



Community First Medical Center

December 8, 2015

VIA FED EXPRESS AND E-MAIL

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

**Re: Project No. 14-050
Presence Our Lady of the Resurrection Medical Center
n/k/a Community First Medical Center (Chicago, Illinois)
Change of Ownership Annual Status Report**

Dear Mr. Constantino:

On or about November 12, 2014, the Illinois Health Facilities & Services Review Board (the "Board") approved the Certificate of Need (Change of Ownership) Application filed by Community First Healthcare of Illinois, Inc., d/b/a Community First Medical Center, an Illinois benefit corporation ("Community First"), to acquire (the "Project") Presence Our Lady of the Resurrection Medical Center, a general acute care hospital located at 5645 West Addison Street, Chicago, Illinois 60634-4403 (the "Hospital"), from Presence Health Network, an Illinois not-for profit corporation, and Presence Our Lady of the Resurrection Medical Center, an Illinois not-for-profit corporation (collectively, "Presence"). On or about November 13, 2014, the Board issued its Permit Letter for the Project.

Pursuant to the Permit Letter, Community First is hereby submitting its first annual status report for the Project.

1. Status of the Transaction.

On December 31, 2015, Community First and Presence completed and closed the change of ownership transaction set forth in that certain Asset Purchase Agreement, dated September 16, 2014, by and between Community First and Presence (the "Transaction"). The Illinois Department of Public Health issued a new license to Community First on January 22, 2015, effective as of January 1, 2015 at 12:01 am.

Community First Medical Center
5645 W Addison | Chicago, IL 60634

2. Community Board.

Community First has organized a number of formal and informal boards and panels to assist Community First and to gather greater insight into the Community's healthcare needs and desires. Community First has also held countless meetings with the employees and medical staff at the Hospital; as well as meeting with other interested parties who expressed an interest in improving healthcare in the Community (including, but not limited to, various payors, independent physician associations, accountable care organizations, federally qualified healthcare clinics, free clinics, EMS providers, long term care facilities, area employers, local politicians, and other community groups) to gain greater insight regarding the healthcare needs of the Community. In terms of formal boards, Community First has organized a Community Board and a Quality, Safety & Patient Satisfaction Board with the following members:

A. Community Board Members

Mr. Tim Cullerton, Retired 38th Ward Alderman

Mr. Reid Mackin, Executive Director, Belmont-Cragin Chamber of Commerce

Mr. Brian Nadig, President & CEO, Nadig Newspapers

Mr. Art Neville, Vice President, Community Savings Bank

Ms. Eva Prokop, Executive Director, Polish American Association

Ms. Amber Richard, Assistant Principal, Prieto Math & Science Academy

Father Paul Seaman, Pastor, St. Pascal Church

Mr. Ted Szabo, President & CEO of Szabo Reality, Inc.

Ms. Gina Maria Briseno, Director of Provider & Physician Alignment at the



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Hospital

Mr. Dennis Fitzmaurice, COO/Interim CEO of the Hospital

Mr. Edward Green, Principal, Community First

Ms. Barbara Strohmayer, Director of Medical Staff Administration at the
Hospital

B. Quality, Safety & Patient Satisfaction Board

Dr. Vishnu Chundi, Infectious Diseases Physician, President of the Hospital's

Medical Staff

Mr. David Potash, President, City Colleges of Chicago (Wright Campus)

Mr. Anthony Powers, Manager, Chicago Public Library (Irving Austin Branch)

Dr. Haresh Sawlani, Internal Medicine Physician, President Elect of the

Hospital's Medical Staff

Dr. Roy Werner, Emergency Medicine Physician, Medical Director of the

Hospital's Emergency Department

Ms. Beth Zoeller, Coach/Director of Fitness and Wellness, Mather's Lifeways

Mr. Dennis Fitzmaurice, COO/Interim CEO of the Hospital

Mr. Edward Green, Principal, Community First

Ms. Betsy Pankau, Chief Nursing Officer at the Hospital

Ms. Mary Schumann, Director of Quality at the Hospital



Ms. Barbara Strohmayer, Director of Medical Staff Administration at the Hospital

In terms of some early successes, thirty five (35) new physicians have joined the Hospital's Medical Staff since the Transaction closed -- that represents a ten percent (10%) increase in the number of physicians on the Hospital's Medical Staff since January 1, 2015. On March 1, 2015, Community First acquired the practices of five primary care physicians. And as of December 1, 2015, the Emergency Department at the Hospital is now staffed with local, employed physicians for the first time in years. The Hospital's overall quality of care score has improved from 41.37 in September of 2014 to 71.08 in August of 2015. The Hospital has also materially improved its nursing ratios (from 4.7 patients per nurse (day shift) as January 1, 2015, to 4.3 patients per nurse (day shift) as October 31, 2015). Community First has accomplished all of this without any layoffs; so more than 1,000 employees are still employed by the Hospital.

3. Charity Care.

Community First adopted the charity care and access to care policies in place at Hospital prior to the Transaction. Community First also engaged Presence (and the same third party agencies used by Presence) to handle the Hospital's billings, collections, financial aid and charity care determinations. Community First also signed a participation agreement with Medicaid and continues to treat Medicaid patients at the Hospital. Indeed, nearly sixty five percent (65%) of the patients that have presented at the Hospital's Emergency Department since January 1, 2015, have no insurance or are only covered by Medicaid (or a Medicaid managed care plan). In other words, Community First has implemented no changes at the Hospital relative to charity care and Medicaid.

4. Capital Expenditures.

Given the magnitude of the deferred capital needs at the Hospital over the past decade, Community First has been developing a detailed, long term capital expenditure plan for the Hospital. That plan will be finalized in the earlier part of 2016. Since the Transaction closed, and in the short term, Community First has purchased new equipment, refreshed patient rooms, and invested in service lines at the Hospital in order to maintain or restore services at the Hospital. As the Board is aware, Community First has agreed to make Twenty Million Dollars (\$20,000,000) of capital expenditures at the Hospital between January 1, 2015 and December 31, 2019.



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5. Illinois Attorney General Reporting.

Pursuant to that certain Monitoring, Compliance and Enforcement Agreement with the Illinois Attorney General, dated November 10, 2014, Community First is required to file its first written status report with the Monitor, previously agreed to by the Illinois Attorney General, on or before February 16, 2016. The Monitor is required to file his first written report with the Illinois Attorney General on or about April 16, 2016.

If you have any questions regarding this annual status report, please contact me directly at (312) 832-4375.

Sincerely,



Edward J. Green
Principal

