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*Dedication. Compassion. Innovation.*

MARK J. TURNER, PRESIDENT

April 1, 2015

Ms. Courtney Avery, Administrator  
Illinois Health Facilities and Services Review Board  
525 W. Jefferson Street  
Springfield, IL 62761

**RECEIVED**

**APR 01 2015**

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

Dear Ms. Avery:

On behalf of Memorial Hospital in Belleville, Illinois and Memorial Hospital-East in Shiloh we submit this letter in opposition to project 14.043 and in response to the applicant's Response to Intent to Deny submission.

Regardless of how many submissions are made by the applicant, the bottom line of the proposed application remains:

**The State Agency Report confirms that St. Elizabeth's application fails to meet the significant Board rules relating to duplication of services and impact on area providers.**

Despite numerous opportunities to submit documentation and testimony to the agency, the applicant cannot meet the requirements of the Board's rules on these fundamental criteria. The very nature and purpose of this Board is to uphold the rules and criteria under its statutory authority. Anything short of a denial of this application calls into question the very purpose and existence of the CON process and sets a serious and significant precedent that would undermine our safety net system and the equitable distribution of healthcare between affluent communities and those that are underserved.

**Approval of this project would directly duplicate services and impact viability of the unanimously Board approved Memorial East Hospital, located less than 5 minutes away**

Not once has the applicant addressed the impact of its project on the viability of Memorial East. Two hospitals 5 minutes from each other will result in unnecessary duplication of services and will materially jeopardize Memorial East. The population base served in O'Fallon/Shiloh does not compare to the population base served by the 2 hospitals currently in Belleville. The applicant fails to acknowledge the populations left behind including East St. Louis and numerous communities located to the south and west. If St. Elizabeth's project is approved, that Board action will negate the viability of an already-approved \$125 million investment in Memorial East. It will also have a direct and adverse impact on the costs of care for area residents.

**Closure of St. Elizabeth's emergency room and intensive care unit will have a devastating impact on access to care and safety-net services for the underserved.**

St. Elizabeth's abandonment of downtown Belleville will limit access for the vulnerable and underserved residents of our community. Patients utilizing both emergency and critical care services are the very patients who cannot choose location of care. These are patients with the highest acuity, requiring care immediately and at the nearest hospital. There is no dispute that Memorial Hospital and St. Elizabeth's share the responsibility for caring for this fragile population.

Furthermore, the applicant's submission is replete with intentional misrepresentations. St. Elizabeth's has challenged Memorial's commitment and credibility, when all parties know that we have chosen to remain in Belleville with a full complement of inpatient and outpatient services.

The chart below highlights three examples of the intentional misrepresentations that are included in St. Elizabeth's submission.

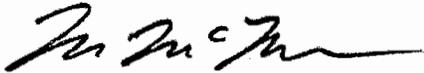
Applicant's Commentary	Accurate Assessment
<p>"What Memorial really wants is for St. Elizabeth's to continue to have to provide care in an old, out of date building that is difficult to access . . . and over time drive St. Elizabeth's out of business</p>	<p>St. Elizabeth's statement is inflammatory and grossly misstates the consistent position of Memorial Hospital. From Mark Turner's January 27 public participation: "We support the renovation of St. Elizabeth's or the construction of a replacement hospital in downtown Belleville."</p>
<p>St. Elizabeth continues to represent that their patients will follow them to O'Fallon. Ms. Beeler, Project Manager stated before the Board, "There is no reason to believe and no documentation to support that our patients will not follow us to O'Fallon. St. Elizabeth's believes <u>all our patients will follow us</u> to O'Fallon."</p>	<p>This statement is false and without any factual support. It is refuted by the sworn testimony and submissions of hundreds of community members who have expressed their strong opposition to St. Elizabeth's abandonment of Belleville.</p>
	<p>Over and over again, community members, including the underserved, have stated that the remote location of the proposed hospital would act as an obstacle to access and that it would result in a change to St. Elizabeth's existing patient base.</p>
	<p>This statement is contrary to submitted commentary from physicians who will not continue the same referral patterns as they do today.</p>
<p>St. Elizabeth's submission contends that access to care will be improved for residents of the communities to the west of Belleville as a result of their project.</p>	<p>As documented in the letters and public hearing transcripts that are part of this record, the distance and lack of public transportation makes St. Elizabeth's argument questionable.</p>
	<p>"St. Elizabeth argues that its proposed location on I64 is going to improve access to health care for many of the residents of my community. That's simply not true," Mayor Alvin Parks, East St. Louis.</p> <p>Public transportation from communities to the west is challenging at best. Multiple modes (rail and bus) are required and a minimum one-way commute would double from the current Belleville site.</p>
	<p>There is no established or documented discussions regarding enhanced public transportation and no funding commitments identified or in place.</p>

St. Elizabeth's approach has been to wage a PR campaign at all costs. This has included making statements that are not supported with data, speculating about the motives of Memorial and twisting public statements to fit their business case. The latest submission of information is extremely disappointing in its tone and content and is indicative of the "win at all costs" mindset of the applicant. The result has been to build a great divide within our community and to put at risk access to healthcare for our most underserved residents.

The applicant continues to say this is about more than Belleville zip codes. We could not agree more. Approval of this application will have ramifications on thousands of real people throughout the region. People diverse in age, ethnicity and economic status: people who will have been an afterthought to the needs of a multi-billion dollar health system.

Approval of this application will forever change the healthcare delivery system in our Metro East region and is likely to set a grave precedent for the delivery of care in Illinois, favoring a system that benefits the haves at the expense of those who have not.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael McManus", with a long horizontal flourish extending to the right.

Michael McManus  
Chief Operating Officer



McManis Consulting

Denver Washington D.C. Dallas

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APR 01 2015

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

April 1, 2015

VIA HAND DELIVERY

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities and Services Review Board  
525 West Jefferson  
Springfield, IL 62761

RE: Project 14-043  
St. Elizabeth's Hospital, Discontinuation of  
Belleville Hospital and Establishment of O'Fallon Hospital

Dear Ms. Avery:

After reviewing St. Elizabeth's testimony at the January 27 IHFSRB Board Hearing and their Supplemental Material Submission, we feel compelled to address multiple inaccuracies and misrepresentations contained therein. They include statements on location and access, payor mix and market impact.

McManis is a national health care strategy and research consulting firm that has served over 3000 clients across the country, including many in Illinois. Market dynamics and forecasting are a specialized focus area of our work; we know these markets very well.

***Location /Access Inaccuracies:***

In both the January 27 Board hearing and subsequent March 27 Supplemental Material Submission, St. Elizabeth's makes statements claiming:

1. *Belleville patients represent only a very small portion of St. Elizabeth's patients*
2. *The relocation puts it much closer to the large majority of its patients.*
3. *The relocation improves access for families below the poverty line*
4. *Having two hospitals with a relatively high Case Mix Index (CMI) in Belleville does not make sense*

**Current IHA Patient Origin Data (COMPdata) and zip code location data shows each of these statements to be false.**

1. Based on the most current IHA inpatient origin data, Belleville's 4 zip codes account for 33.1% of St. Elizabeth's discharges. This is similar to Memorial's 33.7% percent of discharges from Belleville and is typical for hospitals serving a regional market. These are not small portions of patients.

- The 4 Belleville zip codes represent only 3.9% of the 104 regional market zip codes, yet account for 33% of St. Elizabeth's patients. This concentration reflects Belleville as St. Elizabeth's core drawing area.
- 66% of discharges come from outside of Belleville, not 77% claimed by St. Elizabeth's. Additional data is included in Attachment 1.

Furthermore, having a majority of patients come from outside of city zip codes is NOT a rationale for relocation out of town. For example, HSHS's St. John's Hospital in Springfield, Illinois has 'only' 35.1% of its patients coming from Springfield zip codes. However, St. John's is completing over \$160 million in renovations at its current downtown site.

2. St. Elizabeth's would be actually moving away from its current base of patients, both those nearby as well as those further away.
  - St Elizabeth's proposed location is further away for 4 of its largest 6 zip codes.
  - St. Elizabeth's would be further from 60% of the patients it has identified as being it its 'core' 9 zip codes. Additional data is included in Attachment 2.
  - In the broader regional market that includes the 104 zip codes, the proposed relocation would mean St. Elizabeth's is moving further away from almost 60% of it's current patients. Additional data is included in Attachment 3.
3. The proposed location negatively impacts access to patients in high poverty areas.
  - The proposed location puts St. Elizabeth's further away (not closer) from 6 of the 10 zip codes with the highest number of families in poverty.
  - The proposed location is further away from the top five high poverty zip codes where St. Elizabeth's currently serves the most patients - 1,874 (based on 9 months of 2014 data)
    - 62220 - 735
    - 62226 - 647
    - 62206 - 232
    - 62205 - 149
    - 62207 - 111

As the IHA Patient Data (COMPdata) and zip code distance analysis demonstrates, St. Elizabeth's would be moving further away from 84% of families it serves from the region's most impoverished zip codes (families below the poverty line.) Additional data is included in Attachment 4.

4. The dynamic of two hospitals with moderate to high CMIs being located in the same city exists in most markets across the country. It is not really material to the relocation issue.

- In St. Louis, Barnes Hospital (CMI – 1.98) and SLU (CMI – 1.62) are both located in the same city.
- In Springfield, IL (home of HSHS), Memorial (CMI – 1.65) and St. John’s (CMI – 1.74) are both located in the city – blocks from each other.
- In Peoria IL, OSF St. Francis (CMI -1.78) and Methodist (CMI -1.40) are located in the same city.

### ***Payor Mix Inaccuracies***

St. Elizabeth’s makes several assertions about payor mix that obfuscate the serious market dynamic issues the proposed relocation creates. St. Elizabeth’s suggests that:

1. *The new location market is essentially the same as the current location*
2. *The market is really one big market and thus the payor mix remains that same.*
3. *The move places them closer to some of the more impoverished zip codes*

1. Regional hospital markets invariably reflect 4-6 ‘sub markets,’ each with unique demographic, economic and access patterns. The proposed relocation shifts these sub markets for St. Elizabeth’s.

- For at least 45%-50% of their patients (all of those to the south); St. Elizabeth’s will no longer be the closest hospital.
- The new sub-market area has approximately half of the current location’s Medicaid levels. Additional detail in Attachment 5.
- While the payor mix of the entire market (104 zip codes) does stay consistent, the market and payer mix St. Elizabeth’s serves does not.

2. The new location reflects a fundamentally different core sub-market:

- Annual Median Household Income is much higher,
  - \$78,139 (O’Fallon, 62269) versus \$50,826 (Belleville, 62220)
- Percentage of Families in Poverty is much lower,
  - 6.7% (O’Fallon, 62269) versus 13.5% (Belleville, 62220)
- Percentage of Medicaid, Charity and Self Paying Patients is much lower.
  - 16.9% (O’Fallon, 62269) versus 28.7% (Belleville, 62220)

Additional detail in Attachments 6, 7.

3. As noted above, the proposed relocation moves St. Elizabeth’s further from its patients in the highest poverty zip codes.

- The low-income patient population has much more serious access to transportation issues. Relocating further away will make it more difficult for these patients to reach St. Elizabeth’s.
- The proposed location is further away from the top five high poverty zip codes where St. Elizabeth’s currently serves the most patients - 1,874.

## ***Impact Inaccuracies***

In both its testimony at the CON hearing and supplemental responses, St. Elizabeth's has minimized the dislocation of patients in the market and the impact on Memorial East.

1. St. Elizabeth's has suggested that all of its patients will follow to the new location. The Illinois patient origin data demonstrates the opposite to be true.
  - Zip code distance is strongly correlated with zip code share and penetration.
  - It is no coincidence that St. Elizabeth's draws the largest number of patients from its current zip code and those immediately around it. That would shift if it were to relocate.
  
2. St. Elizabeth's has noted that there are not that many Medicaid patients in the south to impact Memorial. That is simply not true.
  - St. Elizabeth's currently cares for 1,080 Medicaid and self pay cases (IHA 2014 Annualized) south of its current location, not 196 from a Belleville zip code only as they suggest.
  - Medicaid and self-pay patients face the greatest transportation access issues limiting their ability to travel to a much more distant location.
  - A substantial number of these 1,000+ Medicaid and self-pay patients will likely seek care at Memorial because it is closer.
  
3. St. Elizabeth's has minimized the impact of the new facility on Memorial East. The opposite will be true. The extremely close proximity to Memorial East will substantially impair Memorial East's ability to operate. Specifically, it will:
  - Reduce utilization at Memorial-East by over 29% with at least 2,019 fewer discharges.
  - Result in a loss of over 200 FTE staff positions, and
  - Decrease annual net revenue by over \$30 million

We are happy to review any of our findings in greater detail with you and/or representatives of your office.

Sincerely,

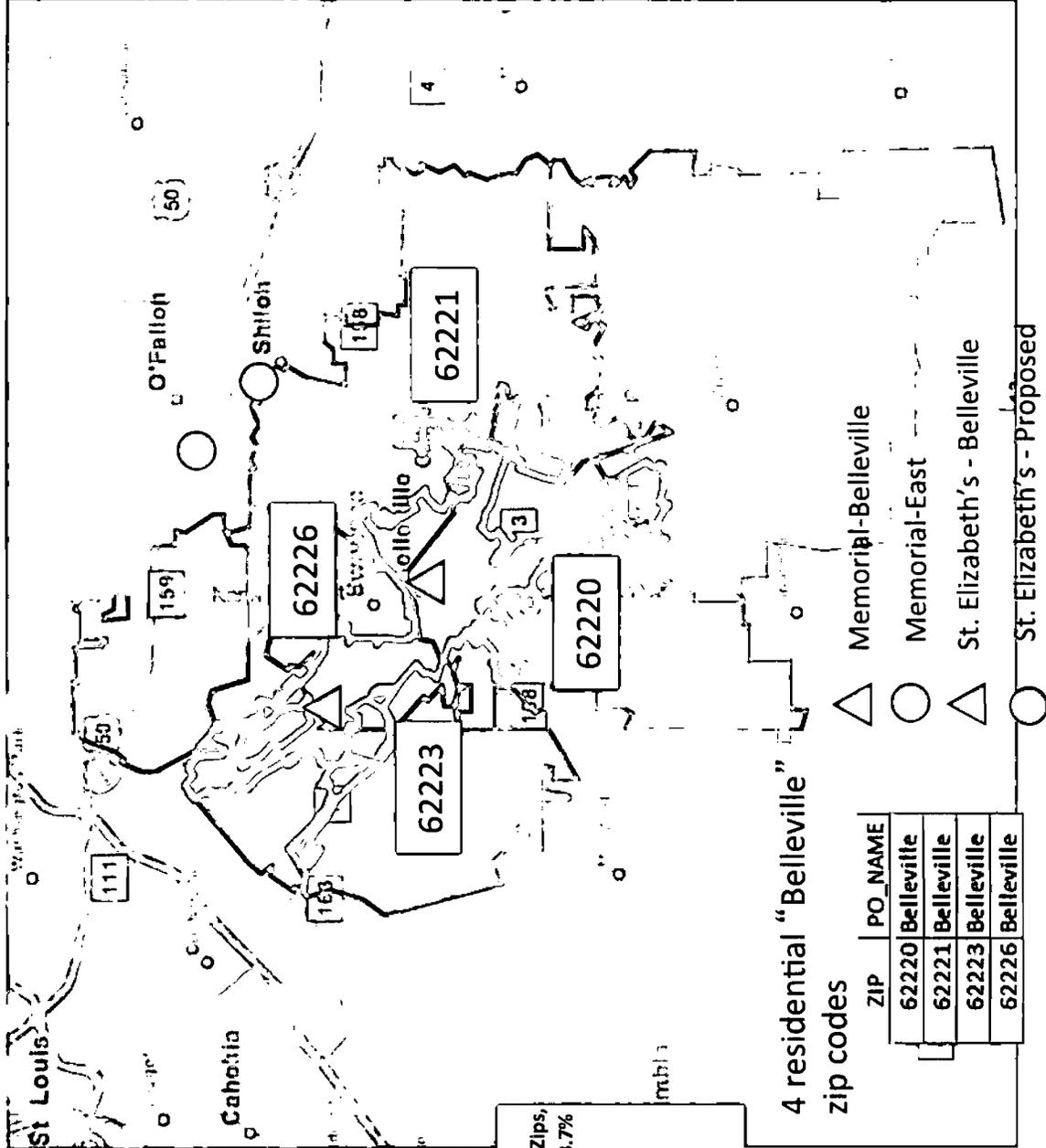


John Misener  
Principal  
McManis Consulting

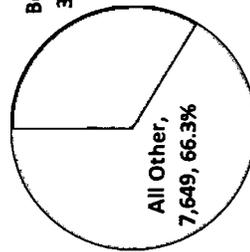
cc: Michael Constantino  
Illinois Health Facilities and Services Review Board

# Proportion of Business From Belleville Zip Codes – 2014 (9mo)

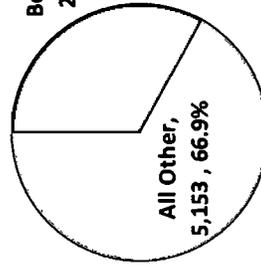
St. Elizabeth's (and Memorial) draw over 33% of their total business from the four Belleville residential zip codes....



Memorial Hospital % of cases from Belleville zip codes



St. Elizabeth's % of cases from Belleville zip codes





# St. Elizabeth's Patient Zip Code Location Analysis (2014)

59.1% or 5,881 (2014 annualized) of St. Elizabeth's current patients are further away from the proposed site.....

ZIP CODE	PO Name	St.Eliz. Cases (2014 9mo)	Distance to Current Location (miles)	Distance to Proposed Site (miles)	Proposed Site is "Further" or "Closer"	"Further" or "Closer" Cases
62220	Belleville	795	3.3	12.2	further	735
62221	Belleville	714	5.3	6.1	further	714
62226	Belleville	647	2.5	6.7	further	647
62269	O Fallon	585	11.4	3.0	closer	-
62258	Moscow	307	16.7	14.7	closer	-
62223	Belleville	293	5.1	9.8	further	293
62208	Fairview Heights	286	7.1	5.9	closer	-
62206	East Saint Louis	232	13.2	18.9	further	232
62254	Lebanon	199	14.5	8.5	closer	-
62225	Scott AFB	176	10.7	7.8	closer	-
62243	Freeburg	153	10	13.4	further	153
62249	Highland	149	30.9	24.7	closer	-
62205	East Saint Louis	149	11.6	13.4	further	149
62234	Collinsville	130	12.5	10.7	closer	-
62286	Sparta	129	36.1	35.4	further	129
62203	East Saint Louis	119	12	11.1	closer	-
62260	Millstadt	114	7.5	15.7	further	114
62207	East Saint Louis	111	10	14.7	further	111
62265	New Baden	109	18.9	17.9	closer	-
62232	Caseville	108	10	8.3	closer	-
62264	New Athens	102	16.4	19.8	further	-
62285	Smithton	102	10.3	19.3	further	102
62298	Waterloo	98	22.8	37.5	further	98
62040	Granite city	96	25.3	22.5	closer	-
62278	Red Bud	95	21.8	30.8	further	95
62230	Breese	87	31.4	25.2	closer	-
62257	Marissa	86	37.5	31.5	further	86
62231	Carlyle	85	43.2	37.1	closer	-
62204	East Saint Louis	82	13.7	11.8	closer	-
62295	Trenton	70	22.8	16.6	closer	-
62237	Coulterville	70	38.6	43.6	further	-
62201	East St Loui	65	18.4	16.6	closer	-
62236	Columbia	61	15.2	25.6	further	61
62239	Dupo	49	13.9	17.8	further	49
62255	Lentburg	37	24.2	27.6	further	37
62271	Okawville	36	33.5	28.8	closer	-
62292	TILDEN	36	32.1	38	further	36
62233	Chester	33	49.3	58.4	further	33
62002	Alton	32	12.5	15.5	further	32
62242	Evansville	31	30.6	39.6	further	31
62240	East Carondelet	29	13.1	20.4	further	29
62214	Addenville	29	28.8	32.7	further	29
62294	Troy	28	19.7	13.6	closer	-
62216	Aviston	27	28.8	32.7	further	27
62025	Edwardsville	27	34.9	26.2	closer	-
62272	Pocahontas	26	50.6	37.3	closer	-
62222	BELLEVILLE	25	3.3	12.2	further	25
62282	Saint Libory	19	20.9	24.9	further	19
62277	Prairie du Rocher	18	35	44	further	18
62034	Glen Carbon	18	18.5	16.8	closer	-
62288	Steleville	18	48.7	59.4	further	18
62248	Hecker	17	15	24.5	further	17
62219	BECKEMEYER	16	36.2	30.1	closer	-
62272	Percy	15	50.3	56.6	further	15
62089	SUMMERFIELD	14	18	11.8	closer	-
62060	Madison	14	19.7	17.9	closer	-
62215	Albers	13	24.4	19.7	closer	-
62263	Nashville	13	41.3	41	closer	-
62062	Maryville	13	15.9	14.2	closer	-
62245	Germanstown	12	26.4	21.7	closer	-
62217	Baldwin	12	28.2	31.9	further	12
62864	Mount Vernon	12	68.2	64.2	closer	-
62297	Walsh	11	40.9	44.7	further	11
62246	Greenville	10	58	45.8	closer	-
62266	NEW MEMPHIS	9	17.9	19	further	9
62281	Saint Jacob	9	25.1	18.9	closer	-
62274	Pineknobville	9	49	55.2	further	9
62801	Centralla	9	60	56.6	closer	-
62273	PIERRON	9	45.5	33.9	closer	-
62035	Godfrey	8	48.8	45.2	closer	-
62061	Marine	8	34.9	22.8	closer	-
62052	Jerseyville	8	56.6	53.1	closer	-
62095	Wood River	8	30.8	28.9	closer	-
62253	Keyesport	8	63.1	47.5	closer	-
62832	Du Quoin	7	58	70.3	further	-
62808	Ashley	7	36.7	53.5	closer	-
62268	Oskdale	7	36.3	41	further	-
62241	Ellis Grove	7	38.3	45.2	further	-
62238	Outter	7	50.3	56.4	further	-
62018	Cottage Hills	7	31.4	34.9	further	-
62001	Alhambra	7	41.7	31.9	closer	-
62218	Bartlesoo	6	33	28.4	closer	-
62090	Venice	6	18.7	16.9	closer	-
62202	EAST SAINT LOUIS	6	12.5	17.7	further	-
62881	Salem	6	64.4	59.4	closer	-
62024	East Alton	6	33.6	31.9	closer	-
62261	Modoc	5	41.2	48	further	-
62010	Bethalto	5	36.1	34.2	closer	-
62959	Marion	4	109.6	105.8	closer	-
62876	RADOM	4	60.1	55.1	closer	-
62074	New Douglas	4	48.9	39.6	closer	-
62058	LIVINGSTON	4	37.9	36.1	closer	-
62997	Willisville	3	51.1	57.3	further	-
62966	Murphysboro	3	155.2	152.2	closer	-
62916	Campebell Hill	3	55.8	62	further	-
62901	Carbondale	3	83	89.3	further	-
62839	Flores	3	89.3	83.3	closer	-
62471	Vandalia	3	74.4	62.2	closer	-
62431	Heirick	3	98.2	85.9	closer	-
62295	Valmeyer	3	32.5	42	further	-
62280	Rockwood	3	60.1	64.6	further	-
62259	MENARD	3	49.3	50.8	further	-
62444	Fults	3	12.4	11.1	closer	-
62088	Steunton	3	42	37.1	closer	-
62059	LOVEJOY	2	17.8	16	closer	-
62046	HAMEL	1	37.6	28.8	closer	-
Sub-Total		7,463				4,411
IL Zips w 1 or 2 cases		82				
Out of State Cases		155				
Total excl NNB		7,700				

Approach: Analysis of 106 zip codes representing 97% of 2014 (9mo) St Elizabeth's Cases (excl NNB). The analysis included Illinois zip codes generating 3 or more cases totaling 7,463 of 7,700.

ZCTA latitude & longitude from Bureau of Census and MAPPOINT 2013. IHA's COMPData 2014 9mo.) excludes NNB.



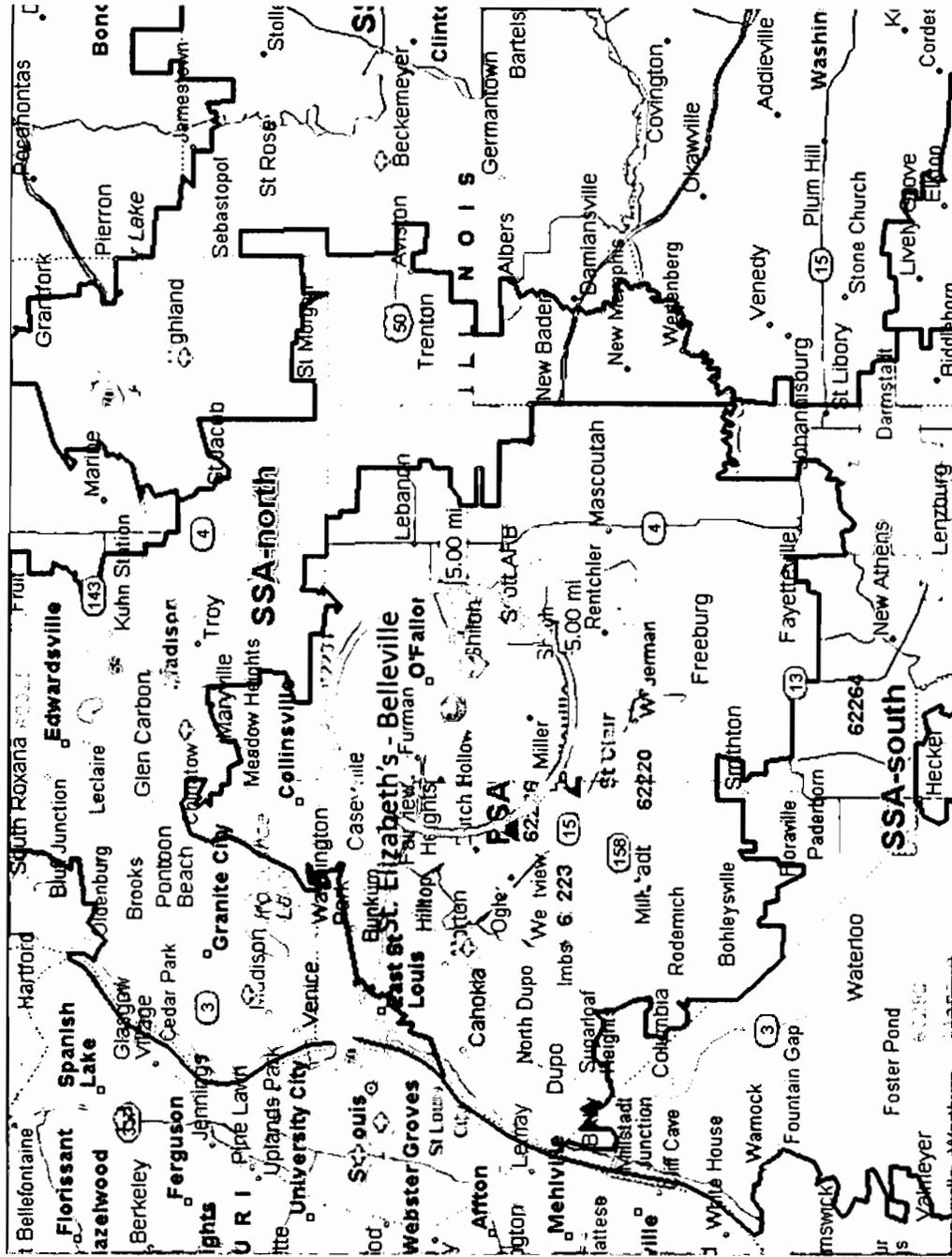


# Medicaid Enrollees (2013) per 1,000 by Zip Code within 5 Mile Radius

St. Elizabeth's current location has two to three times (250%+) higher Medicaid concentration than their proposed location....

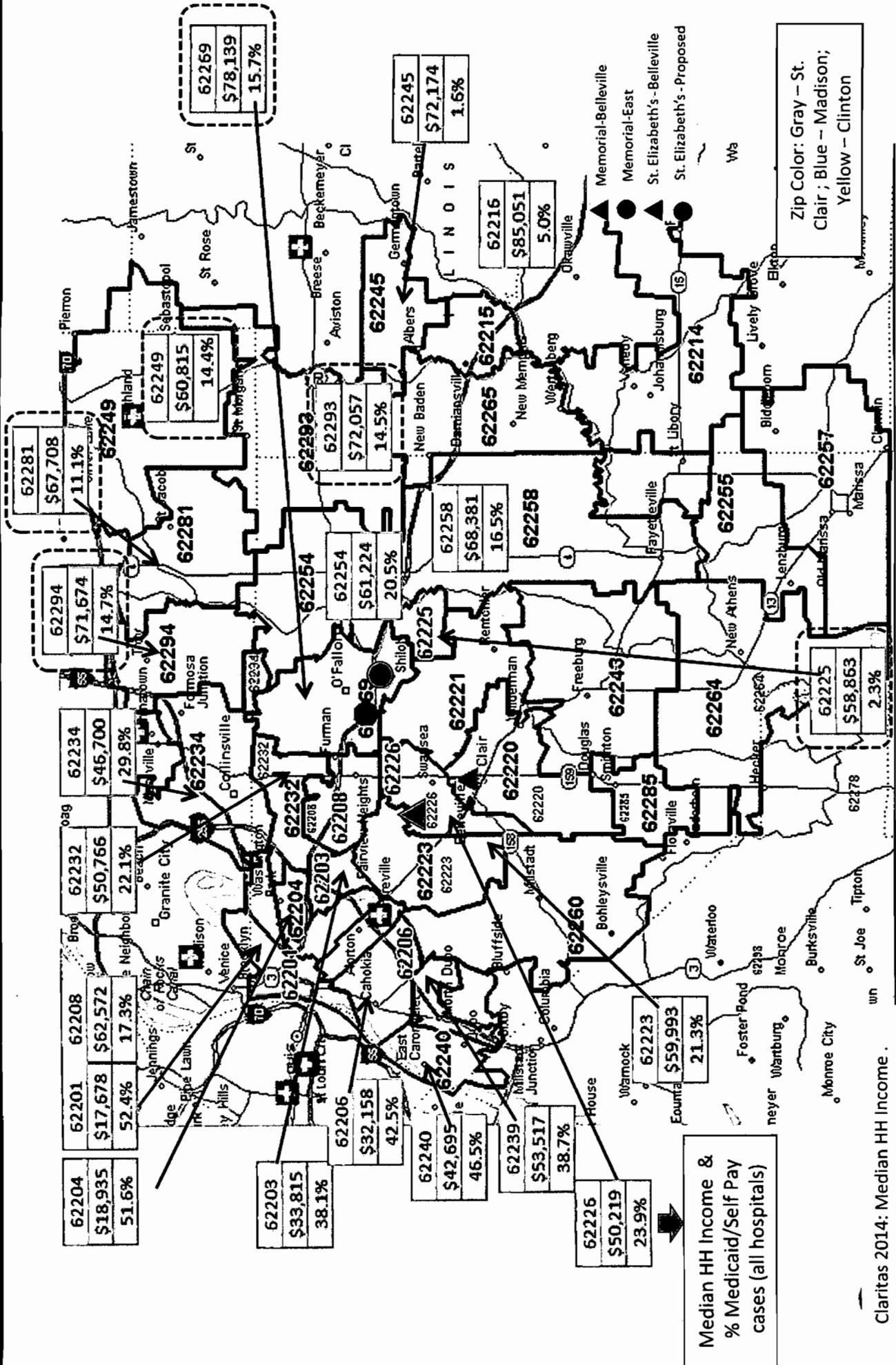
Enrollees/1000 by ZIP Code
300 to 576
244 to 299.9
195 to 243.9
155 to 194.9
135.1 to 154.9
115 to 135
85 to 114.9
6.5 to 84.9

- △ Memorial-Belleville
- Memorial-East
- △ St. Elizabeth's - Belleville
- St. Elizabeth's - Proposed



Sources: <https://www2.illinois.gov/hfs>; Clarita 2013

# Median HH Income and Medicaid/Self Pay % of Total Cases (2014) by Zip Code (North)

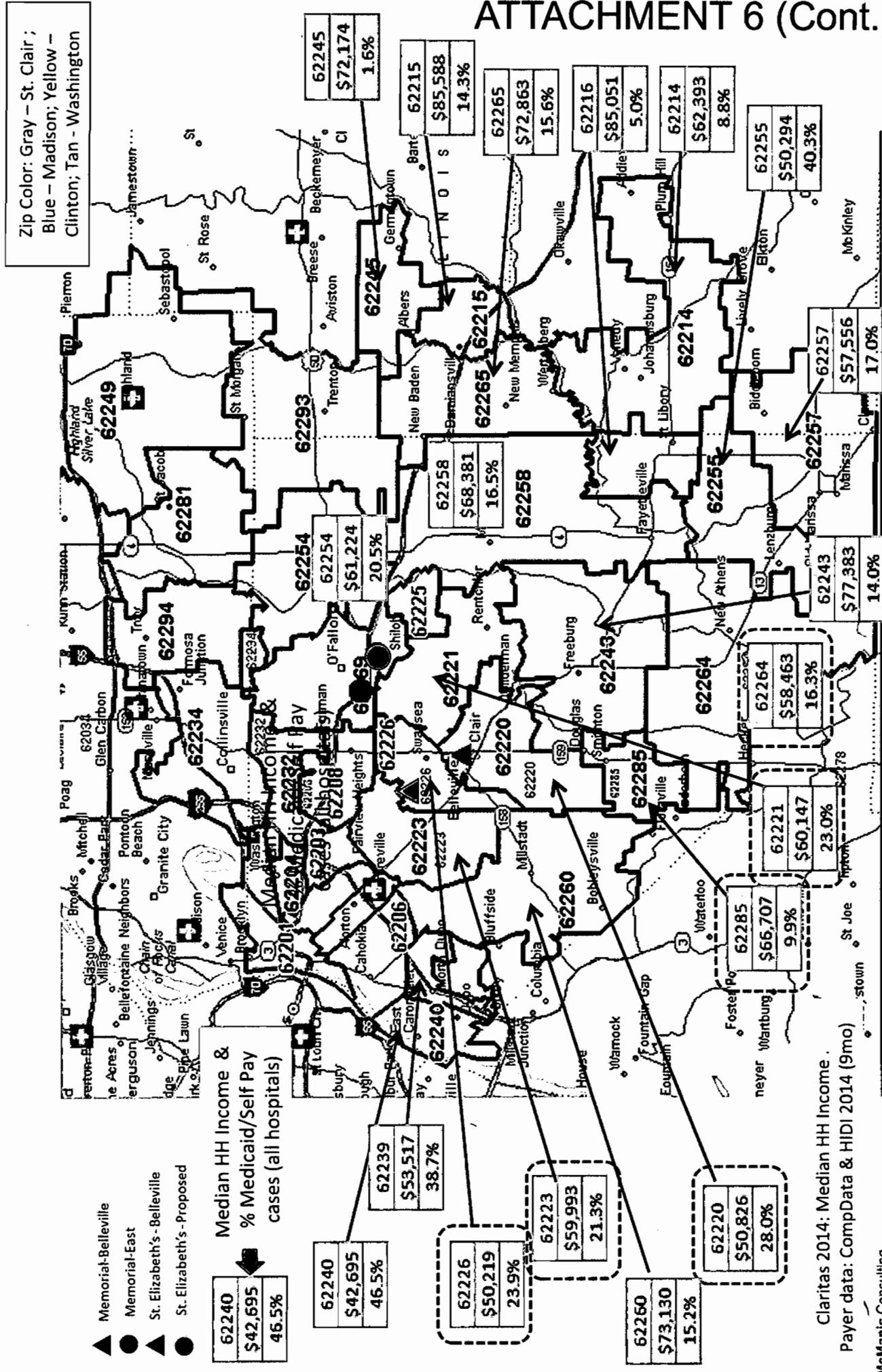


Median HH Income & % Medicaid/Self Pay cases (all hospitals)

Zip Color: Gray - St. Clair; Blue - Madison; Yellow - Clinton

Claritas 2014: Median HH Income . Payer data: CompData & HID 2014 9mo. mcmams Consulting

# Median HH Income and Medicaid/Self Pay % by Zip Code (South)



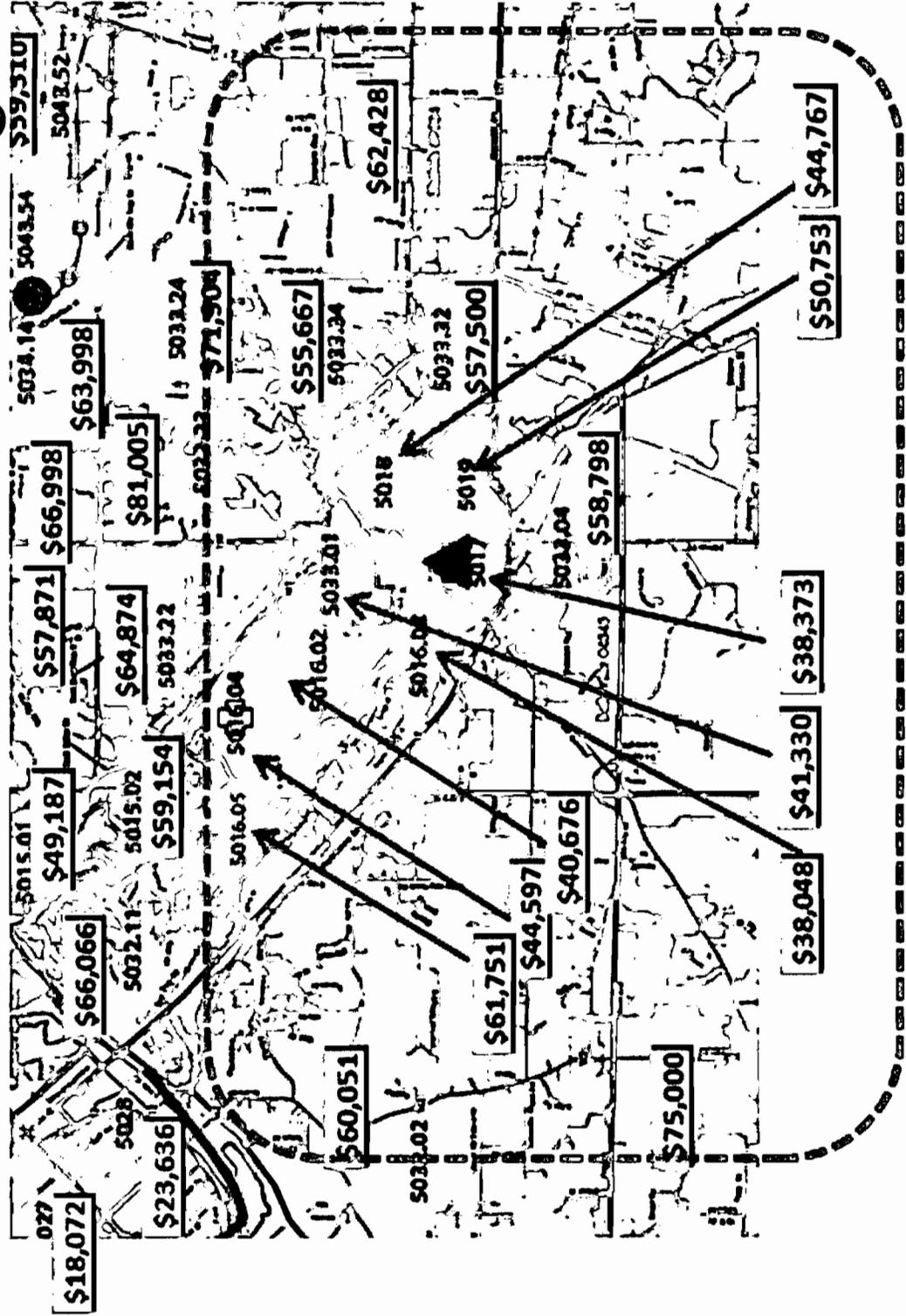
Claritas 2014: Median HH Income .

Payer data: CompData & HID 2014 (9mo)

# Census Tract Level - Median HH Income 2013 - Near St. Elizabeth's Hospital

At the Census Tract Level the lower Median Income zones are largely in  
St. E's current location area...

- ▲ St. Elizabeth's - Belleville
- St. Elizabeth's - Proposed



# Census Tract Level - Median HH Income 2013 - Near Proposed New St. Elizabeth's O'Fallon Site

Median Incomes are significantly higher in the area of the proposed site....

- ▲ St. Elizabeth's - Belleville
- St. Elizabeth's - Proposed

