August 28, 2025

Via Federal Express Via Email

Mr. John Kniery Administrator Illinois Health Facilities and Services Review Board 525 West Jefferson Street, 2nd Floor Springfield, Illinois 62761

Re: NorthPointe Neighborhood Hospital (Project 24-018) Support Letter

Dear Mr. Kniery:

As a Senior Fellow at the non-partisan health care policy Think Tank, the Lown Institute and an expert on health policy, I am writing in support of the certificate of need permit application to establish a neighborhood hospital in Roscoe, Illinois to be known as the NorthPointe Neighborhood Hospital (the "Project").

This Board plays an essential role in improving health access, quality and cost containment goals for the people of Illinois. As a former Commissioner on the Massachusetts Health Policy Commission, a groundbreaking state agency that has similar goals to this Board, I too have been challenged to think critically about the same issues confronting this Board as it considers the Project.

Beloit Memorial Hospital, a Wisconsin disproportionate share hospital with a public payer mix near 70%, is a diverse non-profit, health care system serving both the Illinois and Wisconsin Stateline community residents for decades. It offers much needed services to the communities it serves, including nearly \$900 million in uncompensated services. In my state, we would venerate such a hospital and we ask how much state subsidies are needed to keep a high value place like this open? The fact this non-profit hospital does all these things through good stewardship and is also able to eke out a small, but positive operating margin each year is highly laudable.

Since this project was initially before the Illinois Health Facilities and Services Review Bord, the NorthPointe Neighborhood Hospital application has been slightly modified to include an Illinois partner.

As the Board well knows, this Project comes at a time when Illinois, like other states, is already dealing with continuing market dysfunction in the provision of hospital services. There are clear haves and have not hospitals. Frequently, the have nots are smaller nonprofits and independent hospitals. As you have heard, due to planned Medicaid cuts, nine Illinois hospitals are at risk of closing, which will limit access to health care and worsen health outcomes. In some

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cases, larger non-profit health systems sell their hospitals that continue to hemorrhage dollars often to private equity owners—the only ones willing to buy these distressed hospitals. They then employ business tactics to try to return these hospitals to profitability—but not necessarily sustain needed care services.

We witnessed this in spades in Massachusetts with the Steward Health Care System. As Steward failed in Massachusetts, two hospitals closed, and the Commonwealth had to work incredibly hard and throw in hundreds of millions of dollars of its own to save six other hospitals for at least a few years. The Commonwealth did not facilitate the transfer of these struggling hospitals to larger, wealthier and prestigious health care systems. Instead, it decided to move the assets to in-state safety net, nonprofit providers—supporting a vision to expand their ownership footprint into regional high-value, systems. The hope is to not only keep these formerly Steward hospitals open—but also help to strengthen the regional safety net providers.

Like the Stateline community, many people in southeastern Massachusetts travel to Rhode Island for their care. Massachusetts welcomed a Rhode Island based provider to buy two of the Steward hospitals with the hope that the Rhode Island buyer, Brown University Health, could succeed and build a regional system that would cross state lines. Rather than seeing this as any kind of loss for Massachusetts residents, because Brown is a much more affordable choice than some of our Boston based academic centers, the Commonwealth viewed this as a way to keep commercial health care spending growth in check. On this last point, the Rand Corporation data shows that BHS commercial prices for inpatient care across a full range of DRGs brings substantial savings for care provided to privately insured patients as compared to the Rockford hospitals.

In summary, creating non-profit regional health care systems, trying to strengthen financially challenged, yet high value providers, bringing out-of-state providers in to be part of that solution; sharing among providers the responsibility for caring for Medicaid and increasing numbers of uninsured people; and trying to keep commercial price growth in check---all of these things are possible good outcomes that could flow here.

I support the Northpointe proposal to establish a new 10-bed hospital, with emergency services and expanded primary care that can be offered to your Stateline residents.

Sincerely Signed by:

Paul Hattis

Paul A. Hattis, M.D., J.D., MPH Senior Fellow Lown Institute



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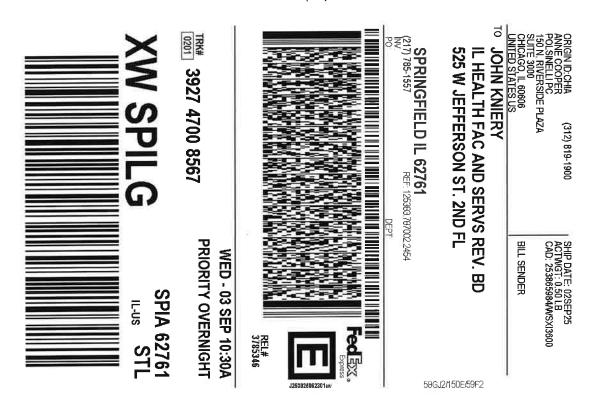
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