



April 6, 2022

Via E-Mail, Certified Mail - Return-Receipt Requested

Maureen A. Kahn, President and CEO

Blessing Hospital

1005 Broadway Street

Quincy, Illinois 62301

RE: Response to Blessing Hospital's Termination of Birth Center Transfer Agreement

Dear Ms. Kahn:

This letter is in response to your March 17, 2022 letter providing a notice of termination of the patient transfer agreement entered into between Blessing Hospital ("Blessing") and Quincy Medical Group ("QMG") on September 14, 2021 for QMG's proposed birth center (Project No. 21-029) (the "Transfer Agreement").

First and foremost, your March 17, 2022 letter is void of any valid justification for Blessing's unilateral decision to terminate the Transfer Agreement. There is no mention of any specific patient safety concerns in the letter.

Additionally, Blessing has been aware of QMG's partnership with Duly Health and Care ("Duly") for months. On September 2, 2021, a public announcement was made regarding QMG's plans to partner with Duly, and the partnership was finalized and announced on December 3, 2021. Your office provided me with the signed Transfer Agreement on September 13, 2021 – almost two weeks after the initial announcement was made. I am not aware of any concerns raised by Blessing regarding the potential partnership in relation to birth center transfers at the time the Transfer Agreement was signed or at any time before receiving your letter terminating the Transfer Agreement. I am not aware of any contact you or your office has made to learn more about the Duly partnership.

Your March 17, 2022 letter, and public comments made by Blessing's legal counsel at the March 18, 2022 public hearings, incorrectly allege that QMG, PLLC is an entirely different entity than QMG, SC and incorrectly suggest that QMG failed to provide notice to Blessing that a conversion occurred. It is my understanding that QMG, SC was not "dissolved" as alleged and that the conversion is treated under Illinois law as a change in form and not the creation of a new or different legal entity. If Blessing has legal support for its allegations, please provide it. Otherwise, QMG requests that Blessing refrain from continuing to make inaccurate statements regarding the conversion. Despite the legal conversion, QMG remains a party to the Transfer Agreement, and no notification to Blessing was necessary or required under the Transfer Agreement's terms.

Further, it is my understanding documents were signed on behalf of Blessing in November 2021 which not only referenced QMG's transaction with Duly but specifically noted the conversion. I

am not aware of any concerns raised by Blessing regarding the potential partnership in relation to birth center operations — or, more specifically, birth center transfers — at the time those documents were signed.

Your March 17, 2022 letter also states that Blessing “has no direct information on the current ownership, operation or management of QMG” and that QMG has not been transparent. This is not true. Counsel for Blessing has been in possession of numerous documents provided on behalf of QMG to the Illinois Health Facilities and Services Review Board (the “Board”) pertaining to QMG’s partnership with Duly, including QMG’s post-transaction structure, at least as far back as December 29, 2021. Your legal counsel issued a FOIA request to obtain these documents within just a few days of the closing of our transaction with Duly.

If Blessing had genuine concerns about the current ownership, operation, or management of QMG, it could have reached out directly to QMG to raise the concerns, rather than hiring outside legal counsel to submit letters to the Board falsely accusing QMG of not being transparent in its communications. Additionally, if Blessing had genuine concerns regarding patient transfers from the proposed birth center as a result of the partnership with Duly, those concerns could have — and should have — been raised directly to QMG when the Transfer Agreement was signed, before or around the time the transaction with Duly closed, or certainly prior to one day before the March 18, 2022 birth public hearing.

This latest action is simply the same song, second verse in what appears to be Blessing’s obstructionist competitive strategy aimed at protecting its monopoly. In fact, it is strikingly similar to what took place when QMG sought approval from the Board for the surgery center and Blessing repeatedly refused to enter into a transfer agreement. But unlike Blessing’s objections to the transfer agreement for QMG’s surgery center, the March 17, 2022 letter fails to offer any specific patient safety concerns related to the birth center itself. Rather, it focuses on QMG’s partnership with Duly and QMG’s conversion to a PLLC in an attempt to somehow justify termination of the Transfer Agreement – rendering Blessing’s “great concerns” woefully transparent. To date, we have not heard from Blessing regarding any questions about our partnership with Duly or questions regarding the birth center.

As President and CEO of a Medicare-participating acute care hospital with a dedicated emergency department, you are certainly aware that regardless of whether QMG and Blessing have a transfer agreement in place, Blessing will be legally required to provide an appropriate medical screening examination to all individuals requesting an examination or treatment for a medical condition and either stabilize or transfer patients with emergency medical conditions pursuant to the Emergency Medical Treatment and Labor Act. Consequently, the Transfer Agreement imposes no material burden on Blessing beyond what it is already required – by law – to do.

In the unlikely and rare event a transfer is needed, and unless and until a closer hospital becomes operational (e.g., the proposed QMG Hospital), Blessing will most likely be the receiving hospital due to its close proximity to the proposed birth center. By terminating the Transfer Agreement, is Blessing signifying to the Adams County community, including Medicaid recipients, that it will

refuse patient transfers from the proposed birth center? This blanket refusal would be in violation of Blessing's legal obligations, put the safety of patients and residents in jeopardy, and would certainly be inconsistent with the actions one would expect of a purported safety net hospital.

Blessing is also well aware of the implications its termination of the Transfer Agreement could have on QMG's ability to satisfy certain review criteria applicable to birth centers under the Board's rules. While QMG acknowledges that the public has a right to publicly comment on Certificate of Need applications, Blessing does not have the authority to obstruct or block QMG's right to a fair hearing on the merits of the birth center application before the Board. The decision of whether to approve a Certificate of Need application to establish a new health care facility rests solely with the Board, and it is completely inappropriate for Blessing to attempt to subvert the Board's authority in pursuit of its own competitive advantage.

QMG requests that Blessing immediately stop this pattern and practice of deliberate and intentional anti-competitive behavior and inaccurate statements, rescind its notice of termination for the Transfer Agreement, and allow QMG to have a fair hearing before the Board on the merits of the birth center and hospital projects.

Sincerely,



Carol Brockmiller, CMPE
Chief Executive Officer
Quincy Medical Group

cc: Chair Debra Savage and Members of the Illinois Health Facilities and Services Review Board (Project No. 21-029, Project No. 20-044)

Enclosures – April 10, 2019 Correspondence from QMG to Blessing Hospital regarding Surgery Center Transfer Agreement



April 10, 2019

SENT VIA E-MAIL AND HAND-DELIVERY

Ms. Maureen A. Kahn
President / CEO
Blessing Health System
P.O. Box 7005
Quincy, IL 62305

Dear Ms. Kahn:

I am writing to renew QMG's prior request that Blessing Hospital enter into a transfer agreement with QMG in relation to the proposed surgery center.

On January 9, 2019, I provided you with QMG's proposed transfer agreement for the surgery center. To date, Blessing has not agreed to execute the transfer agreement, nor has it proposed any specific modifications to the agreement. Our verbal communications suggested Blessing would agree to enter into a transfer agreement subject to minimal legal modifications to the agreement to address the fact that the surgery center is not yet in existence. Instead, Blessing issued to QMG what is essentially a demand or request for information regarding what Blessing believes to be "items of patient safety and quality" that QMG purportedly must answer to Blessing's satisfaction before any further conversation on the transfer agreement takes place.

QMG made similar requests for transfer agreements to St. John's Hospital and the Methodist Medical Center of Illinois – facilities with open heart surgery capabilities – and both agreed without hesitation to enter into the agreements. Neither facility demanded that QMG "prove" that it would fully comply with HFSRB requirements or IDPH requirements relating to licensure before agreeing to enter into a transfer agreement. Neither facility sent a list of requests to QMG that needed to be answered before agreements were executed. Both facilities understood that the HFSRB would approve the surgery center when QMG complies with HFSRB regulations and that the IDPH would license the facility when QMG complies with IDPH licensure requirements. Neither facility questioned the authority of the HFSRB or the IDPH to properly execute its duties and obligations under the law. As stated to Blessing on numerous occasions, following approval by the HFSRB, QMG will obtain all necessary and applicable licenses and certifications to operate as an ASTC and provide cardiac catheterization services in a safe manner.

Contrary to Blessing's assertions, and as evidenced by the HFSRB's Staff Report and confirmed through technical assistance communications with the HFSRB's Staff, QMG complied with all cardiac catheterization criteria and application instructions and was not required to provide any information other than what was submitted with its application. Any allegation or claim that QMG failed to comply with HFSRB regulations or application instructions is baseless and without merit.



Further, none of the voting HFSRB members present at the March 5, 2019 HFSRB meeting expressed any concern with the project's compliance with the cardiac catheterization criteria, application instructions, or patient safety and quality in relation to cardiac catheterization services to be performed in the surgery center. Rather, the majority of comments made by the voting HFSRB members pertained to QMG and Blessing working together in the interest of patient safety and doing what is in the best interest of the community. A transfer agreement is undeniably always in the interest of patient safety and in the best interest of the community. Transfer agreements assure continuity of care and provide certainty of a coordinated approach in the event a transfer is needed.

Blessing's continued failure or refusal to enter into a transfer agreement for the proposed surgery center goes against patient safety and has the potential to deny the community access to an essential facility. Blessing is well aware that it is the closest hospital to the proposed surgery center (approximately two miles away on the same main street as Blessing Hospital), that the proposed surgery center is not yet in existence and will open approximately two years following HFSRB approval, that licensure and certification focused on ensuring patient safety and quality *follow* HFSRB approval, that the HFSRB's Staff found the project in compliance with all HFSRB cardiac catheterization criteria, and that Blessing will be legally required to accept transfer patients from the surgery center regardless of whether a transfer agreement is in place. Blessing's continued failure to enter into a transfer agreement and its continued demand that QMG provide answers to a list of requests – requests which Blessing has no authority to issue to QMG and to which QMG has no obligation to respond– appear to be tactics intended to prevent QMG from obtaining CON approval.

Further, Blessing's reliance on the discontinuation of Prairie Diagnostic Center, as noted in your February 12, 2019 letter, to support Blessing's claims pertaining to patient safety and quality in relation to the surgery center is misplaced. As noted in Prairie Diagnostic Center's application for discontinuation, enclosed for your review, the facility (a single-specialty ASTC that performed cardiac catheterization services) was discontinued solely due to a decrease in utilization. There were no safety or quality concerns implicated or noted in relation to the discontinuation.

On behalf of QMG, I again ask that Blessing revisit its stated mission, take into consideration the needs and wants of its patients and residents of the Quincy area, respect the authority of the HFSRB and IDPH, and enter into a transfer agreement for the proposed surgery center.

Sincerely,



Carol Brockmiller, CMPE
Chief Executive Officer
Quincy Medical Group

Enclosure - Prairie Diagnostic Center Discontinuation Appl., Project E-021-18, pgs 1, 8, 30-31