

1 S100187A

2 ILLINOIS DEPARTMENT OF PUBLIC HEALTH  
3 HEALTH FACILITIES AND SERVICES REVIEW BOARD  
4 OPEN SESSION

5  
6  
7 REPORT OF PROCEEDINGS

8 Bolingbrook Golf Club  
9 2001 Rodeo Drive  
Bolingbrook, Illinois 60490

10 December 16, 2014  
11 9:08 a.m. to 3:23 p.m.

12  
13 BOARD MEMBERS PRESENT:

14 MS. KATHY OLSON, Chairperson;  
15 MR. JOHN HAYES, Vice Chairman;  
16 DR. JAMES J. BURDEN;  
17 MR. DALE GALASSI; and  
18 MR. RICHARD SEWELL.

19  
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22  
23 Reported by: Melani e L. Humphrey-Sonntag,  
CSR, RDR, CRR, CCP, FAPR  
24 Notary Public, Kane County, Illinois

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EX OFFICIO MEMBERS PRESENT:

MR. MATT HAMMOUDEH, IDHS; and  
MR. MIKE JONES, IDHFS.

ALSO PRESENT:

MR. FRANK URSO, General Counsel ;  
MS. JEANNIE MITCHELL, Assistant General Counsel ;  
MS. COURTNEY AVERY, Administrator ;  
MS. CATHERINE CLARKE, Board Staff ;  
MR. MICHAEL CONSTANTINO, IDPH Staff ;  
MR. BILL DART, IDPH Staff ; and  
MR. GEORGE ROATE, IDPH Staff.

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1 CHAIRPERSON OLSON: I'd like to call the  
2 meeting to order.

3 Could I have a roll call, please.

4 MR. ROATE: Mr. Hayes.

5 VICE CHAIRMAN HAYES: Here.

6 MR. ROATE: Phil Bradley's absent.

7 Dr. Burden.

8 MEMBER BURDEN: Here.

9 MR. ROATE: Senator Demuzio is absent.

10 Dale Galassi.

11 MEMBER GALASSI: Pleased to be present.

12 MR. ROATE: Justice Greiman is absent.

13 Mr. Sewell.

14 MEMBER SEWELL: Here.

15 MR. ROATE: Ms. Olson.

16 CHAIRPERSON OLSON: Present.

17 MR. ROATE: Five members present.

18 CHAIRPERSON OLSON: Okay. Since we have  
19 a quorum, we will move on.

20 The first order of business is executive  
21 session. Before we go into executive session, I'd  
22 just like to say a couple quick things, a couple quick  
23 announcements.

24 St. Elizabeth's has deferred from this



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1 CHAIRPERSON OLSON: Pursuant to -- see?  
2 I need Frank.  
3 -- 2(c)(1), 2(c)(5), 2(c)(11), and 2(c)(21)  
4 of the Open Meetings Act.

5 May I have a motion?

6 MEMBER GALASSI: So moved.

7 MEMBER SEWELL: Second.

8 CHAIRPERSON OLSON: We are now in  
9 executive session for approximately --

10 MR. URSO: Half hour.

11 CHAIRPERSON OLSON: -- half an hour.  
12 Please vacate the room.

13 Thank you.

14 (At 9:10 a.m. the Board adjourned  
15 into executive session. Open  
16 session proceedings resumed at  
17 9:57 a.m., as follows:)

18 CHAIRPERSON OLSON: We're back in  
19 session.

20 Frank, compliance issues and settlement  
21 arrangements from closed session.

22 MR. URSO: Thank you, Madam Chair.

23 Requesting that these following matters be  
24 referred to Board legal counsel for review and filing

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1 of any notices of noncompliance, which may include  
2 sanctions that are detailed in the Act and the Code.

3 And those matters are No. 12-032, Alden  
4 Courts of Shorewood in Shorewood, Illinois, and then  
5 St. Elizabeth's Hospital in Belleville.

6 CHAIRPERSON OLSON: May I have a motion  
7 to refer these to legal counsel?

8 MEMBER SEWELL: So moved.

9 MEMBER BURDEN: Second.

10 CHAIRPERSON OLSON: All in favor  
11 say aye.

12 (Ayes heard.)

13 CHAIRPERSON OLSON: The motion passes.

14 MR. URSO: Also requesting approval of  
15 the final order in the Board versus Morrison Community  
16 Hospital.

17 CHAIRPERSON OLSON: May I have a motion  
18 to approve the final order?

19 MEMBER GALASSI: So moved.

20 CHAIRPERSON OLSON: And a second?

21 MEMBER SEWELL: Second.

22 CHAIRPERSON OLSON: Roll call, please.

23 MR. ROATE: Dr. Burden.

24 MEMBER BURDEN: Yes.

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1 MR. ROATE: Mr. Galassi.

2 MEMBER GALASSI: Yes.

3 MR. ROATE: Mr. Hayes.

4 VICE CHAIRMAN HAYES: Yes.

5 MR. ROATE: Mr. Sewell.

6 MEMBER SEWELL: Yes.

7 MR. ROATE: Madam Chair.

8 CHAIRPERSON OLSON: Yes.

9 MR. ROATE: That's 5 votes in the  
10 affirmative.

11 CHAIRPERSON OLSON: The motion passes.

12 MR. URSO: Thank you. That was Morrison  
13 Community Hospital, HFSRB 13-07.

14 And I have several matters that I would like  
15 to refer to the Attorney General's office. The  
16 facilities defaulted regarding the payment of a Board-  
17 imposed fine.

18 The Board previously issued a final order in  
19 these matters, respondent has not responded;  
20 therefore, I am requesting approval to refer these  
21 matters to the Illinois Attorney General's office to  
22 represent the Board with the collection of those fines  
23 and any other appropriate remedies.

24 And those facilities are Terrace on the

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1 Park, HFSRB 13-09; and Grand Oaks Surgery Center,  
2 Project 03-054, HFSRB 14-09.

3 CHAIRPERSON OLSON: May I have a motion  
4 to refer these items to the Attorney General's office?

5 VICE CHAIRMAN HAYES: So moved.

6 CHAIRPERSON OLSON: Second, please.

7 MEMBER GALASSI: Second.

8 CHAIRPERSON OLSON: Roll call, please.

9 MR. ROATE: Motion made by Mr. Hayes;  
10 seconded by Mr. Galassi.

11 Dr. Burden.

12 MEMBER BURDEN: Yes.

13 MR. ROATE: Mr. Galassi.

14 MEMBER GALASSI: Yes.

15 MR. ROATE: Mr. Hayes.

16 VICE CHAIRMAN HAYES: Yes.

17 MR. ROATE: Mr. Sewell.

18 MEMBER SEWELL: Yes.

19 MR. ROATE: Madam Chair.

20 CHAIRPERSON OLSON: Yes.

21 MR. ROATE: That's 5 votes in the  
22 affirmative.

23 CHAIRPERSON OLSON: The motion passes.

24 May I have a motion to approve the agenda

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1 for December 16th?

2 MEMBER GALASSI: So moved.

3 CHAIRPERSON OLSON: Second?

4 VICE CHAIRMAN HAYES: Second.

5 CHAIRPERSON OLSON: All those in favor  
6 say aye.

7 (Ayes heard.)

8 CHAIRPERSON OLSON: Frank, did you want  
9 to make just a comment about our voting today --

10 MR. URSO: Yes.

11 CHAIRPERSON OLSON: -- a reminder there?

12 MR. URSO: Yes.

13 What I'd like to talk about just for a  
14 few minutes is the voting options that the Board  
15 members have just so everybody understands what  
16 they are. It's a fundamental right of the Board that  
17 requires that all questions be thoroughly discussed  
18 before action is taken.

19 The general rule and the basic requirement  
20 for approval of any action is 5 affirmative votes by  
21 five Board members. Every member has a duty to vote  
22 regarding their opinion about a question before the  
23 Board. The vote usually requires a yes-or-no answer,  
24 but there are other options.

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1           These types of votes which could be used are  
2 the -- to be present, a present vote, which is  
3 basically saying a neutral position.

4           A vote can also be designated as a pass.  
5 This stated response to request a vote means you're  
6 not ready to vote at that point in time but you wish  
7 to be called on again after the roll has been  
8 completed.

9           And a Board member has an opportunity to  
10 change their vote up until -- anytime until the vote  
11 is finally announced.

12           That's it. Thank you.

13           CHAIRPERSON OLSON: Thank you, Frank.

14           May I have a motion to approve the minutes  
15 of the November 12th, 2014, meeting transcript?

16           MEMBER GALASSI: So moved.

17           MEMBER BURDEN: Second.

18           CHAIRPERSON OLSON: All those in favor  
19 say aye.

20                           (Ayes heard.)

21           CHAIRPERSON OLSON: Opposed, I like sign.

22                           (No response.)

23           CHAIRPERSON OLSON: The motion passes.

24           We are now in the public participation

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1 section of the meeting.

2 Courtney.

3 (Discussion off the record.)

4 CHAIRPERSON OLSON: Okay. George is  
5 going to call names.

6 MR. ROATE: Yes, ma'am.

7 CHAIRPERSON OLSON: Okay. And then when  
8 your name is called, please come to the table.  
9 Remember, you will have two minutes and two minutes  
10 only for public participation. And Courtney will stop  
11 you very loudly at your two minutes, so please wrap up  
12 your remarks as soon as you've been told your  
13 two minutes are up.

14 Thank you.

15 MEMBER GALASSI: Madam Chair, can I just  
16 ask that, as people are giving public comment, they  
17 advise us if they are opposed or in support of the  
18 issue?

19 CHAIRPERSON OLSON: Good point.

20 Thank you.

21 Please let us know.

22 George.

23 MR. ROATE: At this time the Board calls  
24 Mr. Tim Tincknell, speaking for Dr. Omar Dalloul.

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1           Speaking on behalf of the NorthPointe  
2 freestanding emergency center, the Board calls  
3 Henry Seybold, Peter Rumpel, Lisa Blankenship, and  
4 Deputy Chief Dan Ewers.

5           CHAIRPERSON OLSON: Please remember to  
6 sign in and to give your written comments to the court  
7 reporter when you conclude your remarks.

8           MS. AVERY: Tim, you can start.

9           MR. TINCKNELL: Good morning. I'm  
10 Tim Tincknell, speaking on behalf of --

11           CHAIRPERSON OLSON: You have to be  
12 louder.

13           MS. AVERY: Into the mic.

14           MR. TINCKNELL: How's that?

15           MEMBER BURDEN: That's better.

16           MR. TINCKNELL: Tim Tincknell --  
17 it's T-i-n-c-k-n-e-l-l -- speaking on behalf of  
18 Omar Dalloul, MD, in opposition to FMC Grayslake,  
19 Project No. 14-029.

20           "I am the medical director for Lake Villa  
21 Dialysis in Lake Villa, Illinois, and I oppose the  
22 proposed Fresenius Medical Care Grayslake dialysis  
23 facility.

24           "There is currently an excess of stations in

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1 the area and capacity among existing dialysis centers.  
2 I see no need for the proposed 12-station dialysis  
3 facility at this time.

4 "Lake Villa Dialysis is located within  
5 20 minutes of the proposed Grayslake facility and has  
6 been operating at or around 50 percent utilization for  
7 over two years. It can accommodate 34 additional  
8 patients. Given the growth at Lake Villa Dialysis has  
9 been flat, I have obvious concerns that an additional  
10 dialysis facility in the area will lower the  
11 utilization at my facility as well as other facilities  
12 in the area.

13 "According to the State Board's most current  
14 data, there is already an excess of 38 dialysis  
15 stations in the planning area where the proposed  
16 Grayslake facility will be located. As noted in the  
17 State Board staff report, only 4 of the 14 facilities  
18 within 30 minutes of the proposed facility are  
19 operating at or above the State Board's 80 percent  
20 utilization standard. Accordingly, there is  
21 sufficient capacity among existing facilities to  
22 accommodate the projected referrals in the Grayslake  
23 dialysis -- projected referrals to the Grayslake  
24 dialysis facility.

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1           "Given that my own facility and others have  
2 capacity to accommodate the projected referrals, the  
3 State Board should deny Fresenius' application for the  
4 proposed Grayslake dialysis facility.

5           "Thank you for your time and consideration  
6 of my comments on this project."

7           CHAIRPERSON OLSON: Thank you.

8           And you signed in on the --

9           MR. TINCKNELL: I did.

10          CHAIRPERSON OLSON: Thank you.

11          Who's next?

12          Who's next, George?

13          MR. ROATE: Mr. Henry Seybold, speaking  
14 on behalf of Project 10-40, NorthPointe freestanding  
15 emergency center.

16          MR. SEYBOLD: Thank you.

17          Is this working?

18          CHAIRPERSON OLSON: Pull it a little  
19 closer.

20          MR. SEYBOLD: Good morning. My name is  
21 Henry Seybold, S-e-y-b-o-l-d. I am the chief  
22 financial officer of Rockford Health System.

23          We oppose Beloit's application to establish  
24 a freestanding emergency center on its Roscoe medical

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1 campus because it will result in unnecessary  
2 duplication of services. No additional emergency room  
3 stations are needed to serve our community. The three  
4 Rockford hospitals already have excess capacity.

5           Since the Board voted intent to deny last  
6 month, Beloit has submitted a methodology of its own  
7 creation for the purpose of justifying its  
8 freestanding emergency center. Your staff rejected  
9 this methodology in its supplemental report and we  
10 concur. There is absolutely no justification to  
11 ignore your review standards, standards that have been  
12 applied to dozens of other applicants.

13           Beloit's proposed freestanding emergency  
14 center will result in additional costs to hospitalized  
15 patients who will require two ambulance transfers.  
16 Beloit's goal is clearly to establish a hospital  
17 without beds to serve as a feeder to its Wisconsin-  
18 based medical center.

19           Last month, by voting 1 in favor and  
20 5 opposed, you acknowledged your staff's negative  
21 findings and the negative impact that Beloit's  
22 projects will have on the existing providers in  
23 Rockford.

24           Thank you for the opportunity to express our

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1 strong opposition.

2 CHAIRPERSON OLSON: Thank you.

3 MR. ROATE: Peter Rumpel.

4 MR. RUMPEL: Good morning.

5 My name is Peter Rumpel, R-u-m-p-e-l, and  
6 I am here in support of the NorthPointe freestanding  
7 emergency center, Project No. 14-40.

8 I'm -- on November 3rd, 2008, when, after  
9 exercising at NorthPointe, I experienced a tightness  
10 in my chest. I contacted my cardiologist and he  
11 informed me and suggested that I go to the immediate  
12 care facility at NorthPointe.

13 I was given an examination and various tests  
14 were run and, after consultation with the doctors at  
15 NorthPointe and my cardiologist, I was to be  
16 transported to the hospital. I had to wait for nearly  
17 45 minutes for an ambulance to arrive for transport.

18 While everything turned out fine for me, if  
19 NorthPointe were an FSEC, there would have been an  
20 ambulance on the premises to eliminate those  
21 45 minutes. I have heard it said that, in emergency  
22 situations, the first 60 minutes of treatment were the  
23 most critical. It is called the golden hour. That  
24 golden hour can occur anytime, 24 hours a day, 7 days

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1 a week, 365 days a year.

2 The NorthPointe freestanding emergency  
3 center would be staffed by trained emergency-certified  
4 personnel 24/7/365 days a year and staffed with an  
5 ambulance at the facility. The surrounding  
6 communities need this facility, and they need it as  
7 soon as possible before someone else needs treatment  
8 during their golden hour.

9 Thank you for your time and for your  
10 consideration.

11 CHAIRPERSON OLSON: Thank you.

12 MR. ROATE: Lisa Blankenship.

13 MS. BLANKENSHIP: Good morning. My  
14 name is Lisa Blankenship. I am in support of  
15 Project 14-40, the NorthPointe facility.

16 I am here as a patient and a patient's  
17 mother and would like to speak on the experience  
18 I encountered at a Rockford emergency room when my  
19 daughter was in excruciating pain. It was one evening  
20 during the week that my daughter decided she could no  
21 longer wait to see her primary care physician in the  
22 morning.

23 We went to the Rockford Memorial Hospital  
24 emergency room and ended up in the waiting room for

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1 five hours. Once we were actually allowed into a  
2 room, it was almost an hour before the doctor came in  
3 to see her. I find this wait time unacceptable,  
4 especially in light of the pain that my daughter  
5 was in.

6 If a 24-hour emergency facility had been  
7 available in the local community, I feel this long  
8 wait time could have been avoided. NorthPointe is  
9 familiar and comfortable to me and where I and my  
10 daughter choose to utilize health care services,  
11 including our physicians and physical therapists.

12 Thank you for your consideration.

13 CHAIRPERSON OLSON: Thank you.

14 MR. ROATE: Deputy Chief Dan Ewers.

15 DEPUTY CHIEF EWERS: Good morning.

16 CHAIRPERSON OLSON: Good morning.

17 DEPUTY CHIEF EWERS: My name is  
18 Dan Ewers. I am a deputy chief and EMS coordinator  
19 with the Rockton Fire Protection District. I would  
20 like to express the Rockton Fire Protection District's  
21 support for the NorthPointe Health and Wellness  
22 freestanding emergency center, Proposed Project 14-40,  
23 in Roscoe, Illinois.

24 I've been with the Rockton Fire Protection

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1 District for 11 years and a paramedic for 7. During  
2 my time in the fire service and EMS, I have witnessed  
3 firsthand the impact of patient care when ambulance  
4 transport times to the emergency facility are minimal.  
5 This is about getting an individual who called for  
6 help to immediate emergency medical care.

7           Ambulance transport times from the Rockton/  
8 Roscoe districts to an emergency facility in our local  
9 area can range anywhere from 15 to 25 minutes. The  
10 Rockton Fire Protection District covers approximately  
11 54 square miles, including several miles of rural  
12 county roads, country roads that can be very hazardous  
13 during times of bad weather.

14           By having an emergency facility closer to  
15 our community, we can shorten those times, ensuring  
16 prompt emergency intervention for the patient,  
17 allowing quicker turnaround time for the emergency  
18 crews to return to the district they protect, and  
19 limiting the time the emergency crews spend in those  
20 hazardous weather conditions.

21           The Rockton Fire Protection District's  
22 services gives the patient the opportunity to choose  
23 which hospital they wish to deal with. We ask the  
24 patient which facility they would like to be

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1 transported to; however, if the emergency crews and  
2 paramedics determine that the patient is suffering  
3 from a life-threatening medical emergency, then  
4 transport to the closest appropriate emergency  
5 facility is done.

6           Ambulance transport times to the NorthPointe  
7 freestanding emergency center can be dramatically  
8 reduced, which may result in more positive patient  
9 outcomes. Ambulance turnaround times and back-in-  
10 service times are a critical part of the protection  
11 and services the Rockton Fire Protection District  
12 provides to the community. With the option of  
13 transporting to the NorthPointe freestanding emergency  
14 center, this also could ensure back-in-service times  
15 quicker and ready to answer the next emergency call.

16           Thank you for your consideration.

17           CHAIRPERSON OLSON: Thank you.

18           MR. ROATE: Board staff would like to  
19 call Deputy Chief Matt Hollinger and Tom Sink.

20           CHAIRPERSON OLSON: You can go ahead.

21           DEPUTY CHIEF HOLLINGER: Good morning,  
22 members of the Board.

23           I am Matt Hollinger. I am the deputy police  
24 chief with the Rockton Police Department. I'm in

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1 support of the NorthPointe project, 14-40. I am  
2 asking for your support, as well.

3 As a police officer with 20 years'  
4 experience, I have seen so many traffic and work-  
5 related accidents, assaults, and abuse investigations.  
6 The victims are taken to a hospital in Rockford or  
7 Beloit, Wisconsin.

8 Due to regulations, officers are not  
9 afforded the option of contacting the hospital staff  
10 by telephone to make inquiries related to status of  
11 the victim. Typically an officer will need to be  
12 pulled from the investigation or patrolling the  
13 streets to respond to the hospital and meet with the  
14 victim or family member.

15 Quite often the patrol officer is delayed in  
16 arriving simply due to the distance. By the time the  
17 officer arrives to the hospital, the victim or suspect  
18 may have been released, relocated, or even deceased.  
19 This delay is not only unfortunate for the officer and  
20 his investigation but can be difficult for the victim  
21 or family member, as they, too, want answers.

22 This new facility would improve the service  
23 provided by the police and improve relations with  
24 citizens and hospital staff. I believe the citizens

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1 in Rockton, Roscoe, and South Beloit should be  
2 afforded this opportunity.

3 Thank you for your consideration.

4 CHAIRPERSON OLSON: Thank you.

5 MR. ROATE: Tom Sink.

6 MR. SINK: Good morning, Madam Chair,  
7 members of the Board. My name is Tom Sink.

8 I'm a 32-year resident of the Rockton/Roscoe  
9 area. I'm also the current business manager for the  
10 Electrical Workers in a nine-county area around  
11 Rockton and Roscoe.

12 I'm here today in support of the NorthPointe  
13 expansion, No. 14-40 project. I have previously come  
14 before you in support of the ASTC that the visionaries  
15 of the Beloit Health System have proposed. This  
16 expansion, like the other, would provide a well-needed  
17 service to the residents in the Roscoe community.

18 The communities of the Rockton/Roscoe/South  
19 Beloit area would see the benefits almost immediately  
20 not only in the emergency care provided to the  
21 residents or to travelers from the nearby  
22 Interstate 90 but in property values growing with the  
23 sales of homes to the new employees that NorthPointe  
24 will need to hire. These positions are good-paying

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POST-PERMIT ITEMS APPROVED**

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1 professional jobs, and there's quality housing  
2 available within 2 miles of the facility.

3 I'm a longtime resident of the Rockton/  
4 Roscoe area and have watched these communities grow  
5 and then stagnate. By approving the proposed  
6 expansion, you could help our efforts for the local  
7 economy to continue to improve.

8 My job as business manager of the Electrical  
9 Workers in northwestern Illinois provides me with the  
10 information for growth in construction and  
11 development. The development in this area is rapid,  
12 and the need for these services is warranted. The  
13 last two years have seen multiple new businesses come  
14 to the area, along with a manufacturing plant, all  
15 within a quarter mile of NorthPointe. The NorthPointe  
16 project is small, yet it will provide multiple trades  
17 work for six months.

18 I want to thank you for your time and  
19 consideration today.

20 CHAIRPERSON OLSON: Thank you.

21 That concludes the public participation  
22 portion of the meeting.

23 Post-permit items approved by the  
24 Chairwoman, Mr. Constantino.

**REPORT OF PROCEEDINGS -- 12/16/14  
POST-PERMIT ITEMS APPROVED**

26

1 MR. CONSTANTINO: Thank you, Madam  
2 Chairwoman.

3 The Chairwoman has approved the following  
4 exemptions: E-040-14, Adventist LaGrange Memorial  
5 Hospital; Exemption E-041-14, Adventist Bolingbrook  
6 Hospital; and Exception E-042-14, Adventist Glen Oaks  
7 Hospital.

8 The Chairwoman has approved the following  
9 permit renewals: Permit No. 13-008, Permit  
10 No. 13-019, Permit No. 12-076, Permit No. 13-003,  
11 Permit No. 11-021, Permit No. 11-107, Permit  
12 No. 12-104, Permit No. 13-049.

13 And the Chairwoman has approved one  
14 alteration for Permit No. 08-075.

15 Thank you, Madam Chairwoman.

16 CHAIRPERSON OLSON: Thank you, Mike.

17 Items for State Board action, we have two  
18 permit renewal requests. Both of these permit renewal  
19 requests had no opposition and no findings.

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**PERMIT RENEWAL REQUESTS -- 12/16/14  
ADDISON REHABILITATION & LIVING CENTER**

27

1 CHAIRPERSON OLSON: The first one is  
2 Project No. 09-030, Addison Rehabilitation & Living  
3 Center in Elgin, for a 12-month renewal from  
4 December 31st, 2014, to December 31st, 2015, if the  
5 Applicant would come to the table.

6 May I have a motion to approve this 12-month  
7 permit renewal for Addison Rehabilitation & Living  
8 Center?

9 MEMBER GALASSI: So moved.

10 MEMBER SEWELL: Second.

11 CHAIRPERSON OLSON: Would the Applicants  
12 please be sworn in.

13 THE COURT REPORTER: Raise your right  
14 hands, please.

15 (Three witnesses duly sworn.)

16 THE COURT REPORTER: Thank you. And  
17 please print your names.

18 CHAIRPERSON OLSON: Seeing that there's  
19 been no opposition and no findings on your  
20 application, would you like to speak to the Board, or  
21 can I open for questions?

22 Mr. . . . Mr. Sheets.

23 Mike, can we have your report? I'm sorry.

24 MR. CONSTANTINO: Thank you, Madam

**PERMIT RENEWAL REQUESTS -- 12/16/14  
ADDISON REHABILITATION & LIVING CENTER**

28

1 Chairwoman.

2           The permit holders are requesting a 12-month  
3 permit renewal, Permit No. 9-030, Addison  
4 Rehabilitation & Living Center in Elgin, Illinois, for  
5 the establishment of a 120-bed long-term care facility  
6 at a cost of approximately \$14.3 million. This  
7 project was approved March 2010.

8           This is the second permit renewal for this  
9 project. The first renewal was from December of 2011  
10 to December of 2014, and the second renewal will be  
11 until December of 2015.

12           The permit holders have expended  
13 approximately 13.3 percent of the permit amount to  
14 date. The renewal meets all the Board's requirements.

15           Thank you, Madam Chairwoman.

16           CHAIRPERSON OLSON: Thank you, Mike.

17           Mr. Sheets, do you have comments, or would  
18 you like to open?

19           MR. SHEETS: Well, I know I promised  
20 I wouldn't be back when we got a three-year renewal.  
21 Mr. Galassi probably remembers that.

22           But we are underway. We've expended, up  
23 until this point, \$1.2 million for the land, 530,000  
24 for the architectural fees, and 3.4 million in actual

**PERMIT RENEWAL REQUESTS -- 12/16/14**  
**ADDISON REHABILITATION & LIVING CENTER**

29

1 construction. The second floor is almost complete.  
2 There's a third floor but, because of the weather,  
3 we're not exactly sure we'll get it up before the  
4 January cold.

5 But I have with me Mr. Sigmund Lefkowitz,  
6 who is the construction company owner who's doing the  
7 project, and Mr. Shelley Rosenberg, who's the project  
8 manager. So if you have any questions about  
9 construction and what's occurred, they'll be more than  
10 happy to --

11 MEMBER GALASSI: So you're about halfway  
12 through? But we don't have --

13 MR. SHEETS: Probably 40 percent, yeah.  
14 More realistically, 40 percent.

15 But we're anticipating that the actual  
16 construction -- you know, I think we said this the  
17 last time, too -- is only 12 months. So we'll  
18 probably be done in August, but we ask until the end  
19 of the year just to make sure we get the approvals  
20 necessary.

21 MEMBER GALASSI: You answered my  
22 question.

23 Thank you.

24 MR. SHEETS: We also did an alteration

**PERMIT RENEWAL REQUESTS -- 12/16/14**  
**ADDISON REHABILITATION & LIVING CENTER**

30

1 in the summer before construction started, over this  
2 the last summer, reducing the square footage. The  
3 original square footage was, I think, 61,000, and  
4 we've reduced it to 52,000, and the reason for that  
5 reduction was a reduction in the number of private  
6 rooms. It's approximately half and half now.

7 CHAIRPERSON OLSON: Other questions from  
8 Board members?

9 (No response.)

10 CHAIRPERSON OLSON: Seeing none,  
11 I will call for a roll call vote to approve the permit  
12 renewal request on Project 09-030, Addison  
13 Rehabilitation & Living Center in Elgin, for 12 months.

14 MR. ROATE: Motion made by Mr. Galassi;  
15 seconded by Mr. Sewell.

16 Dr. Burden.

17 MEMBER BURDEN: Yes.

18 MR. ROATE: Mr. Galassi.

19 MEMBER GALASSI: Based upon a reduction  
20 in the budget and a projected completion date, yes.

21 MR. ROATE: Mr. Hayes.

22 VICE CHAIRMAN HAYES: Yes, based on the  
23 discussion that Member Galassi just mentioned.

24 MR. ROATE: Mr. Sewell.



**PERMIT RENEWAL REQUESTS -- 12/16/14  
VICTORIAN VILLAGE, HOMER GLEN**

32

1 CHAIRPERSON OLSON: Next up is  
2 Project 08-082, Victorian Village, Homer Glen, for a  
3 four-month renewal from December 31st, 2014, to  
4 April 30th, 2015.

5 May I have a motion to approve this  
6 four-month permit renewal for Victorian Village?

7 VICE CHAIRMAN HAYES: So moved.

8 MEMBER BURDEN: Second.

9 CHAIRPERSON OLSON: If the Applicant  
10 will be sworn in.

11 (Three witnesses duly sworn.)

12 THE COURT REPORTER: Thank you. Please  
13 print your names.

14 CHAIRPERSON OLSON: Mike.

15 MR. CONSTANTINO: Thank you,  
16 Madam Chairwoman.

17 The permit holders are requesting a  
18 four-month permit renewal for Permit No. 08-082,  
19 Victorian Village in Homer Glen, Illinois, for the  
20 establishment of a 50-bed long-term care facility at  
21 an approximate cost of \$10.6 million. To date the  
22 permit holders have spent approximately 10 million of  
23 the permit amount.

24 This is the fifth permit renewal for this

**PERMIT RENEWAL REQUESTS -- 12/16/14  
VICTORIAN VILLAGE, HOMER GLEN**

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1 project. The permit was issued in September of 2009  
2 with an original completion date of August 31st, 2011.  
3 The first renewal was for 16 months, the second was  
4 for 14, the third was for 5, the fourth was for 3, and  
5 this renewal is for 4 months. The renewal meets all  
6 of the Board's requirements.

7 Thank you, Madam Chairwoman.

8 CHAIRPERSON OLSON: Comments for the  
9 Board?

10 MR. OURTH: Yes. Just real briefly  
11 to -- pleased to report, as Jeff can tell you, that  
12 the Department of Public Health was out a couple of  
13 weeks ago, a successful inspection and just a few  
14 punch list items left.

15 And the other -- the only other thing  
16 remaining is for the IDPH nursing inspection to come  
17 out. So the inspection's done, the project's done,  
18 had hoped to have it done by the end of this week, but  
19 the inspection time took just a little bit longer.  
20 But I'm pleased to report that the project is  
21 essentially complete.

22 CHAIRPERSON OLSON: That's great.

23 Thanks.

24 Any other questions from the Board members?

**PERMIT RENEWAL REQUESTS -- 12/16/14  
VICTORIAN VILLAGE, HOMER GLEN**

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1 (No response.)

2 CHAIRPERSON OLSON: Seeing none, I'll  
3 call for a roll call vote on Project 08-082, Victorian  
4 Village, for a four-month permit renewal request.

5 MR. ROATE: Motion made by Mr. Hayes;  
6 seconded by Dr. Burden.

7 Dr. Burden.

8 MEMBER BURDEN: Yes.

9 MR. ROATE: Mr. Galassi.

10 MEMBER GALASSI: I'm not sure why we're  
11 voting on this but I'll vote yes.

12 MR. ROATE: Mr. Hayes.

13 VICE CHAIRMAN HAYES: Yes.

14 MR. ROATE: Mr. Sewell.

15 MEMBER SEWELL: Yes. There were no  
16 negative findings.

17 MR. ROATE: Madam Chair.

18 CHAIRPERSON OLSON: Yes, for the reasons  
19 stated.

20 MR. ROATE: 5 votes in the affirmative.

21 CHAIRPERSON OLSON: Motion passes.

22 And just for clarification, I can't sign on  
23 a fifth renewal.

24 Did you just mean that it's so close to

**PERMIT RENEWAL REQUESTS -- 12/16/14  
VICTORIAN VILLAGE, HOMER GLEN**

1 done?

2 MEMBER GALASSI: What if we voted no?

3 CHAIRPERSON OLSON: Oh.

4 MEMBER GALASSI: The project's  
5 completed.

6 CHAIRPERSON OLSON: Yeah. Good point.  
7 Okay. Thank you.

8 MR. URSO: I just wanted to remind the  
9 Board members, please explain their votes and give a  
10 rationale of why they're voting the way they are.

11 CHAIRPERSON OLSON: We have no extension  
12 requests.

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**EXEMPTION REQUESTS -- 12/16/14  
ADVOCATE AND NORTHSORE**

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1 CHAIRPERSON OLSON: The next is  
2 exemption requests and first on the agenda is Advocate  
3 Health Care Network, Advocate Health and Hospitals  
4 Corporation, and NorthShore University HealthSystem,  
5 and this is Docket Items C-1 through C-19. Again, we  
6 had no opposition and no findings.

7 May I have a motion to approve  
8 Exemptions E-19-14 through E-037-14 for a change  
9 of ownership?

10 MEMBER GALASSI: So moved.

11 MEMBER BURDEN: Second.

12 CHAIRPERSON OLSON: I also need to have  
13 a motion to accept the supplemental material that  
14 came. This is the letter dated December 5th from  
15 Advocate.

16 MEMBER GALASSI: Can I amend the  
17 original motion to include that letter?

18 CHAIRPERSON OLSON: Is that all right?  
19 Or do we need two separate . . .

20 (Discussion off the record.)

21 CHAIRPERSON OLSON: That's -- okay.  
22 We're amending the motion to include the letter  
23 received on December 5th. So this letter was received  
24 in a timely fashion and will be made part of the

**EXEMPTION REQUESTS -- 12/16/14  
ADVOCATE AND NORTHSORE**

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1 record.

2 Okay. Mike -- let's have the Applicants  
3 sworn in, please.

4 THE COURT REPORTER: Raise your right  
5 hands, please.

6 (Three witnesses duly sworn.)

7 THE COURT REPORTER: Thank you. And  
8 please print your names.

9 CHAIRPERSON OLSON: Mike.

10 MR. CONSTANTINO: Thank you, Madam  
11 Chairwoman.

12 Advocate Health Care Network, Advocate  
13 Health and Hospital Corporation, and NorthShore  
14 University HealthSystem are proposing an affiliation.  
15 There are 15 acute care hospitals, 2 long-term acute  
16 care hospitals, 1 ASTC, and 1 ASTC recovery care  
17 center subject to Board approval.

18 The 15 acute care hospitals are Advocate  
19 BroMenn, Advocate Christ, Condell, Eureka, Good  
20 Samaritan, Good Shepherd, Lutheran General, Illinois  
21 Masonic, Sherman, South Suburban, and Trinity. The  
22 NorthShore hospitals are Evanston, Glenbrook,  
23 Highland Park, and Skokie.

24 The ASTC surgical suite is BroMenn Comfort

**EXEMPTION REQUESTS -- 12/16/14  
ADVOCATE AND NORTHSHORE**

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1 Care and Suites, and the ASTC is Dreyer Ambulatory  
2 Surgery Center, and the two long-term care -- acute  
3 care hospitals are RML Chicago and RML Specialty  
4 Hospital.

5 Thank you, Madam Chairwoman.

6 CHAIRPERSON OLSON: Thank you, Mike.

7 Do you have comments for the Board,  
8 gentlemen, or shall we open to questions?

9 MR. OURTH: Oh, yes. Because of the  
10 importance of this project, we wanted to bring people  
11 down to address some of the issues and benefits of  
12 this transaction.

13 First, I'm Joe Ourth and I'm pleased to have  
14 the opportunity to present our applications to bring  
15 together Advocate Health Care and NorthShore  
16 University HealthSystem.

17 You are accustomed to having Advocate and  
18 NorthShore before you on various projects, and when  
19 you see that, it's typically appropriately bringing  
20 the hospital presidents down to present their  
21 projects. Today it's the CEOs of the two systems that  
22 are before you now.

23 Mr. Mark Neaman is president and CEO of  
24 NorthShore University HealthSystem. Mr. Jim Skogsbergh

**EXEMPTION REQUESTS -- 12/16/14  
ADVOCATE AND NORTHSORE**

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1 is the CEO of Advocate and was elected the next  
2 chairman elect of the American Hospital Association.

3 Although there are 19 applications before  
4 you, our presentation addresses the applications  
5 together as a single transaction. This project has a  
6 positive State agency report, strong community  
7 support, as you've seen in the supplemental materials,  
8 and no opposition.

9 But because there's only five members  
10 present, we know that it's important that we address  
11 each of the questions that any of you may have, and so  
12 we'd ask that, if you have any unaddressed questions,  
13 you ask them now so that we -- as part of this -- so  
14 that we can address that either now or before even the  
15 next meeting, if necessary.

16 So if approved, Mr. Skogsbergh and  
17 Mr. Neaman will be the co-CEOs of the combined  
18 Advocate NorthShore Health Partners system and are  
19 well prepared to discuss the benefits of the merger  
20 and to address your questions.

21 Jim.

22 MR. SKOGSBERGH: Good morning, Ladies  
23 and gentlemen.

24 As Joe indicated, my name's Jim Skogsbergh.

**EXEMPTION REQUESTS -- 12/16/14  
ADVOCATE AND NORTHSORE**

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1 I'm the present CEO of Advocate. To my left is  
2 Mark Neaman. Mark and I want to make a few comments  
3 regarding our proposed merger and then answer any and  
4 all questions that you may have.

5 Let me begin by saying, as is evident --  
6 clear to you, that our respective boards of directors,  
7 our senior leadership believes strongly in this  
8 partnership. We're very, very excited about it. We  
9 think it's going to bring great value to the  
10 communities that we currently serve.

11 And we know that you, as a review Board, are  
12 charged with the task of reducing health care costs.  
13 And in today's environment, we, as health care  
14 systems, are charged with that very same task, and we  
15 believe that this merger, this proposed partnership,  
16 is going to allow us to do that.

17 We absolutely see the future as requiring us  
18 to have better health outcomes, a safer environment,  
19 better service to our patients, lower cost, and, in  
20 our world, more geographic coverage so that we can  
21 provide services to employers and payers and so on.  
22 We believe the scale of this proposed merger is going  
23 to allow us to do just that.

24 But we're very excited about it, and we

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ADVOCATE AND NORTHSORE**

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1 think that the essence of our application is  
2 ultimately what I've just referenced.

3 Mark.

4 MR. NEAMAN: Good morning. I very much  
5 agree with all of the comments that Jim has just made  
6 to you.

7 For sure, the dynamics of health care are  
8 already changing. And whether we think in terms of  
9 providers or patients, of physicians or insurers, we  
10 must, must get better. We must not only improve the  
11 cost of care, but we also must improve health care  
12 outcomes, and that's at the very core of the merger  
13 opportunity that's before us, a great opportunity to  
14 really make changes and improvements.

15 Advocate has already been on the path to --  
16 and with great success in advancing population health.  
17 Advocate is one of the leaders in the country in terms  
18 of establishing accountable care organizations and  
19 executing against that extremely well. These kinds of  
20 organizations are at the very core of improving health  
21 outcomes and improving the cost of care.

22 Jim.

23 MR. SKOGSBERGH: Likewise, just a quick  
24 comment: Advocate Health Care has long admired

**EXEMPTION REQUESTS -- 12/16/14  
ADVOCATE AND NORTHSHORE**

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1 NorthShore University HealthSystem's outstanding  
2 leadership team and tightly integrated network of  
3 physicians and hospitals, and we have greatly admired  
4 their approach to data analytics.

5 In fact, that's a key element to our  
6 population health model, and we think it's one of  
7 these reasons this merger makes an awful lot of sense.  
8 We share the same core values and commitment to the  
9 communities that we serve, and we think this is going  
10 to be a great partnership.

11 The benefits of the merger are many.  
12 Bringing together these two systems gives us an  
13 opportunity to drive efficiencies. In total, as was  
14 referenced in the report, we'll have 16 hospitals,  
15 nearly 300 outpatient facilities serving nine diverse  
16 Illinois counties, and we've got an extensive academic  
17 training network -- probably the most extensive  
18 academic training network in the state -- and we are  
19 already and will be a leader in medical research.

20 Both of our systems have invested heavily in  
21 clinical integration, and we believe this notion of  
22 incenting physicians to offer evidence-based  
23 measurable interventions to help improve the quality  
24 of life and the health outcomes of our patients is

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1 very, very appropriate and key to our strategy.

2 MR. NEAMAN: Integration of our systems  
3 will really reach a number of patients across the  
4 greater Chicago region as well as in the state of  
5 Illinois, and part of what we're very excited about  
6 is, with our combined investments in clinical  
7 integration and the support systems related to the  
8 data analytics and information technology, we would  
9 really begin to use those databases to change the  
10 practice of medicine.

11 Consider, for example, chronic disease  
12 management, things like asthma or diabetes. With our  
13 commitment and our capabilities, we can really begin  
14 to have evidence-based medicine, using the data that  
15 we have to really improve the health of an entire  
16 population, not just based on an individual hospital  
17 or individual practice.

18 This is one of the commitments we're making,  
19 one of the great opportunities for our combined system  
20 to really transform the practice of medicine. We're  
21 very excited about that opportunity.

22 MR. SKOGSBERGH: My final comment has to  
23 do with a matter we know is of great importance to  
24 this Board, and that's that both organizations are

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1 committed to our work with the state's Medicaid and  
2 uninsured population.

3           Each of us has established provider-  
4 sponsored care coordination contracts called  
5 Accountable Care Entities, or ACEs, with the Illinois  
6 Department of Health Care and Family Services, and we  
7 plan to combine our efforts together. Both  
8 organizations will continue our strong commitment to  
9 the underserved, and our charity care policies will  
10 not be altered.

11           MR. NEAMAN: Our commitment also extends  
12 to our local communities our hospitals and physicians  
13 are so privileged to serve. Combined, our two systems  
14 provide nearly \$1 billion in charitable care and  
15 community benefit for the communities that we call  
16 home. As a combined organization we'll continue this  
17 work.

18           Our foundations will also continue to exist.  
19 Shareholder decisions will continue, for the most  
20 part, to be led locally so that it might be closely in  
21 touch with the community needs. Designated funds  
22 will, of course, stay with each organization.

23           And, finally, I would like to note the  
24 broad-based community support we've received

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1 demonstrated by the number of letters that -- of  
2 support from legislative, elected, and community  
3 leaders.

4 And in the interest of time, let us pause  
5 there. We'd be delighted to answer any questions that  
6 you might have.

7 Thank you.

8 CHAIRPERSON OLSON: Thank you,  
9 gentlemen.

10 Questions from the Board?

11 Mr. Hayes.

12 VICE CHAIRMAN HAYES: Yes, Madam Chair.  
13 I was just -- wanted to address the staff  
14 here.

15 Now, this is going to be an affiliation  
16 agreement. And does that have -- does that fall under  
17 the rules for an exemption request?

18 MR. CONSTANTINO: Yes. We consider it a  
19 change of ownership.

20 VICE CHAIRMAN HAYES: Even though it's  
21 not an affiliation -- it's only an affiliation  
22 agreement?

23 MR. CONSTANTINO: Yes, John.

24 VICE CHAIRMAN HAYES: Okay.

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1           You know, basically, you're looking at cost  
2 savings associated with a lot of automation,  
3 centralized services, analytics, buying power for your  
4 supplies, and things like that.

5           Is that one of the reasons for this  
6 affiliation?

7           MR. SKOGSBERGH: Without a doubt, the  
8 efficiencies that we can gain by coming together is a  
9 significant part of it.

10           But beyond that, we also know that, by  
11 coming together, we'll have access to other  
12 neighborhoods and be able to serve a broader  
13 population.

14           It's no secret in the Chicagoland area that  
15 we've been tolled the opportunity to serve populations  
16 for Advocate. We lack some geography; NorthShore  
17 fills that geography. And NorthShore's a bit isolated  
18 in terms of location, and this partnership moves them  
19 out beyond their current location.

20           So it's serving a broader population, but,  
21 without a doubt, the notion of coming together to  
22 reduce costs is a significant part of this.

23           VICE CHAIRMAN HAYES: And how will this  
24 affiliation affect your pricing? Specifically the

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1 reimbursement based on Medicare, Medicaid, and then,  
2 of course, private insurance.

3 MR. SKOGSBERGH: Currently our  
4 contracts -- we have a unique contract with our  
5 payers. We're actually paid by getting a better  
6 health outcome at a lower cost.

7 So we have very unique payer arrangements,  
8 which incents us to reduce our cost, which kind of  
9 flies in the face of the concern that is oftentimes  
10 expressed when organizations come together like this,  
11 that they have a significant opportunity to drive  
12 prices up. We're actually reimbursed based on how we  
13 can reduce our costs.

14 VICE CHAIRMAN HAYES: So you're saying  
15 that, you know, the reimbursement from private  
16 insurance, which is probably the one we're talking  
17 about here, they're -- you're actually saying that,  
18 you know, your ability to negotiate contracts as a  
19 combined entity really doesn't look at -- it's not  
20 going to increase the price; it's going to -- of  
21 reimbursement -- it's -- your negotiation with these  
22 insurance companies because you actually have  
23 contracts that require you to -- for a certain amount  
24 of cost savings -- you get reimbursed based on cost

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1 savings?

2 MR. SKOGSBERGH: We do get reimbursed  
3 based on cost savings, that's correct.

4 MR. NEAMAN: For NorthShore, as well.

5 VICE CHAIRMAN HAYES: Okay. And -- but,  
6 basically, this affiliation agreement, the governing  
7 entity will negotiate these reimbursement contracts  
8 with private insurance companies; isn't that correct?

9 MR. SKOGSBERGH: Yes. We will have  
10 one organization that interacts with all the payers  
11 and the employers in the area.

12 VICE CHAIRMAN HAYES: Okay. Thank you.

13 CHAIRPERSON OLSON: Other questions or  
14 comments?

15 MEMBER GALASSI: Yes, please.

16 Gentlemen, I would like to thank both of you  
17 for being here as a senior representative of Advocate  
18 and NorthShore. It speaks of your commitment and  
19 I appreciate that. I think the Board appreciates  
20 that.

21 Under this new umbrella of Advocate and  
22 NorthShore -- which I'm guessing is unprecedented in  
23 Chicagoland for such an agreement, and I credit you  
24 for it. In some ways I wish it happened 15 years ago.

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1           But my question specifically is, are there  
2 any FQHCs, any Federally qualified health centers,  
3 under your umbrella?

4           There are?

5           MR. NEAMAN: Yes.

6           MEMBER GALASSI: As part of the system?

7           MR. NEAMAN: Yes.

8           MEMBER GALASSI: Okay.

9           MR. SKOGSBERGH: Even if not part of the  
10 system, we have contracts and relationships with --

11          MEMBER GALASSI: I'm sure.

12          MR. SKOGSBERGH: -- FQHCs, as well.

13          MEMBER GALASSI: Yeah. I'm sure you do.

14          Thank you very much.

15          CHAIRPERSON OLSON: Thank you, Dale.

16          Other questions?

17          Doctor.

18          MEMBER BURDEN: I guess my comments are  
19 rather personal.

20           I'm quite impressed, as other Board members  
21 must be, by this affiliation. I'm 81 years of age.  
22 I've seen -- I'm retired from active practice. I was  
23 really quasi-active after that.

24           I'm sensing some changes that have occurred

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1 that are overwhelming to me, what I did essentially as  
2 a private practice practitioner from today, according  
3 to Wall Street articles by Scott Gottlieb -- who  
4 I know and respect. When I was at Johns Hopkins,  
5 I met him. He's a lot brighter than I am.

6 But his opinion on page demonstrates -- I guess  
7 at my age it's beyond my scope of imagination that  
8 I've seen such a change -- that 60 percent of all docs  
9 are going to be salaried. The spread is amazing. All  
10 this in front of me shows details of net return. It's  
11 a business decision of immense proportion.

12 I guess my new concern, as a matter of  
13 fact -- the scope doesn't include a group of  
14 the intercity hospitals. And I think government  
15 obviously is concerned about care being given to that  
16 huge population, which we will be discussing later  
17 today. They don't seem to be part of this mark --  
18 historic merger.

19 I don't know how that means a thing to you  
20 people as a business principle thing, as a business  
21 proposition. I have been in business sidelined to  
22 medicine, too. But it's an emotional reaction to some  
23 changes that I knew were coming, would come. I have  
24 my own feelings about it, but I think it's amazing to

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1 consider the scope.

2           10 percent of all the patients in the state  
3 of Illinois fall into this arena, and, of course,  
4 beyond that -- this is the area where I live -- 50 to  
5 60 percent of the patients are basically served by  
6 this merged company.

7           I'm just philosophic. I have no question.  
8 I can't grasp the significance of it. But when I see  
9 data that tells me the percentage of revenue in excess  
10 of expenses based on net patient revenue, I'm  
11 overwhelmed with that kind of material. We never got  
12 this kind of data before.

13           You have and are aware of it. You have  
14 always been aware of it. But to me, as a medical  
15 practitioner, member of a Board looking at this  
16 immense -- it's earth shattering to me.

17           I wonder where it will go down the line when  
18 we have what I commented about, the concern personally  
19 for the people of the city who are essentially  
20 residents who have limited access to something this  
21 major. And I hope that there is effort made -- not  
22 that you haven't done, but I think it's amazing your  
23 proposals here in front of us appear to me to be  
24 what's -- just the beginning of three or four others

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1 we're going to see.

2 That's all. It's got nothing to do with the  
3 impact to me personally. I mean, I'm looking sort of  
4 stunned to see such an immense project occur.

5 Thank you.

6 MR. SKOGSBERGH: We certainly appreciate  
7 your comment.

8 If I can, just to point out that Advocate  
9 Illinois Masonic Medical Center is in the heart of the  
10 city and Trinity Hospital is also on 93rd Street, so  
11 we are serving in the heart of the city, as well.

12 MEMBER BURDEN: I recognize that, having  
13 worked at both places. Children's was my major place  
14 where we saw -- and, of course, I do recognize that  
15 the training programs at universities presently in  
16 Chicago are still reaching out; Northwestern's  
17 reaching out. They're all reaching out to the area  
18 where there are essentially well-insured people or at  
19 least can provide or keep this system intact.

20 Yeah, I recognize that. But there's a much  
21 bigger piece for me as a -- sitting on this Board  
22 looking at the whole scope. That's a step in that  
23 direction, what you just mentioned.

24 Thank you again.

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1 CHAIRPERSON OLSON: Any other questions  
2 or comments?

3 Yes, Mr. Sewell.

4 MEMBER SEWELL: I just want to use the  
5 opportunity of having the attention of a leader of the  
6 American Hospital Association to urge you --

7 MR. SKOGSBERGH: Chair elect.

8 MEMBER SEWELL: You're a leader. They  
9 wouldn't have made you chair elect.

10 I just would urge you, in -- now that  
11 delivery systems are accountable for improvements in  
12 population health -- and I heard that theme through  
13 both of your presentations -- you just invite your  
14 colleagues from the public health community to the  
15 table as you discuss your accountable care because  
16 they've been doing this for a long time. So get some  
17 help from them, and it will be a bigger tent.

18 MR. SKOGSBERGH: Thank you.

19 CHAIRPERSON OLSON: Good point.

20 MEMBER GALASSI: Well said.

21 CHAIRPERSON OLSON: Yes, very.

22 We have a motion. May I have a roll call  
23 vote to approve Exemptions E-19-14 through E-037-14?

24 Roll call, please.

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1                   MR. ROATE: Motion made by Mr. Galassi;  
2                   seconded by Dr. Burden.

3                   Dr. Burden.

4                   MEMBER BURDEN: I vote yes. I think the  
5                   reasons are self-explanatory. It's an immense  
6                   affiliation of significance, and I think it's going to  
7                   lead to greater patient care in the long run.  
8                   Thank you.

9                   I vote yes.

10                  MR. ROATE: Thank you.

11                  Mr. Galassi.

12                  MEMBER GALASSI: I would say, based upon  
13                  the unprecedented nature of this and the data-driven  
14                  health care delivery system that it's really finally  
15                  moving us into and, from a public health standpoint,  
16                  somewhat historic, I'm very excited about this.

17                  MR. ROATE: Mr. Hayes.

18                  VICE CHAIRMAN HAYES: I'm going to vote  
19                  yes based on the positive State agency report.

20                  MR. ROATE: Mr. Sewell.

21                  MEMBER SEWELL: I vote yes. I think  
22                  this promises efficiencies, cost containment, and  
23                  improvements in population health.

24                  MR. ROATE: Madam Chair.

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CHAIRPERSON OLSON: I vote yes, as well,  
for the reasons stated by my colleagues at the table.

MR. ROATE: That's 5 votes in the  
affirmative.

CHAIRPERSON OLSON: The motion passes.  
Good luck to you, gentlemen.

MR. SKOGSBERGH: Thanks very much.

MR. NEAMAN: Thank you.

MR. OURTH: Thank you.

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1 CHAIRPERSON OLSON: Next on the agenda,  
2 Interstate Alliance, Inc.; Mercy Alliance, Inc.;  
3 Rockford Health; Mercy Harvard Hospital, Inc.; and  
4 Rockford Memorial, Docket Items C-20 through C-21.

5 As the Applicant moves to the table, may  
6 I have a motion to approve Exemptions E-38-14 and  
7 E-39-14 for a change of ownership?

8 May I have a motion?

9 MEMBER GALASSI: So moved.

10 VICE CHAIRMAN HAYES: Second.

11 MEMBER SEWELL: Second.

12 CHAIRPERSON OLSON: If the Applicants  
13 will be sworn in, please.

14 THE COURT REPORTER: Raise your right  
15 hands, please.

16 (Four witnesses duly sworn.)

17 THE COURT REPORTER: Thank you. Please  
18 print your names.

19 CHAIRPERSON OLSON: Mr. Constantino,  
20 State Board staff report, please.

21 MR. CONSTANTINO: Thank you, Madam  
22 Chairwoman.

23 The Applicants are proposing a change of  
24 ownership for Rockford Memorial Hospital and Mercy

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1 Harvard Memorial Hospital. The licensee, operating  
2 entities, and the owners of the sites will remain  
3 unchanged.

4 There is no cost to this transaction. There  
5 was no public hearing requested, no letters of support  
6 or opposition received by the State Board staff. The  
7 anticipated completion date is 60 days from approval  
8 of the State Board.

9 Thank you, Madam Chairwoman.

10 CHAIRPERSON OLSON: Thank you, Mike.

11 Comments for the Board?

12 MR. BEA: Thank you, Madam Chair and  
13 members of the Board. We're delighted to be here and  
14 to just share a few minutes about our very great  
15 collaboration that's occurring between Mercy and the  
16 Rockford Memorial system.

17 Following the proposed merger, I will be  
18 serving as the CEO of Interstate Alliance, the parent  
19 corporation of our new system. Also with me is  
20 Gary Kaatz, the current president and CEO of Rockford  
21 Health System and Rockford Memorial Hospital, Honey  
22 Skinner from Sidley Austin, and Jack Axel from Axel &  
23 Associates.

24 In light of our positive staff report and

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1 support of the communities for our merger and the  
2 length of your agenda, we'll keep our comments very  
3 brief.

4           As you know, Mercy Health System and  
5 Rockford Health System appear before you today to seek  
6 a certificate of exemption for Mercy Harvard Hospital  
7 and Rockford Memorial Hospital to support the merger  
8 of our two organizations.

9           We believe that, in doing so, Mercy and  
10 Rockford Health System will be well positioned to meet  
11 the health care needs of our communities long into the  
12 future. Upon completion of the merger, our new  
13 organization will have hospitals in Harvard, Illinois,  
14 and Rockford, Illinois, as well as Janesville,  
15 Wisconsin, and Lake Geneva, Wisconsin.

16           In addition, our joint organization will  
17 have a network of outpatient centers surrounding these  
18 hospitals comprising of more than 550 multispecialty  
19 physicians, approximately 7,500 employees,  
20 80 outpatient specialty and multispecialty clinics,  
21 along with other service sites that provide care to  
22 their residents in more than 40 Illinois and Wisconsin  
23 communities serving more than six -- or serving  
24 six Illinois and Wisconsin counties.

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1           Mercy and Rockford Health System are  
2 committed also to provide exceptional health care to  
3 our patients, and we've been recognized for doing so.  
4 Mercy Health System is the first vertically integrated  
5 health system in the United States to receive the  
6 Malcolm Baldrige National Quality Award. It's the  
7 nation's highest presidential honor for quality and  
8 organizational excellence. Mercy's also one of the  
9 few organizations in the country to receive the Magnet  
10 nursing designation of excellence for its entire  
11 health care system.

12           Mercy brings the same level of excellence to  
13 those in need outside the four walls of our  
14 facilities. For example, the House of Mercy Homeless  
15 Center, which Mercy has owned and operated since 1996,  
16 has helped thousands of single mothers and children  
17 find affordable housing, jobs, and day care; HealthNet  
18 of Rock County, a free clinic where its Mercy  
19 physicians provide 85 percent of the physician  
20 services to this free clinic; Open Arms Free Clinic in  
21 Walworth County, through which the Mercy physicians  
22 provide the majority of physician volunteer time;  
23 Janesville Community Health Center, a Federally  
24 qualified health center in collaboration between Mercy

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1 and Community Health Systems. Additionally, Mercy  
2 provides volunteer support time at the Harvard,  
3 Illinois, free medical clinic and Family Health  
4 Partnership Clinic in McHenry County.

5 We are committed to continue, besides these  
6 out-of-our-four-walls services, our commitment to  
7 charity and our combined system of the -- offering  
8 3 percent of our revenue in charity care.

9 Rockford Health System is a six-time  
10 recipient of our HealthGrades Patient Safety  
11 Excellence Award and having been named three  
12 consecutive years by US News & World Report's list of  
13 best regional hospitals.

14 Our merger will enable both Mercy and  
15 Rockford to provide enhanced services to our patients  
16 in our combined systems, more coordinated care for  
17 those patients, and a greater clinical collaboration.

18 For example, Mercy operates and has operated  
19 for over 20 years a family practice residency program  
20 with over 24 family physicians in training and will be  
21 able to provide these physicians, family doctors that  
22 are very much needed in the Rockford area.

23 Another example of our intended  
24 collaboration is to share physicians within our larger

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1 service area, improving access of both primary and  
2 specialty care to our respective service areas.

3 So as our application delineates,  
4 headquarters for the parent corporation will be based  
5 in Rockford, Illinois. Mercy Health System and  
6 Rockford Health System will both maintain their  
7 respective names.

8 Thank you for consideration of our  
9 application, and I'd like to turn the microphone over  
10 now to my colleague Gary Kaatz.

11 THE COURT REPORTER: Could you tell me  
12 your name, please, sir?

13 MR. BEA: Oh, sorry. Javon Bea.

14 THE COURT REPORTER: Thank you.

15 MR. KAATZ: Good morning.

16 As Javon said, we -- our boards, our  
17 communities, our senior leadership -- are excited  
18 about this possibility. We are convinced that there  
19 will be significant benefits to our patient  
20 communities.

21 As you heard earlier, we, too, have made  
22 significant investments in things such as vertical  
23 integration and analytics, but I think some of the  
24 pride in our organizations is really our ability to

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1 deliver and demonstrate the highest level of care  
2 possible.

3           In addition or as a follow-up to what Javon  
4 has presented in front of you, the Rockford Health  
5 System also has a very rich tradition of working with  
6 our community outside the walls of our institution.  
7 We're very active with our Ronald McDonald's Care  
8 Mobile, which provides medical care and dental care to  
9 patients in a nine-county area that are underserved.

10           We are a partner with the Silver Lining  
11 Foundation out of Chicago that has provided free  
12 mammograms to thousands of patients that have been  
13 unable to secure that service, and we work with a  
14 local church and provide the Bridge Clinic for  
15 individuals who have otherwise a difficult time  
16 finding care on Sundays.

17           We are convinced, excited it's a good move  
18 for our community, and we would be more than happy to  
19 answer any questions that the Board may have at this  
20 time.

21           Thank you very much for your consideration.

22                   CHAIRPERSON OLSON: Thank you,  
23 gentlemen.

24           Questions from Board members?

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1           Mr. Hayes.

2                   VICE CHAIRMAN HAYES: Thank you, Madam  
3 Chairman.

4           Now, I'm a little confused here, is that --  
5 this is a merger or a change of ownership. And what  
6 is exactly Mercy -- Mercy is basically giving -- it's  
7 a change of ownership of Harvard; is that correct?

8                   Your Harvard Mercy hospital.

9                   MR. BEA: Well, what it is is we're  
10 actually a merger of the two entities. Harvard  
11 Memorial Hospital falls under Mercy Health System, and  
12 Mercy Health System will maintain its corporate  
13 structure as Rockford Health System will maintain its  
14 corporate structure, two separate governing bodies  
15 which each governing body will send four members each  
16 up to a holding company board.

17                   So Interstate Alliance, Inc. -- which is the  
18 holding company over Mercy Health System, which has  
19 Rockford -- or which has Mercy Harvard Hospital and  
20 Rockford Memorial Hospital -- will also be sending  
21 four.

22                   So it's really a merger of equals. It is  
23 not a takeover or an absorption, as you see some  
24 systems take over another entity. That isn't what --

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1 this is a merger of equals, as it were.

2 VICE CHAIRMAN HAYES: But does this  
3 Interstate -- this Interstate Alliance here . . .  
4 Interstate Alliance, Inc., what about the Janesville  
5 hospital and the hospitals in Walworth and your other  
6 facilities in Wisconsin? Does this have any effect on  
7 them at all?

8 MR. BEA: Well, I mean, other than what  
9 I indicated, that we're going to be collaborating  
10 between the two systems for sharing of physicians and  
11 services -- for instance, both Rockford Memorial and  
12 Mercy have trauma centers. And as Gary and I have  
13 discussed quite frankly, we need additional trauma to  
14 service -- or physicians, which are very difficult to  
15 find, as backup for our current trauma surgeons, and  
16 this way we can share a trauma surgeon between the  
17 two of us.

18 That's an -- I just gave you one example of  
19 really dozens and dozens of specialties where we'll be  
20 sharing specialty services, making it more available  
21 for our patients.

22 MR. AXEL: The Wisconsin hospitals will  
23 come into -- will be under Interstate Alliance as the  
24 Illinois hospitals are.

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1           Obviously, before this Board we are only  
2 addressing the two Illinois hospitals, but all the  
3 hospitals, either under Mercy Health System or  
4 currently under Rockford Memorial, will be under  
5 Interstate Alliance.

6           MS. SKINNER: Right.

7           So -- just to add a comment, the agency's  
8 jurisdiction over change of ownership, of course, is  
9 for the Illinois hospitals, obviously. There are two  
10 Illinois hospitals that are involved: One, Rockford  
11 Memorial; the other, Harvard, which is owned by Mercy.  
12 That's the only assets or licensed facilities that  
13 come under the jurisdiction of the agency.

14           We wanted to tell the larger story -- about  
15 how we will work together, our intention, how we  
16 impact the community -- so that you get a flavor for  
17 our enthusiasm for this joint effort, but your  
18 particular review is focused on just the Illinois  
19 hospitals.

20           VICE CHAIRMAN HAYES: So, basically,  
21 this merger is, you know, for the entire Mercy system  
22 here, and that includes, basically, the hospital in  
23 Janesville, which is mostly the highest -- or the --  
24 your largest asset there; is that correct?

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1                   MR. BEA: That's right. But all of our  
2 facilities, including the hospital in Walworth --  
3 that's right. This merger impacts all of the Mercy  
4 system.

5                   VICE CHAIRMAN HAYES: Okay. So you're  
6 going to, again, have cost savings associated with  
7 this? Is that part of the plan here?

8                   MR. BEA: Yes. I think, by the fact  
9 that Gary and I both have to maintain sometimes excess  
10 backup specialty services, along with many other,  
11 we'll be able to share those costs.

12                   We will be maintaining separate contracting  
13 relationships with third parties. We don't anticipate  
14 any changes in that at this time.

15                   VICE CHAIRMAN HAYES: Do you think you  
16 would be able to have more favorable pricing with  
17 third-party payers?

18                   MR. BEA: I think down the road we're  
19 certainly open to looking at that. We just don't see  
20 any change right at this time. But as we see health  
21 care -- population health, which is what we're looking  
22 at developing together, the population health serving  
23 our community, we would certainly anticipate that to  
24 be the case.

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1                   MR. KAATZ: I think one of the big  
2 advantages, sir, if I may, is the ability -- we have  
3 a -- we will have a more-than-500 member physician  
4 organization, and we now have a very strong ability to  
5 recruit and retain, especially subspecialty  
6 physicians.

7                   And so one of our goals is going to be to  
8 provide enhanced care within our communities rather  
9 than see that out-migrate. And how that translates to  
10 your question on pricing, I think we're going to be in  
11 position to probably try doing more bundled pricing,  
12 to attempt to do a little more risk contracting and  
13 maybe some things that will put a focus on outcomes,  
14 clinical excellence, and tie pricing together to those  
15 things rather than what we see as traditional health  
16 care pricing.

17                   VICE CHAIRMAN HAYES: Now, this -- one  
18 comment here is that, you know, this Harvard Hospital,  
19 the financial statements, are -- and their  
20 utilization -- is very low.

21                   And so, you know -- basically, do you think  
22 you'd keep the Harvard Hospital open?

23                   MR. BEA: Absolutely. We've invested  
24 over \$25 million in capital in upgrading all of its

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1 emergency room, its operating rooms, the entire  
2 facility. And it's very important to the people in  
3 those communities, and there's a large population in  
4 that area that is in need of care.

5 And so, yes, definitely.

6 VICE CHAIRMAN HAYES: Okay.

7 MR. AXEL: Mr. Hayes, that is a  
8 certified critical access hospital.

9 VICE CHAIRMAN HAYES: But when you  
10 originally went in there, wasn't there -- the  
11 community was expecting a significant amount of  
12 growth; is that correct? And that has not  
13 materialized?

14 MR. BEA: No, not at all. We added a  
15 number of specialties that weren't present. We've  
16 added two outpatient clinics. It's just that we treat  
17 an awful lot of care on an outpatient basis as opposed  
18 to having to admit. It's only the sickest of the sick  
19 that we admit, but it's total coordinated care.

20 I think we have a total -- in fact, for our  
21 nursing Magnet designation, which is the highest award  
22 you can get in nursing care, the Magnet surveyors held  
23 a public hearing in Harvard. And one of the things  
24 they cite in our report is the overwhelming response

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1 that they got from community agencies, as well as  
2 individuals, on how significant Mercy has been to the  
3 Harvard community and surrounding area. And Magnet  
4 cited that in our report as kind of a best practice.

5 So, no, I think the Harvard community is --  
6 by their own admission -- is elated with what we have  
7 contributed to Harvard over the last 16 years.

8 VICE CHAIRMAN HAYES: Now, I'd also  
9 wanted to mention that Rockford Memorial -- Rockford  
10 Health System -- the operating income has, at least  
11 for between 2012 and 2013, declined significantly.  
12 And, you know, some of the -- from that respect -- and  
13 some of the operating statistics associated with that  
14 is far from being the strongest here.

15 And, you know, Mercy -- I think Mercy has a  
16 higher bond rating -- is that correct? -- and will be  
17 able to finance some of the projects through -- or be  
18 able to use -- Rockford will be able to use Mercy's  
19 bond rating to be able to finance some of their  
20 projects?

21 MR. BEA: That's correct. It will be  
22 one bond -- I'm trying to think of the word -- one  
23 bond rating for the entire organization, one  
24 collaborative group with a bond rating. And so it

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1 will raise Rockford's status in terms of their bond  
2 rating and getting better financing.

3 "Obligated group." That's the term I was  
4 looking for. It will be one obligated group for bond  
5 financing.

6 And the -- I think Gary can talk about some  
7 of the major projects that they've been undertaking  
8 that's eroded the -- on the short term -- some of  
9 their bottom-line income statement.

10 But I want to reemphasize the fact that even  
11 though Mercy may come in initially as a higher  
12 bond-rated entity, we felt very strongly in forming a  
13 collaborative board so it's equal board representation,  
14 four from Rockford Memorial and four from Mercy  
15 Hospital.

16 MR. KAATZ: The reason, Mr. Hayes, that  
17 our income is reflected the way it is, back in 2010 we  
18 made a decision to invest just shy of \$60 million in  
19 the Epic electronic health record. And when we talk  
20 about our attempts and initiatives in clinical  
21 integration and analytics, that's exactly what we're  
22 talking about.

23 So throughout our entire organization we are  
24 now digital and -- both with the Epic product -- and



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1 I'll call for a roll call vote to approve  
2 Exemptions E-38-14 and E-38-19 for a change of  
3 ownership.

4 MR. ROATE: Motion made by Mr. Galassi;  
5 seconded by Mr. Sewell.

6 Dr. Burden.

7 MEMBER BURDEN: I vote yes. The staff  
8 report is positive.

9 MR. ROATE: Mr. Galassi.

10 MEMBER GALASSI: I, too, would vote yes  
11 based upon, again, a merger I think is going to be  
12 very good for the community. Being able to measure  
13 better outcomes is something that should be good for  
14 everyone.

15 MR. ROATE: Mr. Hayes.

16 VICE CHAIRMAN HAYES: I'm going to vote  
17 yes based on the positive State agency report.

18 MR. ROATE: Mr. Sewell.

19 MEMBER SEWELL: I vote yes for reasons  
20 stated.

21 MR. ROATE: Madam Chair.

22 CHAIRPERSON OLSON: I vote yes, as well,  
23 for reasons stated.

24 MR. ROATE: That's 5 votes in the

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affi rmati ve.

CHAIRPERSON OLSON: The motion passes.

Good Luck, gentlemen.

MS. SKINNER: Thank you.

MR. BEA: Thank you very much.

MEMBER GALASSI: Good Luck.

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1 CHAIRPERSON OLSON: Next on the agenda,  
2 Alexian Brothers, Ascension Health, Adventist Health  
3 System, Sunbelt Healthcare Corporation, and  
4 St. Alexius Medical Center, Docket Items C-22  
5 through C-28.

6 May I have a motion to approve Exemptions  
7 E-043-14 through E-49-14 for a change of ownership?

8 May I have a motion?

9 VICE CHAIRMAN HAYES: So moved.

10 MEMBER BURDEN: Second.

11 CHAIRPERSON OLSON: If the Applicants  
12 can be sworn in, please.

13 THE COURT REPORTER: Would you raise  
14 your right hands, please.

15 (Three witnesses duly sworn.)

16 THE COURT REPORTER: Thank you. And  
17 please print your names.

18 MR. AXEL: I've got it.

19 CHAIRPERSON OLSON: Mike, State Board  
20 staff report.

21 MR. CONSTANTINO: Thank you, Madam  
22 Chairwoman.

23 The Applicants are proposing an affiliation  
24 between Adventist Health System, Sunbelt Healthcare

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1 Corporation, and Ascension Health through the  
2 establishment of a joint operating company.

3           There are seven hospitals involved in this  
4 transaction: Adventist La Grange, Hinsdale, Glen  
5 Oaks, and Bolingbrook, and then Alexian Brothers  
6 Medical Center, St. Alexius Medical Center, and  
7 Alexian Brothers Behavioral Health. The operating  
8 entities, licensees, and owners of the site will not  
9 change as a result of this affiliation.

10           There is no cost to this transaction. The  
11 anticipated completion date is April 1st, 2015. There  
12 was no public hearing and no letters of support or  
13 opposition received.

14           Thank you, Madam Chairwoman.

15           CHAIRPERSON OLSON: Thank you, Mike.

16           Comments for the Board, gentlemen?

17           MR. FREY: Good morning, Madam Chair and  
18 members of the Board. My name is Mark Frey, and I'm  
19 the president and CEO of Alexian Brothers Health  
20 System.

21           With me this morning is Dave Crane, seated  
22 just to the left here -- our left. Dave is the  
23 president and CEO of Adventist Midwest Health. I will  
24 be serving in the proposed new joint operating company

**EXEMPTION REQUESTS -- 12/16/14  
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1 as the CEO, and David will be serving as the executive  
2 vice president.

3 Also here today is Jack Axel, immediately to  
4 my left. I believe that all of you know Jack.

5 In addition, we have several others in the  
6 room who, if needed, will be able to answer any  
7 questions that we may not be able to.

8 Our proposed affiliation that we're  
9 discussing with you this morning is a joint operating  
10 company. We have worked very closely with your staff  
11 throughout this certificate of exemption process.  
12 We've appreciated their input and guidance and were  
13 pleased by the findings that our applications are in  
14 full compliance with all of your requirements.

15 Our joint operating company will oversee the  
16 operations of all three Alexian Brothers hospitals as  
17 well as those of the four Adventist hospitals. The  
18 joint operating company approach is primarily the  
19 result of the Alexian and Adventist hospitals being  
20 owned by two different not-for-profit organizations,  
21 each with their own religious identity.

22 Our proposed affiliation, rather than an  
23 asset merger, will allow the hospitals to continue to  
24 operate consistent with our respective religious

**EXEMPTION REQUESTS -- 12/16/14**  
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1 sponsorships and realize many significant benefits of  
2 a larger, fully merged organization and would be able  
3 to continue to serve our respective communities.

4 As noted in your staff report, Alexian and  
5 Adventist will be ceding selective management and  
6 operational responsibilities of the joint -- of the  
7 companies -- of our respective companies -- to the new  
8 JOC. We will retain others within our organizations.

9 We have agreed upon a presumptive split in  
10 terms of profit and loss, which will direct the  
11 sharing of surpluses and responsibility for losses and  
12 distribution of assets in the event of a dissolution,  
13 which is highly unlikely.

14 With that bit of introduction and  
15 understanding that you have a very full agenda today,  
16 we would be pleased to answer any questions that  
17 members of the Board may have.

18 CHAIRPERSON OLSON: Thank you, sir.

19 Questions or comments from Board members?  
20 Doctor.

21 MEMBER BURDEN: This is the third one  
22 we've looked at this morning.

23 There's an awful lot of data, too much for  
24 me to inhale over the short time we get to talk about

**EXEMPTION REQUESTS -- 12/16/14**  
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1 it, but this is different because of the religious  
2 affiliations, essentially, of four institutions.

3 How did you hammer that one out? I mean,  
4 Catholics and Seventh Day Adventists --

5 MR. FREY: Very, very carefully.

6 MEMBER BURDEN: -- that's unique to me.  
7 I haven't heard of such a relationship.

8 It's gone smoothly other than on the south  
9 side where the Catholic institution needed to turn to  
10 a Jewish institution to survive. So that happened but  
11 it dragged in the moat from the inside so I -- I don't  
12 know how you -- go ahead. I'm sorry.

13 MR. FREY: No, I appreciate your  
14 question. Thank you very much.

15 We have spent the better part of two years  
16 working on the collaboration. And to be quite candid,  
17 one of the important ingredients in this relationship  
18 really is the cultural compatibility.

19 While we do come from two different faith  
20 traditions, we do share an awful lot of commonality in  
21 our organizations, and I think that cultural fit is  
22 something that's allowed us to get to this point.

23 We have spent significant time with the  
24 Archdiocese of Chicago as well as with the Joliet

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1 Diocese informing the bishops and working closely with  
2 them so that they understand how we would be able to  
3 bring our organizations together.

4 I think on balance, when we've had an  
5 opportunity to really get to know one another or our  
6 respective organizations better, I think it's the  
7 commonalities that really stick out for everyone's  
8 purpose, that mission, vision, and values are pretty  
9 closely linked in terms of serving our patients and  
10 families and communities.

11 MEMBER BURDEN: Thank you.

12 CHAIRPERSON OLSON: Other questions or  
13 comments?

14 VICE CHAIRMAN HAYES: Yes, I have a  
15 question.

16 CHAIRPERSON OLSON: Mr. Hayes.

17 VICE CHAIRMAN HAYES: Thank you, Madam  
18 Chairman.

19 Now, the presumptive split is 63 percent  
20 Alexian and 37 percent Adventist; is that correct?

21 MR. FREY: That's correct.

22 VICE CHAIRMAN HAYES: And what will that  
23 entail?

24 Or what part of revenue or profits does that

**EXEMPTION REQUESTS -- 12/16/14**  
**ALEXIAN BROTHERS, ASCENSION HEALTH, ET AL.**

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1 cover?

2 MR. FREY: It is -- in essence, it is a  
3 splitting of the operating cash flow of the entire  
4 enterprise.

5 So if we take all the components of the  
6 Adventist Midwest Health System and the Alexian  
7 Brothers Health System, bring the cash flows together  
8 for those two organizations, Mr. Hayes, then the split  
9 is based on that.

10 To put it slightly differently, it's  
11 basically a sharing of the bid margin of the  
12 two organizations combined as a single enterprise.

13 VICE CHAIRMAN HAYES: So, basically,  
14 what you're really doing is actually combining the  
15 operations of all these -- what? -- seven or eight  
16 hospitals and a variety of other facilities there, and  
17 you're going to split the profits in this split of  
18 63 percent Alexian and 37 percent Adventist?

19 Now, your -- the board of directors of this  
20 combined entity . . . and -- yeah, the Adventist  
21 Health System, an operating company that will manage  
22 the seven hospitals. Now, this is basically going to  
23 be -- there are going to be equal representations? Or  
24 am I wrong on that?

**EXEMPTION REQUESTS -- 12/16/14  
ALEXIAN BROTHERS, ASCENSION HEALTH, ET AL.**

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1           Is there going to be a joint entity? And  
2 what is that entity's name again?

3           MR. FREY: It's a very long mouthful  
4 name combining Alexian Brothers Health System,  
5 Adventist Midwest Health. Eventually -- subject to  
6 approvals, we will eventually have one new name which  
7 will be far shorter than that.

8           VICE CHAIRMAN HAYES: Okay. And,  
9 basically, this entity will have equal representation  
10 between the two entities; is that correct?

11          MR. FREY: That's correct, Mr. Hayes.

12          VICE CHAIRMAN HAYES: Even though the  
13 profits are going -- are expected to be -- the  
14 percentage of the distribution of the profits is going  
15 to be almost two-thirds one way and one-third another?

16          MR. FREY: That's exactly -- yes.  
17 You're exactly right.

18          And the idea there is so that we have -- the  
19 split, the presumptive split, was based on valuation  
20 of the enterprise as a whole. But from a governance  
21 perspective, it was very important for both  
22 organizations that there was equal representation  
23 from both sides.

24          VICE CHAIRMAN HAYES: Okay. So what do

**EXEMPTION REQUESTS -- 12/16/14**  
**ALEXIAN BROTHERS, ASCENSION HEALTH, ET AL.**

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1 you -- you obviously expect to receive, you know, some  
2 cost savings associated with this as well as some  
3 pricing leverage with private insurance -- is that  
4 correct? -- in this transaction?

5 MR. FREY: I think -- to take the  
6 question backwards with respect to rate increases,  
7 I think that we really don't anticipate  
8 any substantive rate increases and didn't predicate  
9 building this operating company on that basis.

10 And largely it's because, as we see health  
11 care being transformed in Chicago and the state, we  
12 really do expect to move more towards risk-based  
13 approaches to care, so we're not really looking at  
14 this in terms of continuing to see rates increase as a  
15 result of getting larger. So -- so I think not so  
16 much there.

17 With respect to the first part of your  
18 question, I think that where we expect to see some  
19 cost savings -- supply chain is a good example where  
20 we think we can do far better as a combined  
21 enterprise.

22 We think -- we have some redundancy in our  
23 executive leadership which will go away but be one  
24 leadership team for the entire organization, so there

**EXEMPTION REQUESTS -- 12/16/14**  
**ALEXIAN BROTHERS, ASCENSION HEALTH, ET AL.**

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1 will be some savings there, as well.

2 VICE CHAIRMAN HAYES: Okay. Thank you  
3 very much.

4 MEMBER GALASSI: Combined EMR?

5 MR. FREY: I'm sorry, sir?

6 MEMBER GALASSI: Combined records,  
7 electronic medical records?

8 MR. FREY: Oh, initially because we come  
9 from two different systems -- one is a server-based  
10 organization; the other is Meditech -- we will find a  
11 way to use a bridge to communicate the two systems.  
12 But over time we'll be moving towards a single,  
13 unified platform for the organization. We will not be  
14 able to do that probably within the first year because  
15 we need to think through what the right platform is.

16 MEMBER GALASSI: Yeah. And, certainly,  
17 the important -- not fun to get there but important  
18 to do.

19 MR. FREY: Yes.

20 MEMBER GALASSI: Thank you.

21 CHAIRPERSON OLSON: Good luck with that  
22 bridge. That's my living nightmare right now, is the  
23 bridge I'm trying to deal with.

24 Any other questions or comments?

**EXEMPTION REQUESTS -- 12/16/14**  
**ALEXIAN BROTHERS, ASCENSION HEALTH, ET AL.**

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1 (No response.)

2 CHAIRPERSON OLSON: Seeing none,  
3 I'll call for a roll call vote to approve  
4 Exemptions E-043-14 through E-049-14 for a change of  
5 ownership.

6 MR. ROATE: Thank you, Madam Chair.

7 Motion made by Mr. Hayes; seconded by  
8 Dr. Burden.

9 Dr. Burden.

10 MEMBER BURDEN: I vote yes. The State  
11 Board evaluation is positive.

12 MR. ROATE: Mr. Galassi.

13 MEMBER GALASSI: I vote yes for things  
14 noted by Dr. Burden and, again, another example of  
15 advancing towards data-driven health care delivery.

16 MR. ROATE: Mr. Hayes.

17 VICE CHAIRMAN HAYES: I'm going to vote  
18 yes based on the positive State agency report.

19 MR. ROATE: Mr. Sewell.

20 MEMBER SEWELL: Yes, for the reasons  
21 stated.

22 MR. ROATE: Madam Chair.

23 CHAIRPERSON OLSON: Yes, as well, for  
24 reasons stated.

**EXEMPTION REQUESTS -- 12/16/14  
ALEXIAN BROTHERS, ASCENSION HEALTH, ET AL.**

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MR. ROATE: That's 5 votes in the affirmative.

CHAIRPERSON OLSON: The motion passes.  
Good Luck, gentlemen.

MR. AXEL: Thank you.

MEMBER GALASSI: Good Luck.

MR. FREY: Thank you.

CHAIRPERSON OLSON: We're going to take a 10-minute break.

(Recess taken, 11:18 a.m. to 11:34 a.m.)

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**EXEMPTION REQUESTS -- 12/16/14**  
**UNIVERSITY OF WISCONSIN/SWEDISHAMERICAN**

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1 CHAIRPERSON OLSON: Next on the agenda  
2 is the University of Wisconsin Hospitals and Clinics  
3 Authority, University Health Care, Inc., University of  
4 Wisconsin Medical Foundation, Inc., SwedishAmerican  
5 Health System Corporation, and SwedishAmerican  
6 Hospital, Docket Items C-29 and C-30. This is an  
7 exemption and there are no opposition and no findings.

8 So if you gentlemen would please be  
9 sworn in.

10 (Three witnesses duly sworn.)

11 THE COURT REPORTER: Thank you. Please  
12 print your names on the sheet.

13 DR. GORSKI: I'm Dr. Bill Gorski, the  
14 CEO of SwedishAmerican Health System. To my immediate  
15 left is Mike Dallman, who is the CEO of University  
16 Health Care, which is a division of UW Health, and on  
17 my right is Dan Lawler from Barnes & Thornburg, our  
18 counsel.

19 CHAIRPERSON OLSON: Thank you,  
20 Dr. Gorski.

21 Mike, can we have the State Board staff  
22 report, please?

23 MR. CONSTANTINO: Thank you, Madam  
24 Chairman.

**EXEMPTION REQUESTS -- 12/16/14**  
**UNIVERSITY OF WISCONSIN/SWEDISHAMERICAN**

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1           The Applicants are proposing a change of  
2           ownership of SwedishAmerican Hospital and  
3           SwedishAmerican Hospital doing business as  
4           SwedishAmerican Medical Center in Belvidere.

5           The licensee, operating entities, and the  
6           owners of the site will not change. There is no cost  
7           to this transaction. There was no public hearing and  
8           no letters of support or opposition were received.  
9           The anticipated completion date is December 31st,  
10          2014.

11          Thank you, Madam Chairwoman.

12                 CHAIRPERSON OLSON: Thank you, Mike.

13                 VICE CHAIRMAN HAYES: Oh, Madam

14          Chairwoman --

15                 CHAIRPERSON OLSON: Yes.

16                 VICE CHAIRMAN HAYES: -- just a point of  
17          order. Did we have a motion?

18                 CHAIRPERSON OLSON: Oh, I'm sorry.

19          Thank you.

20                 We did not, no.

21                 May I have a motion to approve Exemptions --  
22          make sure I'm on the right page here -- E-050-14 and  
23          E-051-14 for a change of ownership?

24                 May I have a motion?

**EXEMPTION REQUESTS -- 12/16/14**  
**UNIVERSITY OF WISCONSIN/SWEDISHAMERICAN**

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1 MEMBER GALASSI: So moved.

2 MEMBER BURDEN: Second.

3 VICE CHAIRMAN HAYES: Second.

4 CHAIRPERSON OLSON: Thank you,

5 Mr. Hayes. I appreciate that.

6 Just one other sort of quick curveball.

7 As a point of help to the Board, I am going  
8 to -- I've just been made aware that -- I'm going to  
9 request that you guys start working with State Board  
10 staff to discontinue your pediatrics service. That  
11 will help us clean up our inventory at the Belvidere  
12 hospital.

13 So if you would agree on record to work with  
14 our staff to just get the paperwork in order to  
15 discontinue that service category at the Belvidere --  
16 SwedishAmerican Belvidere site.

17 DR. GORSKI: We do agree, Madam

18 Chairman.

19 CHAIRPERSON OLSON: Thank you very much.

20 MEMBER GALASSI: I would ask that my  
21 motion be amended to include that request.

22 CHAIRPERSON OLSON: Would it -- so you  
23 want it to be -- excuse me.

24 You want it to be a condition of the motion

**EXEMPTION REQUESTS -- 12/16/14**  
**UNIVERSITY OF WISCONSIN/SWEDISHAMERICAN**

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1 and not just an agreement on the record?

2 MEMBER GALASSI: Unless you disagree.

3 Respectfully.

4 CHAIRPERSON OLSON: Well, I do  
5 respectfully disagree because I -- but I don't want  
6 to --

7 MEMBER GALASSI: Okay. That's fine.  
8 I'll withdraw the addendum.

9 CHAIRPERSON OLSON: Thank you.  
10 Okay. Mike, you've already done your  
11 report.

12 MR. CONSTANTINO: Yes, ma'am.

13 CHAIRPERSON OLSON: And, gentlemen, do  
14 you have comments for the Board?

15 DR. GORSKI: Madam Chairman, in  
16 deference to your time and your schedule, we do not  
17 have a formal presentation.

18 I would only say that where we are today  
19 with our colleagues at UW is just really the natural  
20 progression of the relationship we've had with them  
21 for going on five years from now.

22 As you may recall --

23 THE COURT REPORTER: I'm sorry. Could  
24 you speak up a little bit?

**EXEMPTION REQUESTS -- 12/16/14**  
**UNIVERSITY OF WISCONSIN/SWEDISHAMERICAN**

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1 (Discussion off the record.)

2 DR. GORSKI: As you may recall, we had a  
3 formal affiliation with them through that period of  
4 time. It -- one of the culminations of that has been  
5 our freestanding regional cancer center, which we  
6 brought that project to you a couple of years ago and  
7 you were gracious enough to approve that.

8 So this is a natural progression of the  
9 relationship to more tightly integrate our systems.  
10 Beyond that, though, we will be open for questions.

11 CHAIRPERSON OLSON: Thank you.

12 Other questions and comments from Board  
13 members?

14 (No response.)

15 CHAIRPERSON OLSON: Seeing none,  
16 I would call for a roll call vote to approve  
17 Exemptions E-050-14 and E-051-14 for a change of  
18 ownership.

19 MR. ROATE: Motion made by Mr. Galassi;  
20 seconded by Mr. Hayes.

21 Dr. Burden.

22 MEMBER BURDEN: I vote yes based on the  
23 State Board's evaluation and recommendation.

24 MR. ROATE: Mr. Galassi.

**EXEMPTION REQUESTS -- 12/16/14  
UNIVERSITY OF WISCONSIN/SWEDISHAMERICAN**

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1                   MEMBER GALASSI: I would vote yes, as  
2 well, for the same reasons noted.  
3                   MR. ROATE: Mr. Hayes.  
4                   VICE CHAIRMAN HAYES: I'm going to vote  
5 yes because of the generally favorable State report.  
6                   MR. ROATE: Mr. Sewell.  
7                   MEMBER SEWELL: I vote yes for the same  
8 reason.  
9                   MR. ROATE: Madam Chair.  
10                  CHAIRPERSON OLSON: I vote yes for the  
11 same reasons, as well.  
12                  MR. ROATE: 5 votes in the affirmative.  
13                  CHAIRPERSON OLSON: The motion passes.  
14                  Good luck, gentlemen.  
15                  DR. GORSKI: Thank you very much.  
16                  MEMBER GALASSI: Good luck.  
17                  CHAIRPERSON OLSON: Next we are moving  
18 into alteration requests and there are none.  
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**DECLARATORY RULINGS/OTHER -- 12/16/14**  
**SARAH BUSH LINCOLN HEALTH CENTER**

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1                   CHAIRPERSON OLSON: Declaratory rulings  
2 and other business.

3                   First off is Item E-01, Sarah Bush Lincoln  
4 Health Center, Mattoon, to revise their annual  
5 hospital questionnaire data. Again, there is no  
6 opposition and no findings to this agenda item.

7                   May I have a motion to approve a declaratory  
8 ruling for Sarah Bush Lincoln Health Center to revise  
9 the annual hospital health questionnaire data?

10                  MEMBER BURDEN: So moved.

11                  MEMBER SEWELL: Second.

12                  CHAIRPERSON OLSON: Is there anyone from  
13 Sarah Bush here that would like to come to the table?  
14 It's unnecessary.

15                  MR. CONSTANTINO: There is not, Kathy.

16                  CHAIRPERSON OLSON: Okay. Perfect.

17                  MR. CONSTANTINO: And there's no one  
18 here from Jackson Park, either.

19                  CHAIRPERSON OLSON: Okay. Great.

20 Thank you.

21                  So we have a motion and a second. May I  
22 have a roll call vote, please?

23                  MR. ROATE: Motion made by Dr. Burden;  
24 seconded by Mr. Sewell.

**DECLARATORY RULINGS/OTHER -- 12/16/14  
SARAH BUSH LINCOLN HEALTH CENTER**

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Dr. Burden.

MEMBER BURDEN: I vote yes based on the State Board report.

MR. ROATE: Mr. Galassi.

MEMBER GALASSI: Yes, based upon reasons noted.

MR. ROATE: Mr. Hayes.

VICE CHAIRMAN HAYES: Yes, based on the State agency report.

MR. ROATE: Mr. Sewell.

MEMBER SEWELL: Yes, reasons stated.

MR. ROATE: Madam Chair.

CHAIRPERSON OLSON: Yes, based on the positive State Board staff report.

MR. ROATE: 5 votes in the affirmative.

CHAIRPERSON OLSON: The motion passes.

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**DECLARATORY RULINGS/OTHER -- 12/16/14  
JACKSON PARK HOSPITAL AND MEDICAL CENTER**

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1 CHAIRPERSON OLSON: Next, in similar  
2 fashion, may I have a motion to approve a declaratory  
3 ruling for Jackson Park Hospital and Medical Center to  
4 revise their hospital annual questionnaire data?

5 May I have a motion?

6 MEMBER GALASSI: So moved.

7 MEMBER BURDEN: Second.

8 CHAIRPERSON OLSON: I have a motion and  
9 a second.

10 May I have a roll call vote, please?

11 MR. ROATE: Motion made by Mr. Galassi;  
12 seconded by Dr. Burden.

13 Dr. Burden.

14 MEMBER BURDEN: I vote yes, based on the  
15 State Board report.

16 MR. ROATE: Mr. Galassi.

17 MEMBER GALASSI: Yes, based on the State  
18 Board report.

19 MR. ROATE: Mr. Hayes.

20 VICE CHAIRMAN HAYES: Yes, based on the  
21 positive findings in the State Board staff report.

22 MR. ROATE: Mr. Sewell.

23 MEMBER SEWELL: Yes, for reasons stated  
24 by Mr. Hayes.

**DECLARATORY RULINGS/OTHER -- 12/16/14  
JACKSON PARK HOSPITAL AND MEDICAL CENTER**

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1 MR. ROATE: Madam Chair.

2 CHAIRPERSON OLSON: I vote yes for the  
3 same reasons.

4 MR. ROATE: 5 votes in the affirmative.

5 CHAIRPERSON OLSON: The motion passes.

6 MEMBER GALASSI: Madam Chair, can I just  
7 ask the staff a quick question?

8 CHAIRPERSON OLSON: Sure.

9 MEMBER GALASSI: So just help me  
10 understand.

11 The hospital has to come to us for approval  
12 for the change in the annual questionnaire data?

13 MR. CONSTANTINO: Yes, sir.

14 MEMBER GALASSI: That means they're  
15 changing the data they submit to us? Or we're  
16 changing what we're requesting of them?

17 MR. CONSTANTINO: No. They've already  
18 submitted the data and they want to correct it, what  
19 they submitted to us.

20 MEMBER GALASSI: I see. Thank you.

21 MR. CONSTANTINO: We don't change what  
22 we have posted on our website, though. We just change  
23 the data in our database.

24 MEMBER GALASSI: I see. Is there any

**DECLARATORY RULINGS/OTHER -- 12/16/14**

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1 kind of asterisk or anything on the website?

2 MR. CONSTANTINO: No. Well, we note  
3 when it was adjusted.

4 MEMBER GALASSI: Okay. Thank you.

5 CHAIRPERSON OLSON: Is it not correct  
6 that we're seeing more of these because Nelson is  
7 digging into these reports more? We now have the  
8 staff ability to dig into the reports more and find  
9 discrepancies that we're asking to be corrected?

10 MR. CONSTANTINO: Yes. I think so, yes.

11 CHAIRPERSON OLSON: So we may be seeing  
12 more of these.

13 MEMBER GALASSI: Again, I'm just -- I'm  
14 sorry. It's just that --

15 CHAIRPERSON OLSON: It's okay.

16 MEMBER GALASSI: It's that common theme  
17 that you hear from me, at least.

18 Why does this really require Board action?

19 I mean, if they're submitting revised --

20 CHAIRPERSON OLSON: It's part of the  
21 law; right?

22 MR. URSO: It's an inventory we're  
23 trying to keep correct. That's the basis for all our  
24 decisions.

**DECLARATORY RULINGS/OTHER -- 12/16/14**

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1 CHAIRPERSON OLSON: But it's part of  
2 our --

3 MEMBER GALASSI: So staff can't be  
4 empowered to accept revised data?

5 MR. URSO: This is the Board -- it's  
6 seen as the Board's inventory.

7 MEMBER GALASSI: I see.

8 MR. URSO: They have total control over  
9 it, so the formality is to get approval from the Board  
10 to make adjustments to inventory that they've already  
11 approved.

12 So it's a revision.

13 MEMBER GALASSI: I appreciate that.

14 CHAIRPERSON OLSON: Next item of  
15 business is Health Care Worker Self-Referral Act;  
16 there is no business.

17 A status report on conditional /contingent  
18 permits; there is no business.

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**SUBSEQUENT TO INITIAL REVIEW -- 12/16/14  
PROCTOR COMMUNITY HOSPITAL**

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1 CHAIRPERSON OLSON: And we will take,  
2 before lunch, applications subsequent to initial  
3 review, 14-048, Proctor Community Hospital in Peoria.

4 May I have a motion to approve  
5 Project 14-048, Proctor Community Hospital, for a  
6 discontinuation of its obstetrics category of service?

7 MEMBER BURDEN: So moved.

8 MEMBER SEWELL: Second.

9 CHAIRPERSON OLSON: Good morning.

10 MS. SIMON: Good morning.

11 CHAIRPERSON OLSON: And we'll swear in  
12 the Applicant.

13 THE COURT REPORTER: Would you raise  
14 your right hands, please.

15 (Three witnesses duly sworn.)

16 THE COURT REPORTER: Thank you. And  
17 please print your names.

18 CHAIRPERSON OLSON: Mike, State Board  
19 staff report.

20 MR. CONSTANTINO: Thank you, Madam  
21 Chairwoman.

22 The Applicants are proposing to discontinue  
23 a 15-bed OB category of service at Proctor Community  
24 Hospital in Peoria.

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1           There is no cost to the project. There was  
2 no public hearing requested, no letters of support or  
3 opposition received, and there are no findings. The  
4 anticipated completion date is December 31st, 2014.

5           Thank you, Madam Chairwoman.

6           CHAIRPERSON OLSON: Thank you, Mike.

7           Do you have comments for the Board, or would  
8 you be open for questions?

9           MS. SIMON: Just open for questions  
10 based on the report.

11           CHAIRPERSON OLSON: Okay.

12           Questions from State Board -- or from the  
13 Board members?

14                           (No response.)

15           CHAIRPERSON OLSON: Okay. Seeing no  
16 questions, I will ask for a roll call vote on  
17 Project 14-048, Proctor Community Hospital, for a  
18 discontinuation of its obstetrics category of service.

19           MR. ROATE: Motion made by Dr. Burden;  
20 seconded by Mr. Sewell.

21           Dr. Burden.

22           MEMBER BURDEN: I vote yes based on the  
23 reasons for discontinuation.

24           MR. ROATE: Mr. Galassi.



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1 AFTERNOON SESSION

2 TUESDAY, DECEMBER 16, 2014

3 12:50 P.M.

4 (Member Hammoudeh left the  
5 proceedings.)

6 CHAIRPERSON OLSON: Okay. We're back in  
7 session.

8 Next on the docket is 14-025, Winchester  
9 Endoscopy Center in Libertyville.

10 May I have a motion to approve  
11 Project 14-025, Winchester Endoscopy Center, to  
12 establish a limited specialty ambulatory surgery  
13 center in Libertyville?

14 MEMBER GALASSI: So moved.

15 VICE CHAIRMAN HAYES: Second.

16 MEMBER SEWELL: Second.

17 CHAIRPERSON OLSON: And the Applicant is  
18 at the table. May they be sworn in, please?

19 THE COURT REPORTER: Raise your right  
20 hands, please.

21 (Four witnesses duly sworn.)

22 THE COURT REPORTER: Thank you. Please  
23 print your names.

24 CHAIRPERSON OLSON: Mike, may I have the

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1 State Board staff report, please?

2 MR. CONSTANTINO: Thank you, Madam  
3 Chairwoman.

4 The Applicants are proposing to establish a  
5 limited specialty ASTC to perform endoscopic  
6 procedures at a cost of approximately \$2.2 million in  
7 Libertyville, Illinois.

8 There was no public hearing. Four letters  
9 of support were received, and no letters of opposition  
10 were received. We did receive two letters, one from  
11 IHA and the other from the ASC association of  
12 Illinois, that are attached to the end of your report.

13 The State Board staff concluded the  
14 Applicants did not successfully address five of the  
15 criteria required by the State Board.

16 I would like to note, during the review  
17 period, IDPH did a survey of the facility and  
18 authorized a cease and desist order. The Applicants  
19 were performing endoscopic procedures in an unlicensed  
20 facility.

21 Thank you, Madam Chairwoman.

22 CHAIRPERSON OLSON: All right. I had  
23 two . . . people in both ears.

24 You had a question?

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1 MR. URSO: I did.

2 Mike, do we have comments from the State  
3 agency report on this particular project?

4 MR. CONSTANTINO: No. We did not, no.

5 MR. URSO: Okay.

6 CHAIRPERSON OLSON: Because the IHA  
7 letter and the ASCAI letter --

8 MR. CONSTANTINO: They're attached.

9 MR. URSO: They are part of the project  
10 file?

11 MR. CONSTANTINO: Yeah. They're  
12 attached to the end of the report, and they're part of  
13 the project file.

14 MR. URSO: I didn't know if we had  
15 anything else.

16 MR. CONSTANTINO: They were just  
17 informing me how we should review the project.

18 MR. URSO: Okay. Thank you.

19 CHAIRPERSON OLSON: Comments for the  
20 Board?

21 MS. FRIEDMAN: Hi. Good afternoon.  
22 Can you hear me?

23 CHAIRPERSON OLSON: Yes.

24 MS. FRIEDMAN: Good afternoon. I'm

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1 Kara Friedman.

2           With me is Dr. Alrashid and his partners,  
3 and I'll let him introduce them more formally in a  
4 moment. But I did want to speak a little bit to some  
5 of the State agency findings that I know that you're  
6 looking at in front of you right now.

7           So the first finding on the background of  
8 Applicant relates to a pending -- or an investigation  
9 by the Illinois Department of Public Health. And  
10 we've been working and talking to both your staff as  
11 well as IDPH staff since September, when there was an  
12 inquiry made as to how the medical practice was  
13 operating its endoscopy service line.

14           We actually had been working very hard with  
15 IDPH in the last week or two to enter into an  
16 agreement as to how we should proceed with this  
17 practice.

18           And just by way of background because this  
19 probably doesn't make as much sense unless you  
20 understand how the practice is operating currently,  
21 this is a medical practice of gastroenterologists,  
22 and, of course, part of their service is endoscopy  
23 services. So they're providing endoscopy services in  
24 the medical practice setting, but there was some

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1 concern about whether or not they needed a license.

2           And based, really, on the concern that that  
3 might be required under the ASTC Act, they'd applied  
4 for this CON application permit in June, but there's  
5 been a lot of discussion and investigation since that  
6 time to figure out what exactly is happening at the  
7 facility and how IDPH wants to move forward.

8           So yesterday we signed a settlement  
9 agreement with IDPH that provides for us to operate  
10 under a plan of correction, the first step of which is  
11 to get a CON permit and then to apply for licensure  
12 for an ASTC. The facility's not currently built as an  
13 ASTC, and so we do have to undertake, you know,  
14 significant capital investment to modify the layout of  
15 the facility.

16           But as to the statement in the application  
17 that there is a compliance issue because of the status  
18 of where we are with IDPH, I don't think that's  
19 technically correct because everything is pended  
20 pending our completion of a settlement or a hearing  
21 procedure with IDPH, and we've agreed on a settlement  
22 that will allow us to move forward.

23           CHAIRPERSON OLSON: But if I understand  
24 correctly, part of IDPH's directive at this point was

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1 that you cease and desist services until these issues  
2 were resolved.

3 MS. FRIEDMAN: Well, when we filed for  
4 an appeal from their initial determination -- because  
5 it is an initial determination, not a final decision  
6 of IDPH -- then all actions that they assert to be  
7 taken under their complaint are pended until there is  
8 a final decision by IDPH.

9 We also submitted a plan of correction that  
10 basically said that we would operate under the medical  
11 practice exception to the ASTC licensure act, such  
12 that we will not allow any physicians outside of the  
13 practice group to provide procedures there, we will  
14 not apply for Medicare certification as an ASTC, and  
15 we will do less than 50 percent of the patient  
16 encounters as surgical procedures.

17 So that plan and correction is in place, and  
18 the cease and desist order is basically pended, and  
19 there will be a settlement in the next several days so  
20 that they won't have a cease and desist order for a  
21 plan of correction.

22 MEMBER GALASSI: But you don't have  
23 that now?

24 MS. FRIEDMAN: Well, the cease and

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1 desist is not applicable because we've appealed an  
2 initial determination.

3           Until there's a final decision after we've  
4 exercised our hearing -- you know, our ability to  
5 appeal and state our case -- then there is no cease  
6 and desist order in place.

7           MEMBER GALASSI: I admit to being a  
8 little confused, and I appreciate your explanations,  
9 which are always helpful. But I guess I'm just going  
10 to ask the dumb question.

11           Why didn't you have licensure before you  
12 started those procedures?

13           MS. FRIEDMAN: Endoscopy is something  
14 that's done on a regular basis in a medical practice  
15 setting. I had my endoscopy at NorthShore in a  
16 physician's office, for example.

17           MEMBER GALASSI: Who, I'm sure, were  
18 licensed to provide those.

19           MS. FRIEDMAN: No. They're offering --  
20 the office in Highland Park is a medical practice.  
21 It's not licensed. It operates under the office-based  
22 exception.

23           MEMBER GALASSI: So if IDPH goes to that  
24 office tomorrow, are they going to get a cease and

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1 desist order?

2 MS. FRIEDMAN: Well, I suppose it  
3 depends on the volume of endoscopy procedures that  
4 they're providing compared with the rest of the  
5 procedures -- or patient encounters -- they're doing  
6 at that location.

7 So that's why endoscopy is about --

8 MEMBER GALASSI: I need some help from  
9 IDPH or staff or doc on this because we have a -- only  
10 have a quorum. And I understand the importance of  
11 today's votes, and I have some strong concerns.

12 MEMBER BURDEN: Listen, Madam Chair, if  
13 I might. As a retired physician and a member of this  
14 Board for quite some time, I think that we probably  
15 ought to have an intent to deny and return when this  
16 thing is straightened out. I don't believe that we  
17 should be -- this is my opinion. The other Board  
18 members may disagree.

19 I can't imagine resolving what you're here  
20 to have done today without having that issue. There  
21 are other issues regarding the criteria not met that  
22 we haven't even touched, and there's no sense in  
23 touching them, either, until this is resolved, in my  
24 judgment, to satisfaction to return to us.

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1           That -- it seems like a waste of time for me  
2 to discuss what I consider to be --

3           CHAIRPERSON OLSON: Right.

4           MEMBER BURDEN: -- objections to this  
5 application without knowing what's going on.

6           CHAIRPERSON OLSON: We do have another  
7 option, and that is to make a motion to refer this  
8 project to legal counsel for review and filing of any  
9 notices of noncompliance and possible sanctions, and  
10 then -- which is kind of what you were saying.

11          MEMBER BURDEN: It is.

12          CHAIRPERSON OLSON: Except I -- my  
13 question is I don't know -- based on what you just  
14 said, I don't know that you're going to resolve your  
15 issues without a CON.

16          MS. FRIEDMAN: That's right. That's a  
17 requirement of our plan of correction, is to get a CON  
18 and then to submit plans to IDPH for construction.

19          CHAIRPERSON OLSON: Well -- so I guess  
20 what your -- my question to you is, based on every --  
21 I mean, because this is not the only negative finding.  
22 There's other negative findings.

23                 Are you sure you want to proceed with trying  
24 to get the CON approved when there's reservations on

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1 the Board, all the other issues that are sort of out  
2 there? It's kind of a chicken-and-egg thing.

3 MS. FRIEDMAN: Well, we do have a  
4 deadline in our settlement agreement to receive a  
5 CON permit.

6 I guess what I would like to do today is  
7 explain what's going on here -- because it's a little  
8 bit confusing -- and have some questions answered.  
9 And then perhaps we can meet with your staff to  
10 determine whether or not they have any concerns that  
11 might be similar to IDPH, and then we could return  
12 after deferring the application.

13 And we filed the application in June. We'd  
14 very much like to present our case.

15 MR. URSO: I'd like to say a few words,  
16 perhaps, to explain, as best I know, what the scenario  
17 is with IDPH.

18 IDPH did consult with Board staff when we  
19 discovered that perhaps there were some activities  
20 going on at this facility that we were unaware of.  
21 And IDPH did conclude a survey -- I believe it was  
22 back in October of this year. They concluded that  
23 they were an unlicensed -- they were functioning as an  
24 unlicensed ambulatory surgical treatment center.

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1 That's why they sent out their notice of cease and  
2 desist, along with a fine and a correction  
3 requirement.

4           So that is the history of why IDPH did what  
5 it did. From the Board's standpoint, I think the  
6 Board has to look at this, also, and that's why  
7 I think Chairman Olson did say that there should be a  
8 motion considered by this Board for the Board to do an  
9 independent legal review of what we consider to be an  
10 alleged compliance issue. And so that would be  
11 another factor for this Board to look at.

12           As far as Dr. Burden's suggestion, that's  
13 entirely up to the discretion of the Board if they  
14 took this to a vote and it wasn't approved.

15           CHAIRPERSON OLSON: So when you're  
16 saying our own -- to do our own investigation, what  
17 we'd look at, then, is their numbers to see if they  
18 were, in fact, not in compliance with what IDPH felt  
19 they should be?

20           MR. URSO: Yes. We would be working  
21 closely with IDPH's information, as we often do.

22           So IDPH has already concluded, based upon my  
23 understanding, that they were functioning as an ASTC  
24 without a license.

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1                   MEMBER GALASSI: Frank, let me ask --  
2 and, again, your opinion is paramount here.

3                   If we refer it to legal counsel and legal  
4 counsel comes back with kind of where we are right  
5 now, IDPH finds them noncompliant, I don't think  
6 we've -- I'm not sure -- we've not moved the stick any  
7 further.

8                   Whereas, I'm thinking -- and correct me if  
9 my thinking is wrong -- Dr. Burden's suggestion is  
10 this brings it to a vote. If, in fact, it's denied,  
11 then they've got to go back and do what they've got to  
12 do to come back to, you know, their tent.

13                   It just seems to me like it would be  
14 furthering their need. Am I wrong? Is my thought  
15 process wrong?

16                   MR. URSO: No, I don't believe it's  
17 wrong. I would --

18                   CHAIRPERSON OLSON: Can I -- I'm sorry.  
19 I didn't mean to interrupt you.

20                   MR. URSO: Go ahead.

21                   CHAIRPERSON OLSON: So is what the issue  
22 became here is, when you tipped from that -- you were  
23 doing over 50 percent of the endoscopies in the  
24 offices? And so then they're saying now you're not an

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1 endoscopy office, now you're an ASTC? Is that what  
2 tipped you?

3 MS. FRIEDMAN: Well, I'll give you some  
4 background.

5 And we actually did get an inquiry from your  
6 staff in, I believe, September or October and  
7 responded October 22nd. So the project file does have  
8 some of this information, which is very similar to the  
9 information that we provided IDPH.

10 But what happened was this practice, I  
11 think, has been providing endoscopy services since  
12 maybe 2007. And they had a limited amount of office  
13 space in a medical building complex, and they had one  
14 endoscopy room and exam rooms and doctors' offices and  
15 things like that.

16 They got to a point where their volumes were  
17 increasing -- in part because of all the improvements  
18 they've had in colorectal cancer screening; the  
19 primary care physicians are very consistently  
20 referring to GIs for that care -- that they needed  
21 more endoscopy space.

22 They couldn't break through a wall -- you  
23 know, this is a condo building -- and so they had to  
24 take the area that's closest to them, and so they

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1 built additional medical office space in another  
2 condo. And I think, really, the question is, are they  
3 operating in conjunction with their medical practice  
4 when they've got a few parked cars between the two  
5 suites that they have?

6 CHAIRPERSON OLSON: So is it still your  
7 opinion that they are actually operating within our  
8 rules right now today?

9 MS. FRIEDMAN: I believe they are  
10 because of the limited medical staff. It's closed  
11 medical staff. They don't bill Medicare, they don't  
12 bill anyone a technical fee, and they have not hit the  
13 50 percent threshold. They just had a large increase  
14 in the last year, and so endoscopy is really a more  
15 and more significant part of what they're doing.

16 CHAIRPERSON OLSON: So it's like a  
17 physical plant kind of thing just because there's  
18 space in between the two buildings?

19 Did it never --

20 MS. FRIEDMAN: If they were a hospital,  
21 they'd put a catwalk between the two.

22 CHAIRPERSON OLSON: Did it never occur  
23 to you gentlemen that maybe you needed -- I mean, you  
24 just thought, "Oh, my gosh, we need more space; we

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1 need more" -- right?

2 DR. ALRASHID: Am I allowed to  
3 speak now?

4 MS. FRIEDMAN: Sure.

5 CHAIRPERSON OLSON: Oh, you're allowed  
6 to --

7 DR. ALRASHID: I'm sorry. I was  
8 waiting.

9 CHAIRPERSON OLSON: No, no, no. You're  
10 fine.

11 It never occurred that perhaps you needed to  
12 seek --

13 DR. ALRASHID: Well, the practice over  
14 the past few years has been growing. And our  
15 endoscopy -- endoscopy volume became congested. And  
16 the three of us are pretty busy gastroenterologists,  
17 so we sought to increase the endoscopy space as we  
18 have.

19 And as Kara said, we could not find a space  
20 next to us, and so we acquired another suite in the  
21 same complex, and we built it as an office-based  
22 endoscopy, which is what we've been doing for many  
23 years, and a lot of gastroenterologists do that in  
24 this state and across the country.

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1           What we have -- our model was an  
2 office-based endoscopy, almost always office-based  
3 endoscopy. We never billed Medicare or public aid or  
4 any entity a technical fee or facility fee. We always  
5 billed global fee, which is the way it's allowed to do  
6 in-office endoscopy.

7           When we purchased the new suite, our legal  
8 counsel -- who has been our legal counsel for  
9 10 years -- assured me and my partners that, since  
10 it's the same medical complex and only a few cars --  
11 two or three cars -- between the two spaces, then this  
12 is an extension of our practice, and we treated it  
13 that way.

14           We were doing office consultation; we were  
15 doing office follow-ups and endoscopy in addition to  
16 CT scan we put in the new space as a part of our  
17 practice, as an extension of NorthShore Center for  
18 Gastroenterology.

19           In -- I believe in April we were approached  
20 by an endoscopy management company and their  
21 attorney -- who became our attorney here, too -- and  
22 we were trying to work with this management company in  
23 order to cut our overhead because it's -- part of our  
24 aim to reduce our overhead is working with them.

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1           And they brought to us -- brought to my  
2 attention and my partners -- that the proper way of  
3 doing things in this setting is that we should go and  
4 apply for a CON for the new facility.

5           And I said, "If that's what we should do and  
6 this is the right things -- this is the right way of  
7 doing things, we'll do it."

8           We get a . . . unfortunately, it's going to  
9 cost us a lot of money -- almost \$2 million,  
10 something -- to renovate the place and rebuild it  
11 again in a way that is agreeable to CON standard and  
12 IDPH's standard. So that shows you -- and to the  
13 whole Board -- that, when we did it, we really were  
14 not in violation of anything because we were thinking  
15 of it as office-based endoscopy.

16           CHAIRPERSON OLSON: You simply made your  
17 exam rooms larger so they could be procedure rooms?

18           DR. ALRASHID: I'm sorry, ma'am?

19           CHAIRPERSON OLSON: You simply made your  
20 exam rooms larger so they could be procedure rooms?

21           DR. ALRASHID: Well, we -- not only  
22 that. Believe me, there are so many changes in the  
23 number of bathrooms, number of -- how many  
24 centimeters this has to be -- there's major

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1 construction that needs to be done, which we're  
2 willing to do to meet your --

3 CHAIRPERSON OLSON: No, no. I mean  
4 prior to this, when you -- when you took the space  
5 over, across the five parking spaces, whatever, you  
6 were simply looking at making more procedure rooms to  
7 do in-office endoscopy, not knowing that you were  
8 maybe crossing this line of --

9 DR. ALRASHID: Absolutely.

10 CHAIRPERSON OLSON: -- but --

11 MS. FRIEDMAN: And, also, to recognize  
12 it's really just like another suite of their medical  
13 practice because they have nonsurgical activities  
14 going on there. They've got the CT and the  
15 physician --

16 DR. ALRASHID: We have a consultation  
17 room and see patients because the space is so crowded  
18 for our patients' flow that we decided to kind of  
19 divide the services between the two suites. So when  
20 we talked to Kara and those -- that company, we  
21 decided to move on with our CON application. And  
22 immediately I put -- we put things in action and we  
23 applied for a CON in June.

24 Bear in mind we moved to the space in

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1 January of this year. So between us finding that we  
2 need to do a CON and hiring a new lawyer and putting  
3 plans and getting all of our ducks in a row -- less  
4 than five months we were able to do all of this.

5 And then Kara, our attorney, also contacted  
6 IDPH early part of September and -- just to see if  
7 everything is okay with IDPH. And I've been told that  
8 they were okay with it, as far as the new suite is  
9 concerned, because we are going for a CON application.  
10 So they were fine with it and there is no violation.

11 Surveyor -- they sent the surveyor in  
12 October. I went around with the surveyor, and she  
13 gave us a very good review. She was a nurse,  
14 actually, and looked through it and said, "Doctor, you  
15 have no problem here. You will have no issue." In my  
16 impression and my partners' impression, as well as our  
17 attorney, her report was very favorable.

18 And -- but then we get consulted --  
19 I'm sorry -- contacted by the attorney for IDPH  
20 through Kara, saying "You have to do cease and desist;  
21 you're operating an unlicensed ambulatory surgery  
22 center."

23 And I asked the big questions. I said, "How  
24 can we operate an ASC when we're not billing an ASC?"

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1 We're billing global. We're billing an office-based  
2 endoscopy. Doctors do that for them to be able to  
3 bill a facility, which we have never done. There's no  
4 financial incentive for us to more or less -- pardon  
5 my language -- scheme the system. We didn't do that.

6 Then we have 10 days -- according to my  
7 lawyer we have 10 days to appeal the cease and desist,  
8 which is -- by the way, it's my understanding, too,  
9 through -- and I'm not a lawyer -- that IDPH actually  
10 has no jurisdiction to give us cease and desist. It  
11 has to do through a Circuit Court and it has to be all  
12 done by a Judge. That's my legal counsel notifying me  
13 of that.

14 Nevertheless, I'm willing -- we all were  
15 willing to work with IDPH to resolve this matter, so I  
16 went back to them, and we appealed it within the  
17 10 days-allowed period. And when you do an appeal  
18 process, you're allowed to continue functioning until  
19 this matter is settled.

20 And I pushed hard with my counsel, my  
21 attorney, to work with IDPH because I really didn't  
22 want to come here in front of you looking like  
23 we're doing something wrong. I wanted this settled  
24 with IDPH, and I kept pushing for it. They gave us a

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1 fine of 20,000 for a mistake we have not done. We  
2 agreed to pay. I said, "We'll pay it. Just let's  
3 settle this issue. Let's move forward; let's do the  
4 right things." And I did. We have a settlement  
5 signed by IDPH and by me. I -- my attorney agreed on  
6 it yesterday. And I think Ms. Avery has -- was  
7 forwarded a copy of that, of our settlement.

8 So we -- the bottom line, we're trying to do  
9 the right things here. We're not -- we have -- our  
10 practice has been there since 2001. And . . .

11 CHAIRPERSON OLSON: Yes.

12 MEMBER BURDEN: I've got a thought here.  
13 Why in heaven's name -- you can certainly -- you've  
14 pointed out you didn't want to skim the system.

15 You were functioning doing endoscopy before.  
16 Now you want to do endoscopy in an ambulatory surgical  
17 treatment center; is that correct?

18 DR. ALRASHID: Yes, sir.

19 MEMBER BURDEN: Why?

20 DR. ALRASHID: Because --

21 MEMBER BURDEN: You're functioning --  
22 what kind of endoscopy are you doing? Colonoscopy?  
23 Sigmoidoscopy?

24 DR. ALRASHID: And the upper endoscopy.

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1                   MEMBER BURDEN: And the upper endoscopy.  
2 That's it?

3                   DR. ALRASHID: Yes.

4                   MEMBER BURDEN: You were doing it fine.  
5 Now I hear all this discussion. To me, you're  
6 functioning; you could function. Nobody's going to  
7 come in and say you can't do it. You're licensed  
8 physicians. You're, I presume, board or board-  
9 eligible gastroenterologists. So who is going to  
10 interfere with you doing that in your office?

11                  MS. FRIEDMAN: Well, IDPH.

12                  CHAIRPERSON OLSON: They just did.

13                  MEMBER BURDEN: Well, that's nonsense.  
14 This goes on all over. I agree with that.

15                  But your attempt to become -- where I have a  
16 problem is why you want to become an ambulatory  
17 surgical treatment center when that adds -- you have a  
18 service fee as well as a billing fee for the facility.  
19 That's a -- that, to me, is an economic motive and you  
20 denied it.

21                  DR. ALRASHID: No, I didn't -- I did not  
22 deny --

23                  MEMBER BURDEN: When you said you --

24                  THE COURT REPORTER: Wait, wait.

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1                   MEMBER BURDEN: I'm sorry.

2                   I don't see any reason to continue this  
3 discussion when we're talking apples and oranges.

4                   You can do what you do to make a living.  
5 You can take care of your folks, doing endoscopy as  
6 you have been doing, but suddenly you now have an  
7 issue that doesn't concern me. You can do that. Now  
8 you want to do it in an ambulatory surgical treatment  
9 center, and that raises the specter, I believe, of the  
10 IDPH stepping in.

11                  Am I wrong?

12                  DR. ALRASHID: No, that --

13                  MS. FRIEDMAN: IDPH stepped in because  
14 they don't like, I think, the two office suites as  
15 they're constructed.

16                  MR. URSO: I don't think you're right.

17                  MEMBER BURDEN: I don't think that's  
18 correct.

19                  MR. URSO: No, that's not correct. No.

20                  They did a survey and they have statistics,  
21 and the statistics, according to IDPH, specify that  
22 this was an unlicensed ASTC activity going on. That's  
23 what IDPH concluded based on the documents I've seen.

24                  MS. FRIEDMAN: Well, I do see that they

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1 made a determination that it's an unlicensed activity.  
2 Their allegations were not really very specific about  
3 what the format was that they did not like because  
4 we're not over the 50 percent threshold.

5 But given where we are today, I did want to  
6 explain a couple of other things, but I think  
7 Dr. Burden would probably rather have us go forward  
8 with resolving any issues that we can with your staff.

9 You know, there -- the negative findings,  
10 you know, appear significant, but we're prepared to  
11 explain everything that's -- you know, the findings  
12 that are summarized on page 3 of the report. But if  
13 we're not feeling it today, you know, we can meet with  
14 staff and move forward in January.

15 MEMBER GALASSI: If we're not feeling it  
16 today, we can meet with staff and move forward in  
17 January?

18 So what kind of action are you proposing?

19 MS. FRIEDMAN: Well, I think Dr. Burden  
20 wants us to resolve our issues with IDPH, which we are  
21 at the juncture of doing. And then I think we need to  
22 meet with legal counsel to determine whether or not  
23 they have an action that we -- that they want to move  
24 forward with.

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1           And to the extent that we could go through  
2 with the rest of the presentation and there are  
3 additional questions, we could answer them subsequent  
4 to appearing again.

5           MEMBER GALASSI: Well, we'd hope so.

6           MS. FRIEDMAN: Prior to, I should say.

7           MEMBER GALASSI: I would hope so. I,  
8 for one, am ready to vote.

9           CHAIRPERSON OLSON: All right. Can we  
10 let them move forward with addressing the rest of the  
11 negative findings in the State Board staff report?

12           Is the -- are we agreeable to that?

13           MEMBER BURDEN: Sure.

14           MEMBER GALASSI: Sure.

15           CHAIRPERSON OLSON: Okay. Please  
16 proceed.

17           MS. FRIEDMAN: Okay. Just a second.

18           (Discussion off the record.)

19           MS. FRIEDMAN: I think that we would  
20 like to defer at this point. So if you'd like to hear  
21 a little bit -- the IHA letter is on record, and I  
22 think that it is -- you know, created some negative  
23 findings in the State agency report. I would like to  
24 just quickly touch on that and then --

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1 CHAIRPERSON OLSON: I would like you to  
2 do that.

3 MS. FRIEDMAN: Okay. Thank you.

4 So there are about 16 endoscopy centers in  
5 the state of Illinois that started out in the same  
6 place that our medical practice is at right now. They  
7 were operating as an office-based endoscopy but then  
8 they got to a point where endoscopy was too  
9 significant of a component of their operation to  
10 continue under that exception.

11 So despite the rule that you have that does  
12 not allow you to transfer an office-based procedure to  
13 a licensed procedure through, you know, using these  
14 referral letters, a surgery center that is in the  
15 position of requiring an IDPH license based on their  
16 volumes or their office configuration is really in a  
17 rock and a hard place.

18 We feel that, you know, we are adhering to  
19 the restrictions of limiting this to the individuals  
20 in our practice -- and I've already repeated a few of  
21 those things. This is not a facility that we're going  
22 to open for use by the public. This is also a  
23 facility that we're going to have basically colocated  
24 with our medical practice. But with IDPH requiring us

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1 to get a license, we really ask dispensation that we  
2 are permitted to go forward.

3 I don't know if you remember, but this is a  
4 very similar situation that we dealt with with Metro  
5 East Endoscopy Center when they were before you about  
6 a year and a half ago for a similar reason. So we do  
7 believe, because of that ASTC licensure act, there are  
8 some facilities that need to convert notwithstanding  
9 that rule.

10 CHAIRPERSON OLSON: So would you prefer  
11 to continue to operate in the manner in which you are  
12 if IDPH -- and I'm not suggesting IDPH is going to do  
13 this; I just need to know this -- if IDPH agrees that  
14 you do not need to have an ASTC license? Would you  
15 prefer to be the way you are?

16 I mean, you talked about spending \$2 million  
17 now at this point and . . .

18 DR. ALRASHID: Yes.

19 CHAIRPERSON OLSON: Because you're not  
20 looking to like invite a bunch of other doctors in --

21 DR. ALRASHID: No. No, no, no.

22 Yes. We're agreeing to continue as we are  
23 if IDPH does not press the issue that we have to go  
24 out and obtain a CON license.

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1                   MEMBER GALASSI: Have you spent the  
2 2 million yet?

3                   DR. ALRASHID: No, but we have to . . .

4                   MS. FRIEDMAN: We did have to get a  
5 letter of credit and put aside money for it but it  
6 hasn't occurred.

7                   MEMBER GALASSI: Okay. Thanks.

8                   CHAIRPERSON OLSON: Can I ask you a  
9 question that's sort of off the thing here? Because  
10 I -- how long is it going to be that -- because I'm  
11 not going back until they get this blood test. Aren't  
12 they almost perfecting this blood test so that you're  
13 going to see a decrease in the amount of endoscopies  
14 or no?

15                  DR. ALRASHID: For what? I'm sorry.  
16 For colonoscopies?

17                  CHAIRPERSON OLSON: For -- oh,  
18 colonoscopy. I'm sorry.

19                  DR. ALRASHID: I think that you're  
20 thinking of something else for the blood test. Oh,  
21 the genetic testing or --

22                  DR. TASIPOULOS: There's one for -- can  
23 I have the microphone a second?

24                  No, you're absolutely right. There's a

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1 genetic -- there's a stool test that's been looking at  
2 the antigen, looking for polyps and for colon cancer.  
3 Absolutely right.

4           If anything, that's going to increase what  
5 we do because people in the past that have been  
6 reluctant to have -- to be examined for a colonoscopy  
7 are going to be coming out of the woodwork to have  
8 this test done.

9           Now, whether the test gives false  
10 positives -- and it's going to give a certain degree  
11 of false positives, but, you know, it's going to show  
12 you who has polyps. So it's going to detect polyps at  
13 a much higher rate, which will prompt a patient to  
14 say, "Oh, okay. I have to get a colonoscopy."

15           So if you're hoping that yours is  
16 negative -- and I hope it, too -- Merry Christmas --  
17 but my whole thing is that it's wonderful. We're  
18 welcoming it with open arms because that's going to  
19 help us out tremendously --

20           CHAIRPERSON OLSON: Okay. That's been  
21 bothering me so thank you for clearing that up.

22           DR. TASIPOULOS: -- so that -- no, no.  
23 You're welcome.

24           So -- no. So that's -- you know, so you're

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1 right. That's going to take some screening away, but  
2 it's going to give us more therapeutic colonoscopies  
3 and endoscopies.

4 MEMBER BURDEN: That's exactly what I  
5 was going to say.

6 It's going to decrease the screening amount,  
7 the same problem I deal with with PSA targeting,  
8 essentially, which is being government funded, because  
9 of the numbers of false positive exams that occur  
10 because of an elevated P -- same thing. It will -- to  
11 end this discussion, you're right and you're right.

12 And it is FDA approved now --

13 DR. TASIPOULOS: Right.

14 MEMBER BURDEN: -- but it isn't, in  
15 general, known. So this is new stuff; correct?

16 DR. TASIPOULOS: Right.

17 CHAIRPERSON OLSON: Okay. Well, let's  
18 regroup here. Where are we at?

19 Do we want to -- should we accept the  
20 deferral and allow these individuals some time to  
21 continue to work with our staff and IDPH staff and try  
22 to resolve . . .

23 MEMBER BURDEN: Can we put it in a  
24 motion so everybody has a chance to come back and --

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1                   MEMBER GALASSI: Well, I think they  
2 certainly have -- yeah. I'm sorry.

3                   MEMBER BURDEN: Go ahead.

4                   MEMBER GALASSI: I think they certainly  
5 have a right to defer.

6                   MEMBER BURDEN: They have asked for  
7 it --

8                   CHAIRPERSON OLSON: Well, I have a  
9 motion on the floor, so we either need that motion  
10 rescinded --

11                   MR. CONSTANTINO: I think --

12                   MEMBER GALASSI: That was my motion.

13                   MR. CONSTANTINO: Can I make --

14                   CHAIRPERSON OLSON: Yes, please.

15                   MR. CONSTANTINO: Can I make one  
16 comment, Kathy?

17                   CHAIRPERSON OLSON: Yes.

18                   MR. CONSTANTINO: I think they're going  
19 to have to have a Board deferral. This is their  
20 six-month time frame. I think the Board's going to  
21 have to defer it --

22                   CHAIRPERSON OLSON: Okay.

23                   MR. CONSTANTINO: -- instead of the  
24 Applicant deferring it.

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1 CHAIRPERSON OLSON: So if we rescind --  
2 let me be sure I'm clear.

3 If we rescind a motion that's on the table  
4 and a Board member makes the motion to defer and they  
5 get the 5 votes to defer, then they're still within  
6 their time frame so we're not going to jack them up on  
7 their time frame?

8 MR. CONSTANTINO: Yes.

9 MS. AVERY: Yeah, it was deny.

10 MEMBER GALASSI: But are we just making  
11 a motion with a general deferral period?

12 CHAIRPERSON OLSON: No. I have a motion  
13 here that I'll read, but first we need to know if you  
14 want to rescind your --

15 MEMBER GALASSI: I'll rescind the  
16 original motion.

17 (Discussion off the record.)

18 CHAIRPERSON OLSON: So I'm looking for a  
19 motion to refer this project and the Applicant to  
20 legal counsel for review and filing of any notices of  
21 noncompliance and possible sanctions and -- I'm going  
22 to add -- and possible solutions.

23 MEMBER GALASSI: So moved.

24 MEMBER BURDEN: Second.

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1 THE COURT REPORTER: Sir, would you tell  
2 me your name, please, on the end.

3 DR. TASIPOULOS: John Tasiopoul os,  
4 T-a-s-i -o-p-o-u-l -o-s.

5 THE COURT REPORTER: Thank you.

6 MEMBER GALASSI: That was tough at 6.

7 DR. TASIPOULOS: I know. Right?

8 (Discussion off the record.)

9 CHAIRPERSON OLSON: Okay. All right.  
10 So maybe I'm going to rescind this motion.  
11 Did we get a second?

12 MEMBER BURDEN: Yes.

13 MEMBER GALASSI: Yes.

14 CHAIRPERSON OLSON: What Courtney's  
15 telling me is, if we have the motion to defer and  
16 unanimously vote for the motion to defer, we don't  
17 have to put in all this other stuff. You would work  
18 with . . . you'll work with our staff and . . .

19 (Discussion off the record.)

20 MEMBER GALASSI: But why not give that  
21 direction?

22 CHAIRPERSON OLSON: Yeah. I think I'm  
23 going to . . .

24 MEMBER GALASSI: I mean, otherwise --

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1 CHAIRPERSON OLSON: Do you have a  
2 problem with that, if we leave that language in there?

3 Or -- I mean, isn't that what you're saying  
4 you want to do, is to work with IDPH and our legal  
5 counsel and our staff to try to see if we can't find  
6 some resolution or to help you?

7 Or would you prefer a motion just to defer?

8 MS. FRIEDMAN: Yeah, I --

9 MEMBER GALASSI: I'm sorry to interrupt.

10 CHAIRPERSON OLSON: Please.

11 MEMBER GALASSI: I don't think in this  
12 situation I'm necessarily concerned with what they  
13 want, with all due respect.

14 MR. URSO: Right.

15 MEMBER GALASSI: We need legal  
16 definition because we don't know if we're going to be  
17 between our legal staff and IDPH legal staff --

18 CHAIRPERSON OLSON: Yeah, I --

19 MEMBER GALASSI: -- or they're going to  
20 be in agreement. I think --

21 CHAIRPERSON OLSON: I don't disagree  
22 with what you're saying.

23 But I think -- I believe we have an  
24 Applicant who's gotten like -- to take your words --

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1 between a -- caught between a rock and a hard place.  
2 There was no intention here to scam any system; there  
3 was no -- I just want to try to help them resolve it.

4 And I understand the Board needs to know  
5 that we're resolving it in a legal manner so we don't  
6 have somebody come back to you six months from now and  
7 go, "Oh, no, we can't do this."

8 And if I'm hearing what you're saying  
9 correctly, this is probably a bigger issue than we're  
10 even realizing here so we're setting precedent.

11 Yes, Doctor.

12 DR. ALRASHID: Before we leave, I just  
13 want to bring to your attention that our practice  
14 probably performs the most challenging work in the  
15 county when it comes to GI service. We take care of  
16 Lambs Farm and -- you know, those patients with mental  
17 and developmental disabilities.

18 And it's very, very hard to take care of  
19 those patients. They've -- you know, their care, they  
20 do take forever to start an IV and to put them to  
21 sleep. I mean, literally last week I have to promise  
22 one of the patients I'll bring him a Big Mac if he  
23 agrees that the IV gets started. I promise you.

24 We take care of Winchester House, which is a

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1 nursing home, State run. And we -- we're exclusively  
2 providing service to them.

3 We have a long relation with Lake County  
4 Health Department. Personally in 2001, when I started  
5 the practice, I volunteered at Lake County Health  
6 Department for almost two years, volunteer job.  
7 I started the hepatitis C. Dr. Ginsberg was the  
8 medical doctor at that time, and I was taking care of  
9 those patients for free.

10 We are now in agreement -- we have an  
11 agreement with Lake County Health Department to  
12 provide free-of-charge colonoscopies for uninsured  
13 patients. Up to this year, since we signed the  
14 agreement, we've done 23 colonoscopies for that -- for  
15 those population.

16 So I just want to bring to your attention  
17 what we do. And I want to -- the Board to be aware of  
18 it. That's all.

19 MEMBER BURDEN: We probably should move  
20 on, but I heard you mention "IV."

21 Are you using Versed or other agents in your  
22 practice to take care of these Lambs Farm patients who  
23 require sedation to go forward with colonoscopy?

24 DR. ALRASHID: Yes, we do.

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1 MEMBER BURDEN: Do you have a nurse  
2 anesthetist -- do you have -- who does the anesthesia?

3 DR. ALRASHID: Actually, Dr. Burden, we  
4 use propofol, and it's a -- we have a --

5 MEMBER BURDEN: So did Michael  
6 Jackson --

7 DR. ALRASHID: -- nurse anesthetist  
8 that --

9 THE COURT REPORTER: Wait, wait, wait,  
10 please. Please make a record, one at a time.

11 MEMBER BURDEN: I'm sorry.  
12 We were talking about what you use.

13 CHAIRPERSON OLSON: He said they have a  
14 nurse anesthetist.

15 DR. ALRASHID: We have a nurse  
16 anesthetist.

17 MEMBER BURDEN: You do have a nurse  
18 anesthetist on board?

19 DR. ALRASHID: Yes.

20 MEMBER BURDEN: Fine. I'm married to  
21 one. That's why I'm saying something about it.

22 DR. ALRASHID: We have a group of CRNAs  
23 who work with us.

24 MEMBER BURDEN: Okay. Thank you.

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1 THE COURT REPORTER: Thank you.

2 CHAIRPERSON OLSON: Okay. I have a  
3 motion and a second on the floor. Are we comfortable  
4 with voting on that motion?

5 The motion is to defer this project and the  
6 Applicant to legal counsel for review and filing of  
7 any notices of noncompliance and possible sanctions  
8 and -- I'm adding -- and solutions.

9 VICE CHAIRMAN HAYES: So moved.

10 MEMBER BURDEN: Second.

11 CHAIRPERSON OLSON: May I have a roll  
12 call, please?

13 MR. ROATE: Motion made by Mr. Hayes;  
14 seconded by Dr. Burden.

15 Dr. Burden.

16 MEMBER BURDEN: Yes, for the reasons  
17 we've discussed at length today.

18 MR. ROATE: Mr. Galassi.

19 MEMBER GALASSI: Yes, based upon our  
20 prior dialogue.

21 MR. ROATE: Mr. Hayes.

22 VICE CHAIRMAN HAYES: Yes, based on the  
23 prior dialogue.

24 MR. ROATE: Mr. Sewell.

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1 MEMBER SEWELL: Yes, for reasons stated.

2 MR. ROATE: Madam Chair.

3 CHAIRPERSON OLSON: I vote yes, as well.

4 And for the record, Doctors, I think you're  
5 really good guys and don't worry about that.

6 DR. TASIPOULOS: Thank you.

7 CHAIRPERSON OLSON: Your charity care is  
8 very impressive.

9 MEMBER GALASSI: Yes, it is.

10 MR. ROATE: That's 5 votes in the  
11 affirmative.

12 CHAIRPERSON OLSON: The motion passes.

13 And Kara will get with you and make sure  
14 that we can get this worked out and see you in  
15 January.

16 MS. FRIEDMAN: Yeah. I hope having  
17 resolution with IDPH in the next couple days helps to  
18 direct the way this needs to go because, as you said,  
19 with them compelling licensure, I'm not sure what else  
20 we're supposed to do besides come back to you again.

21 MEMBER GALASSI: I'm not, either.

22 MS. FRIEDMAN: Okay.

23 MEMBER GALASSI: For the record,  
24 Winchester House is County run.

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1 DR. ALRASHID: Oh, that's right. Sorry.

2 MEMBER GALASSI: It's quite all right.

3 MS. FRIEDMAN: Okay.

4 DR. TASIPOULOS: Thank you.

5 CHAIRPERSON OLSON: Thank you. Thanks  
6 for taking the time to come.

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FRESENIUS MEDICAL CARE, GRAYSLAKE**

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1 CHAIRPERSON OLSON: Next we have  
2 Fresenius Medical Care, Grayslake.

3 Do I have a motion to approve  
4 Project 14-029, Fresenius Medical Care, Grayslake, to  
5 establish a 12-station ESRD facility in Grayslake?

6 MEMBER GALASSI: Are they licensed?

7 CHAIRPERSON OLSON: I'm looking for a  
8 motion, not a license.

9 MEMBER GALASSI: So moved.

10 MEMBER SEWELL: Second.

11 CHAIRPERSON OLSON: Please be sworn in.

12 THE COURT REPORTER: Raise your right  
13 hands, please.

14 (Three witnesses duly sworn.)

15 THE COURT REPORTER: Thank you. And  
16 please print your names.

17 CHAIRPERSON OLSON: State Board staff  
18 report, please, Mike.

19 MR. CONSTANTINO: Thank you, Madam  
20 Chairwoman.

21 The Applicants are proposing to establish a  
22 12-station ESRD facility in Grayslake, Illinois, at a  
23 cost of approximately \$4.2 million.

24 There was no public hearing, one letter of

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1 opposition, and no letters of support. The expected  
2 completion date is June 30th, 2016.

3 Thank you, Madam Chairwoman.

4 CHAIRPERSON OLSON: Thank you, Mike.

5 Comments for the State Board?

6 MS. GURCHIEK: Good afternoon. My name  
7 is Teri Gurchiek. I'm the regional vice president  
8 overseeing this project.

9 With me today is Clare Ranalli, counsel, and  
10 Lori Wright, CON specialist for us.

11 CHAIRPERSON OLSON: Please talk right  
12 into the mic.

13 MS. AVERY: Yeah. Bring it closer  
14 to you.

15 CHAIRPERSON OLSON: Thank you.

16 MS. GURCHIEK: Okay. As I was saying,  
17 I'd like to thank the staff board for taking the time  
18 to put together the State agency report. And it notes  
19 that we meet all but two of the criteria, and these  
20 are planning area need and unnecessary duplication.

21 In spite of this, there are indicators that  
22 show a need in the Grayslake area. For instance, the  
23 clinics within 10 miles of the proposed Grayslake site  
24 are operating at 75 percent average utilization. The

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1 three closest clinics, Round Lake, Gurnee, and DaVi ta  
2 Waukegan are all operating well above the 80 percent  
3 utilization. As the State Board staff noted, the  
4 ratio of stations to population also supports the  
5 project.

6 Currently in the Grayslake area there is one  
7 station for every 5300 residents, and the State  
8 average is one station for every 35 -- 3100 residents.  
9 Pardon me. This is what resulted in the physicians  
10 telling us that there's need in this market.

11 Another indicator of growth was highlighted  
12 by DaVi ta. The 14 new stations in the area that  
13 I commented on are highly utilized. As of September.  
14 Fresenius Mundelein with 12 stations is at 72 percent  
15 and can only take 15 more patients before reaching the  
16 80 percent. Fresenius Gurnee was recently approved to  
17 add two stations and is operating at 84 percent  
18 currently.

19 Fresenius Antioch and DaVi ta Lake Villa  
20 appear to be options for the Grayslake market;  
21 however, neither facility operates six shifts per week  
22 due to the low number of patients residing in those  
23 areas.

24 Remaining facilities are closer to

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1 30 minutes away and not in the health care market  
2 identified in this application. Lake County is a  
3 rapidly growing area and saw 9 percent growth in the  
4 2010 census. During this time the elderly population  
5 in Lake County doubled.

6 We respectfully ask that you consider the  
7 high utilization of the clinics actually in the market  
8 area to be served and the lack of ESRD treatment  
9 stations to population and Lake County's population  
10 growth as reasons to approve the project.

11 Thank you. And we'd be happy to answer any  
12 questions you might have.

13 CHAIRPERSON OLSON: Thank you.

14 Questions from the Board?

15 Doctor.

16 MEMBER BURDEN: We had a DaVi ta Lake  
17 Villa representative -- or at least a public  
18 participant -- who objected to the fact that you're  
19 going to be building within 17 minutes of that unit  
20 and they're functioning at 52.78 percent. All the  
21 rest of them are basically -- in the close range --  
22 are well within the range of acceptability.

23 How do you -- did you not consider that or  
24 does that concern you?

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1 MS. WRIGHT: The only thing I can say is  
2 that they're operating not at the six shifts per day.  
3 And, obviously, that's not going to support the need  
4 for the patients in the Grayslake market.

5 MEMBER BURDEN: Tell me again what you  
6 said.

7 They're not operating at 24 --

8 MS. WRIGHT: Six shifts per day.

9 MEMBER BURDEN: How many?

10 MS. RANALLI: Six shifts per day.

11 Your rules, as you know, require -- they  
12 base the 80 percent target utilization on a clinic  
13 operating three shifts per day for six days a week.

14 MEMBER BURDEN: Yes.

15 MS. RANALLI: In many clinics, much as  
16 you heard, although this project has private funding,  
17 which helps, but this also is a problem throughout the  
18 state.

19 Many clinics in areas that don't have very  
20 large population bases only operate two shifts per day  
21 six days per week. So -- they don't operate that  
22 third shift, so they'll never meet your 80 percent  
23 target, although 50 percent -- two shifts per day  
24 six days a week is actually pretty much at the

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1 80 percent target.

2 MEMBER BURDEN: Okay. That math  
3 eludes me.

4 There are -- as stated here in our report,  
5 it's 52 percent. But your rebuttal is that they only  
6 operate two shifts a day rather than three?

7 MS. RANALLI: Right. Because the  
8 formula -- and we did the math --

9 MEMBER BURDEN: So does that take them  
10 out of the arena of being concerned about you building  
11 one 17 minutes from them which is not going to help  
12 their -- it's going to drop it some more?

13 MS. RANALLI: They'd have to open a  
14 third shift. If they opened up a third shift, could  
15 they take some of these patients? Yes.

16 They would all have to dialyze on the  
17 third shift because the first two shifts are full, so  
18 there would be limited shift choice. But that could  
19 happen, yes, although the patients identified for  
20 this --

21 MEMBER BURDEN: Your answer indirectly  
22 reflects on us having approved this facility whenever  
23 it was approved.

24 That's what you're telling me --

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1 MS. RANALLI: No.

2 MEMBER BURDEN: -- there was not enough  
3 population to support it so they're never going to  
4 reach 80 percent. That's our problem.

5 MS. RANALLI: No.

6 MEMBER BURDEN: We have Fresenius or  
7 DaVita in here every six weeks, it seems to me. In my  
8 five years I think I've said yes to 95 percent of  
9 them, not -- no to a couple of them. When we say no,  
10 we catch all kinds of rebuttal to that.

11 But this is not easy to resolve because  
12 I can't tell them to trying to increase their --

13 MS. RANALLI: Their shifts.

14 MEMBER BURDEN: -- their exposure to the  
15 population. Your answer is, even if they did, it  
16 wouldn't improve their -- so --

17 MS. RANALLI: Well --

18 MEMBER BURDEN: -- that's sort of a  
19 Catch-22 operation.

20 Go ahead. I'm sorry.

21 MS. RANALLI: Right. Oh, that's okay.  
22 No, I'm sorry.

23 To be clear, we don't -- we're not giving  
24 the Board an issue for approving these clinics. We

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1 certainly think that, in rural areas, patients are  
2 entitled to have access to a clinic and ought not to  
3 have to travel, you know, to Chicago or Champaign-  
4 Urbana -- or, you know, wherever they -- someone might  
5 live in that area -- just to get dialysis because  
6 that's the only population hub that might support a  
7 clinic at three shifts a day.

8           So we appreciate your approving the  
9 clinics -- whether they be DaVita, Fresenius, or  
10 otherwise in those areas -- to provide access to  
11 people who live in rural areas.

12           But the fact of the matter is opening a  
13 third shift when people won't come to it doesn't make  
14 a lot of sense. And the patients who live in this  
15 market area for Grayslake, quite frankly, aren't going  
16 to go to Lake Villa. They're going to fill up these  
17 other area clinics that are already at 73 to  
18 84 percent. That's the reality in the marketplace.

19           I think we struggle with it all the time. I  
20 know you struggle with it, too, and -- you know, your  
21 rules -- and there's no easy fix to it.

22           But we are responding to physicians who have  
23 told us that, in this market area right around  
24 Grayslake, they have enough patients to fill a clinic.

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1 If Grayslake isn't approved, those patients would get  
2 dispersed throughout the local area clinics that are  
3 already at high utilization.

4 CHAIRPERSON OLSON: Mike, can you speak  
5 to the two-shift, three-shift thing?

6 Is that --

7 MR. CONSTANTINO: Yeah.

8 We've been putting -- in your report we've  
9 been noting that our finding is contingent on the fact  
10 that all the facilities in that 30-minute area are  
11 operating 3 shifts a day 6 days a week 52 weeks  
12 a year.

13 Okay? When they come in here and you  
14 approve them, they tell you that's what they're going  
15 to do, so we assume they are. But as it turns out,  
16 they don't.

17 CHAIRPERSON OLSON: Okay.

18 MEMBER BURDEN: And we don't know --

19 CHAIRPERSON OLSON: Is Grayslake rural?

20 MEMBER GALASSI: No. I would suggest  
21 not. It was.

22 MEMBER SEWELL: What?

23 MEMBER BURDEN: What did you say?

24 CHAIRPERSON OLSON: "Rural."

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1 MEMBER SEWELL: Oh, "rural."

2 MEMBER GALASSI: Not if you drive  
3 through there at 8:00 in the morning or 4:00 in the  
4 afternoon.

5 MEMBER BURDEN: No. No, it's not rural.  
6 That's an issue. We are approving under the  
7 assumption they're going to follow the Board's rules,  
8 which are -- which were stated, and yet you don't --  
9 they aren't able to tell us that the one unit here  
10 that's complaining about competition is only running  
11 two shifts a day.

12 How do you handle that, then? We can't  
13 approve it because their location's been approved and  
14 they're never going to reach what we consider to be  
15 the target.

16 MR. CONSTANTINO: We can bring them back  
17 before you and you could talk to them. Or we could --

18 CHAIRPERSON OLSON: Mr. Sewell.

19 MR. CONSTANTINO: We could refer them  
20 for a compliance issue.

21 MS. WRIGHT: Can I just say a lot of our  
22 rural clinics -- most of them are in southern  
23 Illinois, but there are a few in the northern  
24 counties, too.

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1           They operate, like Clare said, two shifts a  
2 day so that, at the end of the day -- and "at the end  
3 of the day" is like three o'clock in the afternoon --  
4 staff go home; the patients go home. There's a lot of  
5 two-lane country roads, especially in the more rural  
6 areas. Wintertime or in bad weather -- you know, rain  
7 and snow -- patients don't want to be out on those  
8 roads at night, so that's the reason they just operate  
9 the two shifts.

10           And then we will even -- and, you know, all  
11 providers do this -- add stations every two years to  
12 keep those two shifts -- patients on those two shifts  
13 so -- for their safety; for staff's safety, too.

14           CHAIRPERSON OLSON: Mr. Sewell.

15           MEMBER GALASSI: I could see that.

16           MEMBER SEWELL: Yes. It sounds like --  
17 and you correct me if I'm wrong.

18           Your argument for us ignoring these findings  
19 is the population growth in the area, and then you  
20 want us to take a look at an area that's smaller than  
21 HSA 8, that area that's immediately around Grayslake,  
22 because, if we did, there would be a need -- or a  
23 demand, at least -- for additional stations.

24           Is that what you said earlier?

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1 MS. WRIGHT: This is where our  
2 two clinics are full. We have Round Lake to the west  
3 of Grayslake, which is at 88 percent, and then, if you  
4 go to the east of Grayslake, you've got Gurnee, which  
5 is operating in the 80s, as well.

6 So Fresenius Grayslake is located right in  
7 between those two highly utilized clinics. Most of  
8 our patients live within 5 miles of there. And, you  
9 know, to refer them, you know, to go further out --  
10 you know, past the Round Lake facility up to Lake  
11 Villa, which is in the Chain O' Lakes in Lake  
12 County -- just isn't reasonable for us to do, and the  
13 patients don't want to drive that far.

14 MEMBER SEWELL: And you're also saying,  
15 I think, that this population growth is not  
16 necessarily going to change the practices of some of  
17 these providers that don't operate on all shifts.  
18 They won't change their practice and go to a  
19 three-shift operation, even if there's demand that  
20 comes from population growth, because of the factors  
21 you mentioned with safety and travel and those things.

22 MS. WRIGHT: Well, for safety's sake  
23 they do try to keep patients on the first two shifts.  
24 If demand increases high enough, they would add that

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1 third shift. But in some of these areas there's not  
2 enough population.

3 MEMBER SEWELL: Well, then, why do we  
4 need 32 more stations?

5 I mean, why is there an excess of  
6 32 stations? I asked it wrong.

7 MS. RANALLI: And that goes to what  
8 I think Ms. Wright was saying and the Lake County  
9 population growth as a whole.

10 For whatever reason, despite the fact there  
11 is no need in the planning area -- you know, the whole  
12 planning area, not the Grayslake Lake area --  
13 nonetheless -- and the State Board report pointed this  
14 out -- the ratio of population to dialysis station is  
15 1 to 5300 people, and the ratio in the state as a  
16 whole is 1 to 3100 people.

17 And then on top of that, in Lake County  
18 there's been significant growth in the elderly  
19 population over the past 10 years. And typically --  
20 not always but -- dialysis trends more toward the  
21 elderly population, the need for dialysis.

22 MEMBER SEWELL: Okay.

23 MEMBER GALASSI: Is it safe to say that  
24 the third shift is the least desirable from a

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1 patient's perspective?

2 MS. WRIGHT: In my experience it is  
3 unless you have a young population that's working.  
4 And typically they would prefer a later shift so they  
5 can work.

6 But in the populations where we have the  
7 majority of elderly patients, they'd prefer first and  
8 second.

9 MEMBER GALASSI: Thank you.

10 MS. WRIGHT: The third-shift patients  
11 usually end up going home around 7:00 or eight o'clock  
12 at night so it's dark out. They miss family time.  
13 And there's less transportation options after  
14 4:00 p.m., so that causes a problem.

15 MEMBER GALASSI: Sure. Sure.

16 MEMBER BURDEN: What are the hours of  
17 the third shift generally?

18 MS. WRIGHT: It varies by facility but  
19 typically about 5:00 -- 4:00 to 5:00 p.m. would be  
20 when the third shift would start.

21 MEMBER BURDEN: To 8:00 or 9:00?

22 MS. WRIGHT: 8:00 or 9:00. It's a  
23 four-hour shift --

24 MEMBER BURDEN: It's not an eight-hour

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1 shift? It's not midnight as a rule?

2 MS. WRIGHT: No. It's about a four-  
3 hour treatment, so they'd be there until about  
4 nine o'clock.

5 CHAIRPERSON OLSON: Other questions?  
6 (No response.)

7 CHAIRPERSON OLSON: Seeing none, I'll  
8 call for a vote to approve Project 14-029, Fresenius  
9 Medical Care, Grayslake, to establish a 12-station  
10 ESRD facility in Grayslake.

11 MR. ROATE: Motion made by Mr. Galassi;  
12 seconded by Mr. Sewell.

13 Dr. Burden.

14 MEMBER BURDEN: Based on the State  
15 agency report with, essentially, a statement that we  
16 have an excess, despite the discussion we've had that  
17 states it, I'm going to vote no.

18 MR. ROATE: Mr. Galassi.

19 MEMBER GALASSI: For reasons stated,  
20 I'll vote no.

21 MR. ROATE: Mr. Hayes.

22 VICE CHAIRMAN HAYES: I'm going to vote  
23 no because of the planning area need and the  
24 unnecessary duplication of service.

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1 MR. ROATE: Mr. Sewell.

2 MEMBER SEWELL: I vote no for reasons  
3 stated.

4 MR. ROATE: Madam Chair.

5 CHAIRPERSON OLSON: I vote no, as well,  
6 for reasons stated.

7 MR. ROATE: 5 votes in the negative.

8 CHAIRPERSON OLSON: The motion does not  
9 pass.

10 MR. URSO: You're going to be receiving  
11 an intent to deny. You'll have another opportunity to  
12 come before the Board as well as submit additional  
13 information.

14 Thank you.

15 MS. RANALLI: Thank you.

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1 CHAIRPERSON OLSON: Okay. Next we have  
2 Decatur Memorial Hospital.

3 May I have a motion to approve  
4 Project 14-046, Decatur Memorial Hospital, to  
5 establish a 20-bed AMI unit on the campus of its  
6 hospital in Decatur?

7 MEMBER SEWELL: So moved.

8 VICE CHAIRMAN HAYES: Second.

9 CHAIRPERSON OLSON: If the Applicant  
10 will be sworn in, the people at the table, please.

11 THE COURT REPORTER: Raise your right  
12 hands.

13 (Four witnesses duly sworn.)

14 THE COURT REPORTER: Thank you. Please  
15 print your name on the sheet.

16 CHAIRPERSON OLSON: Mike, State Board  
17 staff report, please.

18 MR. CONSTANTINO: Thank you, Madam  
19 Chairwoman.

20 The Applicants are proposing to establish a  
21 20-bed AMI category of service at a cost of  
22 approximately \$1.6 million.

23 No letters of support were received and  
24 two letters of opposition were received. No public

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1 hearing was requested.

2 Thank you, Madam Chairwoman.

3 CHAIRPERSON OLSON: Thank you, Mike.

4 Questions from the Board?

5 MEMBER GALASSI: I would just like to  
6 comment.

7 The -- I commend anyone -- and in this case,  
8 Decatur Memorial -- for getting into the AMI business  
9 today. It's certainly unique and there's a great need  
10 out there that exists. And I'm pleased to hear it and  
11 will support your project.

12 CHAIRPERSON OLSON: Oh, I'm sorry.

13 MEMBER SEWELL: I didn't hear what  
14 he said.

15 CHAIRPERSON OLSON: Mr. Galassi,  
16 Mr. Sewell did not hear your comment but I think --  
17 I'm going to tell you -- go ahead.

18 MEMBER GALASSI: Just simply stated,  
19 I was commenting support for the project for any  
20 organization getting into AMI right now; in this case,  
21 specifically Decatur. We're aware of the need and  
22 fewer and fewer providers of AMI.

23 MEMBER SEWELL: I'm sorry.

24 CHAIRPERSON OLSON: I'm sorry. The

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1 Applicants will please give us your comments, please.

2 MS. FAHEY: Certainly. Thank you for  
3 the opportunity to address the Board.

4 I'm Linda Fahey, the chief nursing officer  
5 for Decatur Memorial Hospital. We're a 300-bed  
6 independent community hospital, and I -- in central  
7 Illinois, as you know.

8 And as we look at the population that we  
9 serve, we are proposing to change 20 of our med/surg  
10 beds to mental health-licensed beds so that we can  
11 provide care for our patients that we currently serve  
12 in our hospital who have secondary diagnoses that are  
13 actually psychiatric diagnoses.

14 We believe that we need to provide this  
15 additional service for our senior population because  
16 they're coming to our hospital with chronic mental  
17 illness along with chronic medical problems. And  
18 while we're quite capable now of treating the medical  
19 problems, we believe that we don't have adequate  
20 services to adequately address those mental health  
21 needs that they're coming to our facility with.

22 Most of these patients have dual diagnoses,  
23 so they need their medical doctors, they need to be  
24 managed both medically and psychiatrically, and right

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1 now Decatur Memorial Hospital does not provide  
2 psychiatric services.

3           So we're looking at our capacity as far as  
4 20 med/surg beds that we are not using right now and  
5 changing that license category to 20 mental health  
6 beds to treat our senior population that have these  
7 disorders and who have both medical and psychiatric  
8 illnesses.

9           We believe that, in doing so, we'll be able  
10 to provide better care for our patients, that we will,  
11 in some cases, be able to keep them independent for a  
12 longer period of time, and then, in the long run, save  
13 the State and the Federal government as far as  
14 payments on health care because we believe that that  
15 secondary benefit -- diagnosis or sometimes the  
16 primary diagnosis needs to be adequately treated.

17           Our patients are very secure with their  
18 medical doctors and so seek care at Decatur Memorial  
19 Hospital where their doctors practice. They're not  
20 really willing to go to another facility to seek that  
21 kind of care and often certainly will choose going  
22 home without that care and may come back with further  
23 problems if we don't address it.

24           Our cost is minimal. You saw that staff

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1 findings were that the space was in excess of the  
2 recommendations. That's because it's existing space.  
3 And some of those rooms in existing space were  
4 semiprivate rooms in some previous life, so the rooms  
5 are large. This population, many of them need a  
6 private room, and so a portion of this unit will be  
7 private rooms to accommodate the population that we'll  
8 be serving.

9           You also saw that we -- that there is not a  
10 bed indication for our health services area. And we  
11 believe, in this particular subsection of the  
12 population, there is. It's demonstrated by our own  
13 patient population that we treated in our hospital  
14 last year.

15           Of those, about 2,700 and something ended up  
16 with a secondary psychiatric diagnosis along with  
17 their medical diagnosis. And even if we treated  
18 25 percent of that 2,775 patients with additional  
19 psychiatric care, that would fill that 20 beds up to  
20 85 percent.

21           So we really believe that our own patient  
22 population is signifying this need for those  
23 particular beds and, really, won't have impact on the  
24 bed counts in our health service area. There's also

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1 an excess of med/surg beads, so we'll be moving from  
2 one category to another as far as that goes.

3 I have with me colleagues, my senior vice  
4 president for our network, who is with me to answer  
5 any questions, along with two colleagues, Mr. Copelin  
6 and Mr. Berson, who helped me with development of  
7 the CON. So we're here to answer any questions that  
8 you might have. We believe this is a valuable service  
9 that our patients need.

10 CHAIRPERSON OLSON: Thank you.

11 Questions?

12 Go ahead, Mr. Sewell.

13 MEMBER SEWELL: What's the system like  
14 in your area for community-based mental health  
15 services? Ambulatory.

16 MS. FAHEY: We work very closely with --  
17 we do have a large facility in downtown Decatur that  
18 provides some community-based care. We do have, as  
19 you saw in the staff report, another psychiatric unit  
20 at the other hospital in town.

21 We have limited access to psychiatrists and  
22 some aging psychiatrists, so we will be recruiting a  
23 psychiatrist to our community for this particular  
24 service, and I believe, overall, that increases

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1 availability of community-based services, as well, for  
2 this population. To get another psychiatrist in town  
3 would also serve them.

4 MEMBER SEWELL: What about posthospital  
5 services? Does this provider you speak of participate  
6 in that?

7 MS. FAHEY: Yes. This provider will be  
8 working with a psychology group who functions in  
9 central Illinois who already -- the psychologists  
10 already provide services at our hospital, and they  
11 will be the one who will bring in a psychiatrist to  
12 help on this particular unit.

13 MEMBER SEWELL: And does their patient  
14 profile include many older patients?

15 MS. FAHEY: Yes. They specialize in  
16 medical-psychology situations, and so they do visit  
17 many of our skilled nursing facilities in town.

18 And in our certificate of need process,  
19 you'll see that we also had letters of support from  
20 many of our skilled nursing facilities who surround  
21 the hospital themselves because we work very closely  
22 with them.

23 CHAIRPERSON OLSON: Other questions or  
24 comments?

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1           Doctor.

2                   MEMBER BURDEN:   Excuse me.

3           You mentioned recruiting another  
4 psychiatrist.  In my family we have two mental  
5 therapists, one of whom is a psychologist at a major  
6 university not in this area.

7           He assumes -- he assumes you are willing to  
8 take mental health providers other than  
9 psychiatrists -- he would since he is a  
10 psychologist -- and the only difference between he --  
11 in California there's none -- he writes prescriptions.  
12 I think that's dangerous but that's California.

13           Psychologists would not help you there?  
14 I mean, I think it's easier to recruit one of those  
15 than a shrink.

16                   MS. FAHEY:  We will be using a number of  
17 psychologists in this program as therapists, and, in  
18 fact, our psychologists who work at our facility now  
19 are wonderful in support of the care at our hospital.

20           It -- many of these patients have complex  
21 medication management issues that require a physician  
22 working in conjunction with those other wonderful  
23 professions.

24                   MEMBER BURDEN:  That's what the shrinks

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1 tell you. I know that.

2 MS. FAHEY: That's true.

3 MEMBER BURDEN: I practiced for 40 years  
4 in this area, and I had a fair number of those  
5 patients along the line. You know what I mean. Okay.  
6 That's fine to say it. I'll . . . be careful making  
7 that statement --

8 MS. FAHEY: Right.

9 MEMBER BURDEN: -- but I knows otherwise.

10 MS. FAHEY: I strongly support the role  
11 of our psychologists, as well.

12 MEMBER BURDEN: Good for you.

13 Thank you.

14 CHAIRPERSON OLSON: I actually have a  
15 question.

16 The one opposition letter from St. Mary's  
17 stated that they had some concern because it -- it  
18 sounds like you're talking about general psych,  
19 basically.

20 MS. FAHEY: That's correct.

21 CHAIRPERSON OLSON: But their concern  
22 was that you would say you want 20 AMI beds for  
23 general psych and then switch them into something  
24 different.

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1                   Can you respond to that concern?

2                   MS. FAHEY: Well, at this point I -- our  
3 patient population does not indicate that we would  
4 need to do that.

5                   And I can't tell you in the future, if the  
6 population suddenly became younger in Decatur and the  
7 demand was to serve our community focused in that  
8 direction, we would have to consider that.

9                   Right now we're participating as the only  
10 hospital in Decatur in the State's managed Medicaid  
11 program. And, you know, we'll -- along with the State  
12 of Illinois, we would want to provide the most  
13 cost-effective way to care for any of those patients,  
14 whether seniors or otherwise.

15                   But we have no plans at this point to do  
16 that.

17                   CHAIRPERSON OLSON: So did I just hear  
18 you say you're the only hospital in Decatur  
19 participating in the Medicaid managed care program?

20                   MS. FAHEY: That is correct.

21                   CHAIRPERSON OLSON: Thank you.

22                   Any other questions or comments?

23                   VICE CHAIRMAN HAYES: Madam Chairman.

24                   CHAIRPERSON OLSON: Yes.

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1                   VICE CHAIRMAN HAYES: I was -- wanted to  
2 ask the Applicant specifically -- how far are you from  
3 Champaign-Urbana?

4                   MS. FAHEY: It -- in good weather, it  
5 takes about 45 to 50 minutes to reach there. And  
6 via -- and that's just the outskirts. If you're  
7 trying to reach one of the hospitals, it's a little  
8 bit longer than that.

9                   VICE CHAIRMAN HAYES: Now, do you have,  
10 you know, referral relationships where many of your  
11 patients, for more complex cases, are referred to one  
12 of those hospitals there?

13                   MS. FAHEY: Yes. We have a very strong  
14 working relationship with Carle, and so we do -- and  
15 they are our designated trauma center -- so we do  
16 refer patients to Carle.

17                   Our patients -- and from time to time we'll  
18 select -- going either direction, it is -- whether you  
19 go to Springfield or whether you go to Champaign-  
20 Urbana, it is a good 45-minute trek either way.

21                   VICE CHAIRMAN HAYES: And do you have --  
22 does Carle have an AMI unit?

23                   MS. FAHEY: I don't believe Carle does.

24                   VICE CHAIRMAN HAYES: But they were --

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1 they work closely with the hospital on the other side  
2 of town?

3 St. Elizabeth? Is that it?

4 MS. FAHEY: I believe The Pavilion is  
5 the psychiatric unit in Champaign, but I'm not sure of  
6 their association.

7 VICE CHAIRMAN HAYES: Thank you.

8 CHAIRPERSON OLSON: Mr. Sewell.

9 MEMBER SEWELL: Who had -- who were the  
10 other providers that have the AMI beds? Other than  
11 St. Mary's.

12 MS. FAHEY: The -- St. John's does have  
13 some AMI beds. That's in Springfield, about a  
14 45-minute drive from us.

15 And then south of us, I believe Sarah Bush,  
16 which is about the same direction south. Mileswise, a  
17 little bit longer on true country roads. But, yeah,  
18 they do have a small number of beds, as well.

19 MR. COPELIN: There's also The Pavilion  
20 health care or health facility in Champaign, and it's  
21 amazingly set up with psychiatric beds.

22 CHAIRPERSON OLSON: But you're the only  
23 one -- I mean, you and St. Mary's are the only ones in  
24 Decatur?

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1 MS. FAHEY: That is correct.

2 MEMBER GALASSI: Doesn't your community  
3 health center have some outpatient community health --

4 MS. FAHEY: The community -- they're --  
5 a health center called Heritage has some outpatient  
6 services, yes.

7 MEMBER GALASSI: And limited but --

8 MS. FAHEY: Yes. And then our -- we  
9 work very closely with our Federally qualified health  
10 center, CHIC Clinic, and they have quite a bit of  
11 outpatient support in the mental health arena.

12 CHAIRPERSON OLSON: Other questions or  
13 comments?

14 (No response.)

15 CHAIRPERSON OLSON: Seeing none, I'll --

16 MEMBER BURDEN: I have something.

17 CHAIRPERSON OLSON: Oh, I'm sorry,  
18 Doctor.

19 MEMBER BURDEN: Just one.

20 You -- I -- the CEO of St. Mary's obviously  
21 is not anxious to see you do what you came to do  
22 today.

23 Is that realistic? Or how do you rebut that  
24 comment of St. Mary's regarding their AMI bed

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1 situation -- AMI beds?

2 MS. FAHEY: First of all, before we  
3 applied for a certificate of need here, we did have a  
4 conversation with the CEO at St. Mary's then -- who  
5 was the current CEO at that time -- and he said that  
6 they would not oppose the CON and, in fact, said he  
7 was interested in recruiting a psychiatrist with us.

8 They have since changed leadership, and  
9 apparently the new leadership had a different opinion.  
10 However, we did try to reach out to them and work with  
11 them before we tried to apply for the certificate of  
12 need.

13 We believe that our unit will be slightly  
14 different from theirs. They are fairly limited in the  
15 patients that they'll take who are not medically  
16 stable, and we believe it's very hard on our geriatric  
17 population to achieve medical stability and  
18 psychiatric stability independently. And we'll be  
19 treating -- both our hospitalists, who are in-house  
20 24/7 -- if their primary care physician is not  
21 covering, they'll be covering these patients, and so  
22 we'll be able to provide the medical support along  
23 with the wonderful psychiatric support we plan.

24 MEMBER BURDEN: All right.

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1 CHAIRPERSON OLSON: Okay. May I have a  
2 vote, please, roll call?

3 MR. ROATE: Motion made by Mr. Sewell;  
4 seconded by Mr. Hayes.

5 Dr. Burden.

6 MEMBER BURDEN: This is a difficult call  
7 because I think you're quite on board, notwithstanding  
8 the comment made by one of our form -- one of our  
9 Board members who feels very enthusiastic about your  
10 attempts to create more AMI beds.

11 I don't necessarily disagree with him, but  
12 I am faced with a problem here. According to this  
13 staff report, there's 78 excess beds in the community.  
14 That's what I see here, so I have trouble okaying  
15 this.

16 I think I have to vote no.

17 MR. ROATE: Mr. Galassi.

18 MEMBER GALASSI: Yes, based upon their  
19 own population needs.

20 MR. ROATE: Mr. Hayes.

21 VICE CHAIRMAN HAYES: I'm going to vote  
22 no because of the State agency report and -- you know,  
23 which mentions planning area need and impact on other  
24 providers, maldistribution.

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1 MR. ROATE: Mr. Sewell.

2 MEMBER SEWELL: I'm going to vote yes.

3 And the reason is it's this specialized area involving  
4 geriatric patients where there appears to be somewhat  
5 of a deficit on that.

6 And I think the Applicant did a good job of  
7 explaining away the problem with the size of the  
8 project based on limitations of the facility. And it  
9 looks like these beds, existing AMI beds, they're a  
10 little bit of a distance away.

11 So I vote yes.

12 MR. ROATE: Madam Chair.

13 CHAIRPERSON OLSON: I also vote yes  
14 based on the reasons that Mr. Sewell just outlined  
15 but, also, on the fact that I believe that the managed  
16 Medicaid population in Decatur needs some access. And  
17 without these AMI beds at Decatur Memorial, they have  
18 to go 45 to 50 minutes away for any access to Medicaid  
19 managed care divisions.

20 MR. ROATE: That's 3 votes in the  
21 affirmative, 2 votes in the negative.

22 CHAIRPERSON OLSON: Motion fails.

23 MR. URSO: You're going to be receiving  
24 an intent to deny. You'll have another opportunity to

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1 come before the Board as well as submit additional  
2 information.

3 Thank you.

4 CHAIRPERSON OLSON: Thank you.

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1 CHAIRPERSON OLSON: Next is 14-051,  
2 Central DuPage Hospital, Winfield.

3 May I have a motion to approve  
4 Project 14-051, Central DuPage Hospital, to modernize  
5 and expand the pediatric service at its hospital in  
6 Winfield?

7 MEMBER BURDEN: So moved.

8 VICE CHAIRMAN HAYES: Second.

9 CHAIRPERSON OLSON: Mike, State Board --  
10 oh, let's swear in the Applicants, please.

11 THE COURT REPORTER: Raise your right  
12 hands, please.

13 (Seven witnesses duly sworn.)

14 THE COURT REPORTER: Thank you. And  
15 I have your names so you're good.

16 CHAIRPERSON OLSON: Mike, State Board  
17 staff report.

18 MR. CONSTANTINO: Thank you, Madam  
19 Chairwoman.

20 The Applicants are proposing the  
21 modernization of their pediatric unit and asking you  
22 to add 12 pediatric beds for a total of 22 pediatric  
23 beds.

24 The cost of the project is \$14.2 million.

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1 No opposition or support letters are received, and  
2 there was no request for a public hearing.

3 Thank you, Madam Chairwoman.

4 CHAIRPERSON OLSON: Comments from the  
5 Applicant, please.

6 MR. VIVODA: Thank you very much. Good  
7 afternoon.

8 I'm Mike Vivoda. I'm the president of  
9 Northwestern Medicine's western region. And to remind  
10 everyone, the western region of Northwestern Medicine  
11 was created when Cadence Health merged into  
12 Northwestern Memorial HealthCare, an action that you  
13 reviewed and approved several months ago.

14 With me to my left are Brian Lemon, the  
15 president of Central DuPage Hospital; Dr. Jeff  
16 Loughead, who is the medical director of the Lurie  
17 Children's program at Central DuPage Hospital;  
18 Bridget Orth, who is the director of regulatory  
19 planning; Nancy Ardell, managing counsel; and  
20 Katharine Bertani, who is the director of women's and  
21 children's services at CDH.

22 We're before you today requesting additional  
23 pediatric beds to support the high and increasing  
24 demand for pediatric services at CDH. The demand for

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1 pediatric services is a result of CDH's long-standing  
2 commitment to bring pediatric subspecialty care to the  
3 western region.

4           We were the first to establish a pediatric  
5 intensive care unit in 1993. In 1997 we committed to  
6 have 24/7 neonatologists and hospitalists on-site at  
7 the hospital. And in 1999 we were the first Level III  
8 nursery opened up in the western suburbs.

9           In 2005 we established a partnership with  
10 Lurie Children's whereby we established a comprehensive  
11 inpatient and outpatient pediatric program. Together,  
12 we offer a broad spectrum of high quality services,  
13 bringing specialists from the nationally recognized  
14 Lurie Children's to families of the western region.

15 This commitment to locate medical and surgical  
16 subspecialists at CDH clearly lessens the difficulty  
17 in patients' traveling downtown for high-end  
18 subspecialty care.

19           It's resulted in CDH becoming a destination  
20 center of the western region. In fiscal year 2009  
21 there were 194 pediatric patient transfers to  
22 Central DuPage Hospital from area community hospitals,  
23 and in fiscal year 2013 that number was 608.

24           Because of our affiliation with Lurie

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1 Children's, CDH now has a full array of supportive  
2 clinical nurse specialists, respiratory care  
3 specialists, dietitians, and therapists on all of the  
4 inpatient units.

5           On the outpatient side we now offer  
6 23 pediatric specialty clinics. We have a dedicated  
7 pediatric emergency department, sleep lab, sedation  
8 service, and pediatric hematology, oncology, and  
9 infusion center as well as the region's only proton  
10 center, which offers a tremendous treatment option for  
11 pediatric brain tumor patients.

12           We went from offering 13 pediatric  
13 subspecialties prior to the affiliation with Lurie to  
14 31 after our agreement in 2005. We are now serving  
15 one in three pediatric cases in the region and have  
16 the largest community-based pediatric specialty  
17 platform in Chicago.

18           There are now 125 pediatric subspecialists  
19 serving CDH on a full-time basis, and we're the only  
20 hospital in the western region with 2 dedicated  
21 pediatric surgeons who are available to us and the  
22 community 24/7.

23           CDH is also committed to ensuring that we  
24 serve the families regardless of their ability to pay

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1 and are proud of the fact that we provided  
2 \$4.5 million of charity for pediatric patients at CDH  
3 in the last year.

4 All of this growth is exciting, but the  
5 current facilities are now limiting our ability to  
6 meet the demand that we have today as well as what we  
7 foresee in the future. And I'm now going to turn it  
8 over to Brian Lemon, the president of Central DuPage  
9 Hospital, to talk about utilization issues.

10 MR. LEMON: Thanks, Mike.

11 Good afternoon.

12 As we stated in the application, the goal of  
13 the project is to ensure that CDH has the physical  
14 capacity to accommodate all of our pediatric patients  
15 on the peds unit.

16 Last year 157 pediatric inpatients were  
17 placed in units other than pediatrics and 32 patients  
18 were not accepted as transfers from other hospitals.  
19 Looking back as far as 2007, the occupancy of our  
20 10 pediatric beds has been well over the 80 percent  
21 State occupancy standard.

22 During the period from 2007 to 2012, CDH  
23 experienced a 31.4 percent increase in pediatric  
24 patient days. We've had an additional 7.4 percent

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1 increase from 2012 to 2013. In both 2012 and 2013,  
2 the peak census for pediatric patients was 19, almost  
3 double our current bed count. In 2013 the census was  
4 more than 10 patients 169 days out of the year.

5 As stated in the State staff report --

6 CHAIRPERSON OLSON: Excuse me, Doctor.  
7 I'm sorry.

8 MR. LEMON: Yes.

9 CHAIRPERSON OLSON: We're going to have  
10 to stop the meeting for just a moment.

11 MR. LEMON: That's all right.

12 CHAIRPERSON OLSON: We'll be right back.

13 MR. LEMON: Okay.

14 CHAIRPERSON OLSON: I'm sorry. I didn't  
15 mean to . . .

16 MR. LEMON: No problem.

17 MEMBER BURDEN: While we're waiting, can  
18 I ask a few questions? I'm very curious. You have a  
19 great presentation.

20 I was at Children's before Ann Lurie decided  
21 to be so generous in her husband's --

22 CHAIRPERSON OLSON: Actually, Doctor, we  
23 can't --

24 MEMBER BURDEN: We can't even talk to

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1 them?

2 CHAIRPERSON OLSON: Apparently not.  
3 That's what legal counsel's telling me. I'm sorry.  
4 I have lots of things I want to know, too.

5 MEMBER BURDEN: Well, I'm just talking  
6 about the hospital.

7 MEMBER GALASSI: You could ask him about  
8 the Bears game.

9 MEMBER BURDEN: No, I'm not going to  
10 talk about that.

11 CHAIRPERSON OLSON: Please don't.

12 (Recess taken, 2:09 p.m. to  
13 2:11 p.m.)

14 CHAIRPERSON OLSON: Okay. You may  
15 ask -- can I let them finish their presentation?

16 Please proceed, Doctor. Mr. Sewell is back  
17 in the room.

18 MR. LEMON: I'm going to back up  
19 two sentences if that's all right.

20 CHAIRPERSON OLSON: That would be fine.

21 MR. LEMON: So during the period from  
22 2007 to 2012, CDH experienced a 31.4 percent increase  
23 in pediatric patient days, and we've had an additional  
24 7.4 percent increase from 2012 to 2013. In both 2012

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1 and 2013, the peak census for these patients was 19,  
2 almost double our current bed count, and in 2013 the  
3 census was more than 10 patients for 169 days out of  
4 the year.

5           As stated in the State staff report, our  
6 pediatric patient day volumes from last year justify  
7 an additional six to seven beds; however, these beds  
8 will not be operational. The project will not be  
9 finished for almost two years, so our projections that  
10 we included in our application are based on our actual  
11 experienced growth trend of the last seven years.  
12 Assuming the same average growth rate for the  
13 additional time from now to project completion, those  
14 numbers more than justify the number of beds that are  
15 requested.

16           I'd also like to just let you know that, as  
17 a result of this historic and very successful  
18 relationship with Lurie and the projected growth in  
19 both our pediatric patient volumes and our available  
20 pediatric subspecialties, as Mike has highlighted,  
21 next month Ronald McDonald House Charities will open  
22 the first and only Ronald McDonald House in the region  
23 that is partnered with a community-based hospital that  
24 will be located -- or it is located -- directly across

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1 the street from CDH.

2 I'm now going to turn it over to  
3 Dr. Jeff Loughead to explain some of our pediatric  
4 quality issues.

5 DR. LOUGHEAD: Thanks, Brian.

6 Good afternoon.

7 The Lurie Children's at CDH model is unique  
8 within the Lurie Children's outreach network and is  
9 more robust than other Lurie Children's partner  
10 hospital programs. Lurie Children's and CDH work  
11 cooperatively to recruit and fill pediatric specialist  
12 positions, providing care at Central DuPage. There  
13 are --

14 THE COURT REPORTER: Could you get  
15 closer to the microphone, please?

16 DR. LOUGHEAD: There are currently  
17 125 Lurie Children's pediatric physicians and surgeons  
18 who provide services at Central DuPage, and, of those,  
19 34 of them practice there full-time.

20 Quality is the primary concern of our  
21 program, and Lurie Children's Hospital and Central  
22 DuPage have a quality -- joint quality committee  
23 composed of senior medical and administrative  
24 leadership from both hospitals. The sole goal of this

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1 committee is to ensure that the pediatric care is of  
2 the highest quality.

3 To that end we have multiple ongoing unit-  
4 based quality initiatives, such as early recognition  
5 of sepsis, limiting oxygen exposure, and reducing  
6 radiation exposure.

7 These initiatives have been highly  
8 successful in demonstrating -- as demonstrated by a  
9 past initiative aimed at reducing pulmonary  
10 infections, which resulted in no ventilator-associated  
11 lung issues in the NICU for four years and in the  
12 pediatric intensive care unit for seven years. This  
13 initiative was recognized by the Institute of Health  
14 Care Improvement.

15 And other -- and another initiative aimed at  
16 reducing acetyl intubation in the NICU or the neonatal  
17 intensive care unit was published in the Journal of  
18 the Joint Commission.

19 I now turn to Bridget Orth, who will address  
20 the State staff report.

21 MS. ORTH: As stated in the staff  
22 report, of the 16 required criteria addressed in our  
23 application, there were only 2 State Board standards  
24 that were not fully met.

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1           The first relates to the proposed size of  
2 the pediatric unit. The proposed unit will be located  
3 in existing space, which leads to some design  
4 impediments. The configuration of the unit creates  
5 long distances between some of the patient rooms and  
6 some of the support spaces on the unit.

7           In order to better provide access to all  
8 patient rooms, some support spaces are duplicated,  
9 such as playrooms, nurses stations, and others.  
10 Additionally, because of the placement of existing  
11 infrastructure, some of the room sizes are larger than  
12 others, but to take advantage of that, we've designed  
13 more isolation rooms that aren't typical for a  
14 pediatric unit.

15           We've also included places on the unit to  
16 support pediatric operations, such as a family room  
17 and a consult room to provide private space for  
18 families to discuss their child's care and also for  
19 rest.

20           There will also be a procedure room on the  
21 unit so that -- to allow for minor procedures to be  
22 done without transporting the patient off the unit.

23           The other criterion that was not met relates  
24 to the planning area need. The State staff report

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1 points out that historical utilization will justify a  
2 total of 16 pediatric beds. We are requesting 22 beds  
3 to accommodate the projected demand for pediatric  
4 services in the future.

5 If we only build the number of beds that are  
6 justified by our past volumes, we will be out of beds  
7 again by the time the new beds open. We used a  
8 projected average annual growth rate that is equal to  
9 our proven historic growth rate to be conservative.

10 We have no doubt that our volumes will continue to  
11 grow as our program continues to be recognized as a  
12 comprehensive regional pediatric center.

13 With that, we're happy to answer any  
14 questions that you may have.

15 CHAIRPERSON OLSON: Questions?

16 Yes, Doctor.

17 MEMBER BURDEN: May I get back or -- may  
18 I have an opportunity to speak?

19 CHAIRPERSON OLSON: You can say whatever  
20 you -- well, that's not true. You can ask about the  
21 project.

22 (Laughter.)

23 MEMBER BURDEN: Number one, I want to  
24 commend you guys. That's a terrific report.



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1 DR. LOUGHEAD: We have three pediatric  
2 urologists from Lurie Children's that practice at  
3 Central DuPage, both on an inpatient and outpatient  
4 status.

5 MEMBER BURDEN: Three?

6 DR. LOUGHEAD: Three, including the  
7 division head, Earl Cheng.

8 MEMBER BURDEN: Did they rotate through  
9 Northwestern's program with Tony, or did they come  
10 from outside?

11 DR. LOUGHEAD: No. They're all at Lurie  
12 Children's, and they're on the faculty at  
13 Northwestern.

14 MEMBER BURDEN: Okay.

15 And who else? That was a big fight with  
16 Dr. Potts [phonetic], the first pediatric surgeon who  
17 has equipment all over the OR at Children's, and he  
18 denied testicular torsion was a clinical entity. How  
19 about that?

20 That guy operated on a hundred kids with  
21 that problem. They never got well from it. They  
22 always went to the pediatric surgeons. Are those guys  
23 still stealing them?

24 DR. LOUGHEAD: Yes, the pediatric

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1 surgeons are still stealing them, and you were proven  
2 correct that testicular torsion does occur.

3 MEMBER BURDEN: Okay. Score one for us,  
4 then.

5 CHAIRPERSON OLSON: Other questions?

6 (No response.)

7 CHAIRPERSON OLSON: I actually have just  
8 a couple questions, a couple clarifications.

9 I believe I read in the application -- and  
10 I want to compliment you on this -- that you are the  
11 10th largest, dollarwise, provider of charity care in  
12 the whole state.

13 MR. VIVODA: Right.

14 CHAIRPERSON OLSON: Thank you.

15 And your 2013 peds utilization was  
16 124 percent for the year?

17 MR. LEMON: (Mr. Lemon nodded his head  
18 up and down.)

19 CHAIRPERSON OLSON: And I have one  
20 question. I'm very curious.

21 We asked that you share the agreement --  
22 and, Bridget, maybe this is for you -- with you and  
23 Lurie Hospital, and you refused that request.

24 Is there a reason? I mean, I just . . . for

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1 future reference. I mean, because it -- if they --  
2 the agreement could have been shared without financial  
3 information. It was more -- and I think you clarified  
4 tremendously what is in the agreement today, but that  
5 all could have been clarified with sharing the  
6 agreement for our staff to review for us.

7 Is there a reason that that was refused to  
8 be shared?

9 MR. VIVODA: We considered it  
10 competitively sensitive. We think it is part of the  
11 secret sauce. They bring a brand and an ability to  
12 recruit and an ability to enhance programs that we  
13 didn't feel was appropriate for public consumption.

14 But we're happy to answer questions about  
15 that. It is --

16 CHAIRPERSON OLSON: No, that was really  
17 just an informational question for me because I -- we  
18 don't ask for stuff because we want to cause people  
19 hardship but -- and I think you did a very good job of  
20 clarifying what's in this agreement.

21 And I will just go off course here a little  
22 bit. But as a grandmother of two grandchildren within  
23 very close proximity of this hospital, I really --  
24 I hope I never have to be there, but I -- I think this

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1 is a wonderful project, and I think your charity care  
2 is just very impressive.

3 Other questions?

4 VICE CHAIRMAN HAYES: Madam Chairman,  
5 I want to -- I want to talk about the copy of the  
6 affiliation agreement with Ann & Robert Lurie  
7 Children's Hospital.

8 You know, we ask for information -- I think  
9 our staff can confirm that -- and we do it for a  
10 reason, to be able to understand and be able to review  
11 these projects here.

12 I think that what you've said is that you're  
13 not going to provide the information, but it may --  
14 basically, the affiliation agreements, like we've  
15 dealt with all of these agreements before --  
16 I understand it's a different situation, but, you  
17 know, the affiliation agreements, change of ownership,  
18 all of that was provided for our review and,  
19 specifically, our staff's review.

20 So I'm wondering if this project should be  
21 deferred based on that issue.

22 MEMBER GALASSI: Are you asking them  
23 that question, or are you asking ourselves that  
24 question?

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1                   VICE CHAIRMAN HAYES: Well, I'm asking  
2 them -- or both, actually.

3                   MR. VIVODA: So I -- we may have an  
4 issue of semantics.

5                   It is a clinical affiliation agreement, but  
6 unlike what you heard from NorthShore and Advocate of  
7 an affiliation agreement that actually does result in  
8 change of control, there was no change in control.

9                   Ann & Robert H. Lurie Hospital is an  
10 independent entity, as is Northwestern Medicine, so we  
11 are -- we are not part of that. This is about  
12 clinical care.

13                  VICE CHAIRMAN HAYES: I understand  
14 that, yes.

15                  MR. VIVODA: Okay. This is simply about  
16 clinical care.

17                  And I'll -- I'll be really honest. They  
18 have -- Ann & Robert H. Lurie Children's Hospital has  
19 partnerships with Northwest Community Hospital, with  
20 Silver Cross that looks and feels very different than  
21 ours. And part of the reason we didn't want it public  
22 is we don't want to share that secret sauce.

23                  But I will tell you that we believe so  
24 wholeheartedly in this project that we will not hold

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1 up approval by not giving you access to that agreement  
2 if that's really an issue of importance here.

3 CHAIRPERSON OLSON: I guess I don't --  
4 I mean, I think -- and part of the reason behind  
5 asking the questions are we don't want to set a  
6 precedent that people can just refuse to share  
7 whatever they want to share.

8 Now, I understand that it's entirely  
9 different when you're asking somebody for an  
10 affiliation agreement or change of ownership  
11 agreement, but I just think that we would like to get  
12 the whole picture of what -- because you used that  
13 affiliation as a -- understandably -- as part of the  
14 reason for your growth. And I think perhaps maybe, if  
15 you could have described the affiliation --

16 MR. VIVODA: Sure. Let me --

17 CHAIRPERSON OLSON: I mean, I understand  
18 there's information that is proprietary, and we don't  
19 want to --

20 MR. VIVODA: No, let me --

21 CHAIRPERSON OLSON: I don't think it's  
22 our place to step on that kind of information.

23 MR. VIVODA: Let me give you specifics.  
24 In 2005 we said to Lurie Children's, "There

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1 is no differentiated pediatric platform in the western  
2 region. You have the brand of pediatric subspecialty  
3 care. Pediatric subspecialists do not grow on trees.  
4 If you will work with us to create and fill the gaps  
5 of pediatric subspecialty in the west region, we are  
6 willing to pay you a branding fee; we are willing to  
7 share -- from where our baseline is -- in all of the  
8 economic rewards as we go forward."

9 And we literally created economic incentives  
10 for them to help us enhance the quality and, in fact,  
11 recruit the pediatric subspecialists. That's the sum  
12 and substance of the agreement.

13 And over the last seven years, we have grown  
14 where it is benefitting Ann & Robert H. Lurie  
15 Children's Hospital and the communities of the western  
16 region because great pediatric subspecialty care is  
17 now closer to where people live and work.

18 That was the whole sum and substance of the  
19 relationship.

20 MR. URSO: Sir, you know you can also  
21 provide that agreement and redact any information that  
22 you think is proprietary?

23 So, in other words, you don't have to give  
24 us the -- you know, every word, every period, but you

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1 can redact sections if you think it necessary.

2 Now, we might have to come back and --

3 MR. VIVODA: And ask questions.

4 MR. URSO: -- and clarify that, but  
5 that's a way that you could provide it, also.

6 CHAIRPERSON OLSON: I guess I may ask  
7 the Board members, is -- do we feel that we're missing  
8 too much information here? I mean, to go forward with  
9 taking a vote on this project at this point.

10 I mean, I feel like they've explained the  
11 affiliation agreement.

12 Mike, are you comfortable? I mean --

13 MR. CONSTANTINO: No. You know,  
14 that's -- the way I look at it, you know, that was the  
15 justification for this, that affiliation agreement,  
16 and I think it should be provided. It should have  
17 been provided when we requested it and it wasn't.  
18 That's why I came to you with it.

19 VICE CHAIRMAN HAYES: Well, my --

20 MR. VIVODA: Can we add a comment to  
21 that, as well?

22 CHAIRPERSON OLSON: Yes.

23 MR. VIVODA: I don't believe we  
24 specifically said because we maintain a relationship

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1 with Ann & Robert H. Lurie Children's Hospital is the  
2 reason you should authorize this project.

3 We're basing this on what's historically  
4 happened. And, yes, Ann & Robert H. Lurie Children's  
5 Hospital has been a part of that, but I would equally  
6 say Dr. Jeff Loughhead, as the medical director, and  
7 Katharine, in terms of operations, created an  
8 environment where more and more patients and  
9 physicians and referring hospitals had confidence in  
10 care being delivered at the historical volume is the  
11 reason we're here. It has grown to a program.

12 And I would predict that, if the Ann &  
13 Robert H. Lurie Hospital moniker went off, many of  
14 those physicians would stay exactly where they're at  
15 in the western region. They love practicing in that  
16 region.

17 So I -- we didn't want this to be an  
18 obstacle. And if approval means we should give you a  
19 redacted copy of that agreement, as I said earlier,  
20 that's -- it's important enough to get approval for  
21 this project that we would do that.

22 MEMBER GALASSI: Madam Chair, do we have  
23 a motion on the table?

24 CHAIRPERSON OLSON: Yes, we do.

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1                   MEMBER GALASSI: Let me just ask Frank,  
2 what if we were to -- if . . . a friendly amendment to  
3 that motion could be that this would be approved  
4 pending their submitting that agreement -- or redacted  
5 agreement -- to staff within the next 48 hours and, if  
6 staff had no issues with that agreement, that it is so  
7 approved. If not, they'd have to come back.

8                   CHAIRPERSON OLSON: I guess the other  
9 thing is -- if you look at the two negative findings,  
10 the one is the size of the project. There's nothing  
11 in that agreement that would change the size of the  
12 project.

13                   The other is planning area need. And this  
14 planning area need was based on historical  
15 utilization, so there's nothing in that affiliation  
16 agreement that is going to change the historic  
17 utilization of the current hospital.

18                   So those are the two negative findings. So  
19 I guess I -- I mean, I would be willing to do what  
20 you're asking us to do, Dale, is to amend that  
21 agreement, that they would send us a copy of the  
22 affiliation agreement.

23                   But I -- I mean, I don't know . . . I wish  
24 it would have been shared ahead of time -- I'm sure

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1 you wish that now, as well -- but I don't know how  
2 it's going to change the two negative findings.

3           So I don't know that I think it's fair to  
4 the Applicant to hold up the application based on an  
5 agreement that's not going to change the two negative  
6 findings, and I don't think it's going to create any  
7 more negative findings.

8           Right? I mean . . .

9           MEMBER GALASSI: I think you want a  
10 consensus from each of us on that issue.

11           CHAIRPERSON OLSON: Okay.

12           MEMBER GALASSI: I'm concerned that it  
13 wasn't submitted.

14           MEMBER BURDEN: Do you want to go down  
15 the line?

16           Well, I, for one, am very impressed with the  
17 application, but I don't want to fall in line.  
18 Obviously, the State staff feels that they should have  
19 had this information. As a member of this Board  
20 wearing another hat, I would agree that I think the  
21 redacted affiliation agreement should be made  
22 available to the staff.

23           I personally think that that's something  
24 I should support. I have no -- I'm very supportive of

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1 what they're doing out there.

2 Thank you.

3 CHAIRPERSON OLSON: John, do you want to  
4 see the agreement?

5 VICE CHAIRMAN HAYES: Well, I'd like to  
6 have -- you know, they can -- we could -- basically,  
7 I think what you're saying is approve this project and  
8 then to have them give us the redacted affiliation  
9 agreement -- and perhaps it would be longer than  
10 48 hours; it could be, you know, a week or whatever or  
11 two weeks -- and I think that would be perfectly  
12 acceptable.

13 MEMBER SEWELL: Yeah, I like the  
14 approach that John is saying. I don't want to make it  
15 a condition because it's -- it's too odd. It's almost  
16 as if we had criteria or something and it's a  
17 violation of those criteria to not submit it.

18 So I don't want to make it a part of the  
19 condition of voting for it or part of voting against  
20 it, but I could go along with what John is saying.

21 Or just there's an agreement where they'll  
22 send it within some reasonable time period later on.

23 MEMBER GALASSI: So what's a reasonable  
24 time frame for you to turn the document around?

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1 MR. VIVODA: 24 hours.

2 MS. ORTH: Yeah. A week at the worst  
3 case.

4 MEMBER GALASSI: What's a reasonable  
5 time frame for staff to be able to review it?

6 A week? Two?

7 MR. CONSTANTINO: I don't know. We can  
8 look at it this week if we get it.

9 MEMBER GALASSI: Oh.

10 I don't know who made the original motion.

11 CHAIRPERSON OLSON: I read the motion so  
12 we're just going to -- who . . .

13 MR. ROATE: The motion was made by  
14 Dr. Burden and seconded by Mr. Hayes.

15 CHAIRPERSON OLSON: So, Dr. Burden, may  
16 I add a condition on that motion -- or did you not  
17 want a condition?

18 MEMBER SEWELL: I personally don't  
19 but --

20 CHAIRPERSON OLSON: I don't, either.  
21 I just --

22 MEMBER BURDEN: I'm not asking for a  
23 condition. I do -- I hear what everybody said --

24 THE COURT REPORTER: I can't hear

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1 you, sir.

2 MEMBER BURDEN: I have not asked for an  
3 additional count or whatever.

4 THE COURT REPORTER: Thank you.

5 MEMBER BURDEN: I'm sorry for this.

6 THE COURT REPORTER: I love it.

7 MEMBER BURDEN: I do the best I can,  
8 baby. I need a new microphone.

9 CHAIRPERSON OLSON: All right. So we're  
10 going to have a gentlemen's agreement that that  
11 document will be turned over.

12 And that Mike --

13 MR. VIVODA: You have our agreement.

14 CHAIRPERSON OLSON: -- and the staff  
15 will review it and, if there's anything in the  
16 document that changes anything, you'll let us know.

17 Okay. I have a motion on the floor and a  
18 second.

19 MEMBER GALASSI: I'm sorry, Madam Chair.  
20 I'm not trying to be difficult at this late hour.

21 But I -- I'm feeling or thinking this motion  
22 has to -- it has to contain that we, as a Board, have  
23 an expectation that staff review the document and  
24 agree there's no issues. With us, it's approved.

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1 Right?

2 CHAIRPERSON OLSON: I guess -- I guess  
3 I disagree. Because I --

4 MEMBER GALASSI: Okay.

5 CHAIRPERSON OLSON: -- I think that they  
6 need to -- because we've asked for it and -- I don't  
7 know what could be in that document that is going to  
8 change any of the findings.

9 MEMBER GALASSI: That's what we don't  
10 know.

11 CHAIRPERSON OLSON: How are you going to  
12 change -- the two negative findings were the size and  
13 the historic utilization. It's not going to change  
14 any of those.

15 MEMBER GALASSI: You're -- I suspect you  
16 are absolutely right, but we just don't know that.  
17 And so -- it's a matter of a vote at this time.

18 CHAIRPERSON OLSON: Okay. So we have a  
19 motion on the floor. Are we going to change the  
20 motion to include the condition, or are we going to  
21 vote on the motion as it is?

22 MEMBER GALASSI: The motion -- I'm just  
23 asking for my own ignorance.

24 The motion is to approve the Applicant's

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1 request with a gentle -- with the record showing a  
2 gentlemen's agreement to supply the agreement to staff  
3 for their review?

4 CHAIRPERSON OLSON: Can everybody live  
5 with that?

6 MEMBER GALASSI: Within a reasonable  
7 time frame.

8 MEMBER BURDEN: Second.

9 MR. URSO: What if you just said, after  
10 we receive the affiliation agreement, that staff has  
11 to report back to the Board if there's any problems or  
12 issues?

13 CHAIRPERSON OLSON: Okay. That works.

14 MR. URSO: And if there are problems or  
15 issues, then the Applicant could be called back to the  
16 table.

17 CHAIRPERSON OLSON: So do you understand  
18 the motion?

19 Just so everybody understands the motion,  
20 the motion is to approve the project with the  
21 gentlemen's agreement that the affiliation with Lurie  
22 Hospital be forwarded to our staff, our staff given a  
23 reasonable amount of time to review the document. If  
24 there's any issues in the document that would change

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1 any of the findings in the State Board staff report,  
2 that will be reported back to us.

3 Are we all good?

4 MEMBER BURDEN: Good.

5 MEMBER GALASSI: Yes, ma'am.

6 CHAIRPERSON OLSON: Okay. Roll call,  
7 please.

8 MR. ROATE: Dr. Burden.

9 MEMBER BURDEN: Yes.

10 I should add we've had lengthy discussions  
11 and I fully endorse the findings that -- the  
12 Applicant's presentation in the western suburbs and  
13 I vote yes.

14 MR. ROATE: Mr. Galassi.

15 MEMBER GALASSI: Yes, for comments made  
16 by Dr. Burden.

17 MR. ROATE: Mr. Hayes.

18 VICE CHAIRMAN HAYES: Yes, because of  
19 the historic utilization and, also, the comments by  
20 Dr. Burden.

21 MR. ROATE: Mr. Sewell.

22 MEMBER SEWELL: Yes, for reasons stated  
23 by Mr. Hayes.

24 MR. ROATE: Madam Chair.

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CHAIRPERSON OLSON: Yes, for reasons  
stated.

MR. ROATE: 5 votes in the affirmative.

CHAIRPERSON OLSON: Motion passes.

MS. ORTH: Thank you.

CHAIRPERSON OLSON: Congratulations.

DR. LOUGHEAD: Thank you for your vote.

- - -

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1 CHAIRPERSON OLSON: Okay. Applications  
2 subsequent to intent to deny, 14-026, Fresenius  
3 Medical Care, New City, Chicago.

4 MR. CONSTANTINO: Could we have a short  
5 break for the court reporter?

6 CHAIRPERSON OLSON: Yes.

7 (Recess taken, 2:33 p.m. to  
8 2:41 p.m.)

9 CHAIRPERSON OLSON: Next we have  
10 applications subsequent to intent to deny, 14-026,  
11 Fresenius Medical Center, New City, Chicago.

12 May I have a motion to approve  
13 Project 14-026, Fresenius Medical Care, New City, to  
14 establish a 16-station ESRD facility in Chicago?

15 MEMBER GALASSI: So moved.

16 VICE CHAIRMAN HAYES: Second.

17 CHAIRPERSON OLSON: If the Applicants  
18 will be sworn in, please.

19 (Four witnesses duly sworn.)

20 THE COURT REPORTER: Thank you.

21 CHAIRPERSON OLSON: Mike.

22 MR. CONSTANTINO: Thank you, Madam  
23 Chairwoman.

24 The Applicants are proposing to establish a

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1 16-station ESRD facility in Chicago, Illinois, at a  
2 cost of approximately \$5.4 million.

3 No letters of opposition were received, no  
4 letters of support, and no public hearing was  
5 requested.

6 This project received an intent to deny at  
7 the October 7th, 2014, meeting. Additional  
8 information was provided. The Applicants addressed a  
9 total of 22 criteria and did not meet 1 criteria, an  
10 unnecessary duplication of service.

11 Thank you, Madam Chairwoman.

12 CHAIRPERSON OLSON: Thank you, Mike.

13 Comments for the Board?

14 MS. GURCHIEK: Again, my name is  
15 Teri Gurchiek. Lori Wright is to my right, Dr. Paul  
16 Crawford to my left, and Clare Ranalli on his left.

17 When we were here in October, we did receive  
18 4 positive votes.

19 Mr. Sewell, you did have some concerns, and  
20 we're hoping that we can address those for you today.

21 I did want to mention that this project did  
22 meet all but one criteria and, since October, there  
23 has been an increased need in this HSA for stations  
24 by 36.

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1           Again, as we stated in October, the Back of  
2 the Yards neighborhood is a medically underserved area  
3 with high rates of Medicaid, unemployment, extreme  
4 poverty, and crime topped off with the high rates of  
5 end stage renal disease.

6           In fact, the facility that we're intending  
7 to build is located next to Mile Square, which is an  
8 FQHC, and Dr. Crawford can talk a little bit more  
9 about that as -- moving forward.

10           DR. CRAWFORD: Basically . . .

11           THE COURT REPORTER: I can't hear  
12 you, sir.

13           DR. CRAWFORD: We've done a lot of  
14 community outreach over the years in various areas.  
15 One of those areas, as we have with our other dialysis  
16 units, such as the Roseland one, which the Board  
17 approved previously, at our -- these units in these  
18 areas are 99 percent filled, and the need is,  
19 unfortunately, increasing exponentially because end  
20 stage is increasing such that -- when you're  
21 African-American, you're four times more likely to --

22           THE COURT REPORTER: I'm sorry. Can you  
23 speak up, please?

24           DR. CRAWFORD: I'm sorry.

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1           So that if you're in a medically underserved  
2 area, you have a high African-American population, a  
3 high Hispanic population, and end stage renal disease  
4 continues to grow in those communities.

5           The dialysis units that we put in medically  
6 underserved areas such as -- Roseland is 99 percent  
7 full; Ross Englewood is more than 90 percent full; the  
8 Bridgeport unit is more than 90 percent full; the  
9 Marquette Park unit is more than 90 percent full. And  
10 so these areas are really in need of this service and  
11 in dire need of support.

12           And in our abilities to treat the end stage  
13 renal disease, we're also going to reach out in a  
14 collaborative way to FQHCs such as Mile Square and  
15 develop a chronic kidney disease prevention clinics in  
16 those same areas so we're treating the relatives and  
17 friends of those who have end stage renal disease and  
18 trying to prevent them from getting to that point  
19 where they need dialysis.

20           MS. RANALLI: If I could just address  
21 the one negative, and then we'll conclude and answer  
22 any questions you had.

23           The one negative related to unnecessary  
24 duplication because this clinic, again, is in HSA 6,

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1 which is Chicago.

2 It has an overwhelming need, as Dr. Crawford  
3 pointed out, for dialysis stations in Chicago, 127.

4 It increased 30-some just since the last meeting, your  
5 need formula did, because a facility decided not to  
6 move forward with a plan for a clinic.

7 That need could not be addressed ever if  
8 that 1 criteria out of 22 were to result in an  
9 automatic negative because at no time in the  
10 20-plus years that I have been before you -- almost  
11 all of them representing Fresenius -- has there been a  
12 time in Chicago that all the clinics were at  
13 80 percent of utilization.

14 Chicago's a unique market. There are a  
15 number of clinics that are hospital affiliated or  
16 owned that only serve those hospitals' patients. It's  
17 just a truly unique market.

18 And Chicago people, as Dr. Crawford said, in  
19 this area, they won't migrate out from that area due  
20 to public transportation issues, economic issues,  
21 that -- the clinics in the area and that AIN sees have  
22 a 21 percent average Medicaid population, you know --  
23 and these are Fresenius clinics. Fresenius, because  
24 of its size, can sustain clinics in areas where

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1 there's a high Medicaid population. Each of the three  
2 clinics, Fresenius, that Dr. Crawford's practice  
3 results -- or sees -- have 3 percent util -- or excuse  
4 me -- 3 percent charity care.

5 Now, sometimes you hear those numbers from  
6 not-for-profit hospitals. This is a for-profit  
7 entity, does not have to provide charity care to meet  
8 any sort of tax-exempt status, but -- 3 percent  
9 charity care at the three clinics that Dr. Crawford  
10 admits to in Bridgeport, Marquette Park, and Ross.

11 These are the three closest clinics to the  
12 proposed Back of the Yards clinics. Each of them are  
13 significantly over 80 percent, 84, 92, and  
14 80-something percent.

15 So this will, in our experience over the  
16 many years with Dr. Crawford, be a well-utilized  
17 clinic. It will meet your target utilization. It  
18 will serve a medically underserved population that is  
19 primarily African-American and Latino with a high  
20 level of Medicaid percentage.

21 So we are here before you, I think, with our  
22 heart in hand -- Teri actually said she had  
23 butterflies in her stomach because this one was so  
24 important to her when we took the break. It really

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1 is, you know, something that -- we want to serve this  
2 population. Dr. Crawford and Fresenius have been  
3 partners for years.

4 And lastly -- while I know this is not part  
5 of your criteria -- the building there now is vacant.  
6 It's an old, vacant, blight-in-the-neighborhood  
7 building. It's going to be torn down. We're building  
8 a new building.

9 We're talking with Mile Square about being  
10 in that space next to the dialysis clinic to put a  
11 little bit more solidarity around what Dr. Crawford  
12 said about outreach and his practice, AIN. So there  
13 will be a physician practice, Mile Square, hopefully,  
14 and Fresenius all in this new building in this  
15 neighborhood that sorely needs economic development.

16 Thank you.

17 DR. CRAWFORD: The other thing --

18 CHAIRPERSON OLSON: Questions -- I'm  
19 sorry, Doctor. Go ahead.

20 DR. CRAWFORD: The other thing that we  
21 do is actively recruit physicians that are culturally  
22 sensitive to the areas of need, specifically Spanish-  
23 speaking physicians as well as African-American  
24 physicians to provide care.

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1           We find that the continuity of care is  
2 extremely important, as well. One of the things we  
3 are coping with is emergency room visits from these  
4 highly complex patients, admissions to hospitals,  
5 mistreatments in the dialysis units, readmissions to  
6 hospitals, so those are all -- really affect the  
7 bottom line of the hospital.

8           Inasmuch as we can keep out of the emergency  
9 rooms, out of the hospitals, and keep them from being  
10 readmitted, we're saving a large number, especially  
11 for those hospitals in medically underserved areas who  
12 are not -- who are very much struggling to keep their  
13 bottom line out of the red.

14           So we're providing a service in that way,  
15 as well.

16           MS. GURCHIEK: And I just want to add  
17 one more thing.

18           I've worked with the facilities on the  
19 south -- on the south side of Chicago for years. And  
20 one of the things that we see is, when you are asking  
21 patients to go to facilities outside of their  
22 immediate neighborhood, they do tend to see a higher  
23 mistreatment rate.

24           When patients don't come to their dialysis

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1 treatments, they end up in the emergency room. And as  
2 Dr. Crawford said, then the hospitals saddle the cost  
3 of treating that patient because they missed their  
4 dialysis treatment.

5 So trying to get these facilities in these  
6 communities where the patients are is what the goal is  
7 with this project.

8 CHAIRPERSON OLSON: Thank you.

9 Questions from Board members?

10 Doctor.

11 MEMBER BURDEN: This is for Dr. Crawford  
12 especially, sir.

13 I wanted to know -- we had a criteria in  
14 here --

15 MR. ROATE: Dr. Burden --

16 MEMBER BURDEN: I will speak into this  
17 and speak louder. I've got some ear wax problems  
18 that -- somebody in the room, I think. I don't know  
19 who it is, but somebody can't hear me. I'm teasing,  
20 of course. That's off the record.

21 I wanted to ask a question before I got  
22 accused of not using this loudspeaker system, sir.

23 (Laughter.)

24 MEMBER BURDEN: You have . . . we had

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1 this situation occur where we are finding out that  
2 some of the data we receive regarding criteria, units  
3 that operate three shifts a day . . . now, you have  
4 a -- you cover a fair number of units.

5 Do most or all or none of your units run  
6 three units a day? That question came up regarding  
7 utilization.

8 DR. CRAWFORD: All of those units are  
9 running three shifts a day, and they're more than  
10 90 percent.

11 MEMBER BURDEN: Okay. Now, where will  
12 Mile Square now be located?

13 DR. CRAWFORD: Mile Square? It's in the  
14 same location.

15 MEMBER BURDEN: Same location?

16 DR. CRAWFORD: What they're calling  
17 New City, it's in there, that Back of the Yards  
18 neighborhood. They're practically adjacent to each  
19 other.

20 MEMBER BURDEN: You're too young. Did  
21 you ever know a pediatrician named Harry Elam?

22 He worked in my -- a long time ago. You're  
23 a lot younger than I am.

24 DR. CRAWFORD: One of my senior partners

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1 is a Dr. Lang.

2 MEMBER BURDEN: No, I know that guy. He  
3 hits the ball off the tee too far for me. I don't  
4 like that -- I don't like that guy.

5 Thank you.

6 CHAIRPERSON OLSON: Okay. Other  
7 questions?

8 Richard.

9 MEMBER SEWELL: Yes.  
10 What Mile Square satellite is this? The one  
11 in --

12 DR. CRAWFORD: It's the Back of the  
13 Yards.

14 MEMBER SEWELL: Give me cross streets.  
15 I'm trying to -- it's not the one, obviously, on  
16 Roosevelt Road.

17 MS. RANALLI: We're talking about  
18 Mile Square being in this building, the proposed  
19 building that Fresenius will build.

20 MEMBER SEWELL: I see. They're going to  
21 have a satellite in your site?

22 MS. RANALLI: What we hope is they will  
23 be right adjacent thereto, yeah.

24 MS. GURCHIEK: They already have an

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1 existing facility there. Our proposed dialysis clinic  
2 would be right behind them, where there is a --

3 MEMBER SEWELL: Where is "there"?

4 MS. GURCHIEK: 47th and Bishop.

5 MEMBER SEWELL: Now I got you. I know  
6 where that is.

7 CHAIRPERSON OLSON: Other questions or  
8 comments?

9 (No response.)

10 CHAIRPERSON OLSON: We're good?

11 MEMBER SEWELL: Oh . . .

12 CHAIRPERSON OLSON: Please.

13 MEMBER SEWELL: You mentioned something  
14 about the need increasing recently.

15 Could you say a little more about that, the  
16 30 -- the need for 30 additional -- did I hear that  
17 correctly?

18 MS. RANALLI: Right.

19 My understanding is -- Lori might correct me  
20 on this if I'm wrong but -- there was a clinic that  
21 was approved for 20-some -- 36 stations in Chicago --

22 MR. CONSTANTINO: That --

23 MS. RANALLI: -- maybe nine months ago,  
24 approximately, and it decided not to move forward with

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1 its plan.

2 MEMBER SEWELL: Oh, they're already in  
3 inventory?

4 CHAIRPERSON OLSON: Right.

5 MS. RANALLI: Right. So those stations  
6 went back into the inventory, increasing the need  
7 to 127.

8 CHAIRPERSON OLSON: So the 120-station  
9 need is now 36 stations more than that?

10 MR. CONSTANTINO: No. That's the  
11 correct number, 127.

12 CHAIRPERSON OLSON: Oh, that's -- the  
13 127-station need is the correct number?

14 MR. CONSTANTINO: Yes, that is the  
15 correct number.

16 CHAIRPERSON OLSON: But that has  
17 increased since they last were in front of us?

18 MR. CONSTANTINO: Yes.

19 CHAIRPERSON OLSON: Other questions?  
20 (No response.)

21 CHAIRPERSON OLSON: Seeing none, I'd  
22 like a roll call vote to approve 14-026, Fresenius  
23 Medical Care, New City, Chicago, for a 16-station ESRD  
24 facility.

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1                   MEMBER BURDEN:    So moved.

2                   CHAIRPERSON OLSON:   No, we have a  
3 motion. We need a --

4                   MR. ROATE:    Motion made by Mr. Galassi ;  
5 seconded by Mr. Hayes.

6                   Dr. Burden.

7                   MEMBER BURDEN:    I vote yes based on the  
8 fact that 22 of the criteria were met and I'm  
9 satisfied the 1 that wasn't met is now adequately  
10 explained.

11                  I vote yes.

12                  MR. ROATE:    Thank you.

13                  Mr. Galassi .

14                  MEMBER GALASSI:   Yes, in agreement with  
15 Dr. Burden's comments.

16                  MR. ROATE:    Mr. Hayes.

17                  VICE CHAIRMAN HAYES:   Yes, in agreement  
18 with the other two members' comments.

19                  And I -- the -- basically, the closest  
20 facilities to this and their utilization rate is  
21 significantly high.

22                  MR. ROATE:    Thank you.

23                  Mr. Sewell .

24                  MEMBER SEWELL:    I vote yes. But I want

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1 to say it different than Dr. Burden. I like  
2 Mr. Hayes' reason better.

3 (Laughter.)

4 MR. ROATE: Madam Chair.

5 CHAIRPERSON OLSON: Yes, for reasons  
6 stated by my colleagues.

7 MR. ROATE: That's 5 votes in the  
8 affirmative.

9 CHAIRPERSON OLSON: The motion passes.  
10 Your butterflies can go away.

11 MS. WRIGHT: Thank you.

12 MS. GURCHIEK: Thank you.

13 MS. RANALLI: Thank you.

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1 CHAIRPERSON OLSON: Moving right along,  
2 Project 14-040, NorthPointe Health & Wellness Campus,  
3 Roscoe.

4 May I have a motion to approve  
5 Project 14-040, NorthPointe Health & Wellness Campus,  
6 to establish a freestanding emergency center in  
7 Roscoe?

8 MR. CONSTANTINO: Madam Chair --

9 MEMBER GALASSI: So moved.

10 VICE CHAIRMAN HAYES: So moved.

11 MEMBER GALASSI: Second.

12 CHAIRPERSON OLSON: Mike.

13 MR. CONSTANTINO: Yes. You received a  
14 letter.

15 CHAIRPERSON OLSON: I will have the  
16 Applicants sworn in. Can I do that really quickly,  
17 please?

18 MR. CONSTANTINO: Okay.

19 THE COURT REPORTER: Raise your right  
20 hands, please.

21 (Five witnesses duly sworn.)

22 THE COURT REPORTER: Thank you. Please  
23 print your name on that sheet.

24 CHAIRPERSON OLSON: Mike, did you want

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1 to start with the letter?

2 MR. CONSTANTINO: Yes.

3 We had an e-mail to the Board members,  
4 comments on the State Board staff report. They appear  
5 to be relevant and timely.

6 CHAIRPERSON OLSON: So may I --

7 MR. URSO: So the Board needs to decide  
8 if they're going to move forward with this project and  
9 accept those comments into the project file or are  
10 they going to defer the project because the material  
11 contained in those letters requires additional  
12 analysis of Board staff.

13 So those are the two choices that the Board  
14 has at this point.

15 MEMBER BURDEN: Madam Chair, the e-mails  
16 referred to by Mr. Constantino were made when?

17 CHAIRPERSON OLSON: Yes.

18 MEMBER BURDEN: Mr. Constantino?

19 MR. CONSTANTINO: Oh, I would think last  
20 week.

21 MEMBER BURDEN: My computer doesn't run  
22 that well that I -- I never got them, but I'm sure you  
23 sent them.

24 MR. URSO: Do you have copies, Mike?

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1                   MR. CONSTANTINO: I've got hard copies  
2 if anybody needs one.

3                   MEMBER SEWELL: Did this come from  
4 Mr. Roate?

5                   MEMBER GALASSI: Yeah. I got one. I'll  
6 take another copy.

7                   MEMBER BURDEN: I would love one, sir.

8                   MEMBER GALASSI: I did receive one.

9                                   (Discussion off the record.)

10                  CHAIRPERSON OLSON: Can we take a minute  
11 to -- those of you that didn't see this information --  
12 to review it, to decide what you wish to do?

13                  MEMBER GALASSI: It's significant --  
14 it's lengthy. I remember this.

15                                   (Discussion off the record.)

16                  CHAIRPERSON OLSON: Are we prepared for  
17 a motion to accept these comments into the report?

18                  VICE CHAIRMAN HAYES: Yes.

19                  MEMBER GALASSI: Yes.

20                  CHAIRPERSON OLSON: May I have a motion  
21 to accept the comments into the report?

22                  VICE CHAIRMAN HAYES: So moved.

23                  MEMBER SEWELL: Second.

24                  CHAIRPERSON OLSON: And a second?

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1 MEMBER SEWELL: Second.

2 CHAIRPERSON OLSON: Roll call vote,  
3 please.

4 MR. ROATE: Motion made by Mr. Hayes;  
5 seconded by Mr. Sewell.

6 Dr. Burden.

7 MEMBER BURDEN: I vote yes.

8 MR. ROATE: Mr. Galassi.

9 MEMBER GALASSI: We're voting on  
10 accepting these comments into the record?

11 CHAIRPERSON OLSON: Yes. Yes, sir.

12 MEMBER GALASSI: Yes.

13 MR. ROATE: Mr. Hayes.

14 VICE CHAIRMAN HAYES: Yes.

15 MR. ROATE: Mr. Sewell.

16 MEMBER SEWELL: Yes.

17 MR. ROATE: Madam Chair.

18 CHAIRPERSON OLSON: Yes.

19 MR. ROATE: That's 5 votes in the  
20 affirmative.

21 CHAIRPERSON OLSON: Now, the other  
22 motion that's on the floor at this point is to approve  
23 Project 14-040. We have a motion and a second; right?

24 MR. ROATE: Motion made by Mr. Hayes;

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1 seconded by Mr. Galassi, yes.

2 CHAIRPERSON OLSON: Mike, can we have  
3 your report?

4 MR. CONSTANTINO: Thank you, Madam  
5 Chairwoman.

6 The Applicants are proposing to establish a  
7 freestanding emergency center in Roscoe, Illinois, at  
8 a cost of about \$1 1/2 million. The Applicants  
9 received an intent to deny at the November 12th, 2014,  
10 State Board meeting.

11 There was a public hearing, and opposition  
12 and support letters have been received.

13 Thank you, Madam Chairwoman.

14 CHAIRPERSON OLSON: Questions from Board  
15 members?

16 MEMBER GALASSI: I have -- Madam Chair,  
17 I have a question for staff.

18 CHAIRPERSON OLSON: Sure.

19 MEMBER GALASSI: And I'm not sure it's a  
20 fair question due to the length of this letter that we  
21 just accepted into the record.

22 But it certainly -- at least as I understand  
23 it, it certainly makes several suggestions that, if we  
24 were to act on this application today, that we are

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1 doing so beyond the bounds of our own rules.

2 I would be very interested in our counsel's  
3 comment on that and/or if he feels it's -- there's too  
4 much here to comment today. I would -- guess I'd want  
5 to hear that, as well.

6 MR. URSO: Well, Mr. Galassi, I have  
7 reviewed these documents, and I think that the Board  
8 would be in a position to not only accept these  
9 documents into the record -- because they were timely  
10 and responsive to the State Board report -- but I also  
11 think that they have the authority to consider this  
12 project today.

13 MEMBER GALASSI: I appreciate that  
14 succinct and direct answer.

15 CHAIRPERSON OLSON: Comments for the  
16 Board from the Applicant?

17 MR. MC KEVETT: Thank you, Madam Chair.  
18 I'd like to thank Ms. Olson, Ms. Avery, and  
19 the Illinois Health Facilities Review Board for the  
20 opportunity to speak to you today.

21 My name is Tim McKeveitt. I'm president and  
22 CEO of the Beloit Health System in Beloit, Wisconsin.

23 We are proposing and asking for approval for  
24 a certificate of need to convert our existing

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1 immediate care to a freestanding emergency center on  
2 our NorthPointe campus in Roscoe, Illinois. We  
3 believe the benefits of the project outweigh the unmet  
4 standard of underutilization or excess capacity at the  
5 Rockford providers.

6 We believe our proposed freestanding  
7 emergency center will, in fact, have minimal impact on  
8 the Rockford providers and address the need for more  
9 capacity to improve patient care, especially during  
10 peak hours.

11 As you can tell from our public hearing and  
12 our testimony at our last meeting and the testimony  
13 today, we have very strong community support, not only  
14 from the municipalities of the Roscoe, Rockton, and  
15 South Beloit areas but also from the EMS providers in  
16 those areas, the business community, the police forces  
17 in those areas, but, most importantly, the patients,  
18 our patients in those areas.

19 There are three key points that we think  
20 help justify the project and has garnered this  
21 community support.

22 First off, it will improve access to  
23 emergency care for our patients, the community, and  
24 EMS providers. It will be a quicker response time and

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1 will increase our safety net coverage for the Medicaid  
2 and the uninsured.

3 We'll have an ease of conversion. Since the  
4 facility is already in place, converting it to a  
5 freestanding emergency room is a process that is  
6 somewhat simplistic because we already have board-  
7 certified emergency room physicians, the emergency  
8 room staff, the ancillary support for full imaging and  
9 X-ray to support that conversion and the  
10 cost-effectiveness of the conversion. Again, the  
11 facility's in place, and we have those supporting  
12 departments.

13 We have been -- the Beloit Health System has  
14 been serving the Roscoe/Rockton/South Beloit area  
15 since its inception in 1928 as a community hospital.  
16 We had a physical presence in the market since 1991,  
17 and we opened up our NorthPointe facility in 2007,  
18 which is a comprehensive health and wellness campus  
19 that includes physician offices, PT, occupational  
20 therapy, full diagnostic services, assisted living, a  
21 medically integrated wellness facility, and a high  
22 level of immediate care.

23 The Beloit Health System is a not-for-profit  
24 health system. It owns and operates the NorthPointe

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1 Campus. We serve as an associate hospital and  
2 participate in the region's EMS services in northern  
3 Illinois. We also have a clinical affiliation with  
4 the University of Wisconsin Hospital and Clinics in  
5 Madison, which the Board just today approved their  
6 affiliation with the SwedishAmerican Hospitals.

7 Our current NorthPointe immediate care is  
8 approximately 6700 square feet, and it serves as an  
9 extension of our emergency department -- if you will,  
10 a de facto emergency room -- by already providing a  
11 higher level of care to the community. It's staffed,  
12 again, by board-certified emergency room physicians.  
13 We have full imaging, laboratory. Our hours of  
14 operations are from 9:00 a.m. to 9:00 p.m. We're open  
15 362 days a year. We have an average volume of 9400.

16 The severity of care of the patients that we  
17 treat there, approximate -- in our ER except for the  
18 trauma and the ambulance transfers -- 63 percent of  
19 our patients come from our primary service area, the  
20 Roscoe, Rockton, and South Beloit area; 21 percent  
21 come from Beloit; and only 3 percent from the Rockford  
22 zip codes.

23 The scope of our project is to convert our  
24 existing immediate room -- immediate care center -- to

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1 an eight-room freestanding emergency center. We will  
2 not be adding any additional space. We'll need to  
3 expand the size of our trauma room; we'll need to  
4 create a decontamination room by conversion of one of  
5 our existing exam rooms. We need to add a helipad,  
6 and we need to add emergency power. The total cost of  
7 the project will be \$1,442,398.

8 We will, of course, expand our coverage to  
9 24/7/356 days a year and will provide on-site  
10 ambulance transfers as the regulations stipulate. The  
11 benefits of the project, in summary, include this  
12 improved access to emergency care.

13 We understand that there is calculated  
14 excess capacity in the market based upon the State  
15 standards of 2,000 visits per emergency room. We  
16 understand this is one factor in the Board's decision  
17 process and that the Board has the flexibility to  
18 approve our project -- in fact, has approved similar  
19 projects -- when there is excess capacity in the  
20 market.

21 We hope the Board demonstrates this  
22 discretion with our project, and we believe there are  
23 many -- we believe that there are more contemporary  
24 ER room utilization standards for the Board to

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1 consider and the benefits to quicker emergency room  
2 care outweigh the standard. In fact, during the peak  
3 times, there's a need to expand capacity, and our  
4 project will help bring this need to the market.

5 To further elaborate on this, I'd ask  
6 Dr. Michael Abernathy, who's a board-certified  
7 emergency room physician, to discuss his experiences  
8 in the emergency room. He has worked in both the  
9 Rockford emergency room, our Beloit facility, and up  
10 in Madison, Wisconsin.

11 With that, Dr. Abernathy.

12 DR. ABERNATHY: Thank you, Tim.

13 Thank you for the opportunity to speak.

14 I'm a 20-year resident of northern Boone  
15 County. My children live there; my grandchildren and  
16 extended family live in northern Boone County and  
17 northern Winnebago County. I'm speaking as a citizen  
18 but also an emergency physician who has a really good  
19 handle on the emergency medical systems in our region.

20 I've been medical director of paramedic  
21 services in northern Illinois and southern Wisconsin,  
22 also a director of air medical services.

23 Where I live, in Manchester Township,  
24 there's currently a 25- to 40-minute -- depending on

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1 where you are -- transport time to the Rockford area  
2 emergency departments. Those are our closest  
3 emergency care facilities. This is excessive, it's  
4 not acceptable, and it's dangerous.

5 If NorthPointe were approved, it would  
6 provide emergency care and probably cut anywhere from  
7 20 to 25 minutes off of that time for this sector in  
8 northern Boone County and northern Winnebago County.

9 You know, there's this talk of excessive  
10 capacity. And, yes, you can talk about capacities  
11 when you're talking about scheduled appointments in  
12 clinics and dialysis and endoscopy. But when you  
13 start talking about defined capacities in ER flows,  
14 the term gets slightly nebulous.

15 I mean, we can run an ER for 16 hours and it  
16 can be partially full or pretty slow and then, bam,  
17 the bus unloads and for eight hours we are  
18 overwhelmed.

19 Well, if you ask my friends in the suits,  
20 they'll say, "Do you have excess capacity?"

21 And I'll say, "No. We're doing okay."

22 You ask the people who are wearing the  
23 scrubs, they'll say, "Oh, yes, we -- this is over our  
24 heads. We need help." And this is what's going on.

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1           You know, even assuming I believe in this  
2 concept of excess capacity, this excess capacity is  
3 15 to 20 miles away. The placement of the Rockford  
4 area emergency care centers -- they're all in southern  
5 Winnebago County, all within, you know, just a couple  
6 miles of themselves.

7           If they were spread out logically, it might  
8 make sense to deny this, but they're all clustered in  
9 the southern area, and this really makes it useless  
10 for emergency care for people in my area.

11           You know, you could say -- with this logic  
12 you could say -- there's five to six fire stations in  
13 Rockford, Illinois. And you know what? A lot of time  
14 those people are sitting around doing nothing. Those  
15 fire trucks are parked there. We have excess  
16 capacity. So why do we need fire stations in  
17 Machesney Park or Roscoe or Cherry Valley? You have  
18 excess capacity.

19           But, you know, if we use that logic -- it  
20 sounds pretty ridiculous but this is exactly the same  
21 logic people are using in denying this emergency  
22 center. They're totally ignoring the emergent aspect  
23 of our business. Not everything's an emergency; not  
24 everything's 911. But you know what? There are quite

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1 a few emergencies where that 5 or 10 minutes is going  
2 to be the difference between life and death, and I've  
3 seen it very often.

4 All three Rockford hospitals are trauma  
5 centers, and they are quite busy at times. They are  
6 actually overwhelmed. Again, if you average their  
7 capacity out over time, there's probably no excess  
8 problem.

9 But when you get two or three traumas that  
10 come in the door, everything comes to a screaming  
11 halt. The ER flow stops; the waiting room backs up.  
12 And I've been there, working in the ERs, and I've been  
13 there with family members as patients.

14 And you're going to tell these people who  
15 have to wait one, two, and three hours that "It's  
16 okay; we have excess capacity"?

17 So, you know, this isn't about medical  
18 corporations, politics, or state boundaries. It's  
19 about providing adequate -- just adequate -- 24-hour  
20 emergency care for my community and my family, which,  
21 in my professional and personal opinion, is grossly  
22 lacking.

23 You know, we've only heard opposing views  
24 and statistics from administration and lawyers from

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1 the three Rockford facilities. We've heard nothing  
2 from opposing citizens, EMT, police, nurses, doctors.  
3 Why? Because there probably aren't any.

4 You know, the idea -- I would love to hear  
5 an emergency physician or a nurse from SwedishAmerican,  
6 OSF, or Rockford Memorial say, "Oh, yeah, we do fine;  
7 we have excess capacity; we're fine; we don't need any  
8 other emergency care," especially the ones that live  
9 up north in the Roscoe and Rockton area.

10 You know, do you think for one second that  
11 they would oppose 24-hour emergency care in their  
12 underserved communities?

13 And, again, you know, I can't see any of  
14 them saying -- the people wearing the scrubs -- saying  
15 that "We have excess capacity."

16 MR. MC KEVETT: Thank you, Dr. Abernathy.

17 To further elaborate on the EMS benefits,  
18 we've asked the battalion chief, Jay Alms, from the  
19 Harlem-Roscoe Fire Department to talk about the  
20 benefits of this type of project to the community.

21 CHIEF ALMS: Good afternoon. I'm  
22 Battalion Chief Jay Alms --

23 MR. URSO: Excuse me.

24 MS. AVERY: Can you stop for a second?

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1 CHIEF ALMS: Excuse me.

2 (Discussion off the record.)

3 CHAIRPERSON OLSON: I'm sorry.

4 According to our rules, it's not appropriate  
5 for this gentleman to speak. It's only supposed to be  
6 the Applicant, employees of the facility, or their  
7 lawyers or CON consultants in this portion of the  
8 meeting.

9 This gentlemen should have spoken in the  
10 public participation portion of the meeting.

11 So I'm going to have to --

12 MEMBER GALASSI: Is there a -- seeing as  
13 how he sat here for the last six hours --

14 MR. MC KEVETT: He worked a 12-hour  
15 shift last night.

16 CHAIRPERSON OLSON: I'm sorry. It's a  
17 rule. It's one of our rules.

18 Are you an employee of the --

19 DR. ABERNATHY: No.

20 CHAIRPERSON OLSON: Well, actually . . .  
21 he shouldn't have spoken, either.

22 So can we move on to your next witness?

23 MR. MC KEVETT: Sure. I'm sorry.

24 CHIEF ALMS: I'm done?

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1                   MR. MC KEVETT: You can stay there.

2                   Well, you've heard earlier from our public  
3 testimony and from police testimony that it benefits  
4 the EMS community by keeping the ambulances in the  
5 community not only for -- to go out on other runs but,  
6 also, as they make trips either to Beloit or down to  
7 Rockford, it takes -- can take an ambulance out of the  
8 unit for up to an hour to two hours if the ERs in the  
9 Rockford area or Beloit are backed up.

10                  This project will keep ambulances in the  
11 community because they can -- they can use the  
12 NorthPointe care, and if we need to transfer, we'd use  
13 our ambulance to transfer to either the Rockford  
14 providers or to Beloit.

15                  You heard from the police that it's improved  
16 access to local law enforcement.

17                  It adds minimal cost for the conversion. It  
18 increases our patient access and our safety net  
19 coverage. We hold ourselves out at our current  
20 facility to the EMTALA standard, and we treat patients  
21 regardless of the ability to pay.

22                  We see 24 percent Medicaid patients at our  
23 current facility, and we anticipate that that will  
24 carry on. We also have a 4 percent charity care for a

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1 total of 28 percent Medicaid and charity care at the  
2 facility.

3 We, as I mentioned, will allow patient  
4 freedom of choice for follow-up care. We often --  
5 about 30 percent of our patients that are seen in our  
6 immediate care are transferred to the Rockford  
7 providers, and we coordinate the care with them very  
8 well and anticipate that continuing in the future.

9 The project will create 12 new jobs, and it  
10 will create construction jobs during the duration of  
11 the construction period.

12 We have very strong community support. In  
13 fact, we were asked by the EMS services to provide  
14 this program. The only opposition that we have heard  
15 so far is from the Rockford providers. It really is  
16 not an us-versus-them perspective.

17 It's about the patients and the community  
18 need, and we ask that the Board approve our CON  
19 project so that we can help fulfill this community  
20 need.

21 Thank you.

22 CHAIRPERSON OLSON: Thank you.

23 Questions from Board members?

24 Yes.

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1                   MEMBER SEWELL: I'm not familiar with  
2 the Illinois -- oh, I'm sorry -- the Illinois trauma  
3 network in your area.

4                   Now, these trauma centers, what are they,  
5 Level II trauma centers? Or is there a Level I in  
6 that area?

7                   DR. ABERNATHY: There are two Level I  
8 trauma centers in Rockford. OSF Saint Anthony's and  
9 Rockford Memorial are Illinois Level Is, and  
10 SwedishAmerican is a Level II.

11                   MEMBER SEWELL: Level II?

12                   Thank you.

13                   CHAIRPERSON OLSON: Other questions?

14   (No response.)

15                   CHAIRPERSON OLSON: I have a geography  
16 question.

17                   As somebody that actually works in Rockford,  
18 I guess I have a little bit of an issue with the  
19 depiction that all three of these health systems are  
20 in southern Winnebago County. I think they're more in  
21 central -- I mean, especially Rockford Memorial is  
22 pretty far on the north side of Rockford. It's up by  
23 North Rockton.

24                   DR. ABERNATHY: Well, from the state

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1 line, from Roscoe down to -- I mean, if you line all  
2 three up, I think the farthest distance from OSF to  
3 Rockford Memorial in a straight line is maybe 4 miles,  
4 and Swedes sort of lines in between them in the  
5 downtown area.

6 CHAIRPERSON OLSON: Right.

7 DR. ABERNATHY: But -- so not far  
8 southern. But if you divide Winnebago County in half,  
9 they're in the southern half of Winnebago County.

10 MEMBER GALASSI: What county is  
11 Roscoe in?

12 MR. MC KEVETT: Winnebago.

13 MEMBER GALASSI: Which is in here.

14 CHAIRPERSON OLSON: Winnebago goes  
15 all the way to the Wisconsin border.

16 MR. MC KEVETT: And Beloit is right on  
17 the state line, across the state line.

18 MEMBER GALASSI: Forgive my ignorance;  
19 I just couldn't find it.

20 CHAIRPERSON OLSON: When you say your  
21 facility is 24 percent Medicare, are you talking about  
22 NorthPointe or your entire facility?

23 MR. MC KEVETT: The immediate care  
24 patient population right now is 24 percent Medicaid

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1 patients and 4 percent charity care at -- through the  
2 immediate care, and we would anticipate that moving  
3 forward.

4 CHAIRPERSON OLSON: Other questions?

5 (No response.)

6 CHAIRPERSON OLSON: Okay. Seeing no  
7 other questions, I will call for a roll call vote on  
8 Project 14-040, NorthPointe Health & Wellness Campus,  
9 to establish a freestanding emergency center in  
10 Roscoe.

11 MR. ROATE: Motion made by Mr. Hayes;  
12 seconded by Mr. Galassi.

13 Dr. Burden.

14 MEMBER BURDEN: This is difficult. I've  
15 been listening carefully to what I've heard again here  
16 today, but the State Board standards still stand in my  
17 judgment, so I have to vote no.

18 MR. ROATE: Mr. Galassi.

19 MEMBER GALASSI: This is a difficult  
20 vote for me, to be honest. I was leaning no and  
21 I found Dr. Abernathy's comments to be very  
22 persuasive. But to be honest, I also have several  
23 very close friends that are retired from various  
24 command fire positions and speak to me similarly about

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1 those in uniform compared to suits when you talk about  
2 numbers and distance. So I'm having difficulty  
3 between the -- our own State numbers and the local  
4 need.

5 And in this instance, I'm going to vote yes.

6 MR. ROATE: Mr. Hayes.

7 VICE CHAIRMAN HAYES: I'm going to vote  
8 no based on the State agency report for service  
9 accessibility and unnecessary duplication and  
10 maldistribution of service.

11 MR. ROATE: Mr. Sewell.

12 MEMBER SEWELL: I vote no for the  
13 reasons stated by Mr. Hayes.

14 MR. ROATE: Madam Chair.

15 CHAIRPERSON OLSON: I vote no for the  
16 reasons stated.

17 MR. ROATE: That's 1 vote in the  
18 positive, 4 votes in the negative.

19 CHAIRPERSON OLSON: The motion fails.

20 MR. URSO: You will receive a denial  
21 letter from the Board. You will also have the  
22 opportunity to appeal that decision should you so  
23 desire.

24 MR. MC KEVETT: Thank you for your time.

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DR. ABERNATHY: Thank you.

CHAIRPERSON OLSON: Thank you.

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1 CHAIRPERSON OLSON: There is no other  
2 business.

3 Is there anything under rules development?

4 MS. AVERY: No.

5 CHAIRPERSON OLSON: Nothing? Okay.

6 Unfinished business, none.

7 New business, there is a financial report in  
8 your packet. Please review that report.

9 Do you have any questions regarding that  
10 report?

11 MEMBER GALASSI: No, ma'am.

12 CHAIRPERSON OLSON: Next, also in your  
13 packet, is the fourth long-term care discontinuation  
14 of beds, removal from the inventory.

15 We need a motion to accept that to -- so  
16 that we can change our inventory accordingly.

17 MEMBER GALASSI: So moved.

18 CHAIRPERSON OLSON: May I have a second?

19 MEMBER SEWELL: Second.

20 CHAIRPERSON OLSON: All those in favor  
21 say aye.

22 (Ayes heard.)

23 CHAIRPERSON OLSON: Opposed?

24 (No response.)

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1 CHAIRPERSON OLSON: Motion passes.

2 We need a motion to review the closed minute  
3 meetings [sic] from January 2014 through June 2014.

4 MEMBER GALASSI: So moved.

5 CHAIRPERSON OLSON: I guess the motion  
6 is to keep those minutes closed, and I would recommend  
7 keeping them closed.

8 MEMBER GALASSI: Yeah.

9 CHAIRPERSON OLSON: So we have a motion  
10 to keep the closed meeting minutes closed.

11 Do we have a second?

12 VICE CHAIRMAN HAYES: Second.

13 CHAIRPERSON OLSON: All those in favor  
14 say aye.

15 (Ayes heard.)

16 CHAIRPERSON OLSON: Opposed, I like sign.

17 (No response.)

18 CHAIRPERSON OLSON: The motion passes.

19 MEMBER GALASSI: Madam Chair, before we  
20 adjourn, can I ask a quick question?

21 CHAIRPERSON OLSON: Sure.

22 MEMBER GALASSI: Courtney, just a  
23 15-second update on status of the long-term care  
24 committee.

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1                   Anything -- any further -- anything coming  
2 towards the Board?

3                   MS. AVERY: No.

4                   MEMBER GALASSI: All right. Thank you.

5                   CHAIRPERSON OLSON: Our next meeting  
6 will be January 27th right here at Bolingbrook.

7                   May I have a motion to adjourn?

8                   MEMBER GALASSI: So moved.

9                   MEMBER SEWELL: Second.

10                  MEMBER BURDEN: Second.

11                  CHAIRPERSON OLSON: All in favor

12 say aye.

13   (Ayes heard.)

14                  CHAIRPERSON OLSON: Opposed, like sign.

15   (No response.)

16                  CHAIRPERSON OLSON: Meeting adjourned.

17                  PROCEEDINGS CONCLUDED AT 3:23 P.M.

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