ultrasound	7 ultrasounds	10,490	10,674	11,105	10,822	10,661	53,752	4	3
CT	2 CTs	17,676	18,511	20,608	21,419	23,379	101,593	3	(1)
MRI	2 MRI	5,214	5,217	5,054	5,206	5,434	26,125	3	(1)

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#### **4. Financial Viability - 77 Ill. Adm. Code § 1120.130**

The purpose of this review criterion is to determine if an applicant has the financial wherewithal to not only complete the project but to maintain the proposed health care facility during the initial two-year period after project completion. The State Board analyzes several measures to determine financial viability. The current ratio, which is a measure of an entity's ability to meet its short-term obligations (due within a year); net margin percentage, which measures how much profit is generated from each dollar of revenue; long-term debt to capitalization, which shows the financial leverage of an entity; projected debt service coverage, which measures an entity's ability to meet its current debt obligations; days of cash on hand, which is the number of days an entity can pay its operating expenses with no addition cash flow; and cushion ratio, which is a measure of an entity's capital structure. ***Importantly, the Quincy Medical Group Hospital project meets or exceeds all of the State Board standards with the exception of projected debt service coverage and cushion ratio.***

The negative finding on the debt service coverage ratio is due to the 10-year repayment period on the working capital loan. ***After payment of the working capital loan, there will be no long-term debt for this project.*** Further, it is important to understand entities with a debt service coverage ratio of 1.0 or greater are generating sufficient operating income to cover their annual debt and interest payments, and a debt service coverage ratio over 2.0 (the State Board standard is greater than 2.5) indicates an entity is capable of taking on more debt. With a debt service coverage ratio of 1.89, Quincy Medical Group Hospital demonstrates it will generate sufficient operating income to cover its debt service.

Like the debt service coverage ratio, the negative finding on the cushion ratio is due to the 10-year repayment period on the working capital loan. According to a recent report from FitchRatings, the median cushion ratio for not-for-profit hospitals ranged from 1.59 in 2017 to 1.61 in 2019.<sup>9</sup> With a cushion ratio of 4.89, Quincy Medical Group Hospital is positioned better than most hospitals to meet its debt service obligations.

#### **5. Reasonableness of Project Costs - 77 Ill. Adm. Code § 1120.140(c)**

Importantly, the proposed project meets all of the State Board standards regarding the cost of the project, with the exception of new construction costs. There are several factors that contribute to the project costs exceeding the State Board standard, which is a common occurrence for many new construction hospital projects. First, the hospital design recognizes care is shifting

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<sup>9</sup> Kevin Holloran, Not-for-Profit Hospital Medians Improved Prior to Coronavirus, FitchRatings 2 (Jul. 16, 2020).

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from inpatient to an outpatient setting. The hospital is right sized to optimize space, and the footprint is much smaller than other recently constructed general acute care hospitals.<sup>10</sup> Although the footprint is smaller than traditional acute care hospitals, it will comply with all state and federal requirements applicable to hospitals and provide many of the same services available at larger acute care hospitals (e.g., surgical services, emergency department, pharmacy, laboratory, imaging). Unlike larger hospitals, the cost to pipe medical gases, equip rooms with negative pressure, and build out the operating rooms and procedure rooms are allocated over a smaller number of clinical gross square feet, which results in a higher cost per gross square foot.

While the Applicants could have chosen a much larger 60-bed hospital, which would be supported by current Quincy Medical Group patient volume, financially viable, and would allow the costs to fall within the State Board standard, the Applicants selected the proposed 28-bed hospital model based upon its goals of (1) providing high quality, efficient, and affordable care to patients; (2) operating a financially viable and sustainable facility; and (3) minimizing adverse impact to other local health care providers, including Blessing Hospital. The design of the hospital not only takes these goals into account but ensures all of the space is utilized to improve operational efficiency and contain costs.

In 2018, Quincy Medical Group sought approval from the State Board to establish an ambulatory surgery center (“ASC”) in Quincy. Blessing Hospital, as the owner of the only other ASC in the county, vehemently opposed the project and made various statements, commitments, and proposals to the State Board and public, including, among others, statements regarding alleged price improvements and the alleged negative financial impact that would result to its bottom-line if the ASC project was approved.<sup>11</sup> Recognizing the need for a competing ASC, the benefits it would provide the community, and the project’s substantial conformance with the review criteria and the Act, the State Board approved Quincy Medical Group’s application.

The proposed hospital project substantially conforms with applicable State Board review criteria, satisfies the purposes of the Act, and is greatly needed in the community. This project deserves the State Board’s approval.

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<sup>10</sup> See Mercy Health Hospital and Medical Center Crystal Lake (Proj. No. 17-002); HSHS St. Elizabeth’s Hospital (Proj. No. 14-043); Memorial Hospital East (Proj. No. 11-017); Centegra Hospital – Huntley (Proj. No. 10-090).

<sup>11</sup> Attached as Exhibit 1 are relevant documents from Project No. 18-042 and/or related to Quincy Medical Group’s ASC project.





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The Applicants greatly appreciate the time and effort of the State Board staff in reviewing the application and remain available to answer any questions or concerns about this letter or the proposed project.

Sincerely,

A handwritten signature in blue ink that reads "Anne M. Cooper".

Anne M. Cooper

Attachments



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February 8, 2019

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HFSRB Members  
Ms. Courtney Avery  
Mr. Michael Constantino  
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**RECEIVED**

**FEB 13 2019**

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

**Re: Quincy Medical Group Surgery Center, Project 18-042  
Response to Public Hearing Statements**

Dear Members of the HFSRB, Ms. Avery, and Mr. Constantino:

This letter is written on behalf of our client (Quincy Medical Group) and submitted in response to statements made at the January 24 Public Hearing on project 18-042, Quincy Medical Group Surgery Center, that suggest that QMG's project does not meet applicable review criteria. This letter addresses the following topics:

- I. QMG's project substantially conforms with all applicable HFSRB review criteria; and
- II. Blessing's numerous and revised data submissions are highly suspect, demonstrate either a failure to properly maintain and file accurate surgical utilization reports on Blessing's behalf or raise concerns regarding Blessing's motive, especially as the reported data has the potential to greatly impact the validity of the HFSRB review process.

**I. QMG'S PROJECT SUBSTANTIALLY CONFORMS WITH APPLICABLE REVIEW CRITERIA.**

QMG carefully planned the proposed project to be in conformance with all applicable HFSRB review criteria and to comply with the purposes of the Illinois Health Facilities Planning Act (the "Act"). The purpose of the Act is to establish a procedure that promotes the orderly and economic development of health care facilities, avoiding unnecessary duplication of such facilities and promoting planning for and development of facilities needed for comprehensive health care, especially in areas with unmet needs. 20 ILCS 3960/2. The HFSRB is required to approve and authorize the issuance of a permit if it finds, among other conditions, that the project substantially conforms to all applicable HFSRB standards and review criteria. QMG's project substantially conforms in all respects.

As the HFSRB is well aware, a project need not satisfy each and every applicable review criterion to justify approval. 77 Ill. Adm. Code 1130.660(a) ("failure of a project to meet one or more of the applicable review criteria shall not prohibit the issuance of a permit"); *Provena Health v. Illinois Health*

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**Exhibit 1-A**

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*Facilities Planning Bd.*, 382 Ill. App. 3d 34 (2008). In fact, there is no definitive number of criteria that must be satisfied to demonstrate substantial conformance with the HFSRB's regulations or to justify a project's approval. *Provena*, 382 Ill. App. 3d at 45 (noting that substantial conformity does not mean complete compliance). Rather, it is the responsibility of the HFSRB to evaluate each project as a whole, taking into consideration criteria with which a project does and does not conform, and to balance those findings with the overall need for the project - while exercising its discretion and judgment - in deciding whether to approve a project.

In an effort to assist the HFSRB with its review and answer questions raised at the Public Hearing, we provide the following analysis as to how the project conforms with several review criteria.

**A. Service Accessibility – 77 Ill. Adm. Code 1110.235(c)(6).**

To satisfy the Service Accessibility criterion, which assesses whether the proposed services are necessary to improve access for residents of the GSA, a project must meet at least one of the four enumerated sub-criteria:

- 1) There are no other IDPH-licensed ASTCs in the GSA of the proposed project;
- 2) Existing ASTC and hospital services are utilized at or above the State's utilization standard;
- 3) ASTC services or specific types of procedures that are components of an ASTC are not currently available in the GSA, or existing underutilized services in the GSA have restrictive admission policies; or
- 4) The project is a cooperative venture with an existing hospital that currently provides outpatient services to the population of the subject GSA.

The proposed project satisfies three of the four Service Accessibility sub-criteria.

**1. Lack of ASTC Services in GSA by 2021/2022.**

Currently, there is only one other ASTC in the GSA of the proposed project location: Blessing Hospital's ASTC. In September 2018, we understand from a contemporaneous communication received from our client, Blessing's leadership informed QMG that the useful life of the existing ASTC in its current location without more space is only three more years. We understand that Blessing's leadership further informed QMG at that time that it would be performing a full facilities plan in the near future to determine whether it would seek early termination of its lease for the existing ASTC space. The proposed surgery center will open by 2021/2022 – right around the time Blessing expects that the useful life of the surgery center will have expired. Assuming this information correctly assesses Blessing's plan,

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the existing surgery center is likely to cease to exist by 2021, rendering the GSA devoid of an IDPH-licensed ASTC. QMG's proposed surgery center will fill that void. The first sub-criterion is satisfied.

**2. Existing ASTC and Hospital Services Utilized At or Above State Utilization Standard.**

The second Service Accessibility sub-criterion requires that existing ASTC and hospital services be at or above the State's utilization standard. Blessing's data supports QMG's analysis that Blessing surgery rooms will meet the State's utilization standard in 2021 when the proposed surgery center opens.

QMG's permit application was filed in October 2018 and incorporated Blessing's reported utilization data for 2016 and prior years. 2017 reported data was not available at the time the application was filed. In early November 2018, the State published 2017 utilization data for hospitals and ASTCs. The published data had been submitted by hospitals and ASTCs to the State in March 2018. Blessing's 2017 data (submitted to the State prior to QMG's filing of the application but not published prior to the application submission) showed a dramatic increase in outpatient surgery when compared to prior years' data starting in 2013. This growth in total surgical hours from 2013 to 2017, for Blessing Hospital's OR and ASTC, when used to project future volumes, results in full utilization of Blessing's rooms in 2021, the year QMG's proposed ASTC will open.

In early December 2018, while QMG was in the process of preparing revised application pages to reflect Blessing's reported increased outpatient surgery hours - and, therefore, increased utilization - Blessing suddenly submitted new data changing its numbers for 2016 and 2017. The submission included a significant reduction of 4,812 hours in Blessing's ASTC ORs from the data Blessing previously reported in March 2018 (before QMG's application had been filed).

In January 2019, Blessing again submitted new surgical numbers for 2014 – 2017, noting that it was “correcting” its previous submissions and attesting it had previously misreported the data. (Blessing January 23, 2019 Correspondence, attached as Exhibit 1.) The new data has not yet been approved by the HFSRB.

The table below demonstrates Blessing's numerous data submissions, specifically in relation to Blessing's reported outpatient and inpatient surgery hours for its hospital and ASTC. The

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<sup>1</sup>This letter presents and analyzes available public data on surgical services in the Blessing Hospital ORs and procedure rooms, and the Blessing ASTC ORs and procedure rooms, for 2013 through 2017. The data used is Blessing's own reported data, provided by Blessing Hospital to the State in its Annual Hospital Questionnaires and Ambulatory Surgical Treatment Center Questionnaires and recorded in the HFSRB profiles. With respect to any data referenced in this communication, we rely on QMG's CON consultant who analyzed the numbers.

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differences in reported hours are significant, with tremendous increases in hours reported by Blessing in March 2018 (before QMG filed its application) and published in November 2018, and drastic reductions in hours reported by Blessing after QMG filed its application.

**Blessing Hospital and Blessing ASTC Reported Total Outpatient and Inpatient Surgery Hours**

	2013	2014	2015	2016	2017
<b>Data at Application Filing<sup>2</sup></b>	15,069	16,706	17,135	18,378	19,172
<b>Data Submitted March 2018/Published Nov. 2018<sup>3</sup></b>	15,069	16,706	17,135	16,275	23,832
<b>Data Submitted Dec. 2018<sup>4</sup></b>	15,069	16,706	17,135	16,464	19,020
<b>Data Submitted Jan. 2019<sup>5</sup></b>	15,069	14,175	14,786	16,376	18,957

**Blessing Hospital and Blessing ASTC Projected Total Outpatient and Inpatient Surgery Hours<sup>6</sup>**

	2018	2019	2020	2021
<b>Data at Application Filing</b>	20,476	21,868	23,355	24,943
<b>Data Submitted March 2018/Published Nov. 2018</b>	27,288	31,244	35,775	40,962
<b>Data Submitted Dec. 2018</b>	20,275	21,613	23,040	24,560
<b>Data Submitted Jan. 2019</b>	20,189	21,502	22,899	24,388

An opponent to a project under review by the HFSRB, especially an opponent who controls data used by the HFSRB to assess whether a project conforms with applicable review criteria, should not be allowed to submit subsequent “corrections” to relevant data or to recreate its data during the HFSRB’s review process. Allowing such conduct to occur, especially where the opponent and submitter of data provides little to no justification for the subsequent submission, has the potential to significantly impact the HFSRB’s review process and ultimate approval of a project.

<sup>2</sup>QMG used Blessing’s reported public data on surgical services in the Blessing Hospital’s ORs and procedure rooms and Blessing’s ASTC ORs and procedure rooms for 2013 – 2016 at the time it prepared and filed its application. Blessing’s 2017 reported data was not available at the time the application was filed in October 2018. As a result, 2017-2021 hours were estimated through a conservative analysis outlined in QMG’s application.

<sup>3</sup> In March 2018, Blessing submitted 2017 data, along with corrected 2016 data, to the HFSRB. That data was published by the HFSRB in November 2018.

<sup>4</sup> Blessing submitted and received HFSRB approval of new data in December 2018.

<sup>5</sup> In January 2019, Blessing submitted new data to the HFSRB. That data has not yet been approved by the HFSRB.

<sup>6</sup> Blessing’s projected hours for 2018-2021 were calculated using historic utilization data submitted by Blessing and the following historic annual average rates of growth: 6.8% analyzing data available at the time the application was filed, 14.5% analyzing data submitted in March 2018, 6.6% analyzing data submitted in December 2018, and 6.5% analyzing data submitted in January 2019.



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Even if Blessing's most recently reported and HFSRB accepted data is used, however, the analysis reveals that by 2021, when the proposed project opens, Blessing's surgical utilization will meet the State utilization standard. The enclosed table presents surgical utilization for the Blessing Hospital ORs and procedure rooms, and the Blessing ASTC ORs and procedure rooms. Using the data highlighted in the section of the table colored tan (the most recent Blessing data accepted by the HFSRB on December 4), total hours of surgeries and procedures (for inpatient and outpatient cases) increased from 15,069 hours in 2013 to 19,020 in 2017. This is an average annual increase of 6.6%. Applying this historic rate of growth to forecast future volumes, utilization of the rooms will be at 24,560 hours in year 2021. Using the State standard of 1500 hours per room per year, 16.4 rooms are needed, or 17. As a result, the existing rooms are already approaching full utilization. Planning for additional capacity required in year 2021 needs to be underway now. The proposed project will open in year 2021, and will provide additional needed capacity. The use of projections based on historic data is justified, and was used by Blessing in its recent CON permit application (# 18-013) for bed modernization, which was approved by the HFSRB in July, 2018.

During the public hearing, Blessing's senior leadership reported that current utilization of Blessing's ORs at the existing ASTC is 82% using HFSRB criteria. This is an increase from 2017 reported data and supports the historic realized growth rate utilized to compute Blessing 2021 utilization levels. Blessing's own data, using HFSRB criteria, supports the finding that Blessing's operating rooms will meet or exceed the State utilization standard by 2021.

The number and types of procedures performed in an ambulatory setting are increasing. This continuing trend supports the case that Blessing's outpatient growth will continue. Not included in our conservative analysis, but an additional supporting factor, is the expected increase in outpatient hours due to physician growth and correction of current outmigration cases. Blessing's recent permit application (# 18-010) promoted its recent and projected physician growth, with Blessing stating "Last year Blessing recruited 28 new physicians and a plan to recruit that many more in 2018-19." (Blessing Permit Application, Project No. 18-010, p.65, attached as Exhibit 2.) Like Blessing, QMG is growing. In 2017, QMG recruited 7 physicians and 5 advanced practice providers. In 2018, QMG recruited 10 physicians and 3 advanced practice providers. QMG expects to recruit a similar number of physicians and advanced practice providers in 2019, with six new providers signed to date. Additionally, the proposed surgery center will help to correct outmigration issues, as patients who might otherwise leave the Quincy area to receive lower cost procedures or procedures not currently performed in the existing surgery center will now have an incentive to receive care locally. As Blessing stated in a recent public hearing, "the biggest area that we have identified outmigration is in orthopedics, and we are watching 750 and above cases leaving the marketplace due to access, due to *service accessibility*" and "[w]e see about 20 to 30 million – not on cases but we look at a dollar amount – that migrate out of the region." (Public Hearing Transcript for Project 18-010, p. 117 - 118, attached as Exhibit 3.) The proposed surgery center will greatly help to remedy these outmigration issues.

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The project satisfies the second Service Accessibility sub-criterion.

**3. Specific ASTC Services and Types of Procedures Are Not Currently Available in the GSA and Existing ASTC has Restrictive Policies.**

The third criterion requires that either ASTC services or specific types of procedures that are components of an ASTC are not currently available in the GSA, or that existing underutilized services in the GSA have restrictive admission policies. Both situations are present and will be addressed by the proposed surgery center.

First, as noted in QMG's application, specific types of procedures and/or operations that are components of an ASTC are not currently available in the existing ASTC but will be performed in the new surgery center – including, but not limited to, urology procedures, certain ENT-related procedures, certain neurosurgery procedures, certain orthopedic procedures, and cardiac catheterization services.

Second, it is our understanding that the local hospital is charging facility fees based on HOPD rates for procedures performed in its existing ASTC, and we understand this results in a facility fee that is 30 – 50% higher than the fee that will be charged in the proposed non-hospital based ASTC. The higher costs are such an issue that we understand that Quincy area employers have gone so far as to encourage their employees to “shop around” for cost effective quality health care services. Also due to cost reasons, we further understand that area residents have chosen to have procedures performed in Columbia, St Louis, and Springfield in order to obtain lower out-of-pocket costs and savings to their employers. Given the information we have received, the unnecessary HOPD rates are a de-facto restrictive condition or policy. As Blessing's ASTC is the only ASTC in HSA 3 outside of Springfield, a distance of over 100 miles, it is our client's position that Blessing Hospital has been able to keep its restrictive conditions or policies in place without competitive pressure. A new provider to the area is greatly needed to increase patient choice and lower costs.

**4. A Cooperative Venture with Local Hospital is Not Feasible or in Best Interest of Patients or the Community.**

A cooperative venture with the local hospital is not what patients or the community needs nor would it be a workable venture. The only existing hospital providing outpatient services to the population of the GSA is Blessing Hospital. A cooperative venture with Blessing Hospital – which we understand currently chooses to charge high facility fees based on hospital outpatient department (“HOPD”) rates for the same services that can be performed at lower ASTC rates - is not what the community needs. The community needs an additional, independent provider bringing lower cost incentives and competitive pricing to the Quincy area.

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It is our understanding that our client, QMG, and the local hospital have a history of friction on various issues. Our client has informed us that failed alignment efforts to date have created a condition where a cooperative venture is simply not workable. Dating back to June 2018, we were informed by our client that months before our application was filed, QMG proposed numerous alignment and partnership opportunities to Blessing. The opportunities for collaboration proposed by QMG included, without limitation, shared governance, joint venture opportunities, and clinical alignment through shared service lines. Prior to filing the application, QMG carefully considered a joint venture with Blessing for the proposed surgery center. No formal proposal was made to Blessing, and the alternative was not pursued further by QMG, as the joint venture would require that QMG be a majority owner and that services not be billed at hospital outpatient billing rates. Based on our client's prior discussions with Blessing, QMG understood that Blessing was not interested in a joint venture under those terms. Further, because Blessing had previously rejected proposals by QMG for various alignment opportunities, it appeared that Blessing was not interested in pursuing any ASTC joint venture with QMG. Even after filing the application, we understand that QMG has continued to meet with Blessing regarding potential collaboration opportunities, including discussions regarding the proposed surgery center. In this regard, we understand Blessing has confirmed it has no interest in pursuing a joint venture for the surgery center at the proposed location.

As required in the HFSRB's review criteria, QMG sought and obtained transfer agreements with area hospitals that have open heart surgery capabilities. St. John's Hospital of Springfield and UnityPoint-Peoria agreed to enter into a transfer agreement with QMG without hesitation, recognizing the importance of having a coordinated plan in place in the event a transfer may be needed. To date, despite QMG's request, it is our understanding Blessing has not entered into a transfer agreement with QMG. Our client believes that Blessing's refusal is further evidence of Blessing's rejection of any aspect of collaboration, even when the collaboration is undeniably in the interest of patient safety.

As Blessing stated during the Public Hearing, Blessing's response to QMG's filing of the permit application was to issue a letter threatening to terminate the management agreement for the existing ASTC. In other clinical service areas, our client has informed us that Blessing has already issued two termination notices pertaining to QMG's medical administrative contractual relationships at Blessing Hospital and QMG physicians are concerned that Blessing may limit their ability in the future to exercise privileges in certain services at Blessing Hospital, specifically noted was the ICU. In short, it is our client's position that Blessing is engaged in a strategy to thwart competition in the marketplace by not collaborating with local providers it perceives as competition to its financial bottom-line.

QMG physicians believe that they have been good partners to Blessing over the years. QMG has never opposed, nor put forth any obstacles, to Blessing's growth in the Quincy community. QMG physicians have sought to maintain a collaborative relationship with Blessing, evidenced by the many Blessing department leadership positions held by QMG physicians, the majority of admissions to Blessing by QMG physicians, and the reputational strength that QMG physicians have helped Blessing

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Hospital build over the decades. Blessing is QMG's hospital. Despite Blessing's continued opposition to this project, QMG will continue to be a good partner to Blessing when partnerships are feasible and in the best interest of patients and the community.

A cooperative venture with Blessing Hospital is simply not feasible for the proposed surgery center, nor is it in the best interest of patients or the community.

Three of the four sub-criterion are satisfied by the proposed project. Given that at least one of the four sub-criteria are satisfied, the proposed project satisfies the Service Accessibility criterion.

**B. Projected Utilization – 77 Ill. Adm. Code 1110.120(b).**

The proposed project complies with the Projected Utilization criterion. To demonstrate compliance with this criterion, QMG must demonstrate that by the end of the second year of operation of the surgery center, the annual utilization of the clinical service areas or equipment will meet or exceed State utilization standards. The utilization standard for an ASTC is 1,500 hours per operating/procedure room.

QMG's plan for 8 rooms (5 ORs and 3 procedure rooms) is supported by historic and projected surgical cases and procedures and cardiac catheterizations. As set forth in great detail in our application (see Attachment 15 of Permit Application), the conservative projections made by QMG's CON consultant reveal that by the end of the second year of operation of the surgery center, or by 2023, the proposed surgery center will have a case volume of 12,654 cases or 10,650 hours (using a .84 conversion rate). The State utilization standard is 1500 hours per OR or procedure room. Therefore, the projected hours support or justify 7.1 rooms for surgical cases and procedures. The 8<sup>th</sup> OR will be dedicated to cardiac catheterization services, and, as noted in our application (see Attachment 15 of Permit Application), QMG projects 629 cases by the end of the second year of operation. 629 cases exceed the State standard of 200 cases.

Not included in our conservative analysis, but an additional supporting factor, is the expected increase in outpatient hours due to QMG physician growth and correction of current outmigration cases as discussed in greater detail under Section I.A.2 and Section I.C below.

As a result, the proposed project satisfies the Projected Utilization criterion.

**C. Service Demand – 77 Ill. Adm. Code 1110.235(c)(3)(A)-(C).**

The proposed project complies with the Service Demand criterion. To demonstrate compliance with this criterion, QMG must demonstrate that the proposed project is necessary to accommodate the service demand, as evidenced by historical and projected referrals.

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As noted in our application, the projected patient volume for the proposed surgery center demonstrates that the project is necessary to accommodate service demand in the GSA. QMG has attested to a commitment of 10,712 surgical cases for the proposed surgery center. This commitment is based on historical outpatient surgical cases that have been conducted by QMG physicians and which would be appropriate for treatment at the proposed ASTC. The commitment supports the projection of 12,654 cases for year 2023 (two years after project completion). The projected patient volume meets the requirement that the project serves residents of the GSA.

The numbers above are conservative and do not take into account QMG physician growth. QMG, like Blessing, is actively recruiting physicians. In 2017, QMG recruited 7 physicians and 5 advanced practice providers. In 2018, QMG recruited 10 physicians and 3 advanced practice providers. QMG expects to recruit a similar number of physicians and advanced practice providers in 2019 (six new providers signed to date) and 2020. The prospect of the proposed surgery center has only increased recruitment interest and efforts. The increased number of physicians will allow for additional procedures to be performed and surgical case volumes will increase.

**D. Unnecessary Duplication, Maldistribution, and Impact to Area Providers – 77 Ill. Adm. Code 1110.235(c)(7)(A)-(C).**

To demonstrate compliance with the Unnecessary Duplication/Maldistribution/Impact to Area Providers criterion, an applicant must document that the project will not result in an unnecessary duplication, mal-distribution of services, or adversely impact area providers.

As the HFSRB is aware, the establishment of an ASTC almost always results in a finding of duplication of service. Here, however, the proposed ASTC is necessary and, due to QMG's careful planning, will not adversely impact Blessing.

There is only 1 other ASTC located in the GSA, and our client informs us that the ASTC does not:

- Offer lower, competitive ASTC rates;
- Allow surgical cases to be performed after 3 or 3:30 p.m. or on weekends;
- Offer outpatient urological procedures or a broad range of ENT-related, neurosurgery, and orthopedic-related procedures;
- Have the capacity to accommodate future projected volumes;
- Have the capability and equipment to perform various types of surgical procedures; and
- Offer cardiac catheterization services.

Further, if it is true that Blessing Hospital believes that the useful life of the existing ASTC is only three years, then by 2021/2022, the GSA will be devoid of access to an ASTC. QMG's proposed



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surgery center will fill that void. At that point, there will not be any duplication, let alone an unnecessary one.

As noted above, before QMG filed its application, QMG's consultant informs us that Blessing submitted utilization data for its hospital and ASTC to the State, correcting 2016 reported data and providing 2017 data. QMG first became aware of this data when the State published it in early November 2018, shortly after QMG filed its application. The data showed a dramatic increase in outpatient surgery for 2016 and 2017 and demonstrated that the proposed surgery center would not have an adverse impact on Blessing. However, within weeks of the publication, Blessing submitted new data to the State for 2016 and 2017 significantly reducing Blessing's outpatient surgery hours.

Even with the reduced hours, however, an analysis of the data reveals that the proposed surgery center will not have an adverse impact on Blessing. The data on the enclosed page (submitted by Blessing to the State on December 4) shows an increase in outpatient surgery hours at Blessing Hospital and its surgery center from 2013 to 2017 (increasing from 9984 hours in 2013 to 13,636 hours in 2017). This 37% increase is an average annual increase of 9.25%. The increase from 2016 to 2017 was 14.8%, more than double the average annual increase for the previous three years, and justifying a weighting of 10% for projections. Projecting a 10% annual increase through year 2023 (two years after project completion) results in a projected 24,157 hours of outpatient surgery/treatments at Blessing Hospital and the Blessing ASTC in year 2023. Allowing for QMG's projected 10,650 hours at the proposed ASTC results in a volume of 13,507 hours remaining at Blessing Hospital and its ASTC in year 2023. ( $24,157 - 10,650 = 13,507$ ) 13,507 hours is substantially the same as the 13,636 hours reported by Blessing at its hospital and ASTC in year 2017.

This calculation specifically refutes Blessing's claims that the project is an unnecessary duplication of service or that Blessing will be adversely impacted by the project. As the data demonstrates, the project will not adversely impact Blessing.

In Blessing's testimony at the public hearing and its press conference on February 4, Blessing alleged that the project will have a devastating impact on its market share and profitability. Blessing specifically claimed that it will lose \$25 - \$41 million per year in revenue and need to lay off 400 employees and stop providing safety net services. QMG's consultant's projections show that Blessing's volumes will be approximately the same in 2023 as they are now. Further, and importantly, it is not the responsibility of the HFSRB to maintain Blessing's market share or profitability or to shield Blessing from competition. *Provena*, 382 Ill. App. 3d at 48. Further, the purpose of the Act is not to project jobs. *Id.* It is the HFSRB's responsibility to determine whether access for the residents of a planning area will be enhanced by the addition of a proposed facility. The proposed facility will undeniably increase and enhance accessibility to residents of the Quincy area.

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Blessing's claims are further refuted by its own proclaimed physician growth (recruitment of 28 physicians last year and a plan to recruit 28 more in 2018-19), its institutional growth and related expenditures (including, but not limited to, Blessing's recently approved application to construct a \$40 million medical office building in Quincy), and QMG's own physician growth (recruitment of 17 physicians and 8 advanced practice providers in 2017-2018 and a plan to recruit a similar number of physicians and advanced practice providers in 2019-2020). Moreover, while Blessing stated it will need to lay off 400 employees - of which it would appear Blessing has already selected will be nurses based on the opposition testimony and letters Blessing has encouraged its employees to submit to the HFSRB - Blessing is also simultaneously proclaiming a nursing shortage in the area. One might question why, even if Blessing's claims of loss of revenue were true, Blessing would choose to lay off its nursing staff when a nursing shortage exists.

The evidence reveals that the proposed project satisfies the Unnecessary Duplication/Maldistribution/Impact to Area Providers criterion. The proposed surgery center will deliver high quality, cost-effective services to the community, meet the increased need for outpatient surgery, increase community access to various procedures not currently available or performed in the existing ambulatory surgery center, and further QMG's strategic mission - all while not adversely impacting area providers.

## **II. BLESSING'S DATA IS POTENTIALLY UNRELIABLE AND MAY IMPACT THE HFSRB REVIEW PROCESS.**

In order to appropriately review a project for compliance with the HFSRB's applicable review criteria, the HFSRB must have reliable, accurate data. The HFSRB relies upon providers to timely submit accurate data. If a provider submits unreliable and inaccurate data, that data can significantly impact whether a project receives a positive or negative finding in relation a particular review criterion. While a project need not satisfy all review criteria, or even a specific number of criteria, to justify approval, this fact does not minimize the importance of the HFSRB having accurate data when it performs its review of a project and prepares its Staff Report.

As discussed above in great detail (see Section I.A.2), and as QMG's consultant has informed us, Blessing has submitted differing volume reports for its inpatient and outpatient hours. The evolving data demonstrates significant changes without valid justification. Relevant submissions are noted below:

- In March 2018 (prior to QMG's application being filed), Blessing submitted 2017 data in its Annual Hospital Questionnaire. The data was published in November 2018 (after QMG's application was filed);
- On December 4, 2018 (after QMG's application was filed), Blessing submitted and the HFSRB approved revised data for 2016 and 2017; and

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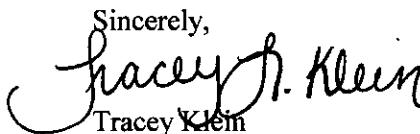
- On January 23, 2019 (one day before the Public Hearing requested by Blessing), Blessing submitted recreated data for 2014 – 2017. The data awaits HFSRB approval.

In one correction, it appears Blessing reduced its recorded ASTC OR hours from 9,622 to 4,810, a reduction of 50%. In another correction, Blessing corrected its failure to report any hospital procedure room cases in 2016 and 2017. It is our client's position that these mistakes have the potential to significantly impact a project and should have been apparent and corrected in a quality review of the data by Blessing before it was submitted to the State.

A provider opposing a project cannot be allowed to recreate, revise, and submit data for a particular service while a project addressing the same service is in the review process. Such conduct raises concerns that the data is no longer reliable and that there has been an inappropriate manipulation of the data in an attempt to affect the review outcome. Here, Blessing, as a local provider challenging the proposed project, has submitted numerous data changes to the State – data that addresses outpatient surgeries and procedures. This data is incredibly relevant to the proposed project and the HFSRB's review.

The timing of the data submissions is also concerning because prior to receiving QMG's application, Blessing had submitted data to the State self-reporting a dramatic increase in outpatient surgeries and procedures. Suddenly, after receiving QMG's application, Blessing submitted new data significantly reducing its outpatient surgeries and procedures. Then, after formally opposing the project and requesting a public hearing, Blessing again submitted new data. How can the HFSRB and QMG be certain that this new data is correct, especially when Blessing is now stating that its prior submissions were inaccurate? The accuracy and reliability of Blessing's data should be questioned, particularly in light of the timing associated with the same. Reliance on changing and evolving data threatens the validity of the HFSRB review process and is likely to lead to inaccuracies and, ultimately, legal errors.

Your consideration of this letter is appreciated. Please do not hesitate to contact us with any questions or concerns you may have in relation to the proposed project.

Sincerely,  
  
Tracey Klein

Enclosures – Exhibits and Table  
cc: Ralph Weber

# **Table in Support of Quincy Medical Group Surgery Center, Project 18-042**

Table: Utilization data provided by Blessing Hospital, hours of utilization in the hospital and ASTC. The four sections indicate: a) data provided in March, 2017 for year 2016; b) 2017 data submitted in March, 2018, published in November, 2018; c) Blessing's 2017 data revised in November, 2018 and accepted by the Board on December 4, 2018; d) Blessing's 2017 data revised in January 2019 (not official)

Source: HFSRB Profiles and Blessing reported data

Cells highlighted in beige include data reported at December 4, 2018 HFSRB meeting

	Blessing Hospital (hrs)		Blessing ASTC (hrs)		Blessing (hours)		
	ORs (outpt)	Procedure Rms (outpt)	ORs	Procedure Rooms	Total Hrs Outpatient	Total Hrs Inpatient	Total Hours (Inpt + Outpt)
a) Permit Application submitted Oct, 2018							
2013	3310	683	3568	2423	9984		
2014	3781	2343	3666	2491	12281		
2015	4027	2103	3752	2641	12523		
2016	4527	NA 2103e	4283	2875	NA 13788e		
2017 (est)	4527	2103	4283	2857	13788		
b) Original 2017 data published Nov 2018							
2013	3310	683	3568	2423	9984	5085	15069
2014	3781	2343	3666	2491	12281	4425	16706
2015	4027	2103	3752	2641	12523	4612	17135
2016	4527	0	4283	2875	11685	4590	16275
2017	5886	0	9622	2940	18448	5384	23832
c) Revised 2017 data 4-Dec-18							
2013	3310	683	3568	2423	9984	5085	15069
2014	3781	2343	3666	2491	12281	4425	16706
2015	4027	2103	3752	2641	12523	4612	17135
2016	4527	0	4472	2875	11874	4590	16464
2017	5886	0	4810	2940	13636	5384	19020
d) Revised 2017 data submitted Jan, 2019							
2013	3310	683	3568	2423	9984	5085	15069
2014	3781	309	3666	2231	9987	4188	14175
2015	4027	234	3752	2350	10363	4423	14786
2016	4527	286	4472	2501	11786	4590	16376
2017	5886	310	4810	2567	13573	5384	18957



18-042

P.O. Box 7005 Quincy, IL  
217-223-8400  
www.blessinghealthsystem.org

January 23, 2019

Mr. Mike Constantino  
Illinois Health Facilities and  
Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> floor  
Springfield, IL 62761

**RECEIVED**

JAN 24 2019

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Dear Mike:

I am attaching the final numbers in response to your inquiry on missing procedure room items on 2016/2017 at Blessing. Blessing did not report any procedure room data for 2016/2017 at 11<sup>th</sup> Street. It was also found the OP portion has been reported under the ASTC stats for those years. Consequently, ASTC stats went down and 11<sup>th</sup> street OP stats went up. We also failed to report inpatient stats for either year so those have been corrected as well. Staff also over reported the prep/clean up time as the same rate as the surgery suite.

It also became clear in 2014/2015 outpatient stats were double reported for both the ASTC and the 11<sup>th</sup> Street location. Accordingly, the attached printouts reflect a significant reduction in 11<sup>th</sup> Street OP values. Similar to 2016/2017 the prep/clean up time was also corrected.

Mike, I am attaching the data for each year with an explanation at the bottom of the sheet as to the impact of the correction.

I truly apologize for the misreporting and appreciated your help in getting the file corrected.

Sincerely

Betty Kasparie  
Vice President  
Audit, Risk & Compliance

BJK/elc

Exhibit 1

Blessing Hospital • Illini Community Hospital • Blessing Physician Services • Blessing-Rieman College of Nursing  
The Blessing Foundation • Denman Services • Blessing Corporate Services

**Exhibit 1-A**



## 2017 Blessing Hospital

### ASTC Operating Room Utilization For Reporting Year

Rooms	IP Cases	Op Cases	IP Surgery Time	OP Surgery Time	Prep and Clean Up	Total Hours	IP Avg Case Time	OP Avg Case Time
ASTC Cardiovascular		2		1		1		0.50
ASTC Dermatology								
ASTC Gastroenterology		347		220	116	336		0.97
ASTC General		623		534	208	742		1.19
ASTC Laser Eye Surgery								
ASTC Neurology								
ASTC OB/Gynecology		236		165	78	243		1.03
ASTC Ophthalmology		2,557		847	852	1,699		0.66
ASTC Oral/Maxillofacial		149		163	50	213		1.43
ASTC Orthopedic		806		569	268	837		1.04
ASTC Otolaryngology		401		252	134	386		0.96
ASTC Pain Management								
ASTC Plastic Surgery		63		61	22	83		1.32
ASTC Podiatry		265		177	88	265		1.00
ASTC Thoracic								
ASTC Urology		3		3	2	5		1.67
Total		5,452		2,992	1,818	4,810		0.88

### Blessing at 11th Operating Room Utilization

11th Cardiovascular	367	262	679	334		1,013	1.85	1.27
11th Dermatology								
11th General	10	754	1,363	1,465	1,860	3,325	1.94	1.36
11th Gastroenterology		33	50	24	27	51	0.73	0.54
11th Neurology		169	164	653	438	1,091	3.86	2.67
11th OB/Gynecology		47	429	75	705	780	1.60	1.64
11th Oral/Maxillofacial		6	55	4	69	73	0.67	1.25
11th Ophthalmology			3		5	5		1.67
11th Orthopedic		801	610	1,851	835	2,686	2.31	1.37
11th Otolaryngology		31	133	48	130	178	1.55	0.98
11th Plastic Surgery		5	67	12	189	201	2.40	2.82
11th Podiatry		41	23	33	25	58	0.80	1.09
11th Thoracic		59	12	143	16	159	2.42	1.33
11th Urology		257	1,338	397	1,253	1,650	1.54	0.94
Total	10	2,570	4,509	5,384	5,886	11,270	2.09	1.31

### ASTC Procedure Room Utilization For Reporting Year

Original Blessing Hospital ASTC Procedure Room	4	-	5,352	-	2,316	624	2,940
Revised Blessing Hospital ASTC Procedure Room	3	-	5,231	-	2,262	305	2,567
Change	(1)	-	(121)	-	(54)	(319)	(373)

Stats should have been reported on Blessing at 11th  
Prep/Cleanup on Proc Rooms Recorded at higher Surg Room rate

### Blessing at 11th Procedure Room Utilization

Original Blessing Hospital at 11th Procedure Rooms  
Revised Blessing Hospital at 11th Procedure Rooms  
Change

1	440	121	256	54	-	310
1	440	121	256	54	-	310
From ASTC	Missed on Original Report	From ASTC	Missed on Original Report	From ASTC		New Total

Exhibit 1

Reason for Change

## 2016 Blessing Hospital

### ASTC Operating Room Utilization For Reporting Year

Rooms	IP Cases	Op Cases	IP Surgery Time	OP Surgery Time	Prep and Clean Up	Total Hours	IP Avg Case Time	OP Avg Case Time
ASTC Cardiovascular	-	-	-	-	-	-	-	-
ASTC Dermatology	-	-	-	-	-	-	-	-
ASTC Gastroenterology	-	294	-	135	54	189	-	0.64
ASTC General	-	669	-	565	224	789	-	1.18
ASTC Laser Eye Surgery	-	-	-	-	-	-	-	-
ASTC Neurology	-	-	-	-	-	-	-	-
ASTC OB/Gynecology	-	319	-	229	106	335	-	1.05
ASTC Ophthalmology	-	2,366	-	729	788	1,517	-	0.64
ASTC Oral/Maxillofacial	-	101	-	120	34	154	-	1.52
ASTC Orthopedic	-	635	-	485	212	697	-	1.10
ASTC Otolaryngology	-	417	-	219	140	359	-	0.86
ASTC Pain Manangement	-	-	-	-	-	-	-	-
ASTC Plastic Surgery	-	60	-	65	20	85	-	1.42
ASTC Podiatry	-	260	-	255	86	341	-	1.31
ASTC Thoracic	-	-	-	-	-	-	-	-
ASTC Urology	-	3	-	4	2	6	-	2.00
Total	-	5,124	-	2,806	1,666	4,472	-	0.87

### Blessing at 11th Operating Room Utilization

11th Cardiovascular	222	116	400	160	560	1.80	1.38
11th Dermatology	-	-	-	-	-	-	-
11th General	9	742	1,148	1,236	1,302	2,538	1.67
11th Gastroenterology	63	90	43	54	97	0.68	0.60
11th Neurology	221	190	847	469	1,316	3.83	2.47
11th OB/Gynecology	66	385	110	624	734	1.67	1.62
11th Oral/Maxillofacial	7	36	6	50	56	0.86	1.39
11th Ophthalmology	2	-	7	-	7	-	#DIV/0!
11th Orthopedic	639	571	1,516	841	2,357	2.37	1.47
11th Otolaryngology	21	181	22	137	159	1.05	0.76
11th Plastic Surgery	-	17	-	48	48	-	2.82
11th Podiatry	25	25	24	26	50	0.96	1.04
11th Thoracic	29	14	78	21	99	2.69	1.50
11th Urology	209	863	301	795	1,096	1.44	0.92
Total	9	2,246	3,636	4,590	4,527	9,117	2.04

### ASTC Procedure Room Utilization For Reporting Year

Original Blessing Hospital ASTC Procedure Room	4	-	5,415	-	2,243	632	2,875
Revised Blessing Hospital ASTC Procedure Room	3	-	5,299	-	2,192	309	2,501
Change	(1)	-	(116)	-	(51)	(323)	(374)

Stats should have been reported on Blessing at 11th

Prep/Cleanup on Proc Rooms Recorded at higher Surg Room rate

### Blessing at 11th Procedure Room Utilization

Original Blessing Hospital at 11th Procedure Rooms	1	433	116	235	51	286
Revised Blessing Hospital at 11th Procedure Rooms	1	433	116	235	51	286
Change	-	-	-	-	-	-
Reason for Change	From ASTC	Missed on Report	From ASTC	Missed on Report	From ASTC	New Total

Exhibit 1

## 2015 Blessing Hospital

### ASTC Operating Room Utilization For Reporting Year

	Rooms	IP Cases	Op Cases	IP Surgery Time	OP Surgery Time	Prep and Clean Up	Total Hours	IP Avg Case Time	OP Avg Case Time
ASTC Cardiovascular			3		3		3		
ASTC Dermatology									
ASTC Gastroenterology			236		113	60	173		
ASTC General			555		473	138	611		1.10
ASTC Laser Eye Surgery			708		196	178	374		
ASTC Neurology			2		3		3		
ASTC OB/Gynecology			314		212	78	290		0.92
ASTC Ophthalmology			1,783		547	446	993		0.56
ASTC Oral/Maxillofacial			127		145	32	177		1.39
ASTC Orthopedic			490		389	122	511		1.04
ASTC Otolaryngology			331		181	82	263		0.79
ASTC Pain Management									
ASTC Plastic Surgery			43		44	10	54		1.26
ASTC Podiatry			229		240	58	298		1.30
ASTC Thoracic									
ASTC Urology			3		2		2		0.67
Total			4,824		2,548	1,204	3,752		0.78

### Blessing at 11th Operating Room Utilization

11th Cardiovascular	213	74	400	100		500	1.88	1.35
11th Dermatology								
11th General	8	641	1,076	1,035	1,204	2,239	1.61	1.12
11th Gastroenterology		65	91	46	57	103	0.71	0.63
11th Neurology		337	97	1,108	230	1,338	3.29	2.37
11th OB/Gynecology		72	391	126	552	678	1.75	1.41
11th Oral/Maxillofacial		7	43	7	65	72	1.00	1.51
11th Ophthalmology		1	6	1	5	6		0.83
11th Orthopedic		575	671	1,326	893	2,219	2.31	1.33
11th Otolaryngology		31	193	24	143	167	0.77	0.74
11th Plastic Surgery		3	11	4	16	20		1.45
11th Podiatry		19	23	15	23	38	0.79	1.00
11th Thoracic		35	8	105	14	119	3.00	1.75
11th Urology		170	799	226	725	951	1.33	0.91
Total	8	2,169	3,483	4,423	4,027	8,450	2.04	1.16

### ASTC Procedure Room Utilization For Reporting Year

Original Blessing Hospital ASTC Procedure Room	3	-	4,999	-	2,057	584	2,641
Revised Blessing Hospital ASTC Procedure Room	3	-	4,999	-	2,057	293	2,350
Change						(291)	(291)
Reason for Change							

Prep/Cleanup on Proc Rooms Recorded at higher Surg Room rate

### Blessing at 11th Procedure Room Utilization

Original Blessing Hospital at 11th Procedure Rooms	4	391	5,100	189	2,103	-	2,292
Revised Blessing Hospital at 11th Procedure Rooms	1	391	101	189	45	-	234
Change	(3)	-	(4,999)	-	(2,058)	-	(2,058)
Reason for Change	Double Reported		Double Reported		Double Reported		New Total

Exhibit 1

## 2014 Blessing Hospital

### ASTC Operating Room Utilization For Reporting Year

	Rooms	IP Cases	Op Cases	IP Surgery Time	OP Surgery Time	Prep and Clean Up	Total Hours	IP Avg Case Time	OP Avg Case Time
ASTC Cardiovascular			3		3		3		
ASTC Dermatology			-		-		-		
ASTC Gastroenterology			233		129	58	187		
ASTC General			543		475	136	611		1.13
ASTC Laser Eye Surgery			364		103	92	195		
ASTC Neurology			-		-		-		
ASTC OB/Gynecology			262		188	66	234		0.89
ASTC Ophthalmology			2,015		631	504	1,135		0.56
ASTC Oral/Maxillofacial			108		129	28	157		1.45
ASTC Orthopedic			446		417	112	529		1.19
ASTC Otolaryngology			371		178	92	270		0.73
ASTC Pain Management			-		-		-		
ASTC Plastic Surgery			58		82	14	96		1.66
ASTC Podiatry			198		198	50	248		1.25
ASTC Thoracic			-		-		-		
ASTC Urology			1		1	-	1		1.00
Total			4,602		2,514	1,152	3,666		0.80

### Blessing at 11th Operating Room Utilization

11th Cardiovascular	1	224	105	437	148	585	1.95	1.41
11th Dermatology		-	-	-	-	-	-	-
11th General	8	713	1,107	1,112	1,180	2,292	1.56	1.07
11th Gastroenterology		50	64	38	44	82	0.76	0.69
11th Neurology		273	69	898	162	1,060	3.29	2.35
11th OB/Gynecology		67	283	102	415	517	1.52	1.47
11th Oral/Maxillofacial		6	50	7	80	87	1.17	1.60
11th Ophthalmology		-	2	-	4	4	-	2.00
11th Orthopedic		542	653	1,238	855	2,093	2.28	1.31
11th Otolaryngology		37	191	46	171	217	1.24	0.90
11th Plastic Surgery		8	35	10	56	66	-	1.60
11th Podiatry		17	19	15	18	33	0.88	0.95
11th Thoracic		33	1	93	3	96	2.82	3.00
11th Urology		163	672	192	645	837	1.18	0.96
Total	9	2,133	3,251	4,188	3,781	7,969	1.96	1.16

### ASTC Procedure Room Utilization For Reporting Year

Original Blessing Hospital ASTC Procedure Room	3	-	4,452	-	1,971	520	2,491
Revised Blessing Hospital ASTC Procedure Room	3	-	4,452	-	1,971	260	2,231
Change						(260)	(260)
Reason for Change							

Prep/Cleanup on Proc Rooms Recorded at higher Surg Room rate

### Blessing at 11th Procedure Room Utilization

Original Blessing Hospital at 11th Procedure Rooms	4	428	4,615	233	2,047	-	2,280
Revised Blessing Hospital at 11th Procedure Rooms	1	428	163	233	76	-	309
Change	(3)	-	(4,452)	-	(1,971)	-	(1,971)
Reason for Change	Double Reported		Double Reported		Double Reported		New Total

Exhibit 1

Exhibit 2

Permit Application 18-010, Blessing Hospital Medical Office Building, Pages 1 and 65



18-010

[ ORIGINAL ]

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

APPLICATION FOR PERMIT- 02/2017 Edition

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT**RECEIVED**

FEB 27 2018

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

## Facility/Project Identification

Facility Name: Blessing Hospital
Street Address: 1005 Broadway
City and Zip Code: Quincy, Illinois 62305
County: " Health Service Area: E Health Planning Area: 5

## Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Blessing Hospital
Street Address: 1005 Broadway
City and Zip Code: Quincy, Illinois 62305
Name of Registered Agent: Betty Kasparie
Registered Agent Street Address: 1005 Broadway
Registered Agent City and Zip Code: Quincy, Illinois 62305
Name of Chief Executive Officer: Maureen Kahn
CEO Street Address: 1005 Broadway
CEO City and Zip Code: Quincy, Illinois 62305
CEO Telephone Number: 217-223-8400 ext. 6807

## Type of Ownership of Applicants

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other

☐ Corporations and limited liability companies must provide an Illinois certificate of good standing.  
☐ Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

## Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Betty J. Kasparie
Title: Vice President Corporate Compliance
Company Name: Blessing Hospital
Address: 1005 Broadway
Telephone Number: 217-223-8400 ext. 6808
E-mail Address: betty.kasparie@blessinghealthsystem.org
Fax Number: 217-223-6891

## Additional Contact [Person who is also authorized to discuss the application for permit]

Name: Jayne Huseman
Title: Administrative Director, Facilities, Engineering and Development
Company Name: Blessing Hospital
Address: 1005 Broadway
Telephone Number: 217-223-8400 ext. 6738
E-mail Address: jayne.huseman@blessinghealthsystem.org
Fax Number: 217-223-6891

Purpose 1110.230

1. Blessing Hospital engaged a third party firm to do a medical staff development plan. The plan calls for the continued need to address shortages in the area. The plan calls for additional recruitment of physicians inclusive of primary care and specialist. The current medical office buildings are out of space. The need for a new building to house physicians is the reason for this project.
2. For over a 140 years, Blessing Hospital has served the health care needs of the people of West Central Illinois, Northeast Missouri and Southeast Iowa. Approximately 174,724 people live within 50 miles of Blessing Hospital. Blessing is the largest hospital for 100 miles.

The hospital's primary market area covers six counties -- four in West Central Illinois (Adams, Brown, Pike, and Hancock) and two in Northeast Missouri (Marion and Lewis.)

3. The existing need is for additional medical office building space. Last year Blessing recruited 28 new physicians and a plan to recruit that many more in 2018-19. ECG completed a physician master plan for the community which identified the need for primary as well as specialty care. Blessing continues to successfully recruit new physicians and needs the space as the current medical office building is at capacity.
4. The sources are:
  - A. U.S. Census Bureau Statistics
  - B. ECG Management Consultants- Master Plan Physician need.
5. The project will enhance patient care by making access to more primary care and specialist available in the community
6. A goal is to provide for additional access for patients as well as space to allow for physician recruitment. The timeframe for achieving the goal is 12/31/2020 as the completion of the project

Attachment 12

Exhibit 2

65

**Exhibit 1-A**

Exhibit 3

Transcript of Open Session Meeting June 5, 2018  
State of Illinois Health Facilities and Services Review Board  
Review of Project 18-010 -- Pages 1, 117, 118



**Planet Depos**  
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# **Transcript of Open Session Meeting**

**Date:** June 5, 2018

**Case:** State of Illinois Health Facilities and Services Review Board

**Planet Depos**

**Phone:** 888.433.3767

**Email:** [transcripts@planetdepos.com](mailto:transcripts@planetdepos.com)

**www.planetdepos.com**

**WORLDWIDE COURT REPORTING | INTERPRETATION | TRIAL SERVICES**

Exhibit 3

**Exhibit 1-A**

1 that is a big variability in our building.

2 So, Pat, I don't know if anything that I  
3 left from a finance -- or if anybody has any  
4 questions.

5 CHAIRWOMAN OLSON: Questions?

6 MEMBER SEWELL: She said doctor first.  
7 You may ask my question.

8 MEMBER MC NEIL: We never know.

9 How many patients do you have headed over  
10 to Iowa, Peoria, leaving the area because of  
11 current -- you don't know if it's current  
12 facilities, but the expectation of the nice  
13 lobbies, all of the things you've talked about?

14 MS. KAHN: I would tell you that the  
15 biggest area that we have identified outmigration  
16 is in orthopedics, and we are watching 750 and  
17 above cases leaving the marketplace due to access,  
18 due to service availability, as well as making  
19 sure that the services are all wrapped together.  
20 So you don't have to go here for this piece, then  
21 drive another a couple blocks to go here for this  
22 piece.

23 That's what we're looking to do to package  
24 our services that move, but ortho is our number

1 one outmigration area.

2 Pat, would you say anything else.

3 MR. GERVELER: WE do look at the market  
4 for our outpatient services. We see about 20 to  
5 30 million -- not on cases but we look at a dollar  
6 amount -- that migrate out of the region. And to  
7 Maureen's point, probably a large majority of that  
8 is in the orthopedic area.

9 MEMBER MC NEIL: Where do they go?

10 MR. GERVELER: We see in orthopedics  
11 they'll go, a lot of them over to University of  
12 Missouri, Columbia, Missouri, town St. Louis,  
13 also, to that market. As Maureen said, we're a  
14 little over 100 miles from Columbia, Missouri,  
15 Springfield, or St. Louis, and Iowa would be  
16 Iowa City.

17 MEMBER MC NEIL: While we talk about  
18 dollars, let's understand from a patient's  
19 standpoint they're driving 100, 200 miles, four  
20 hours, six hours round trip. So that's the other  
21 side of the issue just in human capital spent.

22 MS. KAHN: Correct, convenience.

23 CHAIRWOMAN OLSON: Other questions or  
24 comments, Mr. Sewell?

March 25, 2019

Members of the Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> floor  
Springfield, Illinois 62761

**RECEIVED**

MAR 29 2019

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Re: Project 18-042, Quincy Medical Group Surgery Center

Dear Members of the Illinois Health Facilities and Services Review Board:

We are writing on behalf of our respective organizations to address comments made during the March 5, 2019 Illinois Health Facilities and Services Review Board ("Board") meeting and to express our continued support for Quincy Medical Group's proposal to establish an ambulatory surgery treatment center in Quincy.

Our organizations have a strong presence in Quincy and Adams County. We are dedicated to improving health outcomes and healthcare choices and ensuring that employees and area residents have access to high quality healthcare options at an affordable cost. We are also committed to maintaining and improving the economic vitality of Quincy and Adams County. We have previously expressed written and/or verbal support for the proposed project on behalf of our respective organizations.

We were disappointed on March 5, 2019 that the Quincy Medical Group surgical center project received an Intent to Deny. We note that several Board members commented on the adversarial statements made during the public participation portion of the meeting and that a suggestion was made that Quincy Medical Group seek involvement from a leading community member or organization in the Quincy community to determine ways that Quincy Medical Group and Blessing Hospital can work together.

As leading community members and organizations in Quincy and Adams County, we believe it is imperative that the Board be made aware of our position regarding any potential cooperative venture between Quincy Medical Group and Blessing Hospital in relation to the proposed surgery center. We strongly believe that co-ownership of a surgery center between Quincy Medical Group and Blessing may not be in the best interest of our community as it would not lead to increased patient choice, increased competition, competitive pricing, or reduced costs. The Quincy community wants and needs a second surgery center in Adams County – one that is not owned by or affiliated with the owner of the existing surgery center. Our organizations have consistently expressed a desire for more choice when selecting a healthcare facility, as having more than one choice generates market competition to improve cost and enhance healthcare quality.

While we do not support - and, in fact, discourage - a cooperative venture between Quincy Medical Group and Blessing Hospital in relation to a surgery center, we do support the two providers working together on other collaborative and alignment efforts. The two have successfully worked together on various projects and initiatives over the years, and the two continue to work together on a daily basis in providing quality healthcare to their patients from Quincy and surrounding communities. We understand that Quincy Medical Group recently reissued a previous proposal regarding numerous alignment opportunities to Blessing Health System with a central focus on patient safety, quality, and cost reduction. We are in full support of the parties pursuing these opportunities.

Accordingly, we ask that the Board not impose a requirement or force Quincy Medical Group to "work together" with Blessing Hospital in relation to the proposed surgery center. Rather, we ask that the Board recognize the needs and wants of the Quincy and Adams County community. We need and want choice for our employees, their families, and the community in general regarding ambulatory surgical care. We support our local physician group, Quincy Medical Group, which has been providing cost-effective, quality healthcare to residents in Quincy and Adams County community for more than 80 years.

We strongly urge that this Board approve Quincy Medical Group's project.

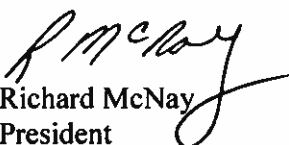
Sincerely,



Beverly Helkey  
Executive Director  
Tri-State Health Care Purchasing Coalition



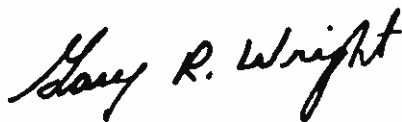
Jim Rubottom  
Vice President Human Resources  
The Knapheide Manufacturing Company



Richard McNay  
President  
McNay Truck Line



Clayton W. Lamkin  
Vice President, Finance North America  
Phibro Animal Health Corporation



Gary R. Wright  
President  
Teachers Coalition on Health





# STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4308

## Illinois Health Facilities and Services Review Board

Written Decision

Proj. #18-042

Quincy Medical Group, Quincy

### **Introduction**

This written decision is being submitted to the Illinois Health Facilities and Services Review Board to comply with Section 12(11) of the Illinois Health Facilities Planning Act ("Act") (20 ILCS 3960). This written decision was requested by counsel for the Blessing Hospital and Blessing Ambulatory Surgical Treatment Center (collectively "Blessing"). If this written decision is approved, it will be placed in the formal record of Permit #18-042 as required by the Act.

### **Background**

On April 30, 2019, the Illinois Health Facilities and Services Review Board ("State Board") approved permit application #18-042, which was for Quincy Physicians & Surgeons Clinic, S.C., d/b/a Quincy Medical Group ("QMG") to establish an ambulatory surgery treatment center ("ASTC") in Quincy, Illinois. In reaching its decision, the State Board considered the Act, 77 ILAC 1110.235, 77 ILAC 1120 and the documents contained in QMG's project file, which included: the application for Project #18-042, additional information provided by QMG, oral and written public hearing testimony, and written comments received by State Board Staff. The State Board also considered the public participation statements and QMG's oral testimony at the March 5 and April 30, 2019 State Board meetings.

### **Application Chronology**

The State Board received the application for Project #18-042 on October 26, 2018, and supplemental information thereafter. State Board Staff deemed Project #18-042 complete on October 31, 2018. A public hearing was held on January 24, 2019. At the public hearing, 183 individuals registered their appearance; 102 indicating that they were in support of Project #18-042; 66 indicating that they were opposed; and 15 indicating that they were neutral. Also, 49 individuals registered as providing testimony. Of these, 17 were in support of Project #18-042, 31 were opposed, and one was neutral. A copy of the transcript of the public hearing is available on the State Board's website as well as the written statements submitted at the public hearing.

The State Board received many written comments in support and opposition to Project #18-042. A copy of these comments is available on the State Board's website

On February 19, 2019, State Board Staff published a State Board Staff Report on the State Board website. In the report, State Board Staff stated that QMG addressed a total of 31 criteria but failed to meet four criteria. QMG failed to meet (1) service accessibility, (2) unnecessary duplication of service/mal-distribution of service/impact on other facilities, (3) financial viability

and (4) reasonableness of project costs. A copy of the State Board Staff Report is available on the State Board's website.

The State Board considered Project #18-042 at the March 5, 2019 meeting. Many individuals provided statements during public participation. There were statements provided in support and in opposition to Project #18-042. Among those that provided statements at the meeting were representatives of Blessing.

At the March 5, 2019 meeting, three State Board members voted to approve Project #18-042 and two members abstained from voting. Because there were not five votes to approve Project #18-042, QMGs received an intent to deny. A copy of the meeting transcript is available on the State Board's website.

QMG submitted additional information and the State Board received additional written comments from the public about the project, including from Blessing.

On April 16, 2019, State Board staff published a supplemental State Board staff report for Project #18-042 addressing the four negative criteria from the prior State Board staff report. In the supplemental report, QMGs received a positive finding for reasonableness of project costs. Therefore, out of the 31 criteria, three were negative: (1) financial viability; (2) service accessibility; (3) unnecessary duplication/maldistribution/impact on other facilities. QMG submitted a letter addressing the supplemental report.

On April 30, 2019 the State Board considered Project #18-042 and approved Project #18-042 with a 5-2 vote. At the April 30, 2019 meeting, several individuals provided statements in support or opposition to the project. Also, QMG provided testimony and answered the State Board's questions. A copy of the April 30, 2019 meeting transcript will be available on the State Board's website.

#### **April 30, 2019 State Board Meeting**

Several individuals provided statements at the April 30, 2019 State Board meeting during public participation. There were statements in support of and opposition to Project #18-042, including statements from representatives of Blessing. Representatives of QMG also provided testimony at the meeting.

Regarding the financial viability criteria, QMG testified that it is a for-profit business entity that uses cash for capital expenditures as well as to make distributions to its shareholders and that the distributions are discretionary and, when reflected separately, paint a very different picture of QMG's strong operating cash flow. After the March 5, 2019 State Board meeting, QMG voluntarily submitted a letter of commitment to earmark \$1.8 million to be held on hand for Project #18-042. QMG also began retaining additional earnings in 2018 to fund Project #18-042 and will continue to do so through project completion.

QMG further testified that they have a very strong financial plan for the Project #18-042. The Bank of Springfield supports the project and the chairman of the bank provided a letter attesting to QMG's financial strength. In addition, QMG has a line of credit with the Bank of Springfield which has never been drawn on, and it is available for Project #18-042 should it be needed.

QMG also testified that factoring in Blessing's growth for inpatient and outpatient, the two licensed ASTC's in the 21-mile GSA will be utilized at or above the State Board's utilization standard when Project #18-042 opens. QMG argues that this supports the service accessibility criterion.

Additionally, QMG testified that taking into account Blessing's growth in outpatient surgical and procedure hours alone through the most recent year, that in 2023, 24 months after project completion, Project #18-042 will not lower Blessing below the total outpatient volume. QMG argues that this demonstrated that Project #18-042 is in compliance with the unnecessary duplication/maldistribution/impact on other facilities criterion.

### **State Board Staff Report and Supplemental State Board Staff Report**

QMG addressed 31 criteria in its application and failed to meet three criteria: (1) financial viability; (2) service accessibility; (3) unnecessary duplication/maldistribution/impact on other facilities. Below is a detailed summary of why QMG failed to meet these criteria. The positive criteria can be found in the State Board Staff Report for the March 5, 2019 meeting.

#### **Criterion 1120.130 – Financial Viability**

QMG needed to demonstrate that it had \$15 million to meet the State Board's 45-day cash on hand requirement. QMG could not meet this requirement. Additionally, over the past five years, QMG has not generated positive free cash flow, which all businesses use to determine the business' ability to meet its debt obligations and provide for additional growth.

#### **Criterion 1110.235(c)(6) – Service Accessibility**

To meet this criterion, an applicant must demonstrate that at least one of the following conditions enumerated in 77 ILAC 1110.235(c)(6) exist. They are that: (a) there are no other IDPH-licensed ASTC's within the identified GSA of the proposed project; (b) the other IDPH-licensed ASTC and hospital surgical/treatment rooms used for those ASTC services proposed by the project within the identified GSA are utilized at or above the utilization level specified in 77 ILAC 1100; (c) the ASTC services or specific types of procedures or operations that are components of an ASTC service are not currently available in the GSA or that existing underutilized services in the GSA have restrictive admission policies; or (d) the proposed project is a cooperative venture sponsored by two or more persons, at least one of which operates an existing hospital. QMG did not meet any of the four conditions.

There is one licensed ASTC and one hospital, Blessing ASTC and Blessing Hospital, respectively, in the 21-mile GSA. Both the ASTC and hospital are not at target occupancy. All surgical services proposed by Project #18-042 are available with the 21-mile GSA. Also, Project #18-042 is not a cooperative venture with a hospital.

QMG argues that the proposed project will offer services at a cost lower than Blessing's ASTC that is operated as a hospital outpatient surgery department and will improve access by improving waiting times and offering surgical services after 3:30pm and on weekends. State Board Staff is required by rule to focus on procedures and hours that will be offered by the proposed ASTC (i.e. capacity) as well as focus on whether those procedures are available in the 21-mile GSA and whether the existing hospitals and ASTC's in the 21-mile GSA are at target occupancy. In this 21-mile GSA the proposed surgical services are being provided and the existing operating procedure rooms are underutilized.

Criterion 1110.235(c)(7) – Unnecessary Duplication/Maldistribution/Impact on other Facilities

QMG believes the proposed ASTC will not impact Blessing Hospital and Blessing ASTC, the two health care facilities within the 21-mile GSA. State Board Staff found: (a) There are two facilities within the 21-mile GSA with a total of 16 operating/procedure rooms. Revised 2017 utilization justifies 13 rooms at the State Board's target occupancy rate of 1,500 hours; (b) there is not a surplus of operation/procedure rooms within the 21-mile GSA as the ratio of rooms to population in the 21-mile GSA is not 1.5 times the ratio of operating/procedure room in the State of Illinois; (c) the proposed ASTC will impact Blessing Hospital and Blessing Hospital ASTC as the proposed facility will reduce the already underutilized facilities to a further extent below the State Board standard of 1,500 hours.

**State Board Decision**

Five State Board members voted to approve Project #18-042 and two State Board members voted against approving the project. Below is a summary of the State Board members' votes, including statements to the application.

Member Demuzio voted against Project #18-042. She stated that at the last meeting the State Board had asked Blessing and QMG to collaborate and work together, but she did not hear that they had completely accomplished that request.

Member Gelder voted to approve Project #18-042 based on the State Board Staff Report, the statements made during public participation and the testimony provided by QMG.

Member Hamos voted to approve Project #18-042 because the numbers show that there is continuing demand for service in Quincy and she was worried that if Blessing's ASTC doesn't have capacity, hospital beds will be filled for surgery, and that is not a good result.

Member Hemme voted to approve Project #18-042. She was initially concerned about QMG's financial viability but felt that QMG successfully answered how they will meet the project's costs.

Member McGlasson voted to approve Project #18-042 based on lower costs to the community.

Member McNeil voted against Project #18-042 based on the testimony and the State Board Staff Report.

Member Murphy voted to approve Project #18-042. She stated, "our job as the [State] Board is to look at the application you've presented, the findings that our staff has presented to us, and then your explanations of those. And I'm more than satisfied that we should approve this application, so I vote yes."

### **Conclusion**

Because more than five State Board members voted in favor of Project #18-042, Project #18-042 was approved. 20 ILCS 3960/4(i) ("The affirmative vote of 5 of the members of the State Board shall be necessary for any action requiring a vote to be taken by the State Board." Seven State Board members voted to approve Project #18-042.)

1 patients at low cost and right now we don't.

2 So that's our incentive, as well, is to  
3 help keep our patients' cost low because we're at  
4 risk if they're not.

5 MEMBER GELDER: How many providers -- how  
6 many doctors are in your group?

7 DR. PETTY: 115.

8 MEMBER GELDER: Okay. Thank you.

9 CHAIRMAN MURPHY: Do we have any other  
10 Board comments or questions?

11 MEMBER MC GLASSON: Yeah. I feel  
12 compelled to make a statement.

13 I feel compelled to make somewhat of a  
14 statement.

15 Dr. Petty -- have I got that correct?

16 DR. PETTY: Yes.

17 MEMBER MC GLASSON: He made mention of the  
18 fact that -- not to put words in your mouth --  
19 you, frankly, doubted the sincerity of Blessing in  
20 some of their statements of making price  
21 improvements. And I, frankly, came away with that  
22 impression from the public participation.

23 I don't think there has been any reason  
24 that they couldn't have begun to charge

1 freestanding ASTC rates long before now. And I,  
2 frankly, am left with a doubt that, if this  
3 petition is denied, many of the statements and  
4 price improvements made today will actually  
5 happen.

6 CHAIRMAN MURPHY: Thank you.

7 All right. George, will you please call  
8 the roll.

9 MR. ROATE: Thank you, Madam Chair.

10 Motion made by McNeil; seconded by  
11 McGlasson.

12 Senator Demuzio.

13 MEMBER DEMUZIO: Well, it's been a long  
14 day, and we have now come to our final vote,  
15 I believe.

16 It's been two sessions of hearing both QMC  
17 and Blessing Hospital, and it's very, very  
18 difficult to look out in the crowd and see that,  
19 you know, everyone has their own agenda and wants  
20 to basically work together -- I hope.

21 When we left last time, we asked that you  
22 work together, collaborate. Unfortunately,  
23 I didn't hear that all across the board today.  
24 I've heard it some but not completely.

1 (Laughter.)

2 MEMBER DEMUZIO: Anything you want.

3 MR. KNIERY: I was sworn in already.

4 CHAIRMAN SEWELL: So can I entertain a  
5 motion to adjourn now?

6 MS. MITCHELL: No.

7 CHAIRMAN SEWELL: What do we have now?

8 MS. MITCHELL: Blessing. Blessing.

9 CHAIRMAN SEWELL: Oh, Blessing. Okay.  
10 Who's going to talk about that?

11 MS. AVERY: Melanie, one second. Wait a  
12 minute.

13 (An off-the-record discussion was held.)

14 CHAIRMAN SEWELL: So Blessing.

15 MR. CONSTANTINO: Yes. They're coming  
16 right to the table right now. Yes.

17 CHAIRMAN SEWELL: All right. Here we are.  
18 Good.

19 MS. MITCHELL: We'll get it together.  
20 It's late.

21 CHAIRMAN SEWELL: Why am I standing up?

22 (An off-the-record discussion was held.)

23 THE COURT REPORTER: Would you raise your  
24 right hands, please.



1 (Two witnesses sworn.)

2 THE COURT REPORTER: Thank you.

3 CHAIRMAN SEWELL: So what are we doing?

4 You-all have something to say; right?

5 MS. AVERY: Mike.

6 MS. MITCHELL: Mike has something to say.

7 CHAIRMAN SEWELL: Oh, Mike has something  
8 to say.

9 MR. CONSTANTINO: I would like to get on  
10 the record why their profile information changed,  
11 what was the reason for it.

12 If you guys could do that for me, I'd  
13 appreciate it.

14 MS. KASPARIE: I'll start.

15 MS. AVERY: Can I -- excuse me. Can I add  
16 to it?

17 And a plan going forth of how we want to  
18 have this to happen in the future.

19 MS. KASPARIE: First of all, my name is  
20 Betty Kasparie.

21 MS. MITCHELL: You have to move the  
22 microphone closer to you.

23 MS. KASPARIE: Gotcha.

24 My name is Betty Kasparie, and I do

1 apologize for the incorrect numbers, just  
2 up-front, go ahead and say that.

3 The numbers were submitted to you  
4 originally for '14, '15, '16, and '17. Each year  
5 that we have submitted those numbers, there was  
6 never any identification by the State or us that  
7 there was any error.

8 It came to our attention by Mike, who  
9 suggested there was a question about our numbers,  
10 so we went back and looked at those numbers, and  
11 when you look at the 2017 numbers, it was 9,622  
12 for the ASTC that got doubled. They were reported  
13 in error, so we reported that, fixed that number.

14 Then what happened was a question came  
15 back about the numbers related to the outpatient  
16 hours for '16 and '17, and there was just -- very  
17 honestly, there was a major error. I don't have  
18 an excuse for it. There was a major error in the  
19 reporting, and we did some cleanup. So  
20 I apologize for that.

21 Then the question came back in terms of  
22 some additional cleanup, and what we have done is  
23 that when you looked at the '14 and '15 hours,  
24 those were double-counted. We do a report for the

1     ASTC, and we do a report for outpatient surgery.

2     Those numbers were double-counted.

3             So the ASTC numbers were counted -- was it  
4     twice? -- were double-counted for the ASTC; is  
5     that correct?

6             I'm not sure I've got that right.

7             They were double-counted for the ASTC.

8     There were a few that were missed, so we went back  
9     and we made sure that we had the corrections.

10            All I can say is I apologize for the  
11     errors. As Mike asked us, we went back and  
12     relooked at the numbers. In hindsight, we should  
13     have looked at all the numbers the first time he  
14     asked, but we didn't know there was a project at  
15     that time when we were looking at the numbers. So  
16     I apologize.

17            MS. KAHN: Justin, could you explain how  
18     these errors are not going to happen in the  
19     future, the process that will be put in place.

20            CHAIRMAN SEWELL: Before we do that, is  
21     anyone from Blessing Hospital able to assure this  
22     Board that these numbers were not changed in  
23     anticipation of this project that we just heard  
24     for the last hour or so?

1 MS. KAHN: Two hours.

2 CHAIRMAN SEWELL: Two hours.

3 MS. KAHN: Absolutely. I -- I swore to  
4 tell the truth.

5 We got a call -- Betty got notified that  
6 there was a question about our numbers. We did  
7 not know we had an error in our numbers until we  
8 were called --

9 CHAIRMAN SEWELL: Right.

10 MS. KAHN: -- and notified. And so we  
11 went back in. Because, as you know, we're  
12 correcting numbers that are going back to 2014.

13 CHAIRMAN SEWELL: Okay.

14 MS. KAHN: We did not know we had an error  
15 at the time.

16 CHAIRMAN SEWELL: Okay. Now go ahead with  
17 what you were saying.

18 MR. CONSTANTINO: Mr. Sewell, I want to  
19 point out, though, once these -- if you correct  
20 these numbers, they will be used in another report  
21 we submit to you.

22 MS. MITCHELL: For the -- after the intent  
23 to deny?

24 MR. CONSTANTINO: Yes. Because we'll use

1 the approved numbers.

2 MS. MITCHELL: When the project comes up  
3 again?

4 MR. CONSTANTINO: When the project comes  
5 up again, yes.

6 So you will see different numbers in the  
7 report that we submit to you when this project,  
8 18-042, comes back.

9 I didn't want you to get the mistaken  
10 impression those numbers wouldn't change.

11 CHAIRMAN SEWELL: Do you need time to  
12 analyze the corrections?

13 MS. AVERY: Yes.

14 MR. CONSTANTINO: Yes. We're going to  
15 take a look at it, yes. I haven't used them  
16 because you haven't approved it yet.

17 CHAIRMAN SEWELL: Should we table it until  
18 you've had a chance to do that?

19 MR. CONSTANTINO: Oh, no, no. You have to  
20 approve it so I can take a look at it.

21 CHAIRMAN SEWELL: I see.

22 MS. AVERY: But what would -- are you  
23 saying that it would drastically change --

24 MR. CONSTANTINO: I don't believe it's

1 going to drastically change those numbers, but it  
2 will change them.

3 (An off-the-record discussion was held.)

4 CHAIRMAN SEWELL: well, you know, the  
5 numbers are what they are. And if Blessing is  
6 affirming that they are corrected, we have to deal  
7 with that regardless of what the consequences are.

8 MEMBER MC NEIL: Absolutely.

9 CHAIRMAN SEWELL: I mean, that's pretty  
10 straightforward, yeah.

11 MS. MITCHELL: Okay.

12 MR. CONSTANTINO: I didn't want you to  
13 think there was --

14 CHAIRMAN SEWELL: No. Not -- now, what  
15 action do we need to take?

16 MR. CONSTANTINO: You just have to take a  
17 vote, approval -- a vote of approval.

18 CHAIRMAN SEWELL: Are we ready to vote?  
19 Do you have more to say about that?

20 MS. KAHN: I think Justin was going to let  
21 you know that we have --

22 CHAIRMAN SEWELL: I'm sorry. I  
23 interrupted.

24 MS. KAHN: -- put a process in place.

1           MR. HALE: My name is Justin Hale. And  
2 I'm -- we have to be more diligent to make sure  
3 the source systems data is accurate and there is  
4 no double-counting.

5           We do -- will try to be more diligent  
6 about the prior-year comparisons that would have  
7 caught one of the anomalies that would have  
8 been -- obviously -- would have been, you know, a  
9 hundred percent increase or whatever.

10           So we just have to make sure that we're  
11 double-checking and doing check totals and all the  
12 kind of usual audits in that process.

13           I apologize that we didn't catch those in  
14 the process, but we will going forward.

15           MS. MITCHELL: Okay.

16           MS. KAHN: And if I could just add one  
17 thing, Mr. McNeil, Senator, your comments -- and  
18 Chairman Sewell -- your comments today after a  
19 long, long day -- I have certainly heard your  
20 comments. I take them extremely serious. I've  
21 heard all the Board members' comments.

22           I need to go back to my community. I will  
23 work with the CEO. Regardless of what the outcome  
24 is, the community needs to heal.

1           And I thank you for those comments. So  
2 I just want you to know I heard that --

3           CHAIRMAN SEWELL: All right.

4           MS. KAHN: -- and regardless of the  
5 outcome --

6           MS. AVERY: Wait. We're going to have to  
7 stop you. I'm sorry.

8           MS. MITCHELL: Technically --

9           MS. AVERY: We have to get to the profile.

10          MS. KAHN: Right. I'm sorry. I just want  
11 you to know --

12          MS. AVERY: We hear it. Sorry about that.

13          MS. KAHN: That's okay.

14          CHAIRMAN SEWELL: Is there any more on the  
15 profile?

16          And what are we doing now? Voting?

17          MS. MITCHELL: Yes.

18          MEMBER MC NEIL: Call the question.

19          MS. AVERY: Do you have a motion?

20          MS. MITCHELL: Do you have a motion?

21          CHAIRMAN SEWELL: Is there a motion on the  
22 floor?

23          MS. MITCHELL: No.

24          CHAIRMAN SEWELL: Not about Blessing.



1 MS. MITCHELL: Not about Blessing.

2 MEMBER MC GLASSON: So we're voting to  
3 accept the --

4 MS. MITCHELL: -- the profile changes.

5 CHAIRMAN SEWELL: -- the corrected profile  
6 changes.

7 MEMBER MC GLASSON: I'll make that motion.

8 CHAIRMAN SEWELL: Okay. Is there a  
9 second?

10 MEMBER MC NEIL: I'll second.

11 MEMBER DEMUZIO: Second.

12 MS. MITCHELL: There were like three.

13 CHAIRMAN SEWELL: All in favor, aye.

14 (Ayes heard.)

15 CHAIRMAN SEWELL: Opposed?

16 (No response.)

17 CHAIRMAN SEWELL: Now can we entertain a  
18 motion to adjourn?

19 MEMBER MC GLASSON: Made.

20 MEMBER MC NEIL: Seconded, third, fourth.

21 MS. MITCHELL: I get no vote, but  
22 I fourth it.

23 (Ayes heard.)

24 (Off the record at 6:18 p.m.)