

October 23, 2015

Ms. Courtney Avery, Board Administrator
State of Illinois Health Facilities and Services Review Board
525 West Jefferson Street—2nd floor
Springfield, IL 62761

RECEIVED

OCT 27 2015

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Dear Ms. Avery:

This letter is regarding Project No. E-007-15, the Exemption Application for Kishwaukee Community Hospital (and related Kish-owned facilities) to be purchased by Northwestern Memorial HealthCare of Chicago for zero dollars.

Our cochair of the DeKalb County Citizens for Better Mental Health Care, Mr. Barry Schrader, delivered oral testimony at your public hearing on Sept. 24, 2015 but we want to reiterate our position and concerns in more detail with this letter. Our primary concern regarding this acquisition of KishHealth by Northwestern is the area of mental health care. As you know, Kish closed down its 6-bed behavioral health unit in 2009, claiming underutilization, and since that time has sent all mental health-related patients entering their Emergency Room to other hospitals in northern Illinois wherever there is bed space at the time.

At the Sept. 24 public hearing the Northwestern Memorial's Western Region President Mike Vivoda stated that they are completing an expansion of psychiatric beds from 15 to 48 at their Central DuPage Hospital in Winfield so it would be able to accommodate the DeKalb County patients who need inpatient treatment. This is alarming to us for two reasons: (1) This is even farther away than the closest hospitals where our patients are now being sent, and (2) it makes it clear they are anticipating all the patients from Kish being sent to their sister facility once they own Kish, having no intention of ever restoring inpatient mental health care to Kish Hospital or even Valley West Hospital in this county.

When they closed their 6-bed unit at Kish Hospital there was an outcry not only from patient families, but from mental health professionals, law enforcement and elected officials, but to no avail. Now we face even more hardship and deterioration of mental health care in this county if Northwestern is allowed to purchase the KishHealth System and carry out its plans. For this reason we OPPOSE the sale of KishHealth to Northwestern unless they can give you (the IHF&SR board) and our citizens written assurance they will pursue inpatient mental health care at Kishwaukee Hospital and answer our other questions in this letter. Of course the restoration of this mental health unit will require your approval as well.

Even though KishHealth has been unresponsive to our continued pleas for inpatient

care these past five years, once KishHealth becomes the property of Northwestern our local board will be dissolved and replaced with a Western Region board, with up to five members from our county nominated for seats on it. This further degrades health care decision-making for the citizens of this county, as we expect they will continue their practice of prohibiting the public from attending board meetings and keeping all their deliberations, agendas, actions, and budgets secret as the KishHealth board has done under the guise of being a not-for-profit corporation.

Another issue of concern is: Who are the actual owners of the “bricks and mortar” buildings housing the medical facilities and what about the real estate holdings around the hospitals. All we have been able to find out is it is held by “Kishwaukee Hospital” and no names have ever been reported or published publicly as to who are these individuals holding the building and property. Yet, they are given tax-free status, having to pay no property taxes. We ask that you research and publish those names before the final meeting in Bolingbrook on November 17. If that takes longer, then postpone the application (E-007-15) vote until such time as the facts are known. The people of DeKalb County and hospital patrons have given millions over the years to build and enhance our “community-based” healthcare facilities, and to have them held in secret is unacceptable. That means they could be sold to any outside investment group at any time without the public’s knowledge and those individuals will walk away with millions while the public and past donors to the hospitals will be left with nothing. There should be particular alarm among volunteers, donors and the Kish Foundation which have been fundraising for years under the assumption this was a community asset, not the property of some private investment group.

Another matter that deserves some attention is what will happen to the nearly 1,700 employees of KishHealth System under the new ownership. The employees of the DeKalb Clinic were surprised to learn earlier this year that all their seniority had been eliminated and they had to start over accumulating service years with KishHealth. This meant loyal staff with 5, 10, 20 and more years lost all their seniority and could be terminated at such time there was a downsizing in the system and KishHealth’s current employees would have first chance at their jobs. Will Northwestern take away the seniority of all KishHealth employees when they take ownership?

In their exemption application Northwestern states: “NMHC and KishHealth do not anticipate any reductions to the scope of services or levels of care currently provided at Kishwaukee Community Hospital (and Valley West Hospital) within 24 months after the affiliation.” This is no guarantee and only uses the words “do not anticipate” which in effect means one month after closing the sale they could decide major changes, reductions or even closures of any department or facility is

warranted in their business plan. Just for an example: What does the future hold for the small 25-bed Valley West Hospital if it does not produce the desired revenue or attract enough patients in their opinion? It could be closed and sold, forcing the residents of that area to seek medical care and services elsewhere in the Northwestern System.

All these unknowns and unanswered questions should alert the Health Facilities and Services Review Board to several "red flags" we have identified here. It is our hope that Northwestern can allay the fears of many people in this county and move to return mental health inpatient care to our local hospital, as well as respond promptly in a positive manner to the several concerns outlined here.

Sincerely,



Eileen Dubin and Barry Schrader
Cochairs of DeKalb County Citizens for Better Mental Health Care
P.O. Box 851, DeKalb IL 60115
Phone 815-758-5424

Attachments:

- 1) Crain's June 6, 2015 article
- 2) Chicago Tribune Sept. 25, 2015 article
- 3) Daily Chronicle Oct. 23, 2015 article

cc: Dean Harrison, C.E.O.
Northwestern Memorial Health Care

Attchmt. 1 /

Can a tiny health care chain in DeKalb really help Northwestern Medicine?

By Kristen Schorsch June 06, 2015 Crain's Business News

When Northwestern Memorial HealthCare beat out Advocate Health Care for the chance to scoop up far west suburban KishHealth System, it signaled the lengths dominant health systems are willing to go to bulk up even more.

KishHealth, a two-hospital system based in DeKalb, almost 70 miles west of the Loop, has 123 hospital beds. Northwestern has 1,601, 13 times as many. KishHealth's \$221.7 million in annual revenue amounts to just 6 percent of Northwestern's \$3.71 billion.

The pairing might not seem to give Northwestern much, but in the evolving world of hospital economics, it makes sense, experts say. "I think it's a market share issue, and it's evidence of the growing radius of geography that these places need to feed," says Jim Unland, president of Chicago-based consultancy Health Capital Group.

Adding KishHealth to Northwestern, Advocate or any other system creates a fresh pipeline of patients to the bigger facilities. For Northwestern in particular, a deal with KishHealth would help the Streeterville-based academic medical center offset potential losses closer to home.

Advocate, the largest health system in Illinois, with 12 hospitals, plans to merge with NorthShore University HealthSystem, a fierce Northwestern rival with four hospitals in the northern suburbs. Lake Forest Hospital, which became part of Northwestern in 2010, is just six miles from NorthShore's Highland Park Hospital.

Bringing KishHealth on board also would help protect Cadence Health, which joined Northwestern last year and sits between DeKalb and downtown Chicago, from losing patients to Advocate, experts say.

The potential pairing reflects how few stand-alone or small health systems are left in the Chicago area that want to be acquired. It also highlights how academic medical centers and large health systems increasingly are bringing smaller systems into their networks to create a strong referral base and, by extension, gain market share and better coordinate care among large groups of patients, a hallmark of federal health reform.

KEPT WITHIN SYSTEMS

Rush Health is among the local networks using this model; its Rush University Medical Center on the Near West Side is the anchor for three smaller, suburban hospitals. "We want to make sure patients are kept within systems as much as

possible because that's going to be the only way to manage populations of patients in a collaborative and coordinated way," Rush Health President and CEO Brent Estes says.

Northwestern and KishHealth announced in late May that they had signed a letter of intent to explore an affiliation. KishHealth likely would become a part of Northwestern, a Northwestern spokesman said at the time. He declines to comment further.

Community-focused KishHealth's decision to seek a partner was fueled by changes under the Affordable Care Act, Mike Kokott, a KishHealth assistant vice president, told Crain's last month.

Under Obamacare, health systems and physicians are paid by insurers to keep patients healthy and away from expensive hospital stays and unnecessary procedures. Otherwise, they could take a financial hit. The effort involves coordinating patient care, which is expensive and taxing. That's because it often requires investing in electronic medical records systems and hiring more employees to keep close tabs on patients, particularly those with chronic and costly conditions like diabetes and heart disease.

With few specialty services at KishHealth, the system was losing patients who needed a higher level of care. That made coordinating their care and making sure they returned to KishHealth for routine doctor visits tough.

Kokott declines to comment on prospective suitors beyond Northwestern. But Advocate spokesman Vince Pierri confirms that the Downers Grove-based health system responded to KishHealth's request for proposal. "We have the utmost respect for KishHealth and their leadership team," Pierri says in a statement. "Given their existing clinical relationship with Cadence, which recently became a part of Northwestern, we are not surprised with their decision."

Physicians at Cadence, which has hospitals in west suburban Winfield and Geneva, also work at KishHealth facilities.

For KishHealth, Advocate would have brought deep pockets, even deeper than affluent Northwestern. Advocate had \$5.23 billion in total 2014 revenue. KishHealth also would have gained access to a hospital network with thousands of physicians and specialists.

> But with Northwestern, KishHealth gets the branding power of a major academic medical center and the specialists who work there, and that, apparently, was enough.

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Attchmt.2

Chicago Daily Tribune

ON SEPTEMBER 25 ...

Call for DeKalb mental unit

Residents: Restore
psychiatric beds
at Kishwaukee

BY AMEET SACHDEV
Chicago Tribune

DeKALB — When residents here need to be hospitalized for psychiatric care, they are often treated a long way from home because the local hospital closed its mental health unit six years ago.

Since then the lack of hospital-based mental health services has been an ongoing concern. The issue took center stage Thursday at a public hearing over Chicago-based Northwestern Medicine's plans to take over ownership of Kishwaukee Hospital and affiliated health care providers.

A handful of residents raised questions about how Northwestern plans to address what they consider a major gap in health care. Some were disappointed in what they heard.

Neither executives with KishHealth System nor Northwestern Medicine mentioned bringing back inpatient psychiatric beds to Kishwaukee Hospital. Instead, Mike Vivoda, president of Northwestern Medicine's western region, talked up the expansion of mental health services at Central DuPage Hospital in suburban Winfield, which is part of Northwestern's network.

The expansion will more than triple the total number of inpatient psychiatric beds at Central DuPage, from 15 to 48, Vivoda said.

"By joining with Northwestern Medicine, KishHealth patients will also have a seamless pathway to access to advanced specialty care and clinical trials at Northwestern Memorial Hospital in Chicago and access to the specialized care that is offered in the western region," Vivoda said.

Barry Schrader, a DeKalb resident who opposed closing Kishwaukee's six-bed mental health unit in 2009, said he didn't hear anything from hospital executives that made him feel better.

"People are being strapped into ambulances and shipped out of the county," Schrader said after the hearing. "That's not going to change just because Central DuPage Hospital is opening more beds."

Residents who need to be hospitalized for mental health services are often transferred to hospitals in Rockford, Dixon and Hoffman Estates, said Joseph Dant, vice president of business development at KishHealth.

Transferring patients out of the area can lead to a lengthier admissions process and is a hardship on families that have to travel more than 40 miles to visit loved ones, residents said.

Thomas Kirts, a retired psychiatrist who previously oversaw Kishwaukee Hospital's mental health unit, said he hopes Northwestern Medicine will re-evaluate the need for inpatient services in DeKalb County, which has a population of about 104,000.

"I understand it can take 12 hours to find a psychiatric bed for people here," Kirts said. "There's plenty of patients out here."

The Illinois Health Facilities and Services Review Board is taking a look at the merger and plans to consider the transaction at its November meeting.

Attachment 3

Correspondence to agency reviewing KishHealth merger pulled from DeKalb County Board's agenda

Published: Friday, Oct. 23, 2015 Daily Chronicle

By RHONDA GILLESPIE- rgillespie@shawmedia.com

DeKALB – The DeKalb County Board likely won't register any official comments to a state agency reviewing KishHealth System's merger with Northwestern Memorial Healthcare, after a letter was removed from Wednesday's County Board meeting agenda.

At the start of the meeting, board Vice Chairman Tracy Jones, R-District 1, asked to remove the letter members of the Health and Human Services Committee drafted to send to the Illinois Health Facilities and Services Review Board.

The motion passed on a 14-9 vote and the letter never came up for the board to officially consider.

Jones said the letter, which did not endorse the merger but rather said the county would support any decision that would bring more mental health services to the county, could hurt the merger plan.

The health facilities review board is the state agency reviewing the merger proposal and will decide whether to approve it. Mental health care was one of the main issues mentioned by residents during public hearings the state agency held in September on the proposed merger.

"The letters that go to that commission are really about the merger, and our letter, the way it was written, it didn't mention anything about the merger," Jones said. "It didn't support it. I personally thought it was out of place to be bringing up the mental health issue at this time."

But County Board member Frank O'Barski, D-District 10, said he didn't think the letter would have stopped anything.

"I don't know for sure what the medical health board is going to do. But I can't believe that this particular issue would torpedo a deal," he said. "What I can say is that, in my opinion, getting us on the record as wanting quality mental health care in the county is a very important point."

Jones said he discussed the letter ahead of Wednesday's meeting with Tom Matya, chairman of KishHealth's board, who said it could be ruinous.

"I showed Tom the letter, and they were very concerned that the letter could seriously derail their merger efforts," Jones said. "The last thing the board

wanted to do would be to hinder any efforts of the merger. I know they've been working on this for a long time."

The letter, which was to be signed by County Board Chairman Mark Pietrowski, said the DeKalb County Board "supports and encourages" actions that would "strengthen mental health services to the citizens of DeKalb County."

It goes on to indicate that the current local options available are not "desirable" and explains that the county needs a hospital facility that attracts psychiatrists who would set up practice here.

"I think [the letter] would maybe have been confusing. We want to make this process go as smoothly and as quickly as possible," said Matya. "The letter really does not have anything to do, specifically, with the merger." He said it would be better for the county to wait until after the merger to discuss more mental health services.

County board members like Metzger said their constituents are looking forward to the merge and possibly having access to more health care.

"I would hate to jeopardize that now," he said.

Board member Misty Haji-Sheikh, D-7th District, said the door would close Oct. 28 for the County Board to have anything official to say about the merger.

But after the the letter was pulled from the agenda, it's likely there won't be another to replace it. Matya said last month's public hearings were unexpected, but not having a letter from the county would not be unusual.

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