



Hospital Sisters
HEALTH SYSTEM

HSBS St. Joseph's Hospital
Breese, IL

HSBS St. Mary's Hospital
Decatur, IL

HSBS St. Anthony's Memorial
Hospital
Effingham, IL

HSBS Holy Family Hospital
Greenville, IL

HSBS St. Joseph's Hospital
Highland, IL

HSBS St. Francis Hospital
Litchfield, IL

HSBS St. Elizabeth's Hospital
O'Fallon, IL

HSBS Good Shepherd Hospital
Shelbyville, IL

HSBS St. John's Hospital
Springfield, IL

HSBS St. Mary's Hospital
Medical Center
HSBS St. Vincent Hospital
Green Bay, WI

HSBS St. Clare Memorial
Hospital
Oconto Falls, WI

HSBS St. Nicholas Hospital
Sheboygan, WI

HSBS Medical Group

Prairie Cardiovascular

July 21, 2025

Via Hand Delivery and Email

John Kniery, Administrator
Illinois Health Facilities and Services Review Board
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RECEIVED

JUL 21 2025

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Safety Net Impact Statement Response
Project #25-012 – Mt. Zion Center for Surgery

Dear Mr. Kniery:

On behalf of the Hospital Sisters Health System ("HSBS") and HSBS St. Mary's Hospital in Decatur ("SMD"), and in accordance with Section 5.4(f) of the Illinois Health Facilities Planning Act ("Planning Act," 20 ILCS 3960/5.4(f)), I respectfully submit this Response to the Safety Net Impact Statement of the Applicants for the Mt. Zion Center for Surgery, Project #25-012. In contrast to the woefully inadequate statement provided by the applicants, this Response provides information on the significant adverse impact that the proposed project would impose on area providers of safety net services – a critically important topic which the applicants entirely failed to address in their permit application.

**The Project's Diversion of Nearly 1,900 Orthopedic and Podiatric
Surgeries from Existing Safety Net Services Providers
Will Materially and Adversely Impact Safety Net Services**

Notwithstanding the notarized statement of the applicants that they intend to redirect 1,880 surgeries from two area Critical Access Hospitals and the two Decatur hospitals, they nonchalantly assert that the project "will not impact the ability of any other provider to provide or cross-subsidize safety net services." (Permit Application at 84). The applicants make this dismissive claim despite their certain knowledge that these to-be-diverted outpatient orthopedic and podiatric surgeries are high-margin procedures – positive revenue they intend to keep for themselves – which are critically needed to cross-subsidize the negative-margin safety net services provided by these four impacted hospitals. These safety net services include a high number of Medicaid patients served at each of the hospitals, as well as Emergency Department services.

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The four adversely impacted area hospitals serve well over 85,000 Medicaid patients combined:

Healthcare Facility	Total Medicaid Patients	% Medicaid Patients
HSHS St. Mary's Hospital	18,646	15.1%
Decatur Memorial Hospital	52,757	19.5%
Kirby Medical Center	8,114	15.6%
Pana Community Hospital	6,176	21.7%

Source: 2023 Hospital Profiles (includes Inpatients and Outpatients)

HSHS estimates that the loss of positive operating margin at SMD from the project's redirection of more than 520 orthopedic outpatient surgeries will exceed \$5 million annually. This will severely impair the ability of SMD to cross-subsidize and maintain its Medicaid, Emergency Department, and other safety net services. Likewise, the other three area hospitals will unavoidably incur significant impairment to their own operating margins based on the number of referrals the applicants plan to redirect from their facilities. The Illinois Critical Access Hospital Network ("ICAHN") has submitted a letter of concern given the current financial vulnerability of small and rural hospitals. The ICAHN letter notes that nearly 30% of the state's 80 rural hospitals are operating on negative or thin margins.

The Project's Diversion of Outpatient Surgeries will Further Reduce Utilization of All Area Safety Net Services Providers, Resulting in Reduced Cost-Efficiencies

All of the four area hospitals are operating significantly below the State's utilization target of 80% for operating rooms:

All Four Area Hospitals are Currently Underutilized

Healthcare Facility	City	Operating Rooms	2022 Hours	2023 Hours	Average Hours	Utilization
HSHS St. Mary's Hospital	Decatur	8	5,749	4,737	5,243	35%
Decatur Memorial Hospital	Decatur	18	19,506	18,849	19,178	57%
Kirby Medical Center	Monticello	2	924	1,046	985	26%
Pana Community Hospital	Pana	2	616	758	687	18%

The physician referral letters in the application show that the project's volume will take over 1800 cases from these four hospitals combined. Based on the applicants' own estimate of surgical times and stated referrals, the project will further reduce utilization of these already-underutilized hospitals:

The Project Further Reduces Utilization at All Four Area Hospitals

Healthcare Facility	Average Hours	Hours Redirected to ASTC	Remaining Hours at Hospital	Resulting Utilization
HSHS St. Mary's Hospital	5,243	995	4,248	28%
Decatur Memorial Hospital	19,178	2,170	17,008	50%
Kirby Medical Center	985	315	670	18%
Pana Community Hospital	687	42	645	17%

The targeted 80% utilization standard reflects an official state determination of the patient volume required for efficient operation of the designated service. It is the Review Board's stated policy that

"facilities and services should operate at or above the prescribed utilization targets." (77 Ill. Adm. Code 1100.370). By driving utilization at these four hospitals even further below the targeted 80% utilization level, this project will create greater operating inefficiencies at the existing facilities it adversely impacts. This will impair the ability of these hospitals to cross-subsidize safety net services as the further reduction in utilization will adversely impact fixed costs per procedure.

Significantly, the Review Board's criteria require an applicant for an ASTC to document that its project will not lower, to a further extent, the utilization of other facilities in the service area that are currently operating below the utilization standard. (77 Ill. Adm. Code 1110.235(C)(ii)). Here, the applicants have documented the opposite: they affirmatively document that the proposed project will lower to a further extent, the utilization of all four area hospitals.

Conclusion

The applicant's own documentation establishes that the proposed project will have a material adverse impact on four area safety net services providers and their ability to cross-subsidize safety net services. While the applicants' Safety Net Services Impact Statement makes the bald assertion that there will be no impact on safety net services, the notarized physician referral letters in the application demonstrate the opposite.

We respectfully request the Review Board to take into consideration the project's undisputed adverse impact on the four area hospitals providing safety net services.

Respectfully,



Brian A. Brennan
Market President and CEO
HSHS St. Johns Hospital

cc: Mike Constantino, Lead Project Reviewer, HFSRB, mike.constantino@illinois.gov
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