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APR 08 2010

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

FAX TRANSMITTAL FORM

Illinois Department of Public Health
TO: 525 West Jefferson St.
Springfield, IL. 62761

FROM:

Name: George Roate
Company Name: IL. Dept. of Health
Phone Number: (217) 782-3516
Fax Number: (217) 785-4111

Name: George Ranta
Date Sent: 4-08-10
Time Sent: 4:45 PM
Number of Pages including Cover Page: 6

Message: Dear Sir;

Would you please fax and put my letter on the internet
as soon as possible to all the board members.

Sincerely,

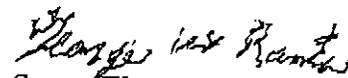
George Ranta

FAX

Health Facilities and Services Review Board

I would like you to have the FAX which I submitted to Mr. Mike Constantino for your deliberation on PROJECT: 09-068, Pinckneyville Community Hospital.

Respectfully yours,


George W. Ranta

The 2003 assessment cited deficiencies in the following areas: Current and anticipated building codes; seismic bracing deficiencies; HVAC systems Medical Gases and Electrical Infrastructure. ALL OF THE RECOMMENDATIONS APPLY TO NEW CONSTRUCTION. HOSPITALS ARE SURVEYED BY THE FIRE MARSHALL, ENVIRONMENTAL SURVEYORS AND PUBLIC HEALTH. THEY ARE GRAND FATHERED IN TO THE TIME OF CONSTRUCTION. Compliance with current codes is up to the individual hospital. Public Health recently surveyed the hospital and found one deficiency.

Page 10. Applicants' determination of renovation versus a new facility is not appropriate. Competitive area hospitals which were designed and constructed in the 1960's and 1970's have renovated their hospitals at a fraction of the cost of a new hospital complex costing \$46,624,405. The APPLICANT DID NOT PROVIDE ANY INDEPENDENT COST ESTIMATES BY ENGINEERS OR OTHER PROFESSIONS REGARDING RENOVATION FOR A PROJECT OF THIS SIZE. All other area Critical Access Hospitals and rural hospitals chose to renovate their existing hospitals in a cost effective manner. For example, Herrin Hospital, a much older facility located in a business area renovated their facility in two phases costing \$18 million dollars. Only two new hospitals have been built or are being built in Southern Illinois since the 1960's and they are both Regional Hospitals located near two Interstate highways and are in growing largert commercial centers.

Page 11 TABLE SEVEN

The Charity Care and Medicaid totals more than doubled from 2006 to 2008 which is a warning sign which should not be ignored. There were 800 employees in a manufacturing plant in Pinckneyville in 2002; then it declined until the plant was sold to a buyer with 16 employees. The unemployment rate is 14% with many having stopped looking. The county is on the Poverty Warning list as are many surrounding counties. Perry County's budgeted health care costs rose from \$700,000 to an actual \$1,000,000 making it necessary to increase their real estate tax by 13%. The City of Pinckneyville only receives 1/12th of the sales tax revenue that neighboring Du Quoin and Sparta receives.

Conclusion" With a monthly principal payment of \$166,666.67, the hospital will be hard pressed to meet its financial obligations in the months with very low census, such as days with only two or four patients. The first priority of this board and succeeding boards will be to pay the loan installment which will be difficult for a hospital which is located in one of the smallest cities with a hospital - 3300 residents. It will be difficult to pay competitive salaries to nurses, laboratory personnel and technicians.

Page 14. MODERNIZE THE EXISTING FACILITY. The \$51,000,000 estimate has no basis. It was not prepared by professionals. The systems and equipment required can be purchased and installed by contractors, equipment technicians and hospital maintenance men. It can be placed on a Master Plan and replaced in a prioritized manner over a period of a few years.

Page 15. PURSUE A MERGER. The applicant had an opportunity to merge with Marshall Browning hospital in Du Quoin after it was determined that only one 25 bed Critical Access Hospital was required in Perry County, but the Pinckneyville hospital board insisted on a location 2 miles from Pinckneyville rather than a mutually agreeable site. Du Quoin is a larger residential city.

Page 15: REPLACEMENT HOSPITAL ON A NEW SITE:

Replacement hospital on a new site will improve access. This is not true. The present site is near the intersection of two State highways. Ninety percent of Pinckneyville's residents live within ten blocks of the hospital. Pinckneyville is the center of Perry County. All the City's resources are located within a few blocks of the hospital such as police department, fire department, ambulance service, drug store, funeral parlor, pain management center, dentists office, drug store. There is additional parking available sufficient for the future plus with the closing of the Skilled Nursing Facility with its 40 residents and staff and visitors it is well situated. The site 2 miles east of the city has the high school, the junior high school and heavy traffic with large trucks from a flour processing plant located in Chester.

Improved quality of care through new facilities. This is not true as many of the country's best hospitals are located in old buildings which have been renovated. \

Both long term and short term financial benefits for the community and the facility. This is debatable. The hospital expects growth of services, but other hospitals see no effect.

Page 24: The medical/surgical service and the swing beds did not meet the 60% occupancy levels during the last two years according to their application.

Page 26. The only population growth that has occurred in the last eighty years has been through annexation.

TABLE EIGHT page 32

The applicants provided ratios that show below standard historical data for the net margin percentage, and substandard projected figures for the net margin percentage, percent debt to total capitalization, debt service coverage, days

cash on hand, and the cushion ratio. According to the State Agency this is justified by the HUD guarantee.

HOWEVER, ON A DAY TO DAY BASIS THESE LOW RATIOS WILL HAVE AN IMPACT ON HOSPITAL OPERATIONS.

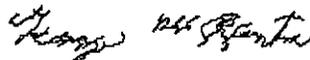
The State Agency Report did not address several aspects of the application to construct a \$46,624,405 hospital complex that are vital to the long term success of the project. They are as follows:

PHYSICIAN COVERAGE.: The application showed that the hospital did not meet the 60% medical/surgical and the swing bed occupancy standard for two years. The application showed that for recently employed physicians it took as long as five years to achieve patient acceptance and that swing bed utilization was extremely low. That there was a high turnover among foreign trained physicians; that assurance of success by consultants was based on the hospitals' ability to recruit a replacement physician by 2012

IMPACT OF POVERTY, UNEMPLOYMENT, HIGHER TAXES, LONG TERM LOSS OF EMPLOYMENT IS A POSSIBILITY. While the hospital has provided charity care this does not address the problem. Paying higher taxes, insurance premiums and deductibles compounds the problem. With unemployment levels at over 13% the citizens simply can not afford a \$46 million dollar hospital.

The State Agency received the Pinckneyville Hospital's application which included a detailed analysis which identified deficiencies, but did not provide a cost analysis so that an informed decision can be made to determine if this is a prudent decision. The hospital had spent an estimated two million dollars prior to their submission, so that an independent cost analysis could be done to upgrade the present building. This type of comparison was made at the local high school when they were considering a new school versus renovating the existing school. The original purpose of the Health Care Planning Board was to control rising health care costs. An alternative to \$46,624,405 hospital should have been encouraged. The District Hospital in Hamilton County is extensively renovating their hospital at a cost of \$27 million dollars. All of this will save money for the struggling Medicare, Medicaid and other health care programs.

Respectfully Submitted,



George W. Ranta MS MPA

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APR 09 2010

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

ZA
ILLINOIS DEPT. OF PUBLIC HEALTH
Office of Health Systems Development
525 West Jefferson 2nd Floor

FAX TRANSMITTAL FORM

TO:

FROM:

Name: George Roate
Company Name: IL. Dept. of Health
Phone Number: (217) 782-3516
Fax Number: (217) 785-4111

Name: Shirley Welsch
Date Sent: 4-09-2010
Time Sent: 3:00 PM
Number of Pages including Cover Page: 4

Message: Dear Sir;

Please find faxed a letter concerning my comments on the State
agency report. Would you please forward them on to Mr. Constantino.

Thanks
Shirley Welsch

April 9, 2010

RECEIVED

Mr. Mike Constantino, Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson St (2nd Floor)
Springfield, IL. 62761

APR 09 2010

HEALTH FACILITIES &
SERVICES REVIEW BOARD

RE: PROJECT: 09-068
Pinckneyville Community Hospital
Docket NO: A-9

Dear Supervisor Constantino
And Other Board Members:

Comments on State Agency Report:

I have a copy of the State Agency Report of 04-06-10, and would like to express my comments as follows:

Page 3, Bottom paragraph concerning the 8 individuals speaking in opposition of Project #09-068. I personally knew all the people and they are local taxpayers and not on the hospital payroll. However, the 11 people who spoke in favor of the project are:

1. John Shotton, President of the Pinckneyville Hospital Board (by letter)
2. Bill Roe, Board Member
3. Pinckneyville Hospital CEO, Thomas Hudgins (on Payroll)
4. Ed Parkhurst, consulting firm, (on the payroll)
5. Randy Reagan ...Examine forecast
6. Brent Hughes... Architect
7. Glen Mayers.... Construction manager
8. Tim King....Capital Market Bonds
9. Irl Engelhardt...Possible Investor
10. Gayl Pyatt...by letter
11. ?

I have included these names just to mention that at least 7 people are receiving compensation from the hospital now or will be when the new hospital is built. That would appear to be the reason they attended the public hearing and spoke.

The hospital is planning on Medicare CAH reimbursement formula of 53% to help pay the loan off. This is a High Risk plan, not a sure thing given the new Health Plan .

Page 4, HUD 242...Concerning a Hospital DEFAULTS...A private lending company will own the public facility. It will no longer be a Community Hospital. Too many people have donated time and money to keep our hospital as it is now to allow this to happen. In order to qualify for a Hud loan, the hospital has to show it has NOT lost money for the last 3 years, and to be able to not only make their mortgage payments, but also have the ability to make a "rainy day" payment to create a savings account just in case they began to lose money. Has the hospital proved this? Big Question.....Newspaper articles in 2009 show any operating loss (June) of \$43,826.00 (Oct.) loss of \$53,698.00 and by the hospital CEO statement a year end loss of: \$89,192.00
Does this show the hospital is in Stable financial condition?

IV. THE PROPOSED PROJECT DETAILS Table two chart.

| | |
|--|---------------|
| Medical/Surgical....Occupancy for 2008 | 43.2% |
| Target Occupancy..... | 60% (not met) |
| A daily average of 15 patients per day is needed to meet the 60% amount. | |

On April 5th, there were 5 patients according to hospital board and week before only 2 on one day. It would appear that the hospital can't make the daily average since Dr. Robert Davidson (local doctor) no longer sends his patients to Pinckneyville Hospital. He is sending them to Washington County Hospital in Nashville, IL.
Page 5...Table 4. Using this chart, is how the hospital board intends to pay for a new hospital. Why would a Certificate of Need to granted to any hospital on this basis? The Specialty Clinic Doctors do not come on the same day and thus the consulting rooms are rotated. There is no need to build a new hospital and make a \$40 Million debt just to have New & bigger Specialty rooms. The current hospital has 2 floors of empty rooms(10 on each floor) available now (where the Skilled Care Unit was)

V. Project Cost and Sources of Funds. 2 years ago the hospital had a \$9 Million reserve and C. D. investments. As per the CEO administrator, the hospital has spent over \$2 Million on preplanning of the new hospital. If the board is planning to use some of the reserves for the cash down (\$5,699,405) does this leave enough money concerning XIII. A. # 2?

XII-12-B. As per stated the current hospital DOES NOT have A. bond rating. The Hud guarantee is not issued yet. Does the State Board not think this could create a big problem in 2 years or so?

I am sure all of the Board members and planning committee have read and studied Mr. George Ranta's letters and figures. He is very intelligent in the hospital administration field due to his many years of service here in Pinckneyville. My opinoin

comes from being a local resident and running an Insurance and Real Estate Agency for 27 years. I do know that Perry County and its residents are in a poverty mode and unemployment crises now.

I would ask you, as Board Members, to deny this Certificate of Need to the Pinckneyville Hospital, as NO ONE has proven a NEED for the change. All the people of this community see is just a WANT for a new hospital by the current administrator and the hospital board members.

Sincerely

A handwritten signature in cursive script that reads "Shirley Welsch". The signature is written in dark ink and is positioned above the typed name.

Shirley Welsch