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September 13, 2021

**VIA EMAIL AND OVERNIGHT MAIL**

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities and Services Review Board ("Board")  
525 W. Jefferson St., Second Floor  
Springfield, IL 62761

**Re: Quincy Medical Group ("QMG") Certificate of Need ("CON") Application  
(Project #20-044) (the "QMG Hospital Application")**

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Dear Ms. Avery:

I am writing in my capacity as outside legal counsel to Blessing Health System ("BHS"), which operates Blessing Hospital (BHS and Blessing Hospital referred to collectively as "Blessing"). As you know, Blessing opposes the QMG Hospital Application. I serve as co-counsel for Blessing on this matter, along with Juan Morado and Mark Silberman from Benesch.

The QMG Hospital Application received an Intent-To-Deny determination from the Board at its May 26 Board meeting. On June 7, legal counsel for the applicants requested to reappear before the Board, and on July 26, the applicants submitted supplemental information in connection with the QMG Hospital Application. At no point in the original application, the presentation to the Board on May 26, or the over 60 pages of supplemental information submitted on July 26 did the applicants disclose a possible change of ownership or control structure for QMG, nor to our knowledge have the applicants provided any information to the Board describing or acknowledging any such possible change.

As submitted, the QMG Hospital Application has two applicants: (1) Quincy Medical Group Hospital, Inc. ("QMG Hospital Corporation"), an Illinois non-stock, not-for-profit, taxable corporation; and (2) Quincy Physicians and Surgeons, S.C. d/b/a Quincy Medical Group, an Illinois domestic corporation ("QMG Corporation"). As described in the QMG Hospital Application, the QMG Corporation is the sole corporate member of the QMG Hospital

Corporation, and therefore presumably controls key governance, financial, strategic and operational decisions for QMG Hospital Corporation.

The Staff Report for the QMG Hospital Application indicates that the QMG Corporation is 40 percent owned by UnityPoint Health. According to public records, UnityPoint Health is the d/b/a for Iowa Health System, a multi-state health system that operates as a Section 501(c)(3) tax-exempt corporation with numerous corporate affiliates.

Multiple press reports over recent days indicate that QMG has signed a letter of intent with DuPage Medical Group (“DMG”) to become a single and consolidated organization (the “QMG/DMG Transaction”). Whether this corporate consolidation by QMG and DMG is envisioned to be through merger, acquisition or otherwise, it raises fundamental questions about the continuing accuracy of the ownership and control structure of QMG as described in the QMG Hospital Application, and as to whether all necessary applicants are included. Indeed, the very viability of the QMG Hospital Application may be called into question.

In short, it would appear that QMG must articulate to the Board the exact nature of the QMG/DMG Transaction, in order for the Board to determine whether and how the QMG Hospital Application is to proceed. This may require the Board to request additional information from the applicants related to the QMG/DMG Transaction, pursuant to its regulatory authority.<sup>1</sup> In particular, the Board may want the following information from the applicants:

- (1) A detailed description of the proposed structure of the QMG/DMG Transaction. Will QMG merge into DMG? Will DMG own all or a portion of the QMG Corporation? Will UnityPoint continue to own a portion of the QMG Corporation?
- (2) The intended timetable for reaching a definitive agreement, and for closing, the QMG/DMG Transaction.
- (3) A detailed description of governance, financial, strategic and operational control that DMG will exercise with respect to QMG pursuant to the QMG/DMG Transaction, and how this control will be implemented. Will DMG also have direct or indirect control over QMG Hospital or the QMG Foundation?
- (4) In light of the QMG/DMG Transaction, to what extent will the application be modified to include all necessary applicants as required by Board rule?<sup>2</sup>

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<sup>1</sup> 77 Ill. Admin. Code § 1130.635 (a)(1) and (a)(2)(B).

<sup>2</sup> 77 Ill. Admin. Code § 1130.220 (a).

- (5) An updated understanding as to whether the QMG Hospital Application should proceed at all. Will DMG support the application?

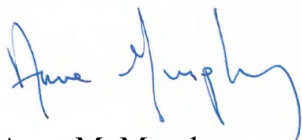
Upon receipt of this information, we respectfully ask that the Board evaluate it, in order to determine whether the QMG Hospital Application should be withdrawn, or must undergo a modification pursuant to the Board's rules. As you know, a Type A Modification is required for several reasons, including without limitation: (1) the addition of one or more co-applicants; or (2) any change that, of itself, would require a CON permit or exemption.<sup>3</sup>

To the extent that the QMG/DMG Transaction requires the addition of one or more co-applicants, then a Type A Modification would be necessary. Our view is that such a Type A Modification would be mandated if the QMG/DMG Transaction would cause DMG or another related entity to: (1) assume final control of QMG Hospital; (2) become financially responsible for guaranteeing or making payments on any debt related to the project; or (3) become actively involved in the operation or provision of care and control capital assets that are components of the project.<sup>4</sup>

We believe the Board should request the additional information summarized above, and then undertake a review of the information (extending the review period if need be under Board's rules).<sup>5</sup> Upon completing its review of this information, the Board should determine whether the QMG Hospital Application should be withdrawn or modified.

In the interim, we ask that the Board decline to consider the QMG Hospital Application on the basis of the June 7 request by applicants to reappear before the Board. It would be against public policy for the Board to proceed with consideration of the application in its current form, knowing that DMG may control QMG in the near future.

Very truly yours,



Anne M. Murphy

Cc: April R. Simmons, General Counsel for the Board  
Michael Constantino, Supervisor, Project Review Section for the Board

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<sup>3</sup> 77 Ill. Admin. Code § 1130.650(a).

<sup>4</sup> 77 Ill. Admin. Code § 1130.220(a).

<sup>5</sup> 77 Ill. Admin. Code § 1130.610, 1130.640.