

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

S100186

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

REPORT OF PROCEEDINGS

Rochelle Municipal Airport
The Flight Deck Bar & Grill
1207 West Gurler Road
Rochelle, Illinois 61068

November 12, 2014
9:04 a.m. to 2:13 p.m.

BOARD MEMBERS PRESENT:

- MS. KATHY OLSON, Chairperson;
- MR. JOHN HAYES, Vice Chairman;
- MR. PHILIP BRADLEY;
- MR. DALE GALASSIE;
- JUSTICE ALAN GREIMAN; and
- MR. RICHARD SEWELL.

Reported by: Paula M. Quetsch, CSR, RPR
Notary Public, Kane County, Illinois

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

EX OFFICIO MEMBERS PRESENT:

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

ALSO PRESENT:

MR. FRANK URSO, General Counsel ;
MS. COURTNEY AVERY, Administrator;
MR. NELSON AGBODO, Health Systems Data Manager;
MS. CLAIRE BURMAN; Rules Coordinator;
MS. CATHERINE CLARKE, Board Staff;
MR. MICHAEL CONSTANTINO, IDPH Staff;
MR. BILL DART, IDPH Staff; and
MR. GEORGE ROATE, IDPH Staff.

1	I N D E X	
2	CALL TO ORDER	5
3	EXECUTIVE SESSION	7
4	COMPLIANCE ISSUES/SETTLEMENT AGREEMENTS/FINAL ORDERS:	
5	Final Orders	8
	Referrals to Legal Counsel	10
6		
	APPROVAL OF AGENDA	12
7		
	APPROVAL OF 10/07/14 TRANSCRIPT	14
8		
	PUBLIC PARTICIPATION:	
9	Fresenius Medical Care Lemont	15
	University of Chicago Medical Center	17
10	NorthPoint Health and Wellness Center	25
	Tinley Park Dialysis	38
11		
	POST-PERMIT ITEMS APPROVED BY CHAIRWOMAN	41
12		
	ITEMS FOR STATE BOARD ACTION	
13	PERMIT RENEWAL REQUESTS:	
	DaVi ta Stony Island Dialysis	42
14		
	EXEMPTION REQUESTS:	
15	Mendota Community Hospital	45
16	DECLARATORY RULINGS/OTHER BUSINESS:	
	Central DuPage Hospital	53
17		
	APPLICATIONS SUBSEQUENT TO INITIAL REVIEW:	
18	Centegra Specialty Hospital Woodstock	55
	Fresenius Medical Care Elgin	64
19	Good Samaritan Hospital Downers Grove	69
	Presence Our Lady of the Resurrection	76
20	University of Chicago Medical Center	99
	NorthPointe Health and Wellness Roscoe	113
21	DaVi ta Tinley Park Dialysis	130
	The Lutheran Home Peoria	144
22		
23		
24		

I N D E X
(Continued.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

APPLICATIONS SUBJECT TO INTENT TO DENY:	
Fresenius Medical Care Lemont	154
NEW BUSINESS:	
2013 Long-Term Care Profiles	164
ADJOURNMENT	172

**REPORT OF PROCEEDINGS -- 11/12/2014
CALL TO ORDER**

5

1 CHAIRPERSON OLSON: I'd like to call
2 this meeting to order. Can I have a roll call, please.

3 MR. ROATE: Yes, Madam Chair.

4 Mr. Bradley.

5 MEMBER BRADLEY: Here.

6 MR. ROATE: Justice Greiman.

7 MEMBER GREIMAN: Here.

8 MR. ROATE: Mr. Galassie.

9 MEMBER GALASSIE: Here.

10 MR. ROATE: Mr. Hayes.

11 MEMBER HAYES: Here.

12 MR. ROATE: Mr. Sewell.

13 MEMBER SEWELL: Here.

14 MR. ROATE: Madam Chair Olson.

15 CHAIRPERSON OLSON: Here.

16 MR. ROATE: Six in attendance.

17 CHAIRPERSON OLSON: Thank you.

18 I just want to make a couple brief comments,
19 and we have a welcome from the mayor.

20 I did want to say that we're all very
21 saddened by the loss of Member David Penn who was a
22 huge addition to this board for a number of years.
23 His loss will be greatly felt and all of us are
24 saddened by that.

**REPORT OF PROCEEDINGS -- 11/12/2014
EXECUTIVE SESSION**

7

1 CHAIRPERSON OLSON: The first order of
2 business is executive session. May I have a motion to
3 go into executive session pursuant to Sections 2(c)(1),
4 2(c)(5), 2(c)(11), and 2(c)(21) of the Open Meetings
5 Act. May I have a motion.

6 MEMBER GREIMAN: So moved.

7 MEMBER HAYES: Second.

8 CHAIRPERSON OLSON: For those of you in
9 the front, your mic has a red button on the bottom,
10 but don't do it now because we're going into executive
11 session.

12 Who made the motion?

13 (No response.)

14 CHAIRPERSON OLSON: All those in favor
15 say aye.

16 (Ayes heard.)

17 CHAIRPERSON OLSON: We will be in
18 executive session for approximately 45 minutes. So go
19 to the restaurant, get something to eat.

20 (At 9:07 a.m., the Board adjourned
21 into executive session. Open
22 session proceedings resumed at
23 9:42 a.m., as follows:)

24 - - -

REPORT OF PROCEEDINGS -- 11/12/2014
COMPLIANCE ISSUES/SETTLEMENT AGREEMENTS/FINAL ORDERS

8

1 CHAIRPERSON OLSON: Okay. We're back in
2 open session. The next order of business is Compliance
3 Issues, Settlement Agreements, and Final Orders.

4 Frank.

5 MR. URSO: Thank you, Madam Chair.

6 Legal is requesting the approval of the
7 following final orders. The Board versus Palos Hills.
8 Palos Hills Surgery Center, LLC, Project No. 11-095,
9 HFSRB 14-08 is the docket number. The second one is
10 Bridgeview Health Care Health Facilities and Services
11 Review Board, 14-10 is the docket number. Next final
12 order is Center for Comprehensive Services,
13 Incorporated, Project No. 13-058, HFSRB 14-2 is the
14 docket number on that request for final order. And
15 the final order request is for Roseland Community
16 Hospital; Health Facilities and Services Review Board,
17 14-13 is that docket number.

18 CHAIRPERSON OLSON: May I have a motion
19 to approve these settlement agreements -- final orders.

20 MR. URSO: Final orders.

21 MEMBER GALASSIE: So moved.

22 MEMBER GREIMAN: Second.

23 CHAIRPERSON OLSON: Roll call vote,
24 please.

REPORT OF PROCEEDINGS -- 11/12/2014
COMPLIANCE ISSUES/SETTLEMENT AGREEMENTS/FINAL ORDERS

9

1 MR. ROATE: Motion made by Galassie,
2 seconded by Justice Greiman.
3 Mr. Bradley.
4 MEMBER BRADLEY: Yes.
5 MR. ROATE: Justice Greiman.
6 MEMBER GREIMAN: Yes.
7 MR. ROATE: Mr. Galassie.
8 MEMBER GALASSIE: Yes.
9 MR. ROATE: Mr. Hayes.
10 MEMBER HAYES: Yes.
11 MR. ROATE: Mr. Sewell.
12 MEMBER SEWELL: Yes.
13 MR. ROATE: Chairwoman Olson.
14 CHAIRPERSON OLSON: Yes.
15 MR. ROATE: 6 votes in the affirmative.
16 CHAIRPERSON OLSON: The motion passes.
17 MR. URSO: Thank you.

18 - - -

19
20
21
22
23
24

**REPORT OF PROCEEDINGS -- 11/12/2014
REFERRALS TO LEGAL COUNSEL**

10

1 CHAIRPERSON OLSON: Referrals to legal
2 counsel. Do we have any action?

3 MR. URSO: Yes, Madam Chair and Board
4 members. I would like to refer the Holy Family Villa,
5 Project 12-003, I would like to refer this to legal
6 counsel for review and filing of any notices of
7 noncompliance which may include sanctions detailed and
8 specified in the Board's Act and the rules.

9 CHAIRPERSON OLSON: May I have a motion
10 to refer 12-003, Holy Family Villa to legal counsel.

11 MEMBER HAYES: So moved.

12 MEMBER SEWELL: Second.

13 MR. ROATE: Motion made by Mr. Hayes,
14 seconded by Mr. Sewell.

15 Mr. Bradley.

16 MEMBER BRADLEY: Yes.

17 MR. ROATE: Justice Greiman.

18 MEMBER GREIMAN: Yes.

19 MR. ROATE: Mr. Galassie.

20 MEMBER GALASSIE: Yes.

21 MR. ROATE: Mr. Hayes.

22 MEMBER HAYES: Yes.

23 MR. ROATE: Mr. Sewell.

24 MEMBER SEWELL: Yes.

**REPORT OF PROCEEDINGS -- 11/12/2014
REFERRALS TO LEGAL COUNSEL**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

MR. ROATE: Chairwoman Olson.
CHAIRPERSON OLSON: Yes.
MR. ROATE: 6 votes in the affirmative.
CHAIRPERSON OLSON: Motion passes.

- - -

REPORT OF PROCEEDINGS -- 11/12/2014
APPROVAL OF AGENDA

12

1 CHAIRPERSON OLSON: Before we move on to
2 the approval of the agenda, I would like to take a
3 moment for everybody to say thank you and recognize
4 the day after Veterans Day for all of the veterans who
5 have served our country and who serve our country that
6 are in the room. Would you stand up, please, any
7 veterans.

8 (Applause.)

9 MEMBER GREIMAN: Madam Chair, we can't
10 hear you.

11 CHAIRPERSON OLSON: Sorry. Thank you.
12 Moving along, I have an approval of the
13 agenda and need a motion. Is there any amendment to
14 the agenda?

15 MEMBER BRADLEY: I would like to add a
16 section here where I ask a couple of questions.

17 CHAIRPERSON OLSON: And that would be
18 under "New Business"?

19 MEMBER BRADLEY: Yes.

20 CHAIRPERSON OLSON: So we'll be adding
21 Member Bradley under "New Business." Any other changes
22 to the agenda?

23 MEMBER GALASSIE: No.

24 CHAIRPERSON OLSON: Hearing none, may I

**REPORT OF PROCEEDINGS -- 11/12/2014
APPROVAL OF AGENDA**

13

1 have a motion to approve.

2 MEMBER BRADLEY: So moved.

3 CHAIRPERSON OLSON: A second.

4 MEMBER HAYES: Second.

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

7 (Ayes heard.)

8 CHAIRPERSON OLSON: Opposed, like sign.

9 (No response.)

10 CHAIRPERSON OLSON: The motion passes.

11 - - -

12

13

14

15

16

17

18

19

20

21

22

23

24

**REPORT OF PROCEEDINGS -- 11/12/2014
APPROVAL OF 10/07/14 TRANSCRIPT**

14

1 CHAIRPERSON OLSON: Next order of business
2 is approval of minutes. Are there any corrections or
3 additions to the minutes from the October 7th, 2014,
4 meeting?

5 (No response.)

6 CHAIRPERSON OLSON: Seeing none, may I
7 have a motion to approve the minutes?

8 MEMBER HAYES: So moved.

9 MEMBER GREIMAN: Second.

10 CHAIRPERSON OLSON: Moved by Hayes,
11 seconded by Greiman. Voice vote, please, all those
12 in favor.

13 (Ayes heard.)

14 CHAIRPERSON OLSON: Opposed like sign.

15 (No response.)

16 CHAIRPERSON OLSON: The motion passes.
17 The minutes are approved.

18 We do want to an acknowledge Channel 23 from
19 Rockford is here. Hey, thanks for coming.

20 - - -

21
22
23
24

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

15

1 CHAIRPERSON OLSON: The next order of
2 business is public participation.

3 Courtney.

4 MS. AVERY: Good morning. First up for
5 public participation is Project No. 13-040, Fresenius
6 Medical Care Lemont, Dr. Chawla in opposition of the
7 project. Following him is 14-031, University of
8 Chicago Medical Center labor and delivery relocation,
9 Glynis Adams, Kathy Jones, Sylvia Freeman, and
10 Dr. Siddiqui, S-i-d-d-i-q-u-i.

11 MEMBER GALASSIE: Madam Chair, can I
12 just confirm none of these folks have previously
13 testified at public hearing to these issues?

14 MS. AVERY: Correct.

15 MEMBER GALASSIE: Thank you.

16 MS. AVERY: The persons that we've called
17 can come to the table or come close to the table if
18 there are not enough seats.

19 CHAIRPERSON OLSON: As a reminder to
20 each of you, there will be a two-minute limit, and
21 Nelson will loudly tell us when the two minutes are up.
22 So we can proceed, thank you.

23 DR. CHAWLA: Good morning. Can you hear
24 me now?

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

16

1 Madam Chair and members of the Board, I'm
2 Dr. Bhuvan Chawla. I'm a board-certified nephrologist.
3 I've been practicing in Joliet for over 30 years and
4 founded Sun Health over 20 years ago.

5 I'm here to thank you for voting against
6 this unneeded project last December and would like to
7 urge you to stand by and ratify your earlier decision.

8 Since the intent to deny was issued, the
9 Applicant did submit some additional information in
10 February of 2014, and Sun Health has submitted a
11 rebuttal pointing out that the supplemental information
12 fails to make a meaningful case for reconsideration.

13 Since then the Applicant has sought repeated
14 deferrals until today's hearing, perhaps hoping for a
15 need to materialize.

16 The basic facts remain the same:

17 There is still no need for this project in
18 HSA 9, which has a surplus of 23 stations as of
19 October 28th;

20 The Applicant is still blatantly attempting
21 to misapply a need in HSA 7 to seek approval to serve
22 HSA 9 patients primarily;

23 The Applicant earlier opposed a similar
24 attempted maneuver by US Renal Lemont;

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

17

1 Approval of this project would still be a
2 disservice to both HSA 7 and HSA 9;

3 The Applicant apparently seeks approval on
4 the grounds that there will be a need someday in the
5 future. The Applicant remains free to reapply at that
6 time in the future.

7 I would like to refer the Board to the
8 extensive and detailed opposition comments that were
9 previously submitted by Sun Health, US Renal, and the
10 office of DaVita's medical directors.

11 I would urge you to reject this application.
12 Thank you.

13 CHAIRPERSON OLSON: Thank you.

14 DR. JONES-CAILLOUET: My name is
15 Dr. Kathy Jones-Caillouet. I am a board-certified
16 OB/GYN. I practice at Friend Family Health Center
17 where I also serve as the medical director.

18 Friend Family Health Center is a Federally-
19 qualified health center on the south side of Chicago.
20 We currently have a family of five neighborhood clinics
21 that service the community and provide high-quality
22 comprehensive and affordable medical care. We serve
23 27,000 patients a year in designated medically
24 underserviced area and health professional shortage

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

18

1 areas. We also have supported 860 deliveries last year,
2 and our program continues to grow. I recently added a
3 midwife to our program that I've hired that will be
4 practicing full time in supportive prenatal care, and
5 I'm approved for three additional family providers
6 that will also provide prenatal care.

7 That said, Friend Family Health Center
8 depends on our relationships with the hospitals and
9 the community to provide a continuity of care for our
10 patients, and the University of Chicago is one of our
11 partner hospitals that we've had a long-standing
12 successful relationship with for many years. In
13 addition, we're now growing that relationship, and our
14 physicians at Friend Family Health Center are being
15 credentialed to do services at the University of
16 Chicago. We are very excited about this venture
17 because our patients live in the community, and our
18 patients therefore want to deliver in the community,
19 and University of Chicago specifically is a hospital
20 that our patients desire to deliver there. So
21 approval of this project is important to us at Friend
22 Family and our patients.

23 That said, both Friend Family and University
24 of Chicago want to improve the care that the mothers

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

19

1 and babies in our communities receive. A modern,
2 patient-friendly delivery unit would certainly increase
3 access for my patients and availability of that
4 high-quality care.

5 So simply put, if you approve this project,
6 it will allow me to take better care of our patients
7 and allow them to deliver in their community where
8 they desire to deliver.

9 Thank you for considering my comments.

10 CHAIRPERSON OLSON: Thank you, Doctor.

11 MS. FREEMAN: Good morning. My name is
12 Sylvia Freeman. I've been an OB nurse for over 40 years
13 and have spent the last 13 years as a labor and delivery
14 nurse at the University of Chicago Medical Center. With
15 me is my colleague, Juanita Ellison, who is also an
16 active L&D nurse. We strongly support the University of
17 Chicago Medical Center's application to relocate
18 the labor and delivery unit to the Comer Children's
19 Hospital for two very important reasons.

20 First, over our careers, we have seen how
21 advances in medicine have changed OB care and the type
22 of patients that come to labor and delivery.

23 Specifically there is a sicker population of moms,
24 moms who may never have been able to give birth before

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

20

1 now because of advances in medical care or health
2 care, moms who have had organ transplants, who may
3 have been born with congenital defects and have other
4 serious medical issues are now getting pregnant and
5 giving birth. We are able to intervene and care for
6 patients, infants and fetuses at earlier ages and with
7 more complex health care issues and defects. Of these
8 sicker patients, University of Chicago sees a higher
9 population due to our status as a regional perinatal
10 care center. We get the patients that other hospitals
11 cannot handle.

12 We also see these sicker moms on labor and
13 delivery earlier in their pregnancies and not just for
14 labor. They come to labor and delivery -- they cannot
15 just come to labor and delivery, have their baby, and go
16 home. There is more care required from a nursing and
17 a physician perspective to help these moms to maintain
18 their pregnancies which can involve days or weeks in
19 delivery unit under close surveillance and often
20 difficult deliveries. These high-risk patients include
21 sick babies, which means we need a multidisciplinary
22 approach, including neonatologists and pediatric
23 specialists.

24 MR. AGBODO: Two minutes.

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

21

1 CHAIRPERSON OLSON: You can finish your
2 thought.

3 MS. FREEMAN: So that we are unable to --
4 currently, in our unit we cannot -- we do not have the
5 space for the large number of people that need to be
6 in attendance at these deliveries for managing the
7 patient and also which can include even pediatric
8 surgery immediately following delivery.

9 CHAIRPERSON OLSON: Thank you.

10 MS. ADAMS: Good morning.

11 CHAIRPERSON OLSON: Maybe you guys want
12 to switch chairs.

13 MS. ADAMS: Good morning. My name is
14 Glynis Adams, and I'm the nurse manager for perinatal
15 services at Ingalls Hospital. Ingalls is one of the
16 hospitals of the perinatal network that the University
17 of Chicago Medical Center serves, and we are here in
18 support of University of Chicago's application for
19 expansion and one additional labor and delivery unit
20 and to relocate its OB services to the Comer Children's
21 Hospital.

22 Ingalls is located in Harvey, Illinois, and
23 is a very underserved community with a lot of high-
24 risk patients. Our unit has 25 LDRs and a nine-unit

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

22

1 specialty-care Level II feeding. That means we can
2 take care of babies 30 weeks and older. For those
3 babies that are less than 30 weeks and the moms with
4 severe preeclampsia, we cannot care for those mothers,
5 and we have to transport them and transfer them to the
6 University of Chicago. We rely on the expertise and
7 resources of the University of Chicago neonatologists,
8 perinatologists, and nurses to provide the extra care.

9 The additional capacity at the University is
10 important to Ingalls and would make a difference for
11 our patients. Occasionally, the center is full and
12 they cannot take our patients. We have to transfer
13 them to other area centers, and that's a hardship for
14 our patients because they have to travel even further
15 to see their babies once they're born at those other
16 hospitals. We have a long history, successful history
17 of working at the University of Chicago and our
18 transfers go a lot smoother when we transfer to the
19 University of Chicago as opposed to other hospitals.

20 So we support this project because it will
21 make care better and more convenient and successful
22 for our populations. Thank you for listening to our
23 comments.

24 CHAIRPERSON OLSON: Thank you.

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

23

1 Next.

2 DR. SIDDIQUI: Good morning, Madam
3 Chairwoman, members of the Board. My name is
4 Dr. Maryam Siddiqui. I'm a physician and member of the
5 faculty at the University of Chicago Medical Center,
6 and I'm a practicing OB/GYN for the past three years
7 at UCM.

8 I'm here on behalf of the University of
9 Chicago to support the University of Chicago Medical
10 Center's application to relocate labor and delivery to
11 the Comer Children's Hospital, closer to the
12 neonatologists that would take care of those ill
13 babies and support complicated deliveries. We want to
14 add one more labor and delivery recovery room to our
15 unit for a total of nine.

16 The University of Chicago physicians and the
17 department of OB/GYN who practice here have strongly
18 advocated for this project, and we believe it will allow
19 us to provide better care to our patients who are
20 overwhelmingly medically complex and high-risk.

21 Who are our patients? 82 percent of the
22 patients we take care of are originally from the
23 immediate area surrounding us. The rate of diabetes
24 at the University of Chicago for pregnant women is

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

24

1 8 times the national average; the rates of
2 preeclampsia and preterm rupture of membranes are
3 double; the rates of hypertension and preterm labor
4 are also much higher.

5 Any one of these factors can lengthen a
6 mother's stay in the hospital. A normal patient may
7 come in and deliver within a matter of hours. Another
8 patient with one of these medically complex cases or
9 multiple of these comorbidities might stay in the
10 hospital for many more days, and I'll give you a
11 perfect example.

12 On October 30th we had admitted a patient with
13 severe preeclampsia. So for those of you who are not
14 in the medical field, preeclampsia is a condition that
15 can be life-threatening; it can compromise liver and
16 kidney function; it can cause the fluid to accumulate
17 in the lungs and can endanger the baby. The patient
18 could potentially have a seizure, and sometimes
19 patients die even in the modern world.

20 So we admitted a patient like this, and it
21 took four days to get her delivered safely with a safe
22 baby and a healthy mother. She recovered on labor and
23 delivery for another 24 hours beyond her delivery,
24 receiving magnesium. This prevented her from having

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

25

1 sei zures.

2 MR. AGBODO: Two minutes.

3 DR. SIDDIQUI: So that's an example of a
4 patient who takes -- eight deliveries could have been
5 done in the same amount of time, but this patient
6 required that level of care. This is why we strongly
7 support the expansion and renovation of labor and
8 delivery. Thank you.

9 CHAIRPERSON OLSON: Thank you, Doctor.

10 MS. AVERY: Next on public participation
11 is 14-031, NorthPointe Free-Standing Emergency Center,
12 Gary Kaatz, Jason Dotson, Sue Petty, Michael Coogan,
13 John Bergeron.

14 If you have written testimony, it will help
15 the court reporter if you can leave it on the table.
16 Thank you.

17 MR. KAATZ: Madam Chair, members of the
18 Board, good morning. I'm Gary Kaatz. I'm president
19 and CEO of Rockford Health System. We oppose Beloit's
20 application to establish a freestanding emergency
21 center on its Roscoe medical campus. We agree with
22 the Board staff report that this center is not needed
23 and will result in an unnecessary duplication of
24 services.

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

26

1 The project should be turned down for the
2 following reasons:

3 No. 1, no additional emergency room stations
4 are needed to serve our community. The three Rockford
5 hospitals have 20 more emergency room stations than
6 are currently needed, and Beloit Memorial Hospital
7 itself has excess emergency room capacity.

8 No. 2, the project will have a negative impact
9 on the Rockford hospitals since it will result in a
10 significant redirection of Illinois residents to
11 Beloit Memorial Hospital. Since approximately 1 in
12 every 5 ER patients are either held for extended
13 observation or admitted, those patients treated at
14 NorthPointe's proposed freestanding emergency center
15 would effectively be captured by the Beloit's
16 Wisconsin hospital.

17 No. 3, this project will not improve access
18 to care for financially disadvantaged residents of
19 Winnebago County. The NorthPointe campus is located
20 in a relatively more affluent part of our county. This
21 project will further disadvantage Rockford hospitals
22 through the transfer of patients with insurance coverage
23 to Beloit Memorial Hospital.

24 Lastly, Beloit Health System already provides

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

27

1 a broad spectrum of outpatient services at its
2 NorthPointe campus. With its pending application for
3 an ASTC and the proposal to add a freestanding emergency
4 center, Beloit's goal is clearly to establish a hospital
5 without beds to serve as a feeder to its Wisconsin-
6 based medical center.

7 Based on these reasons, we urge the Board to
8 deny this application for the establishment of a
9 freestanding emergency center on Beloit's Roscoe
10 campus. And thank you very much for the opportunity
11 to express our strong opposition and considering our
12 view, thank you.

13 CHAIRPERSON OLSON: Next.

14 My name is Jason Dotson. I'm the vice
15 president of Beloit Health System. Thank you, Madam
16 Chairwoman and members of the Board. I'm here today
17 to present a letter of support from Andy Schultz, ATS
18 Medical Services.

19 "I feel the most important need for this
20 FSEC is to support the EMS providers in the surrounding
21 communities. When Roscoe, Rockton, and South Beloit
22 have an ambulance transport, they will typically
23 transport these patients to one of three Rockford
24 hospitals or Beloit Memorial Hospital. Either of these

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

28

1 facilities are equally 15 minutes further of driving
2 depending on the traffic. The ability to transport a
3 patient in less than half the time will allow these
4 EMS providers to return to service in their community
5 much quicker.

6 "I feel it's important to mention that
7 frequently the three hospitals in Rockford have very
8 busy emergency departments, and when transporting a
9 patient to them, you may have to wait in the hallway
10 with this patient on your stretcher until a room
11 becomes available. This may be 30-plus minutes
12 sometimes. This only keeps that ambulance out of
13 service even longer, leaving their community uncovered
14 for medical response. Andy Schultz."

15 On a personal note, three weeks ago this
16 project became more personal for me. My aunt was at
17 home with her husband, my uncle, who was battling lung
18 cancer. He came out of the room after Skyping with
19 his grandchildren online gasping for air. He waited
20 approximately 25 minutes for the ambulance to arrive
21 to get there for his care. Sadly, because he didn't
22 have the oxygen he needed, my uncle passed away on the
23 way to the ambulance. I ask you to imagine your loved
24 one coming to you at home gasping for air and waiting.

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

29

1 This project will provide an additional
2 ambulance service to our community and will provide
3 support for members of our community like Diane
4 Richter who you heard from, and she's here in the
5 audience today. I ask for your support and my hope is
6 that logic will rule the day and you will see a need
7 for Project 14-40. Thank you for your time.

8 CHAIRPERSON OLSON: Thank you. Sorry
9 for your loss.

10 Next.

11 MS. PETTY: Good morning. My name is
12 Susan Petty. I'm a trustee with the Village of Roscoe.
13 I represent the Village Board, as well as myself.

14 I am here in support of the 14-40
15 freestanding emergency center. I feel comfortable in
16 knowing there is a quicker ER care available to me, my
17 constituents, and the residents of the region.

18 This is a much-needed safety net to our
19 rural community. I see the facility as it is a
20 keystone to Roscoe, Rockton, and South Beloit in
21 emergency room care, much-needed care. Thank you for
22 your time.

23 CHAIRPERSON OLSON: Thank you.

24 MR. BERGERON: Good morning. Deputy

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

30

1 Chief John Bergeron, Harlem-Roscoe Fire Department.

2 On behalf of the fire protection district
3 that we serve, we are here to voice support for
4 NorthPointe's Project 14-40 emergency room center.

5 Our fire district incorporates approximately
6 80 square miles. Over the past several years our fire
7 protection district has seen and continues to see
8 substantial growth. Every year this growth has
9 increased the demand for emergency services. Today we
10 are averaging 8 to 10 calls a day with 82 percent of
11 those calls being medical in nature. At any given time
12 one of our three staff ALS ambulances can be out of
13 service on a call for two hours or more as we transport
14 to one of the four hospitals either in Rockford or
15 Beloit. It is not uncommon to have all three ambulances
16 out simultaneously on calls at any given time.

17 The possibility of this type of facility in
18 our district will have a direct effect in reducing
19 transport times along with keeping ALS ambulances in
20 our district ready to respond. We have a professional
21 and well-established relationship with Beloit Memorial
22 Hospital, as we do with all the Rockford hospitals in
23 the region. Adding a facility like this in our
24 community will make our district a safer and healthier

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

31

1 place to live. Thank you.

2 CHAIRPERSON OLSON: Thank you.

3 MS. AVERY: One second. What's your name?

4 MS. EVANS: Jamie Evans.

5 MS. AVERY: And you are?

6 MR. COOGAN: Michael Coogan.

7 MS. AVERY: Thank you.

8 MS. EVANS: My name is Jamie Evans. I'm
9 the police chief in Roscoe. I'm here to express my
10 support for Project 14-40.

11 As a mother, police chief, and cancer
12 survivor I can tell you firsthand why I feel this
13 emergency room would benefit our community. I'm also
14 a patient and member of NorthPointe.

15 In 2006 I was diagnosed with cancer. I
16 underwent surgery, chemotherapy, radiation, and
17 hormone replacement therapy. As like most survivors,
18 my road to recovery was long and met with many
19 obstacles. One obstacle was the time it took and the
20 toll it took to drive to treatment. Throughout the
21 course of five months I travelled an approximate
22 114 miles for chemotherapy, 570 miles for radiation,
23 and 200 miles for shots, blood draws, and visits.
24 NorthPointe did not exist at that time, but it would

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

32

1 have been invaluable to me and my family if NorthPointe
2 had an emergency room in Roscoe.

3 As a police chief, I can tell you that
4 having an emergency room in our area would be a great
5 benefit to our citizens and our police department.
6 For the police department, having a 24/7 emergency
7 room in our town would save our department time in
8 transporting prisoners where we have to take people in
9 for blood draws and for mental health reasons.
10 Currently our officers spend an estimated one hour on
11 transporting a prisoner the time -- not including the
12 time it takes to sign someone in or wait for security.

13 As a mother I can tell you I have taken my
14 child to an emergency room before, and the closest one
15 to me is 17 miles away, the one that I can go to.
16 Having NorthPointe emergency room in our area would be
17 very beneficial, as it would take me 5 minutes to get
18 there instead of 17 miles. Thank you.

19 DR. COOGAN: Good morning, my name is
20 Michael Coogan. I'm here speaking in support of
21 licensing NorthPointe as a freestanding emergency
22 center.

23 As a board-certified emergency physician and
24 the medical director of the NorthPointe Immediate Care

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

33

1 Clinic, I've seen firsthand the community's need for --
2 need and desire for high-quality emergency care, and
3 I've seen our own center's ability to deliver it.
4 With board-certified emergency physicians, we have been
5 able to diagnose and manage cases of chest pain and
6 heart failure, cases of pneumonia and pulmonary
7 embolism, cases of appendicitis and diverticulitis,
8 cases of simple dizziness and suspected stroke and
9 cerebral hemorrhage. Members of the community come to
10 us with a full range of medical problems now from the
11 simplest to the most life threatening.

12 NorthPointe is a state-of-the-art facility
13 that was built with the potential of becoming a
14 freestanding emergency center in mind. The physical
15 structure and the ancillary services necessary to
16 operate at a level of a freestanding emergency care
17 center are already in place. There are multiple
18 highly-skilled motivated and caring individuals,
19 including physicians, nurses, administration,
20 laboratory, and X-ray staff that have already
21 committed to this endeavor. What NorthPointe lacks is
22 the license to operate as a freestanding emergency care.

23 The community will benefit by allowing
24 NorthPointe to function as a freestanding emergency

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

34

1 center. We want to offer this high-quality access to
2 ambulance delivery around the clock, not just for the
3 hours that we're open at this time.

4 And allowing the ambulances to come to us,
5 as has been pointed out several times already, will
6 increase the access in that community. By virtue of
7 its location, ambulance transport times to NorthPointe
8 will be considerably shorter than taking patients to
9 Rockford --

10 MR. ABOGADO: Two minutes.

11 DR. COOGAN: -- or to Beloit. This is
12 obviously the potential for a life-saving, valuable
13 center in the community.

14 CHAIRPERSON OLSON: Next for the same
15 Project 14-040, Kirk Wilson and Jarod Triplett.
16 Following that is 14-042, Tinley Park Dialysis.

17 MR. TRIPLETT: Good morning. My name is
18 Jarod Triplett, and I am here to express my support
19 for the freestanding emergency center, Project 14-40.
20 Thank you for your time and consideration today.

21 While there are many advantages that can be
22 discussed, I will keep my letter of support focused on
23 quality. NorthPointe has always provided the highest
24 level of care in our community. As parent of two young

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

35

1 children, we have made many visits to the immediate
2 care facility. The service has always been top-notch
3 and, more importantly, exceeded our expectations.

4 In August of 2010 our son was taken to
5 NorthPointe to receive treatment for what was
6 diagnosed as an intussusception, kinked bowel. While
7 this diagnosis was accurate and efficiently treated
8 and remediated, the medical staff took extra
9 precautionary measures that led to the discovery of an
10 unrelated malignant cancerous tumor, neuroblastoma.
11 This proactive and early detection approach saved our
12 son's life. At 14 months old he was able to have a
13 surgical resection and avoid any chemotherapy or
14 radiation treatment. Matthew's oncology team confirmed
15 that delayed discovery even by a few days would have
16 led to his tumor attaching to his spinal cord and
17 would have undoubtedly created a more challenging
18 regimen of treatments.

19 The NorthPointe team provided
20 above-and-beyond, exemplary care. The team also
21 continues to extend their compassion and concern for
22 Matthew's well-being more than four years later. The
23 guidance and compassion provided by the NorthPointe
24 team instilled hope and confidence within our family

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

36

1 as we dealt with our son's neuroblastoma. Having a
2 top-notch facility in our community which provides the
3 highest quality of care has proved to be truly
4 invaluable to our family.

5 It is our hope that our story can help convey
6 the quality of the NorthPointe team and facilities.
7 With your consideration and approval, our community
8 looks forward to the expansion of the NorthPointe
9 facilities and services.

10 Thank you for your consideration.

11 CHAIRPERSON OLSON: Thank you. Glad to
12 hear Matthew is doing well.

13 MR. TRIPLETT: Thank you.

14 MR. WILSON: Good morning, Madam Chairman,
15 members of the Board. My name is Kirk Wilson, and I'm
16 the fire chief for the Rockton Fire Protection
17 District in Rockton, Illinois, and I'd like to express
18 the Fire District's support for the freestanding
19 emergency center that is being proposed at the
20 NorthPointe facility in Roscoe, Illinois.

21 I've been in the fire service for over
22 30 years, with 26 of those years as a full-time
23 paramedic, and I witnessed firsthand the impact on
24 patient outcome when ambulance transport times are

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

37

1 minimal .

2 Ambulance transport times from Rockton to an
3 emergency room in our region can range from 15 to
4 20 minutes, and providing an emergency room close to
5 our community can shorten those times, ensuring prompt
6 emergency intervention and increasing a patient's
7 chance of survival .

8 We give the patient the opportunity to choose
9 which hospital system they would like to be transported
10 to. However, if our paramedics and our staff recognize
11 that the patient is suffering from a life-threatening
12 medical crisis, we then transport that patient to the
13 closest emergency room department.

14 It is the policy of the Rockton Fire
15 Protection District as well as our EMS resource hospital
16 to transport patients suffering from life-threatening
17 emergencies to the closest emergency room facility.
18 Ambulance transport times to the proposed NorthPointe
19 emergency facility will be dramatically reduced, which
20 may result in a more positive patient outcome.

21 Ambulance turnaround times or back-in-service
22 times are a concern of mine, as well . With the
23 ambulances transporting to a facility that is close to
24 home can only ensure the ambulances will be back in

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

38

1 service and ready to answer the next emergency call.

2 Again, with the support of our local EMS
3 providers, I believe that the residents of Roscoe,
4 Rockton, and South Beloit will greatly benefit with
5 NorthPointe providing a freestanding emergency center
6 within our communities.

7 Thank you.

8 CHAIRPERSON OLSON: Thank you.

9 MR. TINCKNELL: Good morning. I'm
10 Tim Tincknell from DaVita Health Care Partners
11 speaking behalf of Mayor Edward Zabrocki of Tinley
12 Park in support of Tinley Park Dialysis Project
13 14-014.

14 "I'm the mayor of the village of Tinley Park,
15 and I'm pleased to support DaVita's proposal to
16 establish a new 12-station dialysis facility in
17 Tinley Park. This proposed facility will improve access
18 to essential dialysis treatment for residents who live
19 in my community.

20 "The proposed Tinley Park Dialysis will
21 primarily serve Tinley Park and those communities within
22 20 minutes of Tinley Park. According to the
23 September 30, 2014, data from the Renal Network, there
24 are 856 dialysis patients who reside within the proposed

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

39

1 Tinley Park service area. While there are 13 existing
2 dialysis facilities in the service area, these
3 facilities are highly utilized and cannot accommodate
4 future patient demand.

5 "A dialysis facility in Tinley Park is
6 important to ensure we have adequate health care
7 services for our aging population. According to the
8 U.S. Census Bureau, the population of the 65-plus age
9 cohort in Tinley Park increased 45 percent or by
10 2,332 persons, from 2000 to 2010. Importantly, the
11 rates of end-stage renal disease is growing the fastest
12 in the elderly population, with an overall increase of
13 31 percent in the 65-74 age cohort and 48 percent in
14 the 75-and-over cohort since 2000. As baby boomers
15 continue to age and the prevalence of ESRD increases,
16 there will be a greater need for dialysis in
17 Tinley Park.

18 "Access issues are also particularly acute
19 for the elderly, who are more often affected by kidney
20 disease. Elderly patients often suffer from multiple
21 comorbidities and are more reliant on family and
22 friends for transportation to and from their dialysis.
23 Skipping one or more dialysis sessions in a single
24 month has been associated with a 16 percent higher

**REPORT OF PROCEEDINGS -- 11/12/2014
PUBLIC PARTICIPATION**

40

1 risk of hospitalization and 30 percent increased
2 mortality risk compared to those who did not miss a
3 session.

4 "Given the current and future need for
5 dialysis services" --

6 MR. ABOGADO: Two minutes.

7 Mr. Tincknell: -- "in Tinley Park and
8 the surrounding communities, I urge the Board approve
9 this project."

10 Thank you.

11 CHAIRPERSON OLSON: This concludes the
12 public participation portion of the meeting. Next, we
13 will move on to "Post-Permit Items Approved By the
14 Chairwoman."

15 - - -

16

17

18

19

20

21

22

23

24

**REPORT OF PROCEEDINGS -- 11/12/2014
POST-PERMIT ITEMS APPROVED BY CHAIRWOMAN**

41

1 CHAIRPERSON OLSON: Mr. Constantino.

2 MR. CONSTANTINO: Thank you,

3 Madam Chairwoman.

4 There were two items approved by the
5 Chairwoman, Permit No. 11-086, Fresenius Medical Care
6 Ross Dialysis Permit Relinquishment and Exemption
7 No. E-017-14, Crystal Springs Dialysis change of
8 ownership.

9 Thank you, Madam Chairwoman.

10 CHAIRPERSON OLSON: Are there questions
11 from the Board with regard to these approvals?

12 (No response.)

13 CHAIRPERSON OLSON: Seeing none, we'll
14 move on to Items for State Board Action: Permit renewal
15 requests.

16 - - -

17

18

19

20

21

22

23

24

**PERMIT RENEWAL REQUESTS -- 11/12/2014
DA VITA STONY ISLAND DIALYSIS**

42

1 CHAIRPERSON OLSON: First one is DaVi ta
2 Stony Island Di alysi s Chicago. This is a six-month
3 permit renewal. Would the Applicant like to come to
4 the table.

5 There is no opposition and no findings on
6 this project. May I have a motion to approve permit
7 renewal for 12-008, DaVi ta Stony Island Di alysi s --

8 MEMBER BRADLEY: So moved.

9 CHAIRPERSON OLSON: -- for a six-month
10 renewal permit from 12/31/14 to 6/30/15.

11 MEMBER GALASSIE: Second.

12 CHAIRPERSON OLSON: Moved by
13 Mr. Bradley, seconded by Mr. Galassie.

14 Do you have comments for the Board or do you
15 want to open it for questions?

16 MS. DAVIS: I'm open for questions.

17 CHAIRPERSON OLSON: Are there any
18 questions?

19 MEMBER GALASSIE: Motion to approve.

20 MEMBER HAYES: Yes. You applied for
21 this permit in what year? It's been about --

22 MS. DAVIS: 2012.

23 MEMBER HAYES: 2012. Okay. So you
24 expect to complete this project in about three years?

**PERMIT RENEWAL REQUESTS -- 11/12/2014
DA VITA STONY ISLAND DIALYSIS**

43

1 MS. DAVIS: Well, actually, what
2 happened is we had to have the landlord build an
3 addition before we could start our work. The other
4 thing is this facility treats about 145 patients, and
5 so we had to stage the construction so that we didn't
6 disrupt any of the patients. So it's taking us a
7 little longer than we expected.

8 MEMBER HAYES: Now, normally -- it took
9 you -- what? -- about a couple of years to get permits
10 from the City of Chicago?

11 MS. DAVIS: It took months because the
12 landlord had to first get his permit to build the
13 expansion space.

14 CHAIRPERSON OLSON: Any other questions
15 or comments?

16 (No response.)

17 CHAIRPERSON OLSON: Seeing none, I'll
18 call for roll call vote, please.

19 MR. ROATE: Thank you, Madam Chair.

20 Motion made by Mr. Bradley, seconded by
21 Mr. Galassie.

22 Mr. Bradley.

23 MEMBER BRADLEY: Yes.

24 MR. ROATE: Justice Greiman.

**PERMIT RENEWAL REQUESTS -- 11/12/2014
DA VITA STONY ISLAND DIALYSIS**

1 MEMBER GREIMAN: Yes.
2 MR. ROATE: Mr. Galassie.
3 MEMBER GALASSIE: Yes.
4 MR. ROATE: Mr. Hayes.
5 MEMBER HAYES: Yes.
6 MR. ROATE: Mr. Sewell.
7 MEMBER SEWELL: Yes.
8 MR. ROATE: Chairwoman Olson.
9 CHAIRPERSON OLSON: Yes.
10 MR. ROATE: 6 votes in the affirmative.
11 CHAIRPERSON OLSON: Motion passes.

12 Thank you.

13 MS. DAVIS: Thank you.

14 - - -

15
16
17
18
19
20
21
22
23
24

**EXEMPTION REQUESTS -- 11/12/2014
MENDOTA COMMUNITY HOSPITAL**

1 CHAIRPERSON OLSON: Next we have
2 extension requests. There are none.

3 Exemption requests. C-01, Mendota Community
4 Hospital, Mendota, for a change in ownership. There
5 was opposition to this project but no findings.

6 May I have a motion to approve a change of
7 ownership for Mendota Community Hospital.

8 MEMBER SEWELL: So moved.

9 MEMBER HAYES: Second.

10 CHAIRPERSON OLSON: Moved by Mr. Sewell,
11 seconded by Mr. Hayes.

12 MR. CONSTANTINO: Madam Chairwoman,
13 there was no opposition to this project. That was a
14 mistake on my part.

15 CHAIRPERSON OLSON: Okay. State Board
16 staff report.

17 MR. CONSTANTINO: Thank you,
18 Madam Chairwoman.

19 The Applicants OSF HealthCare System and
20 Mendota Community Hospital are requesting a change of
21 ownership for the community hospital in Mendota,
22 Illinois. There's no cost to the project, and the
23 fair market value of Mendota Community Hospital is
24 approximately \$39.9 million. The State Board staff

**EXEMPTION REQUESTS -- 11/12/2014
MENDOTA COMMUNITY HOSPITAL**

46

1 concluded that the Applicants have successfully
2 addressed criterion 1130.500 and 1130.520. Thank you,
3 Madam Chairwoman.

4 CHAIRPERSON OLSON: Thank you,
5 Mr. Constantino. Do you have comments for the Board,
6 or would you like to open it for questions?

7 MR. HOHULIN: Open it for questions from
8 the Board members.

9 MEMBER HAYES: Madam Chairwoman, looking
10 at Table 2 on page 4, and the Mendota Community
11 Hospital -- this is their financial performance and
12 the operating income or loss, and there's been -- in
13 fiscal year 2013 there was a 3.9 million loss, and
14 then in fiscal year 2014 there was a 1.9 million loss
15 in operating income.

16 And then I'm looking at OSF, their financial
17 performance, and, basically, they have lost -- their
18 financial margin or the OSF HealthCare System -- I'm
19 looking at Table 4 there, and, basically, their
20 operating income they've lost in 2011 or they made --
21 in 2013 they had lost 9.3 million there.

22 And I'm just wondering is that the financial
23 viability of these -- of OSF taking on another
24 hospital -- I understand it is small community hospital

**EXEMPTION REQUESTS -- 11/12/2014
MENDOTA COMMUNITY HOSPITAL**

47

1 here, but taking on additional financial responsibility
2 for a loss-making facility it is.

3 MR. HOHULIN: Which table are you
4 referring to?

5 MEMBER HAYES: Table 4 on the State
6 agency report.

7 MR. URSO: Page 5 of the State Board
8 report.

9 MEMBER HAYES: Page 5, Table 4, I'm
10 looking at the operating income on that.

11 UNIDENTIFIED SPEAKER: I think currently
12 we just completed this current fiscal year with an
13 operating margin of about 3.1 percent. In addition,
14 as an organization OSF has cash on hand of 220 days.
15 So I think we're a very strong organization
16 financially.

17 MEMBER HAYES: Now, this is -- when you
18 mentioned -- was that for fiscal year 2014?

19 UNIDENTIFIED SPEAKER: Correct.

20 MEMBER HAYES: Okay. And what was the
21 percentage, 3.2 percent?

22 UNIDENTIFIED SPEAKER: About 3.1 percent,
23 I believe.

24 MEMBER HAYES: And when did your fiscal

**EXEMPTION REQUESTS -- 11/12/2014
MENDOTA COMMUNITY HOSPITAL**

1 year end?

2 UNIDENTIFIED SPEAKER: September 30th.

3 MEMBER HAYES: September 30th. Okay.

4 So those are -- are those statements out?

5 MR. HOHULIN: We have not completed the
6 audit yet.

7 MEMBER GALASSIE: We can't hear you
8 without the microphone.

9 MR. HOHULIN: We have not completed the
10 audit yet.

11 MEMBER HAYES: Because you have quite a
12 few of these critical access hospitals in the -- in
13 your area in the last couple of years. Is that correct?

14 MR. HOHULIN: Most recently Kewanee
15 Hospital, yes.

16 MEMBER HAYES: And you feel that's not
17 going to put a financial strain on your hospital to be
18 able to operate and turn around these hospitals?

19 MR. HOHULIN: No. The due diligence
20 that we've done we have not found that that would
21 cause a financial strain.

22 MEMBER HAYES: Okay. Thank you.

23 THE COURT REPORTER: Can I have your
24 names?

**EXEMPTION REQUESTS -- 11/12/2014
MENDOTA COMMUNITY HOSPITAL**

1 MR. HOHULIN: Mark Hohulin, H-o-h-u-l-i-n.

2 THE COURT REPORTER: And yours?

3 CHAIRPERSON OLSON: I actually have a
4 question. I have concerns, I guess.

5 I'm looking at the middle of page 7 on the
6 State Board staff report, and I have concerns about
7 the comment that the medical staff bylaws will be
8 amended to ensure compliance with Ethical and
9 Religious Directives for Catholic Health Care Services.

10 I see that they do no deliveries at Mendota
11 Community Hospital, but my concern would be if I'm a
12 physician on staff at Mendota Hospital that you might
13 dictate what I do in my office with regard to access
14 to contraception and payment of bills for women's
15 services.

16 UNIDENTIFIED SPEAKER: That would not be
17 the case at all. For the independent physicians in
18 town, it would not have any implications at all for
19 their practices. For our employee physicians, the
20 employee physicians do comply with the ethical and
21 religious practices, as do all of our employee
22 physicians. We do have a process, however, where they
23 can have a limited private practice where they can
24 really step out of their employment and continue to

**EXEMPTION REQUESTS -- 11/12/2014
MENDOTA COMMUNITY HOSPITAL**

50

1 prescribe birth control pills for women as needed.

2 CHAIRPERSON OLSON: What about
3 vasectomies?

4 UNIDENTIFIED SPEAKER: You know, the
5 organization -- Mendota does not do deliveries, and so
6 tubal ligations are not done today.

7 CHAIRPERSON OLSON: Some of those
8 offices -- some of those procedures are not done in
9 offices, though, vasectomies. Is that going to be
10 eliminated or not allowed?

11 UNIDENTIFIED SPEAKER: I don't believe
12 any of the offices --

13 MS. CHRISTIANSEN: My name is
14 Judy Christiansen. I'm the interim CEO at Mendota.

15 We currently don't have any physicians that
16 do vasectomies at Mendota, so it really doesn't apply.
17 None of the physicians are doing tubals in their
18 office, either.

19 CHAIRPERSON OLSON: How many physicians
20 are on staff at Mendota Hospital?

21 MS. CHRISTIANSEN: We have 12 physicians
22 on the active medical staff and many more that are on
23 courtesy and consulting that come from various other
24 facilities such as Rockford.

**EXEMPTION REQUESTS -- 11/12/2014
MENDOTA COMMUNITY HOSPITAL**

1 CHAIRPERSON OLSON: And how many of
2 those are employed by the hospital?

3 MS. CHRISTIANSEN: We have six employee
4 physicians.

5 CHAIRPERSON OLSON: Thank you. Other
6 questions or comments?

7 (No response.)

8 CHAIRPERSON OLSON: Seeing none, I'll
9 ask for a roll call vote.

10 MEMBER HAYES: So moved.

11 MR. ROATE: Motion made by Mr. Sewell,
12 seconded by Mr. Hayes.

13 Mr. Bradley.

14 MEMBER BRADLEY: Yes.

15 MR. ROATE: Justice Greiman.

16 MEMBER GREIMAN: Yes.

17 MR. ROATE: Mr. Galassie.

18 MEMBER GALASSIE: Yes.

19 MR. ROATE: Mr. Hayes.

20 MEMBER HAYES: Yes.

21 MR. ROATE: Mr. Sewell.

22 MEMBER SEWELL: Yes.

23 MR. ROATE: Chairwoman Olson.

24 CHAIRPERSON OLSON: I'm going to vote

**EXEMPTION REQUESTS -- 11/12/2014
MENDOTA COMMUNITY HOSPITAL**

1 yes based on the positive State board report with
2 reluctance about the access to women's health services.
3 So yes.

4 MR. ROATE: That's 6 votes in the
5 affirmative.

6 CHAIRPERSON OLSON: The motion passes.
7 Good luck.

8 MR. URSO: I just wanted to remind the
9 Board members to please explain the way they're voting
10 the way they're voting, what the rationale is, please.

11 Thank you.

12 - - -

13

14

15

16

17

18

19

20

21

22

23

24

**DECLARATORY RULINGS/OTHER BUSINESS
CENTRAL DU PAGE HOSPITAL**

53

1 CHAIRPERSON OLSON: Next, under
2 "Alteration Requests" there is no business.

3 Declaratory Rulings/Other Business, E-01,
4 Central DuPage Hospital for a correction of the 2013 bed
5 report, Mr. Constantino can you explain that to us?

6 First, may I have a motion to approve a
7 declaratory ruling to Central DuPage Hospital to
8 correct that and submit as part of its 2013 bed
9 report. The report was distributed this morning and
10 is in front of you this morning.

11 MEMBER GALASSIE: So moved.

12 MEMBER HAYES: Second.

13 CHAIRPERSON OLSON: Moved by
14 Mr. Galassie, seconded by --

15 MR. ROATE: Mr. Hayes.

16 CHAIRPERSON OLSON: -- Mr. Hayes. And
17 can you just talk briefly, Mike?

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

20 Central DuPage Hospital had inadvertently
21 specified 14 ICU beds as what we consider to be
22 nontransitional CON beds. They're asking us to
23 correct that mistake, and we're asking the Board to
24 give that approval.

**DECLARATORY RULINGS/OTHER BUSINESS
CENTRAL DU PAGE HOSPITAL**

54

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

Thank you, Madam Chairwoman.

CHAIRPERSON OLSON: Questions or
comments?

(No response.)

CHAIRPERSON OLSON: Seeing none, I will
call for a roll call vote, please.

MR. ROATE: Bradley.

MEMBER BRADLEY: Yes.

MR. ROATE: Justice Greiman.

MEMBER GREIMAN: Yes.

MR. ROATE: Mr. Galassie.

MEMBER GALASSIE: Yes.

MR. ROATE: Mr. Hayes.

MEMBER HAYES: Yes.

MR. ROATE: Mr. Sewell.

MEMBER SEWELL: Yes.

MR. ROATE: Chairwoman Olson.

CHAIRPERSON OLSON: Yes.

MR. ROATE: 6 votes in the affirmative.

CHAIRPERSON OLSON: Motion passes.

- - -

**APPLICATIONS SUBJECT TO INITIAL REVIEW
CENTEGRA SPECIALTY HOSPITAL WOODSTOCK**

55

1 CHAIRPERSON OLSON: Next item is "Health
2 Care Worker Self-Referral Act"; there is no business.

3 "Status Reports on Conditional /Contingent
4 Permits," there is no business.

5 Next is "Applications Subject to Initial
6 Review," and first we will go through the projects
7 that the State Board staff had no findings on.

8 H-01, Centegra Specialty Hospital in
9 Woodstock. While the Applicants come to the table,
10 may I have a motion to approve Project 14-038,
11 Centegra Specialty Hospital in Woodstock to
12 discontinue its long-term care category of service.

13 MEMBER BRADLEY: So moved.

14 MEMBER SEWELL: Second.

15 CHAIRPERSON OLSON: Moved by
16 Mr. Bradley, seconded by Mr. Sewell.

17 Mike, State Board staff report, please.

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

20 The Applicants, Memorial Medical Center
21 Woodstock, doing business as Centegra Specialty
22 Hospital Woodstock and Centegra Health System are
23 proposing the discontinuation of a 40-bed long-term
24 care category of service.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
CENTEGRA SPECIALTY HOSPITAL WOODSTOCK**

56

1 There is no cost to this project. The
2 anticipated project completion date is March 31st, 2015.
3 There was no public hearing, and no letters of
4 opposition were received.

5 Thank you, Madam Chairwoman.

6 CHAIRPERSON OLSON: Thank you, Mike.
7 Do you have comments for the Board, or are
8 you going to open it for questions?

9 Oh, I'm sorry. Would you please be sworn.

10 (Five witness duly sworn.)

11 CHAIRPERSON OLSON: Questions or
12 comments for Board members.

13 MEMBER GREIMAN: I have one.

14 CHAIRPERSON OLSON: Okay. Can you hand
15 him the mic, please.

16 MEMBER GREIMAN: I notice that you have
17 7.6 charity percentage, which is an amazing percentage,
18 and you should be congratulated, and for the moment
19 we'll congratulate you.

20 Now, moving ahead, where does that go? When
21 you close these beds, where does that charity go? Who
22 will take that up? There will be nobody to take it up?

23 MS. STRENG: Sure, we have --

24 THE COURT REPORTER: State your name.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
CENTEGRA SPECIALTY HOSPITAL WOODSTOCK**

57

1 MS. STRENG: I'm Hadley Streng;
2 H-a-d-l-e-y, S-t-r-e-n-g.

3 The charity care -- the services that we
4 have at Centegra Specialty Hospital in Woodstock are
5 acute mental illness and long-term care. We received
6 approval to move the acute mental illness to our
7 Doty Road campus 4 miles away in April, and the
8 majority of the charity care that we provided is for
9 the acute mental illness services. So that will move
10 to the Doty Road campus and be expanded by --

11 MEMBER GREIMAN: But they don't have a
12 history necessarily of that. Giving charity care is --
13 oh, it's a judgment that the management makes, and if
14 you're grumpy, you don't give charity care, but if
15 you're pleasant, you do.

16 We see 7.6 percent of your charity work
17 disappearing maybe. I don't know -- and the other
18 item, of course, is that the next item on our schedule
19 is the total discontinuation of the Centegra Specialty
20 Hospital. So what does that tell us? Are we going to
21 knock off 40 beds with you and then the next one --

22 MS. STRENG: The acute mental illness
23 patients, we will still accept all of those charity
24 care patients when we relocate that service within

**APPLICATIONS SUBJECT TO INITIAL REVIEW
CENTEGRA SPECIALTY HOSPITAL WOODSTOCK**

58

1 Woodstock. So we will still be providing those
2 services, providing the charity care to those patients
3 as appropriate.

4 The long-term care services, we have worked
5 with long-term care facilities in the area that are
6 willing to accept the charity care patients but that's
7 a small percentage. Roughly 10 percent of the charity
8 care at the facility was the long-term care.

9 MEMBER GREIMAN: I'm looking at your
10 2016 filings. Thank you.

11 CHAIRPERSON OLSON: Thank you. Other
12 questions or comments?

13 (No response.)

14 CHAIRPERSON OLSON: Seeing none, I'll
15 ask for a roll call vote to approve Project 14-138,
16 Centegra Specialty Hospital Woodstock to discontinue
17 its long-term care category of service.

18 MR. ROATE: Mr. Bradley.

19 MEMBER BRADLEY: Yes.

20 MR. ROATE: Justice Greiman.

21 MEMBER GREIMAN: Present for the moment.

22 MR. ROATE: Mr. Galassie.

23 MEMBER GALASSIE: Yes.

24 MR. ROATE: Mr. Hayes.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
CENTEGRA SPECIALTY HOSPITAL WOODSTOCK**

59

1 MEMBER HAYES: Yes.

2 MR. ROATE: Mr. Sewell.

3 MEMBER SEWELL: Yes. It satisfies the
4 State Board's criteria.

5 MR. ROATE: Chairwoman Olson.

6 CHAIRPERSON OLSON: Yes, based on the
7 comments.

8 MEMBER GREIMAN: I'll vote yes.

9 MR. ROATE: That's 6 votes in the
10 affirmative.

11 CHAIRPERSON OLSON: The motion passes.

12 Thank you.

13 - - -

14

15

16

17

18

19

20

21

22

23

24

**APPLICATIONS SUBJECT TO INITIAL REVIEW
CENTEGRA SPECIALTY HOSPITAL WOODSTOCK**

60

1 CHAIRPERSON OLSON: The next item is
2 14-039, Centegra Specialty Hospital Woodstock. May I
3 have a motion to approve Project 14-039, Centegra
4 Specialty Hospital Woodstock to discontinue its acute
5 care hospital. May I have a motion.

6 MEMBER GALASSIE: So moved.

7 MEMBER HAYES: Second.

8 CHAIRPERSON OLSON: Moved by
9 Mr. Galassie seconded by Mr. Hayes.

10 Mike.

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

13 The Applicants are proposing the
14 discontinuation of Centegra Specialty Hospital. There
15 is no cost to the project. No opposition was received.
16 The expected completion date is December 31st, 2015.

17 Thank you Madam Chairwoman.

18 CHAIRPERSON OLSON: Thank you. And for
19 the record, we'll note that the same people are at the
20 table.

21 Questions or comments with regard to this
22 project?

23 (No response.)

24 CHAIRPERSON OLSON: So just for

**APPLICATIONS SUBJECT TO INITIAL REVIEW
CENTEGRA SPECIALTY HOSPITAL WOODSTOCK**

61

1 clarification, if I understand correctly, now that
2 we've discontinued the 70 long-term care beds, which
3 if I'm reading the report right are already empty --

4 MS. STRENG: We have 40 long-term care
5 beds. We temporarily suspended services in September
6 due to some staffing challenges once we submitted the
7 certificate of need application. We currently have
8 the acute mental illness beds that will be relocated.

9 CHAIRPERSON OLSON: So once you relocate
10 your mental illness beds -- which is right --

11 MS. STRENG: Yes.

12 CHAIRPERSON OLSON: -- and you have a
13 few people to place in those beds, at that point this
14 hospital is virtually empty with the exception of
15 hospice having some services there?

16 MS. STRENG: For inpatient services, yes.

17 CHAIRPERSON OLSON: Thank you. I just
18 wanted to clarify that.

19 Other questions or comments?

20 MEMBER GREIMAN: Madam Chair.

21 CHAIRPERSON OLSON: Yes.

22 MEMBER GREIMAN: So what will be the
23 procedure for getting rid of the building? Is that
24 taken care of?

**APPLICATIONS SUBJECT TO INITIAL REVIEW
FRESENIUS MEDICAL CARE ELGIN**

64

1 CHAIRPERSON OLSON: Next is H-03,
2 Project 14-041, Fresenius Medical Care Elgin.

3 May I have a motion -- while the Applicant
4 is coming to the table, may I have a motion to approve
5 Project 14-037 Advocate Good Samaritan Hospital to
6 approve a modernization -- I'm sorry -- I'm sorry.

7 May I have a motion to approve Project 14-041,
8 Fresenius Medical Care Elgin to add 6 stations to an
9 existing 14-station ESRD facility in Elgin?

10 MEMBER GALASSIE: So moved.

11 MEMBER SEWELL: Second.

12 CHAIRPERSON OLSON: Moved by
13 Mr. Galassie, seconded by Mr. Sewell. There is no
14 opposition and no findings to this report.

15 Mike, do you have any other comments?

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

18 The Applicants are proposing to add 6 stations
19 to a 14-station facility in Elgin at a cost of
20 approximately \$1 1/2 million. Their expected completion
21 date is June 30th, 2016.

22 Thank you, Madam Chairwoman.

23 CHAIRPERSON OLSON: Questions or
24 comments? Mr. Bradley -- oh, please be sworn in.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
FRESENIUS MEDICAL CARE ELGIN**

65

1 (Witness duly sworn.)

2 CHAIRPERSON OLSON: I actually have just
3 an observation that I would like for you to address.

4 I know that as the ESRD applicants come to
5 the table we always hear the story over -- not the
6 story -- the facts over and over again that there's a
7 much higher incidence of ESRD patients in the Hispanic
8 and African-American community. It is interesting to
9 me that 82 percent of the patients in this particular
10 facility are white patients.

11 So I guess I'm looking for -- I mean, I think
12 as we come to the table from now on it's something that
13 I will look more closely at. Because to justify an
14 expansion of this facility based on that population
15 seems a little bit disingenuous when we look at a
16 facility like this where the population is 82 percent
17 white. So I don't know if you could comment on that.

18 MEMBER GALASSIE: Isn't that just the
19 local demographics?

20 MS. WRIGHT: Absolutely, we do not deny
21 any patients access to our facility.

22 CHAIRPERSON OLSON: I'm not suggesting
23 that. I think oftentimes -- maybe I need to be a
24 little more diligent about the fact that we approve

**APPLICATIONS SUBJECT TO INITIAL REVIEW
FRESENIUS MEDICAL CARE ELGIN**

66

1 projects based on the fact -- if I'm incorrect -- I do
2 believe there's a large Hispanic population in Elgin.
3 Is that not correct?

4 MS. WRIGHT: It is.

5 CHAIRPERSON OLSON: Just as observation
6 on my part.

7 Any other questions or comments?

8 (No response.)

9 CHAIRPERSON OLSON: Seeing none, I'll
10 call for roll call vote.

11 MEMBER GREIMAN: Wait, wait. I have a
12 couple.

13 CHAIRPERSON OLSON: Justice.

14 MEMBER GREIMAN: I have a problem with
15 our report. Usually we have a list of all the people
16 who surround you, so we know who the people are who
17 are around you and how many beds there are in the
18 district and this doesn't show that.

19 So who is around you? Who is around you?
20 Do you know?

21 MS. WRIGHT: There is a DaVita clinic
22 in Elgin, and they're operating right around the
23 80 percent mark.

24 MEMBER GREIMAN: We don't know -- we

**APPLICATIONS SUBJECT TO INITIAL REVIEW
FRESENIUS MEDICAL CARE ELGIN**

67

1 usually have some data as to how far away various
2 items are.

3 MR. CONSTANTINO: Justice Greiman.

4 MEMBER GREIMAN: Yes.

5 MR. CONSTANTINO: Your rules do not
6 require that information for the addition of stations
7 to an existing facility. That's why that chart's not
8 in there.

9 MEMBER GREIMAN: I see. Well, maybe you
10 should change the rules then.

11 MR. CONSTANTINO: Okay.

12 MEMBER GREIMAN: Thank you.

13 CHAIRPERSON OLSON: Like that, if you
14 don't like the rules, change them.

15 All right. Roll call vote on Project 14-041,
16 Fresenius Medical Care Elgin to add 6 stations to a
17 14-station facility in Elgin.

18 MR. ROATE: Mr. Bradley.

19 MEMBER BRADLEY: Based on the State
20 agency staff report, I vote yes.

21 MR. ROATE: Justice Greiman.

22 MEMBER GREIMAN: Present for the moment.

23 MR. ROATE: Mr. Galassie.

24 MEMBER GALASSIE: Yes, for meeting State

**APPLICATIONS SUBJECT TO INITIAL REVIEW
FRESENIUS MEDICAL CARE ELGIN**

68

1 requirements.

2 MR. ROATE: Mr. Hayes.

3 MEMBER HAYES: Yes, based on the State
4 agency report.

5 MR. ROATE: Mr. Sewell.

6 MEMBER SEWELL: Yes, for the reasons
7 stated.

8 MR. ROATE: Chairwoman Olson.

9 CHAIRPERSON OLSON: Yes, for reasons
10 stated.

11 MEMBER GREIMAN: I'll change my -- I'll
12 vote yes but with some concern about this rule that we
13 have that doesn't require that you give us a full
14 amount of information.

15 MR. ROATE: 6 votes in the affirmative.

16 CHAIRPERSON OLSON: The motion passes.

17 Thank you.

18 - - -

19

20

21

22

23

24

**APPLICATIONS SUBJECT TO INITIAL REVIEW
GOOD SAMARITAN HOSPITAL DOWNERS GROVE**

69

1 CHAIRPERSON OLSON: Next we'll call H-05,
2 Project 14-050 -- I'm sorry -- 14-037, Advocate Good
3 Samaritan Hospital in Downers Grove. Again, this
4 project had no opposition and no findings. May I have
5 a motion to approve Project 14-037 Advocate Good
6 Samaritan Hospital to approve a modernization/
7 construction project at its Downers Grove facility.

8 May have a motion.

9 MEMBER SEWELL: So moved.

10 MEMBER GALASSIE: Second.

11 CHAIRPERSON OLSON: Moved by Mr. Sewell,
12 seconded by Mr. Galassie.

13 Will the applicants be sworn.

14 (Four witnesses duly sworn.)

15 CHAIRPERSON OLSON: Mike, State Board
16 staff report.

17 MR. CONSTANTINO: Thank you,
18 Madam Chairwoman.

19 The Applicants Advocate Health Care and
20 Advocate Health and Hospitals Corporation, doing
21 business as Advocate Good Samaritan Hospital, are
22 proposing to convert all medical, surgical, and
23 pediatric beds to private rooms in new construction at
24 a cost of approximately \$92 million.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
GOOD SAMARITAN HOSPITAL DOWNERS GROVE**

70

1 In addition, the Applicants are decreasing the
2 number of med/surg beds from 185 to 145 and pediatric
3 beds from 16 to 7 beds.

4 The anticipated project completion date is
5 May 31st, 2017. There was no public hearing requested,
6 no opposition, and no findings.

7 Thank you, Madam Chairwoman.

8 CHAIRPERSON OLSON: Does the Applicant
9 have comments for the Board?

10 MR. FOX: Yes. Thank you, Madam
11 Chairwoman and members of the Board. My name is
12 Dave Fox and I'm president of Advocate Good Samaritan
13 Hospital. And the report was very favorable.
14 However, I'd like to take just a couple of moments to
15 highlight some features of the application.

16 CHAIRPERSON OLSON: Please proceed.

17 MR. FOX: We are pleased to be here
18 today with a request for a modernization project that
19 will result in private rooms for all of our medical,
20 surgical, and pediatric patients. The project will
21 add three floors over our west wing and will provide
22 96 new private medical/surgical patient rooms.

23 The current multi-occupancy rooms located in
24 the existing bed tower will be converted to additional

**APPLICATIONS SUBJECT TO INITIAL REVIEW
GOOD SAMARITAN HOSPITAL DOWNERS GROVE**

71

1 private rooms and nonclinical administrative space
2 following the construction. You've heard the supported
3 benefits of private rooms many times before so I will
4 not belabor the point. Private rooms limit spread of
5 infection, reduce the risk of medication errors, enhance
6 patient privacy, and promote an environment of healing.
7 We are excited that this project -- with this project
8 our patients will now be able to enjoy these benefits.

9 In this project we are also right-sizing our
10 complement of inpatient beds. We want to align the
11 needs of our communities with prudent stewardship of
12 health care resources. With that in mind, this
13 project proposes to reduce our licensed medical/
14 surgical beds by 40 and our pediatric beds by 9.

15 Furthermore, these new facilities have been
16 designed to accommodate Advocate's standard for safety
17 as well as energy and operating efficiency.

18 Advocate Good Samaritan Hospital with its
19 900-plus physicians and over 2300 associates has been
20 serving the needs of DuPage County for over 38 years.
21 We provide the highest level trauma in our county and
22 offer the highest level of neonatal intensive care
23 services, as well. Advocate Good Samaritan Hospital
24 is a proud 2010 recipient of the Malcolm Baldrige

**APPLICATIONS SUBJECT TO INITIAL REVIEW
GOOD SAMARITAN HOSPITAL DOWNERS GROVE**

72

1 National Quality Award, the highest presidential honor
2 for performance excellence and quality. We're the
3 only health care recipient in the State of Illinois.

4 With your approval of this project, we can
5 serve our patients better. We would love to tell you
6 more about Good Sam and the great work we do, but in
7 respect for your time we're happy to answer any
8 questions you may have.

9 Thank you.

10 CHAIRPERSON OLSON: Thank you.

11 Questions from the Board members?

12 (No response.)

13 CHAIRPERSON OLSON: Seeing none, I will
14 call for a roll call vote to approve Project 14-037,
15 Advocate Good Samaritan Hospital to approve a
16 modernization construction project at its hospital in
17 Downers Grove.

18 MR. ROATE: Mr. Bradley.

19 MEMBER BRADLEY: Based on the staff
20 report, I vote yes.

21 MR. ROATE: Justice Greiman.

22 MEMBER GREIMAN: For the reasons stated,
23 I vote yes.

24 MR. ROATE: Mr. Galassie.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
GOOD SAMARITAN HOSPITAL DOWNERS GROVE**

73

1 MEMBER GALASSIE: Yes, for reasons
2 stated. And congratulations on your award.

3 MR. ROATE: Mr. Hayes.

4 MEMBER HAYES: Yes, based on the
5 positive State agency report.

6 MR. ROATE: Mr. Sewell.

7 MEMBER SEWELL: Yes, for reasons stated.

8 MR. ROATE: Chairwoman Olson.

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

11 MR. ROATE: 6 votes in the affirmative.

12 CHAIRPERSON OLSON: Good luck.

13 MR. FOX: Thank you very much.

14 MEMBER BRADLEY: Is there anything in
15 our State agency report that tells us how many jobs
16 these projects would create?

17 CHAIRPERSON OLSON: I don't believe so.

18 MR. CONSTANTINO: That's correct.

19 MEMBER BRADLEY: Is it possible?
20 Because it really is a significant economic engine
21 where this is taking place.

22 CHAIRPERSON OLSON: I don't -- do we
23 have a benchmark to even compare that to?

24 MEMBER BRADLEY: Just for our

**APPLICATIONS SUBJECT TO INITIAL REVIEW
GOOD SAMARITAN HOSPITAL DOWNERS GROVE**

74

1 information.

2 CHAIRPERSON OLSON: As information only?

3 MEMBER SEWELL: That's interesting
4 information but I don't know how we could approve or
5 disapprove an application based on that information.

6 MEMBER BRADLEY: I'm not suggesting that
7 we approve or disapprove. I think it would be nice if
8 somewhere along the line Mike said to the hospital,
9 "You're going to spend \$300 million. Can you give us
10 some idea how many jobs that is in your community,"
11 and they might then be aware of doing that and have it
12 in their comments.

13 MEMBER GALASSIE: I guess I tend to
14 agree with both comments. I agree with Member Sewell,
15 the benchmark of our purpose here is for access, not
16 economic gain to the community. But that having been
17 said, I have the same interest as Member Bradley does,
18 and I suspect the reason it's so common for us to have
19 mayors of communities coming in front of us is just
20 for that reason, and it would be an interesting
21 sidebar to be aware of.

22 MR. URSO: I would like to mention that
23 this could not be used as review criteria unless we
24 change our rules. So it could be provided for

**APPLICATIONS SUBJECT TO INITIAL REVIEW
GOOD SAMARITAN HOSPITAL DOWNERS GROVE**

75

1 information only but not to be the basis on which the
2 Board members would make a vote.

3 CHAIRPERSON OLSON: I guess my concern
4 becomes that that does become part of our criteria,
5 not unlike how many construction jobs does a project
6 create, but that's not supposed to be part of what
7 we're supposed to judge merit of the application on.

8 So I would suggest we discuss that a little
9 further and think about it before we jump into something
10 that would cause litigation issues. I'm open to
11 discussing it, but I don't know that I want to just
12 jump on it.

13 MEMBER GALASSIE: Seeing a lot more
14 union representatives coming to public comment.

15 CHAIRPERSON OLSON: Exactly. We'll take
16 that under advisement.

17 Okay. Can we actually take a 10-minute
18 break? 10 minutes and we'll reconvene at exactly 11:00.

19 (Recess taken, 10:55 a.m. to
20 11:08 a.m.)

21 - - -

22

23

24

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

76

1 CHAIRPERSON OLSON: Moving back into
2 open session. For those of you keeping score, we are
3 going to do Project 14-050 right now followed by
4 14-031, University of Chicago Medical Center Chicago.
5 We will then break for lunch and come back in for the
6 NorthPointe project. Thank you.

7 Next order of business is 14-050 Presence
8 Our Lady of the Resurrection Medical Center in Chicago.
9 May I have a motion to approve Project 14-050,
10 Presence Our Lady of the Resurrection Medical Center
11 for the transfer of ownership of its acute care
12 hospital in Chicago?

13 MEMBER GALASSIE: So moved.

14 MEMBER SEWELL: Second.

15 CHAIRPERSON OLSON: Moved by
16 Mr. Galassie, seconded by Mr. Sewell.

17 Let's have the Applicants be sworn.

18 (Five witnesses duly sworn.)

19 CHAIRPERSON OLSON: Mike.

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

22 The Applicant, Community First Healthcare of
23 Illinois, Inc., is proposing the purchase of Our Lady
24 of the Resurrection Hospital, a 299-bed acute care

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

77

1 hospital in Chicago, Illinois. The cost of the
2 transaction is \$30 million, and the anticipated
3 completion date is the December 1st, 2014.

4 No public hearing was requested, and we did
5 not receive any opposition comments, and there were no
6 findings. We did receive a no-objection letter from
7 the Attorney General's office which I placed in front
8 of you and e-mailed to you at the end of last week.
9 As part of that no-objection letter was the monitoring
10 agreement with the Attorney General's office.

11 Thank you, Madam Chairwoman.

12 CHAIRPERSON OLSON: Mike, do we need a
13 motion to put that information into the record?

14 MR. URSO: Madam Chair, if you want to
15 make that a condition, then we have to modify or amend
16 the motion. If you want to make the agreement part of
17 the amendment -- part of the motion, you need to amend
18 the motion.

19 CHAIRPERSON OLSON: Does everybody
20 understand that? If we want to make this agreement
21 from the AG's office part of the motion for approval,
22 we'll need to accept that information into the record.

23 What are the wishes of the Board with regard
24 to that?

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

78

1 (No response.)

2 CHAIRPERSON OLSON: No opinions?

3 (No response.)

4 CHAIRPERSON OLSON: Okay. Then I'm going
5 to -- oh, actually, we have a motion on the floor. The
6 question is, are we going to amend that motion to
7 include the monitoring, compliance, enforcement
8 agreement from the AG's office?

9 MR. URSO: Typically when we have the
10 Attorney General's opinion about a specific project,
11 the Board often adopts the terms of the agreement and
12 the terms that the Attorney General has reached with
13 the applicant, and very often the Board puts that as a
14 condition on the motion and a condition on the permit.

15 That is what is being sought at this point
16 in time, essentially, that the agreement that's been
17 reached among the parties be placed in and be part of
18 the motion of the Board.

19 MEMBER GALASSIE: Having heard that from
20 counsel, I would move that we include the condition as
21 part of our approval process here today.

22 CHAIRPERSON OLSON: So who made and
23 seconded the motioned?

24 MR. ROATE: Motion made by Mr. Galassie,

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

79

1 seconded by Mr. Sewell.

2 CHAIRPERSON OLSON: Just for clarity
3 purposes, I'm just going to ask you if you'd be willing
4 to withdraw your motion because first we're going to
5 have to approve those documents in the record.

6 MEMBER GALASSIE: I withdraw the
7 motion --

8 MEMBER SEWELL: I second.

9 MEMBER GALASSIE: -- and make a second
10 motion --

11 CHAIRPERSON OLSON: Okay. So the motion
12 has been withdrawn and a second.

13 So now I'm looking for a motion to include
14 the three documents from the AG's department into the
15 record.

16 MEMBER GALASSIE: As a condition?

17 CHAIRPERSON OLSON: One document with
18 three sections in it. Can we include that information
19 that was handed to us this morning into the record?
20 May I have a motion?

21 MEMBER GALASSIE: So moved.

22 CHAIRPERSON OLSON: May I have a second?

23 MEMBER HAYES: Second.

24 CHAIRPERSON OLSON: Roll call vote,

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

80

1 please.

2 MR. ROATE: Thank you.

3 Mr. Bradley.

4 MEMBER BRADLEY: Yes.

5 MR. ROATE: Justice Greiman.

6 MEMBER GREIMAN: Yes.

7 MR. ROATE: Mr. Galassie.

8 MEMBER GALASSIE: Yes, so we can move
9 forward.

10 MR. ROATE: Mr. Hayes.

11 MEMBER HAYES: Yes.

12 MR. ROATE: Mr. Sewell.

13 MEMBER SEWELL: I'm going to abstain
14 because I don't see the relevance of this to the CON.

15 MR. ROATE: Madam Chair.

16 CHAIRPERSON OLSON: Yes.

17 MR. ROATE: That's 5 votes in the
18 affirmative, one abstention.

19 CHAIRPERSON OLSON: So the document is
20 now in the record.

21 Is there a motion -- may I have a motion to
22 approve Project 14-050, Presence Our Lady of the
23 Resurrection Medical Center to transfer ownership of
24 its acute care hospital with conditions that Presence

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

81

1 and Community First comply with the November 10th, 2014,
2 monitor compliance and enforcement agreement signed
3 with the Illinois Attorney General's office?

4 MEMBER GALASSIE: So moved.

5 MEMBER HAYES: Second.

6 CHAIRPERSON OLSON: A motion and a
7 second. Does the Applicant now understand the motion
8 on the table?

9 MR. GREEN: Yes.

10 CHAIRPERSON OLSON: Mike, your report,
11 please.

12 MR. CONSTANTINO: I've already given it,
13 Madam Chairwoman.

14 MEMBER GALASSIE: It was excellent, too.

15 CHAIRPERSON OLSON: So the Applicant
16 understands the motion, you agree with the motion, and
17 please present your comments to the Board.

18 MR. GREEN: Yes, Madam Chairwoman, we
19 agree with the terms of the monitoring agreement.
20 Quite frankly, a lot of those terms were previously
21 modified in the asset purchase agreement. So the
22 terms from the monitoring agreement effectively mirror
23 the asset purchase agreement. So we have no objection.

24 CHAIRPERSON OLSON: Can somebody clarify

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

82

1 for me, was that said under oath?

2 MR. GREEN: Yes.

3 CHAIRPERSON OLSON: You were sworn?

4 MR. GREEN: Yes.

5 CHAIRPERSON OLSON: Somewhere along the
6 line I lost track.

7 Do you have any other comments for the Board?

8 MR. GREEN: Yes. We'd like thank the
9 Board and the staff. There were no negative findings,
10 all positive findings, and it's been an incredibly
11 positive experience, quite frankly, working our way
12 through this process.

13 CHAIRPERSON OLSON: Motions or comments
14 from the Board?

15 MEMBER HAYES: Yes.

16 CHAIRPERSON OLSON: First, Justice.

17 MEMBER GREIMAN: Yes. First, you have
18 an agreement which provides that you -- well, let me
19 start out --

20 CHAIRPERSON OLSON: Will you hold the
21 microphone a little closer to your mouth.

22 MEMBER GREIMAN: The purchasers are a
23 private --

24 THE COURT REPORTER: I can't hear him.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

83

1 MEMBER GREIMAN: The purchasers are
2 private people, for-profit people; right?

3 MR. GREEN: What we set up in Illinois --
4 it's a new creation in Illinois called --

5 MEMBER GREIMAN: I know but it is
6 basically for-profit.

7 MR. GREEN: It is ultimately. I'm one
8 of the owners, Mr. Muckelrath is one of the owners,
9 and that's why --

10 MEMBER GREIMAN: So you'll observe the
11 charity rules for two years? Because the charities
12 are very significant in this case. What happens in
13 two years?

14 MR. GREEN: Nothing necessarily needs to
15 happen in two years. Quite frankly, that's a function
16 of your own planning board rules. They actually require
17 purchasers to adopt and keep in place the charity care
18 and Medicaid set of rules.

19 MEMBER GREIMAN: My next question is,
20 your agreement provides there will be no -- "shall not
21 engage in elective" --

22 THE COURT REPORTER: In elective what?

23 MR. ROATE: Abortions.

24 MR. GREEN: That's one of the provisions.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

84

1 right now is -- sorry -- Our Lady of the Resurrection
2 is --

3 MEMBER GREIMAN: I hear what you're saying
4 in terms of Our Lady of the Resurrection as a
5 facility, but you're a for-profit operation and this
6 is an issue for them. Is there some religious issue
7 with for-profits and should there be?

8 MR. GREEN: To be honest, Justice, that
9 is not one of our conditions. That was a condition
10 placed into the document --

11 MEMBER GREIMAN: Speak into the mic.

12 MR. GREEN: That was not one of the
13 conditions that we imposed on ourselves. I think it
14 goes to the fact that it was a Catholic hospital,
15 Presence Our Lady of the Resurrection is currently
16 Catholic. Resurrection owned it before that; they
17 were Catholic. I can turn it over to Margaret to
18 answer why that is in there, but we had no problems
19 keeping it in there because right now they don't do
20 elective abortions.

21 MEMBER GREIMAN: I understand deeply
22 this strikes people.

23 THE COURT REPORTER: I can't hear.

24 MEMBER GREIMAN: But you're private.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

85

1 You're for-profit. Should there be different rules
2 for you, different limitations?

3 I don't know. I don't expect you to answer
4 that. I'm just saying -- anything further you want to
5 respond to that?

6 MR. GREEN: No, not on that point.

7 MEMBER GREIMAN: You put the charity up
8 for two years but not put the abortion up for two years?

9 MR. GREEN: Again, I am certainly not a
10 canon law expert by any stretch of the imagination.
11 There was a condition imposed upon us by the seller.
12 We're okay with the condition because it's currently
13 in place.

14 MEMBER GALASSIE: So Resurrection is
15 trying to keep their footprint on that issue despite
16 the sale.

17 MR. GREEN: I think it is because it's a
18 Catholic hospital. In the past sometimes they do
19 insist on abortions carrying through. It was just one
20 of the conditions, and we agreed to that condition.

21 CHAIRPERSON OLSON: So how long are you
22 bound to that agreement?

23 MR. GREEN: You can make an argument
24 that that would be for certainly as long as we own the

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

86

1 facility.

2 CHAIRPERSON OLSON: Mr. Hayes.

3 MEMBER HAYES: Yes, a couple of things.

4 Could you go through and introduce the
5 people at the table there.

6 MR. GREEN: Sure.

7 First, I'm Ed Green. I'm a health care
8 partner at Foley & Lardner. I'm a 50 percent owner
9 of Community First. Immediately next to me is
10 Rick Muckelrath; Rick owns 50 percent of Community
11 First. Seated next to him is Tim Peters. Tim is from
12 Muneris. He is from the private equity -- from the
13 hedge fund; he is our finance resource, and he will
14 serve on the board with us. Seated next to Tim is
15 Margaret McDermott. She is currently the CEO at Our
16 Lady of the Resurrection. And there's somebody down --

17 UNIDENTIFIED SPEAKER: CON specialist
18 for Presence Health.

19 MEMBER HAYES: Thank you.

20 Now, this is -- now, are you an attorney?

21 MR. GREEN: Yes. I'm also a health care
22 attorney. Owner and health care attorney, correct.

23 MEMBER HAYES: I see. And your firm
24 again is?

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

87

1 MR. GREEN: Foley & Lardner.

2 MEMBER HAYES: And you've come before
3 this Board in the past?

4 MR. GREEN: Yes.

5 MEMBER HAYES: Now, this is not -- this
6 has an organization basically talking about your --
7 this is an Illinois benefit corporation, and it's
8 essentially a hybrid between a for-profit corporation
9 and a not-for-profit corporation. What does that --
10 how does -- what does that mean and how will that
11 affect this transaction?

12 MR. GREEN: Well, first of all, they're
13 unique to Illinois. We've only got -- there's only
14 11 states that currently have benefit corporations in
15 the United States of America. We just passed that
16 statute at the end of 2013. The reason I call it a
17 hybrid is it has combined what I think are the best
18 elements of both types of organizations.

19 In a not-for-profit, you do not have
20 shareholders, but you have a mission, and every year
21 you report to the Attorney General on your mission,
22 and you tell the Attorney General that we have done
23 all of these things for the community. So, in effect,
24 the community owns that not-for-profit.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

88

1 For-profits have shareholders and they don't
2 necessarily have to have a mission other than to
3 make money.

4 An Illinois benefit corporation sort of in
5 my mind takes the best of both. You do have
6 shareholders, which creates sort of accountability,
7 but you have a mission. And part of the reason we've
8 called this Community First is when we looked at Our
9 Lady of the Resurrection, we said we have to put the
10 community first.

11 Our entire bid, that entire asset purchase
12 agreement does one thing. It preserves a hospital and
13 maintains 903 jobs. So we, although it is a -- it has
14 owners, the community will come first. So we've made
15 a number of commitments to sort of put the community
16 first.

17 MEMBER HAYES: Okay. And how do you
18 expect to -- I can understand that for the nonprofit
19 portion, but for the for-profit portion of this, how
20 do you expect -- how are you as the two shareholders,
21 Mr. Green, next to you --

22 MR. GREEN: Mr. Muckelrath, yes.

23 MEMBER HAYES: Muckelrath. How do you
24 expect to make a profit on this? How do you expect to

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

89

1 get a return on your investment, and have you made an
2 investment out of your pockets?

3 MR. GREEN: Yes, we made an investment
4 out of our own pockets and it's a long-term phase.

5 First of all, it's a turnaround. Make no
6 mistake about it, Our Lady of the Resurrection is a
7 turnaround. Quite frankly, all three of us are
8 experienced turnaround specialists; that is primarily
9 what we do. So it is a turnaround.

10 And one of the things we see when we do
11 turnarounds all over the country, there is this model,
12 there is this management company quick turnaround
13 model where they're literally trying to generate profits
14 and revenues on day one. That is not the model we have
15 set up. This is a long-term investment, and if there
16 is return at the end, great, but this is certainly not
17 an investment set up in the short term. We're going
18 to make all the capital commitments that we need for
19 that hospital what needs to be done, we're going to
20 turn the hospital around, and then you hope ultimately
21 at the end, if you have created value, then you can
22 liquidate and realize that value after it's the right
23 thing to do 5 years, 10 years, 15 years now from.

24 But that's why a benefit corporation -- what

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

90

1 is really unique about these benefit corporations.
2 And I'll be candid, it's actually never been done on a
3 scale this size in the state of Illinois, certainly
4 never to buy a hospital. It allows you to have a
5 mission; it allows you to do the right things, and it
6 really does allow you when you approach creditors and
7 other investors -- quite frankly, you don't get in
8 trouble for doing the right thing.

9 So now under that statute we are literally
10 protected from doing all the things that, quite frankly,
11 you should do when you own a community hospital:
12 Provide charity care, provide Medicaid, save 903 jobs,
13 increase services, keep open one of the busiest ERs in
14 all of the city.

15 MEMBER HAYES: Now, do you think this is
16 the largest benefit corporation that is in the state
17 of Illinois --

18 MR. GREEN: I don't --

19 MEMBER HAYES: -- or the most complex?

20 MR. GREEN: It's certainly new. And
21 anything that's new I can't really quantify, but when
22 I went to law school and graduated in 1992, we had --
23 limited liability companies were on the bar exam, and
24 now they are the most popular form of corporate entity.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

91

1 I hear a lot and I've certainly talked to
2 enough bankers, insurance companies, and brokers, I do
3 believe that benefit corporations really do draw a
4 nice distinction and are a go-forward type of corporate
5 entity that I think we're going to see more and more of.

6 And part of the reason we were very excited
7 about doing this is the ability to be the first one to
8 do something and step out and say if we are going to
9 save these types of hospitals that sometimes you have
10 to do something a little bit different.

11 So it is not a traditional for-profit. It's
12 going to drive in between, and we are going to, quite
13 frankly, act like a not-for-profit and do a lot of the
14 same things that that not-for-profit is doing right now.

15 MEMBER HAYES: Presence Health, what is
16 their -- what are they getting out of this? How much
17 money are they -- when you talk about this use of
18 funds or the cost there of \$30 million, it seems like
19 it's not really traditional, you know, basically to a
20 former owner or to Presence health. Are you giving
21 them any cash? Are they getting any benefit from this?

22 MR. GREEN: The community is getting
23 benefit. To the credit of Presence, the entire essence
24 of our bid was unlike any other bid. It was not a

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

92

1 typical for-profit bid where a for-profit comes in and
2 hands a pile of cash to the seller. This was a bid
3 that said the money is going to stay in the community.
4 We are literally going to take the money, not give it
5 to Presence; we're going to take the money, reinvest
6 it in the hospital, reinvest it in the community.

7 MEMBER HAYES: Because you're putting in
8 what, \$10 million in payables at closing?

9 MR. GREEN: And then \$20 million of
10 capital into the structure, into the community.

11 MEMBER HAYES: Now, you basically have
12 committed to this for five years -- well, how long is
13 your commitment before you can sell this hospital?

14 MR. GREEN: Under the document it's
15 five years. So there's no change of ownership for
16 five years which, again, is specifically tied into the
17 capital commitment. The goal of this transaction was
18 to get that \$20 million invested into the community,
19 invested into that hospital. So it's five years
20 within the agreement.

21 MEMBER HAYES: Well, this is a big
22 hospital, and it does have a very -- they've made a
23 lot of investments over the years. Because when did
24 Presence acquire this hospital? Wasn't it Northwest

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

93

1 Community? It was in the past, in about -- what? --
2 in the '90s it was acquired?

3 MS. MC DERMOTT: In 1988 it was acquired
4 by Resurrection. Previous to that it was JFK and
5 Northwest Community. It's been in the community
6 since 1965.

7 MEMBER HAYES: John F. Kennedy Hospital.
8 And what was the original name?

9 MS. MC DERMOTT: Northwest.

10 MEMBER HAYES: Okay. So, basically, if
11 after five years you're not -- I suppose you're putting
12 in some money here, the capital and things like that,
13 but if you're able to make this turnaround, it can
14 become very profitable when and if you sell the
15 hospital after five years.

16 MR. GREEN: Yeah, it could be. That's
17 right, yes. And, again, that gets back to your return
18 concept. So it's a longer term return as opposed to a
19 more typical management-company-driven let's try to
20 take out 5 to 10 percent of the revenues on year one.
21 It's an investment. It's a Warren Buffet long-term
22 investment. It is not a short-term investment.

23 MEMBER HAYES: This is -- when you're
24 talking about your investment with the community, we

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

94

1 are working with a nonprofit community-based, but this
2 is the only one with this extensive agreement with the
3 AG's office there.

4 Now, the monitors, what are the qualifications
5 of the monitors, and who would be the monitors under
6 this agreement?

7 MR. GREEN: I can -- it's all actually
8 in the monitoring agreement, and the monitor is the
9 same monitor that quite frankly is helping you monitor
10 Vista up in Waukegan. Their main qualification was
11 that they were experienced and sort of working with
12 the Attorney General in providing these exact type of
13 reports.

14 This report is quite frankly no different
15 than what you guys would require when you do your
16 annual reports. You would say things like, "We'll
17 take a look at your charity care; we'll take a look at
18 your faculty." And that's why the monitoring
19 agreement -- it was already in the asset purchase
20 agreement. So we contemplated it and, again, we then
21 picked people who had experience doing that exact thing.

22 MEMBER HAYES: And are they an
23 accounting firm and do you use -- are you expected to
24 be and are there audited financial statements already?

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

95

1 MR. GREEN: They will not be the auditors.
2 We do need to have audited financial statements, but
3 to maintain their independence they are not the
4 auditors. Their company is called Development
5 Specialists, Inc. They're from Chicago.

6 MEMBER HAYES: Development Specialists
7 is the name?

8 MR. GREEN: And it's Steven Victor who
9 is the monitor, and that is the exact same monitor
10 from the Vista project up in Waukegan.

11 MEMBER HAYES: And what is the outside --
12 who is your auditor then?

13 MR. GREEN: We have not picked our
14 auditor yet.

15 MEMBER HAYES: Okay. Will you have
16 audits done?

17 MR. GREEN: Yes, we will have
18 audits done.

19 MEMBER HAYES: All right. Well, thank
20 you very much.

21 MR. GREEN: Thank you.

22 CHAIRPERSON OLSON: Mr. Sewell.

23 MEMBER SEWELL: This Illinois benefit
24 corporation doesn't have tax exempt status, does it?

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

96

1 MR. GREEN: That is correct. There are
2 no real benefits to doing this. You don't get tax
3 exempt status; you don't get State tax exemption. It
4 is strictly for-profit in terms of taxes.

5 CHAIRPERSON OLSON: Other questions or
6 comments?

7 MEMBER GALASSIE: Is a benefit
8 corporation specific to health care?

9 MR. GREEN: No. But you have to do a
10 handful of things that they sort of deem to be in the
11 public process, and it turns out health care is one of
12 the things that meets that specific criteria.

13 CHAIRPERSON OLSON: Okay. I'll call for
14 a roll call vote on Project 14-050, Presence Our Lady
15 of the Resurrection Medical Center Chicago to transfer
16 ownership of an acute care hospital with the conditions
17 previously stated.

18 MR. ROATE: Mr. Bradley.

19 MEMBER BRADLEY: I think your project
20 sounds very creative and I hope you're successful.
21 Based on the State agency report, I vote yes.

22 MR. ROATE: Justice Greiman.

23 MEMBER GREIMAN: Thank you. I certainly
24 agree with some of the things that Mr. Bradley said.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

97

1 However, I would hope that you could come back in
2 December with the change of the limitation on the
3 charity for two years. I think most of the other things
4 are five years and charity is two years. I don't
5 understand that, so I'm going to vote no and hope to
6 see you in December.

7 MR. ROATE: Mr. Galassie.

8 MEMBER GALASSIE: I thought I was clear
9 on my vote until I heard the Judge's comments.

10 MR. ROATE: Would you like me to
11 come back?

12 MR. GREEN: Can I throw something out
13 there if that's the case?

14 MEMBER GALASSIE: Actually, I don't
15 think you can but thank you.

16 I'm going to vote yes on this project based
17 upon meeting the State requirements and based upon
18 comments that have previously been made.

19 MR. ROATE: Thank you.

20 Mr. Hayes.

21 MEMBER HAYES: I'm going to vote yes on
22 this project, and I compliment them for their
23 creativity in this situation, and I understand the
24 problems of this hospital and the losses that have

**APPLICATIONS SUBJECT TO INITIAL REVIEW
PRESENCE OUR LADY OF THE RESURRECTION**

98

1 been incurred here, and I'm going to vote yes because
2 of the State agency report.

3 MR. ROATE: Thank you.

4 Madam Chair -- oh, Mr. Sewell. I'm sorry.

5 MEMBER SEWELL: I vote yes because it
6 meets the State's criteria.

7 MR. ROATE: Madam Chair.

8 CHAIRPERSON OLSON: I also vote yes.
9 And I think it's a very intriguing concept, and I
10 really hope this goes like crazy because I think it
11 could be duplicated in some other areas. So I vote yes.

12 MR. ROATE: That's 5 votes in the
13 affirmative, 1 in the negative.

14 CHAIRPERSON OLSON: The motion passes.

15 - - -

16
17
18
19
20
21
22
23
24

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

99

1 CHAIRPERSON OLSON: Next we have
2 University of Chicago Medical Center, Project 13-031.

3 As the Applicants move to the table, may I
4 have a motion to approve Project 14-031, University of
5 Chicago Medical Center to relocate its --

6 MEMBER BRADLEY: So moved.

7 MEMBER GREIMAN: Second.

8 CHAIRPERSON OLSON: -- Labor and
9 delivery unit on its campus of its acute care hospital?
10 Did I hear a motion?

11 MR. ROATE: Mr. Bradley and Justice
12 Greiman; correct?

13 MR. CONSTANTINO: Yes.

14 MR. ROATE: Motion made by Mr. Bradley,
15 seconded by Justice Greiman.

16 CHAIRPERSON OLSON: Thank you.
17 Would you please be sworn in.

18 (Five witnesses duly sworn.)

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

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

23 The University of Chicago Medical Center
24 proposes to relocate its labor and delivery from its

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

100

1 current location in the existing adult acute care
2 hospital on campus Bernard Mitchell Hospital to the
3 third floor of its Comer Center for Children and
4 Specialty Care.

5 The cost of the project is approximately
6 \$17 million. The anticipated completion date is
7 December 31st, 2017. There was no opposition to this
8 project, and the State Board staff had three findings.

9 Thank you, Madam Chairwoman.

10 CHAIRPERSON OLSON: Presentation to
11 the Board.

12 MS. O'KEEFE: Thank you. I'm Sharon
13 O'Keefe, president of the University of Chicago
14 Medical Center. I have with me here today Dr. Kenneth
15 Nunes, who is the medical director of our Women's Care
16 Center; Karen Stratton, who is our vice president for
17 Women's and Children's Service; John Beberman, director
18 of capital budgets; and Joe Ourth, our CON legal
19 counsel.

20 We're here today to seek approval of a
21 project to relocate our labor and delivery unit from
22 its current location in Mitchell Hospital to shelf
23 space in the third floor of our Comer Children's
24 Hospital complex.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

101

1 At the completion of this project University
2 Medical Center would become one of a select number of
3 hospitals equipped to provide advanced care to both
4 high-risk mothers and babies in a dedicated facility.
5 The new location in the Comer Children's Hospital would
6 place our labor and delivery unit in close proximity
7 to our neonatal intensive care unit. This adjacency
8 creates numerous clinical advantages, including
9 immediate access to neonatologists, pediatricians, and
10 nurses specially trained in the care of fragile infants.

11 The project would add one LDR (labor, delivery
12 and recovery room) to our existing capacity of eight
13 LDRs and maintain the current number of C section rooms
14 at two. Overall the proposed new unit is actually
15 15 percent smaller than our current unit. The
16 configuration of the space promotes efficient patient
17 care and is designed to better meet the clinical needs
18 of our unique obstetric population. The modest increase
19 in capacity will allow us to accommodate future growth.

20 The project has no written opposition and,
21 as you heard earlier in the public hearing portion of
22 today's activities, has support from clinicians,
23 patients, Federally qualified health centers, and
24 hospitals within our regional perinatal network. All

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

102

1 of these individuals recognize and support the
2 essential growth the medical center has in caring for
3 high-risk patients on Chicago's south side.

4 This facility's project is truly driven by
5 community need and in support of our role as a
6 regional perinatal center. University of Chicago
7 Medical Center remains one of the largest Medicaid
8 providers in the state of Illinois and an essential
9 provider of tertiary services on the south side of
10 Chicago.

11 This new facility will be a resource to our
12 entire community. 64 percent of our labor and
13 delivery patients are covered by Medicaid, and
14 approximately 35 percent of our patients who arrive
15 close to their delivery date have not been seen during
16 their pregnancy by our physicians and in many cases
17 have received no prenatal care. This is a challenging,
18 complex patient population, and they deserve our best
19 care along with contemporary facilities.

20 While we project modest growth in the coming
21 years, this project is not about financial margins. Our
22 obstetrical service has sustained a 12 percent operating
23 deficit this past year which equates to approximately
24 a \$6 million loss. Despite these financial losses, we

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

103

1 remain committed to serving our community and
2 fulfilling our role as a regional perinatal center.

3 The medical center is one of 10 administrative
4 perinatal centers designated by the Illinois Department
5 of Public Health and the only one on the south side of
6 Chicago. As a perinatal center, a medical center has
7 to be capable of providing the highest level of care
8 for the most complex, high-risk moms and babies on a
9 24-hour basis. We need to be available for immediate
10 consultations, referrals, and patient transports.

11 Caring for this population is inherently an
12 unpredictable business and requires capacity for peak
13 periods of demand.

14 We serve as a resource hospital for
15 14 hospitals within our region that have a collective
16 17,500 births per year. Our state mandate requires
17 that we be prepared to care for these hospitals' most
18 complex patients on a moment's notice. The availability
19 of ample number of LDR and C-section rooms to
20 accommodate this critical population is extremely
21 important. Emergency situations can develop rapidly
22 with these patients.

23 We received three negative findings in the
24 State agency review related to historic utilization,

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

1 projected utilization, and assurances. All other
2 criteria received positive findings.

3 While we may not reach the State standard
4 for utilization, the complex and random nature of our
5 obstetrics practice, our role as a regional resource,
6 and the long lengths of stay for many of our patients
7 warrant the number of rooms we have proposed.

8 Our application acknowledges we would not
9 meet the State's target occupancy by the second year
10 after project completion. Our respect for the process
11 precludes us from providing an assurance letter that
12 would, in fact, not be true. We believe the care we
13 provide is an exception to this rule and ask for your
14 full consideration of our capacity request.

15 Dr. Nunes is here with me, and I would just
16 ask him if he could make some comments about the daily
17 demands and realities of caring for this high-risk
18 population I have referenced in my comments.

19 Dr. Nunes.

20 DR. NUNES: Thank you.

21 In 2009 I was recruited to the University of
22 Chicago Medical as director for labor and delivery
23 unit. I had previously worked at several tertiary
24 care centers including the University of Virginia.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

105

1 And during my interview for this position, I can recall
2 my chairman informing me or, more appropriately, warning
3 me that the labor and delivery unit at the University
4 of Chicago Medical Center was unique, unique in that
5 it cared for incredibly high-risk, complicated pregnant
6 women with serious health issues who often have little
7 or no prenatal care.

8 As my colleague Dr. Siddiqui pointed out
9 earlier, we are a unit that cares for many sick
10 pregnant women often morbidly or superobese with
11 underlying medical problems that have a potential to
12 cause harm to their pregnancy and their baby. A
13 staggering statistic is that one in five pregnant
14 women at the University of Chicago Medical will meet
15 the criteria for morbid or superobesity. With obesity
16 comes other medical problems such as high blood
17 pressure, diabetes, heart disease, blood clots to name
18 a few. Adding to this statistic is another obstacle.
19 One in every three patients who come to our unit has
20 had little or no prenatal care.

21 So as you can see, complex patients, multiple
22 serious medical problems, the lack of good prenatal
23 care, and the risk these health issues create for both
24 mom and baby, for all these reasons these patients

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

106

1 need to stay on labor and delivery so that they can be
2 properly evaluated and closely monitored.

3 To give you a similar example to what
4 Dr. Siddiqui spoke about earlier, we had a young mom
5 who came to triage and was admitted last week with
6 elevated blood pressure and a headache. Since she had
7 no prenatal care, her evaluation started from scratch.
8 After 48 hours of monitoring, she was diagnosed with
9 preeclampsia. As Dr. Siddiqui mentioned earlier, this
10 is a very serious condition.

11 The decision was made to induce labor. Her
12 labor induction was very slow, which is often the case
13 when we are forced to intervene and the mom's body is
14 not ready. After three days of inducing her labor, a
15 Cesarean section was ultimately performed.

16 Her total length of stay on labor and
17 delivery, five days. The average length of stay is
18 12 hours. While this may sound anecdotal, we see
19 patients like this every day that often require labor
20 and delivery for long periods of time.

21 It's also been pointed out that the
22 University of Chicago is the only Level 3 perinatal
23 center on the south side of Chicago. As a lead
24 perinatal center, we have a responsibility to accept

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

107

1 pregnant women who present to us with complicated
2 medical and/or obstetric problems. We must always be
3 available to accept patients from one of our member
4 hospitals, and we can only do this with an acceptable
5 number of beds that takes into consideration all the
6 factors above plus the inherent unpredictability of a
7 labor and delivery room.

8 Thank you.

9 MS. O'KEEFE: Thank you, Dr. Nunes.

10 We appreciate this opportunity to explain
11 the need for this project and ask your support that we
12 may continue to provide the essential services to moms
13 and babies in our community and throughout the region.

14 We'd be happy to entertain any questions.

15 CHAIRPERSON OLSON: Thank you.

16 Mr. Sewell.

17 MEMBER SEWELL: Yes. I want to applaud
18 you for not reading the assurances letter.

19 I guess I want to hear why you didn't consider
20 the alternative of moving fewer beds because then
21 there would have been no findings in the State agency
22 report.

23 MS. O'KEEFE: Well, we had evaluated a
24 number of alternatives. Our current unit is located

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

108

1 in the Mitchell Hospital, and the cost of renovating
2 in place would have been much more substantial than
3 building new in the shell space.

4 The configuration of our current unit -- and
5 Dr. Nunes or Karen Stratton could comment on this --
6 is poorly configured. It is inefficient. The sight
7 lines for patients and the ability of clinicians to
8 work together, even if we invested more money, would
9 come up with a suboptimal solution, and the ability to
10 design a new facility within the Comer Children's
11 Hospital and to create the adjacency to our neonatal
12 intensive care unit population was very compelling.

13 So after we evaluated all alternatives from
14 a cost standpoint, investment, efficiency, and safety
15 standards, we opted to move to the Comer.

16 CHAIRPERSON OLSON: Other questions or
17 comments from Board members?

18 (No response.)

19 CHAIRPERSON OLSON: Seeing none, I'll
20 ask for a roll call vote to approve Project 14-031,
21 University Medical Center to relocate the labor and
22 delivery units on the campus of the acute care
23 hospital. Roll call vote, please.

24 MR. ROATE: Mr. Bradley.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

109

1 MEMBER BRADLEY: To be asked to support
2 a superior medical center in Chicago and a project that
3 seems to be very worthwhile and is of great service to
4 the community, I also applaud your being forthright on
5 the criteria and how it will affect you. You've met
6 the overwhelming criteria, and I wish you well and
7 vote yes.

8 MR. ROATE: Justice Greiman.

9 MEMBER GREIMAN: I very much appreciate
10 the candor of your statements, and you understand the
11 situation and happily vote yes.

12 MR. ROATE: Mr. Galassie.

13 MEMBER GALASSIE: Mr. Galassie votes yes
14 based on the comments previously made, and at the
15 close of the vote I want to you ask you a quick
16 question not related to the subject.

17 MR. ROATE: Mr. Hayes.

18 MEMBER HAYES: I'm going to vote yes. I
19 think they've addressed the criteria for noncompliance.
20 I think that we have approved many of their projects
21 in the past at Comer Children's Hospital, as well as
22 at the Mitchell facility there, and I think that this
23 is a great facility, and I agree with many of the
24 comments that have been said previously, and so I'm

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

110

1 going to vote yes.

2 MR. ROATE: Mr. Sewell.

3 MEMBER SEWELL: I'm going to vote an
4 extremely reluctant yes because I think there -- I
5 think the health status of the patients that they're
6 going to see in this unit will cause longer lengths of
7 stay and even though they won't reach it within
8 two years, they will ultimately reach it very shortly
9 after that. Is there such a thing as an extremely --
10 okay. I vote yes.

11 MR. ROATE: Madam Chair.

12 CHAIRPERSON OLSON: I applaud and vote
13 yes for the reasons stated.

14 MR. ROATE: 6 votes in the affirmative.

15 CHAIRPERSON OLSON: The motion carries.

16 MEMBER GALASSIE: We are fortunate to
17 have someone with such experience and knowledge here,
18 and at times we like to better educate ourselves on an
19 issue.

20 We've been having a dialogue -- I think it's
21 a fairly simple question, but with the advent of
22 Obamacare and national health care and discontinuation
23 of private insurance as we've known it, the concept of
24 charity care within hospitals, does that become moot

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

111

1 as we've known charity care?

2 MS. O'KEEFE: I think on the Affordable
3 Care Act all of us as providers are enthusiastic about
4 having everyone have access to health care coverage.
5 What we have seen just in the last year is a
6 conversion of what was uninsured or patients presenting
7 with no insurance converting and either being able to
8 access coverage through the exchanges or converting
9 into Medicaid.

10 So we have seen a gradual decrease -- it has
11 not been eliminated -- a gradual decrease in the
12 number of patients that we serve that are completely
13 uninsured to being covered by some form of insurance,
14 and we are grateful for that.

15 MEMBER GALASSIE: Thank you for your
16 comments.

17 CHAIRPERSON OLSON: If I could just
18 piggyback on that, is it your feeling those patients
19 will continue to stay on those plans?

20 MR. CONSTANTINO: We can't hear
21 you, Kathy.

22 CHAIRPERSON OLSON: Are they going to
23 get tired of paying their premium or -- even though
24 they have a copay and a deductible --

**APPLICATIONS SUBJECT TO INITIAL REVIEW
UNIVERSITY OF CHICAGO MEDICAL CENTER**

112

1 MS. O'KEEFE: I think we're all going to
2 learn about how that's going to play out here. This
3 is the first year of the renewal. So we're going to
4 learn a lot as people go into the second year of their
5 insurance coverage.

6 CHAIRPERSON OLSON: We will adjourn for
7 lunch. It is 10 to 12:00. We will reconvene in this
8 room at 1:00 p.m.

9 Thank you very much.

10 MEMBER GALASSIE: Thank you.
11 Congratulations.

12 (Recess taken, 11:51 a.m. to
13 1:01 p.m.)

14 - - -

15

16

17

18

19

20

21

22

23

24

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

113

1 CHAIRPERSON OLSON: I'm going to call
2 the meeting back to order.

3 The next order of business is Project 14-040,
4 NorthPointe Health and Wellness Campus in Roscoe.
5 While the Applicants approach, may I have a motion to
6 approve Project 14-040, NorthPointe Health and Wellness
7 Roscoe for approval of the establishment of a
8 freestanding emergency center?

9 MEMBER GALASSIE: So moved.

10 MEMBER HAYES: Second.

11 (Eight witnesses duly sworn.)

12 CHAIRPERSON OLSON: Just remember that
13 when you're speaking to introduce yourself for the
14 court reporter.

15 Mike, State Board staff report.

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

18 The Applicant Beloit Health System is
19 proposing to establish a freestanding emergency center
20 in Roscoe, Illinois. The cost of the project is
21 approximately \$1 1/2 million. The anticipated date of
22 completion December 15th, 2017.

23 I would like to note on page 8 of the report,
24 that table is in error, and I put in front of you

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

114

1 today a corrected table. As you can see the --
2 corrected page 8 is what it was, the table, Table 3,
3 which is the safety net information that they provided
4 us originally, and then Dr. Burden had suggested that
5 the Applicants provide three years' annual hospital
6 profile information for Beloit, and from that
7 information it was deemed that the information in the
8 safety net impact table was incorrect.

9 CHAIRPERSON OLSON: Thank you, Mike.

10 MR. CONSTANTINO: One other thing.
11 There was a public hearing on this project, and there
12 was opposition, and we have three State findings.

13 CHAIRPERSON OLSON: Thank you.

14 MR. CONSTANTINO: Thank you.

15 CHAIRPERSON OLSON: Just for a point of
16 clarification, too, on page 16, Table 5, hospital EDs
17 within 30 minutes, the three hospitals are
18 St. Anthony's, Rockford Memorial, and Swedish American.
19 I didn't want to give Rockford Memorial the OSL. That
20 could cause some difficulty.

21 Okay. Comments for the Board.

22 MR. MC KEVETT: Thank you,
23 Madam Chairwoman. I appreciate the opportunity to sit
24 before the Board today and express our desire for a

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

115

1 new project at our NorthPointe campus. My name is
2 Tim McKeveatt. I'm president and CEO of the Beloit
3 Health System. We are asking for certificate of need
4 to convert our existing immediate care to a
5 freestanding emergency center on our NorthPointe
6 Health and Wellness campus.

7 As you can tell from earlier testimony and
8 at the public hearing, we have very strong community
9 support from the municipalities of Roscoe, Rockton,
10 South Beloit, the EMS providers in that area, law
11 enforcement, the business community, and most
12 importantly, our patients. To the best of my
13 recollection, the only opposition that we have is from
14 our competition.

15 There are three key points to help justify
16 this project in our community.

17 First is improved access to emergency care
18 for our patients, community, and EMS providers. The
19 project will result in a quicker response time for
20 emergency care and will also help us expand our safety
21 net coverage for Medicaid and the uninsured.

22 The second key point is the ease of
23 conversion to a freestanding emergency center. Our
24 current immediate care is operating at a high level of

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

1 care, basically, an extension of our emergency
2 department. We have been serving as a de facto
3 freestanding emergency center, but we understand we
4 need to have a license to be able to accept ambulance
5 transfers.

6 The third key point is cost effectiveness of
7 conversion. The facility is already in place. We
8 decided to offer a higher level of care. We have
9 board-certified emergency room physicians in our
10 immediate care, our nurses are the same nurses that
11 work in our ER in Beloit, and we have support
12 departments with a full laboratory and imaging.

13 The Beloit Health System has been physically
14 in the Roscoe system since 1991. We have a primary
15 care center there. We outgrew that center and after
16 due consideration by this Board, we established our
17 NorthPointe campus in 2007.

18 The NorthPointe campus is a comprehensive
19 health and wellness campus that includes physician
20 offices of primary and specialty care, diagnostic
21 services, occupational health and physical therapy, a
22 medically integrated wellness and fitness center,
23 assisted living, and then the high level of emergency
24 care.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

1 The Beloit Health System is a not-for-profit
2 entity that owns and operates the NorthPointe campus.
3 It also owns and operates the Beloit Memorial Hospital
4 which serves as an associate hospital that participates
5 in the NorthPointe's EMS region.

6 44 percent of our activity, because Beloit
7 is located directly on the state line, comes from
8 Illinois residents. Our current NorthPointe immediate
9 care has approximately 6700 square feet and as I
10 mentioned is staffed by board-certified emergency room
11 physicians and ER nurses. Our imaging does consist of
12 a CT scanner, digital X-ray, portable X-ray,
13 ultrasound, and MRIs, the tools that our physicians
14 need. We have a full laboratory.

15 Our current hours of operation are 9:00 a.m.
16 to 9:00 p.m. We're open 362 days a year and have
17 approximately 9500 visits on an annual basis.
18 63 percent of our patients come from the primary service
19 area of Roscoe, Rockton, and South Beloit. Another
20 20 percent come from Beloit, and less than 3 percent
21 come from the Rockford area.

22 The scope of the proposed project involves
23 modernizing 1,180 square feet of our existing immediate
24 care through the freestanding emergency center

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

118

1 licensing requirements. No new space will be added;
2 it's all internal renovations. We need to expand our
3 trauma room to meet standards, create a decontamination
4 room with an exterior exit, install a helipad, and put
5 in emergency power. The total cost of the project is
6 \$1,443,398.

7 One area of noncompliance in the State
8 agency report is the dollar amount associated with the
9 preplanning cost. This is \$9,900 above the State
10 standard, which is only 1 percent of the total project.
11 The reason that it's so big is the total project cost
12 is low. So as a denominator being high, the preplanning
13 costs being consistent, it created an overage in
14 that area.

15 The project will expand our coverage for
16 24/7/365 and provide an on-site ambulance transfer
17 program.

18 In summary, the benefits of the project
19 include improved access to emergency care, improved
20 quality and quicker access to expert emergency care,
21 and you heard the EMS individuals' testimony to that.
22 It will cut our response times and transfer times from
23 the community to either Beloit or the Rockford hospitals
24 in half, and every minute counts in those emergency

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

119

1 situations.

2 We understand again it is another area of
3 noncompliance with the State agency report that the
4 calculated excess capacity in the market based on the
5 State standards of 2,000 visits per ER room is not
6 met. We understand this is one factor in the Board's
7 consideration process and that the Board has
8 flexibility to approve FSECs and, in fact, has
9 approved FSECs when this capacity in the market has
10 not been met. We sincerely hope that the Board
11 exercises its discretion with our project.

12 We believe that a more contemporary ER
13 utilization standard is appropriate for the Board to
14 consider and the benefits of the quicker ER care
15 outweigh the standard. And to talk about that new
16 modernization standard aspect I've asked
17 Dr. Jack Maher, head of our emergency room, to speak
18 to these issues.

19 Dr. Maher.

20 DR. MAHER: Good afternoon. I'm
21 Dr. John Maher, M-a-h-e-r. I'm a board-certified
22 emergency physician and group manager for the
23 physician group that staffs the NorthPointe facility.
24 I've been in practice in emergency medicine for some

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

120

1 30 years, and I'm here today to speak in favor of
2 Project 14-40, the transition of NorthPointe from an
3 immediate care facility to a freestanding emergency
4 center.

5 I'd like to speak to two issues today.
6 First, the current definition for bed capacity
7 standard used by the State of Illinois and, second,
8 the value of reduced transport time.

9 The current utilization standard used by the
10 State is 2,000 visits per bed per year. The standard
11 has been in use for quite some time. There currently
12 exist some updated standards, utilization standards
13 that propose utilization of 1,358 to 1,750 visits per
14 station. I believe with this standard we would be
15 complying.

16 We've noticed several aspects about the
17 community, the Roscoe/Rockton community. We've noticed
18 that patients are becoming sicker, their medical
19 problems are becoming more complex, and that the
20 community is growing, more patients having access to
21 insurance or seeking access to care.

22 My second issue is the value of reduced
23 transport time. For serious injury or medical
24 conditions it is often said that time is muscle and

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

121

1 often specifically was talking about the heart muscle.
2 Transport times by local EMS services to NorthPointe
3 are approximately 7 to 8 minutes. Transport times to
4 other Rockford area EDs can be about 15 or 20 minutes.
5 Also, during peak volume times at the Rockford hospitals
6 they may be near full capacity. Patients arriving
7 during these peak times may not be evaluated immediately
8 upon arrival. This may cause some additional delay.
9 Also, there may be some delay in putting EMS services
10 back in service. Lower volume facilities perhaps such
11 as NorthPointe may not have such peak volume delays.

12 As previously stated, time is muscle. And
13 specifically heart muscle it's been shown that reducing
14 time to administering such medications as the clock-
15 busting medications for patients of heart attacks or
16 certain strokes can markedly improve outcome and
17 quality of life. I've cared for patients at NorthPointe
18 that have had these issues, and rapid transport and
19 evaluation and therapy definitely improves their life
20 status.

21 Thank you for the opportunity to speak on
22 behalf of this project.

23 MR. MC KEVETT: To complete the benefits
24 of the project, as Dr. Maher had mentioned, keeping

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

122

1 the EMS and the ambulances in service, you heard from
2 the EMS providers it's important to provide community
3 safety and greater access to emergency care; the
4 minimal cost on the conversion because we have an
5 infrastructure already in place.

6 We also will increase patient access to
7 safety net. We hold ourselves to the EMTALA Federal
8 standard, which means we treat everybody regardless of
9 the ability to pay that comes into the emergency room,
10 and we would continue that standard, of course, as we
11 move forward if approved for the freestanding emergency
12 center. 24 percent of our patients in our immediate
13 care are Medicaid, and 4 percent are self-pay.

14 We have patient freedom of choice. If a
15 patient comes to us and needs to be transferred,
16 currently we are transferring to the Rockford
17 hospitals. We'd continue to do that. This would help
18 to lessen the impact on the Rockford hospitals.

19 The new facility will bring 12 new jobs to
20 the area and 6 new construction jobs over the life of
21 the construction project.

22 For these reasons and the outstanding
23 community support and need that we see, we ask that
24 you consider the project and approve our certificate

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

123

1 of need. Thank you.

2 CHAIRPERSON OLSON: Thank you.

3 Questions and comments from Board members?

4 (No response.)

5 CHAIRPERSON OLSON: I actually have a
6 question. So you're converting your immediate care
7 clinic to an emergency department?

8 MR. MC KEVETT: Correct.

9 CHAIRPERSON OLSON: What does this do
10 for the cost of care of those individuals who need an
11 immediate care clinic as opposed to an emergency
12 department? Isn't that going to make the burden on
13 those patients more expensive?

14 MR. MC KEVETT: Right now our pricing
15 structure is actually higher than the typical
16 convenient care because we're providing emergency room
17 physicians. So there will be minimum increase and
18 impact.

19 It's stratified over five different levels,
20 the highest level being the most complex care down to
21 the lowest level, which is a lower cost alternative.
22 So it is stratified based on the level of service.

23 CHAIRPERSON OLSON: So anybody who shows
24 up, if this becomes a freestanding emergency department,

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

124

1 will be charged according to -- there won't be an
2 emergency department charge? If I come in because I
3 have a child with acute strep throat, I'm not going to
4 get an emergency department charge? I'm going to get
5 charged what I would get charged in an immediate care
6 clinic for a strep throat visit?

7 MR. MC KEVETT: Point of clarification,
8 our current charges are probably higher than the
9 average convenient care because we're using emergency
10 department physicians. We will match our price
11 structure so there will be a slight increase when and
12 if we're approved.

13 The key that we've done there I think that
14 has helped from a cost perspective is if they're seen
15 in our immediate care and transferred up to our
16 facility in Beloit, we don't double-charge them. We
17 don't charge them again for that emergency room. That
18 would just go through as a nonadditional charge. So
19 we don't double-charge the patient.

20 CHAIRPERSON OLSON: Thank you. And then
21 I also -- somebody stated earlier today -- and I hope
22 I have the statistic right -- that one in five people
23 that show up in an emergency room generally need to be
24 admitted. So what does it do to the outcome of that

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

125

1 patient to instead of spending the extra seven minutes
2 to go to RMH or whoever to go NorthPointe, be treated,
3 and then have to be moved again?

4 DR. MAHER: I believe at Beloit our
5 initial rate is about 9 percent. Your question is
6 well placed.

7 Patients that come to the emergency
8 department, let's say the freestanding emergency
9 center, they would be stabilized. In other words,
10 their treatment would be done at that facility. We
11 may initiate IV therapy; we may initiate some
12 medication, oxygen, do some interventions to stabilize
13 their condition, and then they would either be
14 directly admitted to the hospital, have to be
15 transported by ambulance, be directly admitted to the
16 hospital, or sometimes they would stop briefly in the
17 emergency department before they are taken upstairs to
18 their regular hospital bed, if that answers your
19 question.

20 CHAIRPERSON OLSON: Because one of the
21 other comments that was made at the hearing -- as you
22 know, I was at the hearing -- was that your ambulances
23 are tied up due to this transport, but are you not
24 going to tie them up twice then for people to have to

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

126

1 be taken to NorthPointe once and then taken to Beloit
2 after the decision is made to admit?

3 MR. MC KEVETT: As part of the
4 stipulations and the regulations for the freestanding
5 ER, we have to engage our own ambulance services. So
6 this will be separate from the Harlem-Roscoe Fire
7 District, the individuals you heard from today. We
8 will have a 24/7 ambulance staffed with a paramedic at
9 our facility for that purpose.

10 CHAIRPERSON OLSON: Other questions or
11 comments?

12 Justice.

13 MEMBER GREIMAN: Yes. I think I
14 misunderstood. You said that they previously were
15 going to be 362 days a year, but now you're changing
16 it to be 365 days a year; is that correct?

17 MR. MC KEVETT: That's correct.

18 MEMBER GREIMAN: You're open up all
19 the -- what were the three days, by the way?

20 MR. MC KEVETT: Christmas, New Year's,
21 and Thanksgiving.

22 MEMBER GREIMAN: Merry Christmas. Okay.

23 MEMBER HAYES: Madam Chair.

24 Is Beloit Memorial Hospital licensed in the

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

127

1 state of Illinois?

2 MR. MC KEVETT: Beloit Memorial Hospital
3 is not licensed in the state of Illinois. We are an
4 associate hospital unless we believe we met the EMS
5 standard to be able to do a freestanding emergency room.

6 MEMBER HAYES: So, basically, you feel
7 that you have met the standard to be able to operate a
8 freestanding emergency center in Illinois even though
9 you're not a licensed facility?

10 MR. MC KEVETT: That is correct. And we
11 did have a -- we did have a -- our legal opinion on
12 that is we did query the staff on this issue, we
13 showed them our associate hospital agreement and our
14 standing, and we did receive feedback back from the
15 Board staff that we could move forward, in fact --
16 move forward with not a guarantee of license, move
17 forward when we've met the requirements to be able to
18 be a freestanding emergency center.

19 MEMBER HAYES: All right. Thank you.

20 CHAIRPERSON OLSON: Other questions or
21 comments from Board members?

22 Mr. Bradley, did you have something?

23 MEMBER BRADLEY: No.

24 CHAIRPERSON OLSON: And I do believe --

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

128

1 I apologize, David Penn -- I don't have a motion on
2 the floor. So may I have a motion to approve
3 Project 14-040, NorthPointe Health and Wellness Campus
4 for approval to establish a freestanding emergency
5 center? May I have a motion?

6 Oh, we do have one?

7 MR. ROATE: We had a motion.

8 Mr. Galassie made it, and Mr. Hayes seconded.

9 CHAIRPERSON OLSON: See, you just can't
10 feed me.

11 I'll call for a roll call vote, please.

12 MR. ROATE: Mr. Bradley.

13 MEMBER BRADLEY: The staff has reviewed
14 this and found that it does not meet the service
15 accessibility standard, it is unnecessary duplication
16 of service, and the reasonableness of the project cost
17 does not comply. I think these are significant items
18 and I vote no.

19 MR. ROATE: Justice Greiman.

20 MEMBER GREIMAN: I think that they've
21 shown the necessity for it and the issues are
22 difficult to service the communities, so I vote yes.

23 MR. ROATE: Mr. Galassie.

24 MEMBER GALASSIE: I'll vote no based

**APPLICATIONS SUBJECT TO INITIAL REVIEW
NORTHPOINTE HEALTH AND WELLNESS ROSCOE**

129

1 upon the issues noted by Member Bradley.

2 MR. ROATE: Mr. Hayes.

3 MEMBER HAYES: I'm going to vote no
4 based on the issues described by Member Bradley.

5 MR. ROATE: Mr. Sewell.

6 MEMBER SEWELL: I vote no for reasons
7 previously stated.

8 MR. ROATE: Madam Chair.

9 CHAIRPERSON OLSON: I vote no for the
10 negative findings in the State Board staff report and
11 the negative impact on other providers in the area.

12 MR. ROATE: 1 vote in the affirmative,
13 5 votes in the negative.

14 CHAIRPERSON OLSON: The motion fails.

15 MR. URSO: You'll be receiving an intent
16 to deny. You'll have an opportunity to come before
17 the Board, as well as to supply additional information.

18 MR. MC KEVETT: Thank you.

19 - - -

20

21

22

23

24

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

130

1 CHAIRPERSON OLSON: Next we have
2 Project 14-042, DaVi ta Tinley Park Di alysis, Tinley
3 Park. While the Applicant is coming to the table, may
4 I have a motion to approve Project 14-042, DaVi ta
5 Tinley Park Di alysis to establish a 12-stati on ESRD
6 faci lity?

7 MEMBER BRADLEY: So moved.

8 MEMBER SEWELL: Second.

9 CHAIRPERSON OLSON: Moved by Mr. Bradl ey,
10 seconded by Mr. Hayes -- I'm sorry -- Mr. Sewell.

11 And we will have the Applicants sworn in.

12 (Three witnesses duly sworn.)

13 CHAIRPERSON OLSON: Mike, State board
14 staff report.

15 MR. CONSTANTINO: Thank you,
16 Madam Chai rwoman.

17 The Applicants are proposing to establish a
18 12-stati on ESRD faci lity in Tinley Park, Illi nois.
19 The cost of the project is approxi mately \$3.7 milli on.
20 There was oppositi on to this project. No publi c
21 hearing. And the expected project completi on date is
22 October 31st, 2016. We had one findi ng on this
23 appli cati on.

24 CHAIRPERSON OLSON: Thank you, Mark --

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

131

1 Mark? -- Mike.

2 Mr. Sheets, do you have comments for the
3 Board? Help me, please.

4 MR. SHEETS: I think Penny does.

5 MS. DAVIS: Madam Chair, I would like to
6 thank you, first of all, to allow us to have a meeting
7 in a hangar with an airplane in it. This is really
8 cool. I've never had a meeting in a hangar, so thank
9 you. At my age you don't expect many surprises.

10 As you know, Chuck Sheets is our CON attorney,
11 and with me is Dr. Shafi, who will be the medical
12 director and one of our joint venture partners for
13 this project.

14 This project is a 12-station dialysis
15 facility in Tinley Park, again, as I said, a joint
16 venture with our physicians. The reason we choose to
17 partner with physicians on these centers wherever
18 possible is because of the fact that we believe that
19 their involvement as partners really improves quality
20 and really allows us to have a stake in the facility
21 by the physicians providing the quality services.

22 The project did receive one negative finding
23 which pertained to the underutilization of existing
24 providers within 30 minutes.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

1 The primary and secondary service areas
2 based upon the zip code of residence of pre-ESRD
3 patients likely to be referred to Tinley is much
4 smaller than the service area designated in the rules.
5 The primary and secondary service areas are comprised
6 of 18 contiguous zip codes within 20 minutes of
7 Tinley. Nearly 90 percent of the projected patients
8 reside within the primary and secondary.

9 Within these service areas there are
10 14 dialysis facilities. The average utilization as of
11 September 30th was 72 percent. Excluding the
12 two facilities that have been operational less than
13 two years, that increases utilization to 79 percent,
14 which is just below the State standard. And here
15 we're a 12-station facility, at 80 percent it's
16 58 patients, so it's not a large number of patients.
17 Collectively the existing facilities can't accommodate
18 all the projected referrals from Dr. Shafi's practice.

19 As we've talked about before, facilities
20 less than two years old shouldn't be included in the
21 utilization analysis because those facilities have
22 two years to get up to 80 percent. This is a typical
23 model for an a dialysis facility, and 12 stations can
24 treat 72 patients, and at 80 percent that would be

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

1 58 patients.

2 Our facilities are physician-driven models
3 primarily serving the primary referring physician's
4 patients. This is due to the fact that they're small
5 centers, and, again, it's only 58 percent. So groups
6 such as Kidney Care Center of which Dr. Shafi is a
7 part is currently treating 1,279 Stage 3, 4, and 5
8 ESRD patients, and they referred 88 patients just last
9 year for dialysis. So, obviously, more than enough to
10 fill this center within two years.

11 As the mayor mentioned in his written
12 comments, the census in Tinley Park had -- 13.3 percent
13 is over 65, and that was a 25 percent increase over
14 the last 10 years.

15 Beyond Tinley Park approximately 15 percent
16 of the population in this primary and secondary
17 service area is 65 years old. So it is an aging
18 population.

19 Since 2000 the prevalence of ESRD in the
20 65- to 74-age cohort has increased over 31 percent,
21 and in the over-75-year-old cohort it's increased by
22 48 percent. As those of us who are baby boomers
23 continue to age, obviously, there's going to be a
24 greater need for dialysis in those communities.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

134

1 Access, of course, is something that I always
2 talk about because these patients travel even if it's
3 a 20-minute drive, could be an hour of public
4 transportation. The Chicago winter is just upon us,
5 and I'm really glad we didn't get snow today. So
6 they're relying on public or private transportation or
7 on family members. We want to be able to put dialysis
8 centers in the communities where patients live to
9 improve their access.

10 We're also finding that patients who are ill
11 or hospitalized because they miss treatments, they're
12 16 percent more likely to be hospitalized, and they
13 have a 30 percent increased mortality rate. One of
14 the things you've seen with us over the years and in
15 the State agency report is that continued commitment
16 to charity care. Our charity care has nearly tripled
17 over the last three years. We accept all patients
18 regardless of ability to pay. We do work with those
19 patients to get them health coverage so that they will
20 have better access through all types of providers.

21 We are seeing -- and there were questions
22 asked earlier about the Affordable Care Act. We are
23 seeing more and more patients becoming insured through
24 the exchanges, and we assist them in getting that

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

135

1 coverage so they cannot only get nephrology care, but
2 they can get primary care, cardiology care, access to
3 care for -- vascular access.

4 So at this point I'd like to turn it over to
5 Dr. Shafi. He will be the medical director.

6 DR. SHAFI: Thank you, Madam Chair,
7 Board members for allowing me the opportunity to
8 speak. My name is Dr. Shafi. I will serve as the
9 medical director of the facility. I want to take a
10 couple minutes to explain why approval of Tinley Park
11 Dialysis is wildly advantageous.

12 Our practice is very busy. We currently
13 treat approximately 1300 Stage 3, Stage 4, and Stage 5
14 chronic kidney disease or CKD patients. While we work
15 with patients to manage their chronic kidney disease
16 and to prevent the progression to end stage renal
17 disease, unfortunately, many of these patients likely
18 will need dialysis within one to two years.

19 In addition to our chronic kidney disease
20 patients, we treat 162 end-stage renal disease patients
21 who dialyze three times a week at various dialysis
22 centers. We anticipate utilization will continue to
23 increase. Based upon the data from the U.S. Center
24 for disease control and prevention, 10 percent of

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

1 American adults have some level of kidney disease.
2 Many uninsured individuals are from high-risk groups
3 like low-income African-Americans and Hispanics who
4 now have better access to primary care and kidney
5 screening. Once diagnosed, many of these patients will
6 be further along in the progression of the chronic
7 kidney disease due to the lack of nephrologist care
8 prior to the diagnosis. Therefore, we anticipate tens
9 of thousands of newly diagnosed cases of chronic
10 kidney disease as a result of the health care reform
11 initiatives. It is imperative that stations are
12 available to treat this new influx of end stage renal
13 disease patients who require dialysis in the next
14 couple of years.

15 Dialysis facilities need to be located close
16 to where the patients reside. All of the projected
17 patients reside within 20 minutes of the proposed
18 Tinley Park dialysis. We want these patients to be
19 able to choose where to dialyze, many of whom suffer
20 comorbidities and are debilitated. Traveling
21 excessive distances for their dialysis does not best
22 meet the needs of the patient and is not an efficient
23 use of the scarce outpatient clinics. Having a
24 dialysis center located close to the patient's home is

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

137

1 integral to their treatment plan.

2 Thank you for your time and consideration.

3 I respectfully request this Board approve application
4 for a 12-station dialysis center in Tinley Park.

5 Thank you.

6 MS. DAVIS: I'd be happy to take any
7 questions.

8 CHAIRPERSON OLSON: Questions or
9 comments from the Board.

10 Mr. Sewell.

11 MEMBER SEWELL: Yes. I think I missed
12 something. When you gave your overall occupancy for
13 those facilities, you got 79 percent. What's different
14 about your calculations and what the State staff got?
15 Was it a different year?

16 MS. DAVIS: No. What we did is excluded
17 the two facilities that have not been opened for
18 two years.

19 MEMBER SEWELL: And they are on
20 their list?

21 MS. DAVIS: Yes.

22 MEMBER SEWELL: Okay. Are these
23 assumptions -- do these assumptions that are in the
24 State agency report about the shifts and all that, do

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

138

1 they reflect the reality of how the facilities operate?

2 MS. DAVIS: Yes. Facilities start out
3 operating at the very beginning with Monday,
4 Wednesday, Friday shifts. So that's one group of
5 patients, first shift. Then we add a second shift and
6 a third shift. Then we add a Tuesday, Thursday,
7 Saturday shift up to three shifts.

8 MEMBER SEWELL: Thank you.

9 MR. SHEETS: I just want to add one
10 thing. The information we gave on the 80 percent is
11 based on a 20-minute drive time, not 30 minutes. If
12 you look at a 30-minute drive time in Cook County, we
13 have a map here, but it goes from Joliet all the way
14 up to Hodgkin's, all the way over to Lansing, and then
15 down to Peotone. So it's a very large geographic
16 area, and realistically 30 minutes is just a little
17 bit too big for patients and too far for patients to
18 travel.

19 MEMBER SEWELL: The two that you
20 excluded, are they the two that the State agency staff
21 excluded at the bottom?

22 MS. DAVIS: No, no. The two that we
23 excluded were Oak Forest and Chatham.

24 MS. AVERY: Fresenius Oak Forest?

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

139

1 MS. DAVIS: Yes.

2 MEMBER GREIMAN: Madam Chairwoman.

3 CHAIRPERSON OLSON: Yes.

4 MEMBER GREIMAN: Just so I'm correct,
5 yours is the only station in Tinley; is that correct?

6 CHAIRPERSON OLSON: The only station in
7 Tinley?

8 MS. DAVIS: Yes. Yes.

9 MEMBER GREIMAN: It's a community --

10 THE COURT REPORTER: I can't hear him.

11 CHAIRPERSON OLSON: Can you hold the
12 microphone just a little closer?

13 MEMBER GREIMAN: It's a community in the
14 south suburban area where you'll be the only one. Okay.

15 CHAIRPERSON OLSON: Mr. Galassie.

16 MEMBER GALASSIE: Mike, staff question.
17 Do you have any issue with excluding Chatham and Lake
18 Forest coming up to 79 percent?

19 MR. CONSTANTINO: Not for planning
20 purposes, no. We take every facility that's been
21 approved and include it in our analysis. That's not
22 in our rules that we not do that.

23 The two facilities that we considered did
24 not provide their utilization data to us in a timely

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

140

1 fashion. Sun Health eventually did provide the data;
2 Concerto Dialysis never has. That's the quarterly
3 data we receive from these dialysis facilities.

4 MS. DAVIS: And Concerto actually has
5 both inpatient and outpatient at a nursing home. So
6 that's a facility we refer to if a patient needs
7 nursing home care.

8 MEMBER SEWELL: Just one more thing. So
9 you've got utilization data from the Oak Forest and
10 from Chatham?

11 MR. CONSTANTINO: Right. The two we did
12 not have were the ones that did not provide us
13 information in a timely fashion.

14 MEMBER HAYES: But you got some from
15 Sun Health.

16 MR. CONSTANTINO: From Sun Health after
17 the deadline, yeah.

18 MS. DAVIS: And those facilities have
19 been open less than two years, and under the rules we
20 have two years to get to the 80 percent.

21 CHAIRPERSON OLSON: Other questions or
22 comments?

23 (No response.)

24 CHAIRPERSON OLSON: I just had one

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

141

1 observation, and this kind of piggybacks on what I
2 said earlier, I guess maybe my new Achilles heel. We
3 talked earlier about ethnicity, and 100 percent of the
4 patients in your Tinley Park are white.

5 MS. DAVIS: But they're old. I have
6 facilities where 100 percent of the patients are
7 Hispanic or 100 percent are African-American. I mean,
8 we serve whatever community we're in, and patients go
9 to a facility close to them. It could be that Tinley
10 has extraordinarily high white Caucasian but they're
11 still --

12 CHAIRPERSON OLSON: To give you credit,
13 you did mention that you say baby boomers are getting
14 older. Thank you for pointing that out.

15 MS. DAVIS: Anytime.

16 CHAIRPERSON OLSON: Other questions or
17 comments?

18 (No response.)

19 CHAIRPERSON OLSON: Seeing none, I'll
20 call for a roll call vote.

21 MR. ROATE: Mr. Bradley.

22 MEMBER BRADLEY: They have been
23 interviewed by Board staff, they met 19 of the criteria,
24 and I vote yes.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

142

1 MR. ROATE: Justice Greiman.

2 MEMBER GREIMAN: Yes. In looking at
3 Table 3, which is the facilities within 30 minutes, I
4 have come to the conclusion that is by helicopter and
5 not by automobile. So I will vote yes.

6 MR. ROATE: Mr. Galassie.

7 MEMBER GALASSIE: I'm voting yes
8 believing the due diligence by DaVita will allow them
9 to meet their numbers -- meet our numbers within a
10 two-year period.

11 MR. ROATE: Mr. Hayes.

12 MEMBER HAYES: I'm going to vote yes
13 because they have met 19 of the 20 criteria, and our
14 staff report is looking at an average operation capacity
15 on the 22 facilities of at least 75 percent. So I'm
16 going to vote yes.

17 MR. ROATE: Mr. Sewell.

18 MEMBER SEWELL: I'm going to vote yes.
19 It's very close.

20 MR. ROATE: Madam Chair.

21 CHAIRPERSON OLSON: I vote yes for the
22 reasons stated.

23 MR. ROATE: 6 votes in the affirmative.

24 CHAIRPERSON OLSON: Congratulations.

**APPLICATIONS SUBJECT TO INITIAL REVIEW
DA VITA TINLEY PARK DIALYSIS**

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

MS. DAVIS: Thank you.

MR. SHEETS: Thank you very much.

- - -

**APPLICATIONS SUBJECT TO INITIAL REVIEW
THE LUTHERAN HOME PEORIA**

144

1 CHAIRPERSON OLSON: Next we have
2 Project 14-045, The Lutheran Home in Peoria.

3 As the Applicant moves to the table, may I
4 have a motion to approve Project 14-045, The Lutheran
5 Home Peoria to modernize and expand its existing
6 long-term care facility? May I have a motion?

7 MEMBER GALASSIE: So moved.

8 CHAIRPERSON OLSON: Second.

9 MEMBER HAYES: Second.

10 CHAIRPERSON OLSON: Motion made by
11 Mr. Galassie, seconded by Mr. Hayes.

12 And would you please be sworn, gentlemen.

13 (Four witnesses duly sworn.)

14 CHAIRPERSON OLSON: Mike, State board
15 staff report.

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

18 The Applicants are proposing to modernize
19 and add to an existing 85-bed long-term care facility
20 in Peoria, Illinois. The Applicants are proposing to
21 add 34 beds for a total of 119 long-term care beds.

22 The anticipated project cost is
23 approximately \$12.2 million. The anticipated
24 completion date is September 30th, 2018. There was no

**APPLICATIONS SUBJECT TO INITIAL REVIEW
THE LUTHERAN HOME PEORIA**

145

1 opposition, no public hearing, and we had one finding.

2 Thank you, Madam Chairwoman.

3 CHAIRPERSON OLSON: Thank you.

4 Presentation for the Board, gentlemen?

5 MR. KNIERY: Before we start -- I'm
6 John Kniery, CON consultant for the Applicant. To my
7 left is Paul Ogier; he is CFO for Lutheran Senior
8 Services. And to his left is Mike Raso; he's the
9 regional vice president for Lutheran Senior Services.
10 And Charles Foley is also with us.

11 CHAIRPERSON OLSON: Thank you.

12 MR. KNIERY: I'd like to clarify one
13 issue on the single finding before I turn it over to
14 Paul Ogier for comments.

15 I always thank the Board staff but would
16 like to echo it again. Staff has gone above and
17 beyond through the process.

18 On the single issue -- finding, the new
19 construction costs and proportionate share, the item
20 on page 15 of the report, it is the new contingency
21 line item that seems to be driving -- that is driving
22 the combined line item out of compliance. As the new
23 contingency line item, it calculates to the \$9.50 a
24 gross square foot over. When you look at the combined

**APPLICATIONS SUBJECT TO INITIAL REVIEW
THE LUTHERAN HOME PEORIA**

146

1 line item, it is only out of compliance by \$7.35 a
2 square foot.

3 I'd like Mr. Ogier to expand on that and
4 further address the Board.

5 MR. OGIER: Thank you. Again, I'm
6 Paul Ogier, O-g-i-e-r, CFO for Lutheran Senior
7 Services.

8 MR. ROATE: Can you turn that
9 microphone on?

10 MR. OGIER: Thank you, Madam Chairwoman
11 and all of the members and staff. As John indicated,
12 the staff has worked through this. This is a very
13 important project for us.

14 We are a continuing care retirement
15 community in Peoria that currently has 85 licensed
16 beds that were built in the 1970s, and we have
17 significant challenges with those beds even though we
18 maintain high occupancies.

19 We're trying to achieve a couple of things.
20 Number one, we need to bring the standard up of the
21 care centers that we're operating. Of our 85 beds we
22 have one private room, which is not sufficient in
23 today's market.

24 We are also moving towards a person-centered

**APPLICATIONS SUBJECT TO INITIAL REVIEW
THE LUTHERAN HOME PEORIA**

147

1 care. We've been a leader of that over the last
2 10 years in our long-term care setting, and we are
3 very strong proponents of the hospitality model in the
4 short-term rehab portion.

5 I do want to address the one area that we
6 didn't meet the criteria. In our construction costs
7 we are building a building that will connect to
8 two other buildings and be within 30 feet of the third
9 building. So we're building new construction within
10 the middle of our campus.

11 We have been working to keep our costs down,
12 but our construction team really felt we needed to
13 keep a larger contingency in there for the unknowns of
14 trying to connect the two buildings and with building
15 in short proximity to the other buildings.

16 My job as CFO is to make sure they don't
17 spend that contingency unless they have good reasons,
18 and I sorely hope that we don't spend that.

19 I also want to give you just a little bit of
20 background. I think, as you know, Lutheran Senior
21 Services -- there's a lot of Lutheran organizations
22 and we all get confused. So we're the one that's based
23 in St. Louis. We operate solely in Illinois and
24 Missouri. We have three communities in Illinois:

**APPLICATIONS SUBJECT TO INITIAL REVIEW
THE LUTHERAN HOME PEORIA**

148

1 Lutheran Hillside in Peoria, Concordia in Springfield,
2 Illinois, and operate Meridian Village in Glen Carbon.
3 We operate 10 care centers overall. Our average CMS
4 rating for the 10 communities that we operate is
5 4.6, which we're extremely proud of. Current rating
6 in Peoria is a 4. So we're very proud of that as an
7 indication of the quality we provide.

8 I also want to talk a little bit about our
9 occupancy because in operating care centers you're
10 really operating two businesses. We have our long-term
11 care where our residents expect to be there for a long
12 time, and we also operate our short-term rehab.

13 Our long-term care operates at essentially
14 full capacity. We have 65 beds dedicated to that.
15 Our average occupancy year-to-date in that area is
16 95 percent, and there's many days like today that
17 we're at 100 percent. So we do not have the ability
18 to treat additional residents at that time even though
19 our facilities need to be updated. And I think that,
20 again, is an indication of the care that we provide.

21 Medicare is what fluctuates more just due to
22 the nature where you're dealing with an average stay
23 of 10 to 20 days, and our overall occupancy
24 year-to-date is slightly over 90 percent. In the last

**APPLICATIONS SUBJECT TO INITIAL REVIEW
THE LUTHERAN HOME PEORIA**

149

1 12 months rolling up to the application we had over
2 700 referrals from the local hospitals that we were
3 not able to accept in their short stay Medicare.

4 So we -- the other thing I want to point
5 out, with the addition we'd be increasing our private
6 rooms from that ratio of 1 to 85 to be approximately
7 40 out of 119 beds.

8 So we are pleased to present this to the
9 Board for consideration.

10 CHAIRPERSON OLSON: Thank you.

11 Questions or comments from Board members?

12 MEMBER GREIMAN: I have a question. How
13 come it's taking 35 months to do this?

14 MR. OGIER: That's a great question. It
15 is because it is a phased project.

16 So we are currently full. Before we can
17 start renovation of the existing buildings, we have to
18 build a new building. So we will -- we hope that that
19 new building will start construction in early spring.
20 We have all the planning done. We need the building
21 permits.

22 Really it's two projects. So we'd expect
23 the first phase to be done in about two years, and
24 then that next phase will take an additional year

**APPLICATIONS SUBJECT TO INITIAL REVIEW
THE LUTHERAN HOME PEORIA**

150

1 after that.

2 MEMBER GREIMAN: Okay. Because the
3 pricing may change in almost three years to do this.

4 MR. OGIER: That is another factor in
5 the contingency. The biggest portion of the project
6 is what's done first. We have a lot of renovation
7 comes second.

8 MEMBER GREIMAN: Thank you.

9 CHAIRPERSON OLSON: Other questions and
10 comments?

11 Mr. Sewell.

12 MEMBER SEWELL: I guess I don't
13 completely understand what you just said. I mean, you
14 said it plainly but I'm trying to unpack why these
15 contingencies are so high, and I think you just said
16 that there was something about a lot of modernization
17 that had to take place. Was that -- was I getting
18 that right?

19 MR. OGIER: When I was talking about the
20 modernization is how the project is phased. So if we
21 go to the contingency -- actually, in the modernization
22 component of the project we are well under the norms.
23 The variance we have is in the new building, which is
24 in the first phase. But it's the tucking that in in

**APPLICATIONS SUBJECT TO INITIAL REVIEW
THE LUTHERAN HOME PEORIA**

151

1 close proximity, actually have to connect two existing
2 buildings, completely surrounded on three sides by
3 existing buildings that are fully occupied.

4 So those are the things that the contractor
5 was concerned about. They're not in his contract, and
6 that's why they're in contingency. We would normally
7 go into a project with about a 10 percent contingency.
8 We have about a 15 percent, and it's that 5 percent
9 that has driven us over the benchmarks.

10 MEMBER SEWELL: So had it been -- so had
11 it been in the contractor's contract, it wouldn't have
12 been classified as contingencies?

13 MR. OGIER: Correct. But once it's in
14 the contract, it's hard to get it out. So, basically,
15 what a contingency means, we will have to document that
16 it was something that could not have been foreseen,
17 and we will have more control over a contingency than
18 had it been -- so I would tell you that we would very
19 much expect not to spend that whole contingency. We
20 typically don't spend the entire contingency, but
21 there are real issues we wanted to make sure we were
22 prepared for.

23 CHAIRPERSON OLSON: Other questions or
24 comments from Board members?

**APPLICATIONS SUBJECT TO INITIAL REVIEW
THE LUTHERAN HOME PEORIA**

152

1 (No response.)

2 CHAIRPERSON OLSON: Seeing none, I'll
3 call for a roll call vote.

4 MR. ROATE: Mr. Bradley.

5 MEMBER BRADLEY: The Board staff report
6 indicates that they met 13 criteria. I think they've
7 given us a reasonable explanation of why they didn't
8 meet the last criteria and I vote yes.

9 MR. ROATE: Justice Greiman.

10 MEMBER GREIMAN: For the reasons
11 mentioned, I vote yes.

12 MR. ROATE: Mr. Galassie.

13 MEMBER GALASSIE: From previous comments
14 made and having renovated over inpatient facilities, I
15 congratulate you for doing an aggressive contingency.
16 I vote yes.

17 MR. ROATE: Mr. Hayes.

18 MEMBER HAYES: Because of the State
19 agency report and for the comments that have been
20 previously made by other Board members, I'm going to
21 vote yes.

22 MR. ROATE: Mr. Sewell.

23 MEMBER SEWELL: I'm going to vote no. I
24 think that I do have some confidence that they might

**APPLICATIONS SUBJECT TO INITIAL REVIEW
THE LUTHERAN HOME PEORIA**

153

1 not really spend 14.9 percent, but there's no way to
2 be assured of that. So they are out of step at this
3 point with the criteria.

4 MR. ROATE: Thank you, sir.

5 Madam Chair.

6 CHAIRPERSON OLSON: I'm going to vote
7 yes. I believe that they explained well the reason,
8 and I also like your hospitality model for rehab since
9 Penny just pointed out I'm getting older.

10 MR. ROATE: 5 votes in the affirmative,
11 1 vote in the negative.

12 CHAIRPERSON OLSON: Motion passes.
13 Thank you.

14 MR. OGIER: And we love the venue.

15 - - -

16

17

18

19

20

21

22

23

24

**APPLICATIONS SUBJECT TO INTENT TO DENY
FRESENIUS MEDICAL CARE LEMONT**

154

1 CHAIRPERSON OLSON: Last but not least,
2 Project 13-040, Fresenius Medical Care Lemont.

3 While the Applicants move to the table, may
4 I have a motion to approve Project 13-040, Fresenius
5 Medical Care Lemont to establish a 12-station end
6 stage renal disease facility.

7 MEMBER HAYES: So moved.

8 MEMBER SEWELL: Second.

9 CHAIRPERSON OLSON: Moved by Mr. Hayes,
10 seconded by Mr. Sewell.

11 Would you please be sworn in, Ladies.

12 (Three witnesses duly sworn.)

13 CHAIRPERSON OLSON: Mike, State Board
14 staff report.

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

17 The Applicants are proposing to establish a
18 12-station ESRD facility in Lemont, Illinois. The
19 cost of the project is approximately \$4.7 million.

20 The Applicants received an intent to deny at
21 the December 2013 State board meeting. There was
22 opposition on this project, and there were findings.

23 Thank you, Madam Chairwoman.

24 CHAIRPERSON OLSON: Thank you, Mike.

**APPLICATIONS SUBJECT TO INTENT TO DENY
FRESENIUS MEDICAL CARE LEMONT**

155

1 Presentation for the Board?

2 MS. MULDOON: Good afternoon. My name
3 is Colleen Muldoon. I'm the regional vice president,
4 Fresenius Medical Care, and I'd like to first of all
5 thank the Board for their review of this project and
6 also thank all those Board members positively -- can
7 you hear me? -- who voted positive on our last meeting
8 with you in December.

9 A lot has changed since then. Facilities
10 within 30 minutes have seen a 10 percent growth in
11 patients. While the Board generally deals with
12 percentages, this equates to 72 additional patients
13 beginning dialysis in only 9 months. It only takes
14 58 patients to bring a 12-station facility such as
15 Lemont to 80 percent, and Dr. Alausa has identified
16 64 patients after accounting for patient attrition to
17 be referred to this facility.

18 There is no question that when these
19 patients enter the market that it will be too late to
20 plan because the area clinics will be full. The
21 average utilization is 76 for the clinics within
22 30 minutes that have been operating over 2-plus years.
23 It only takes 63 more patients for the entire market
24 to reach 80 percent utilization, and we have

**APPLICATIONS SUBJECT TO INTENT TO DENY
FRESENIUS MEDICAL CARE LEMONT**

156

1 identified 64 patients within Dr. Alausa's practice
2 alone. Given the 10 percent growth over the past in
3 the area clinics and the fact that the current clinics
4 are at 76 percent utilization, there is no question in
5 our minds that the area will be at that capacity when
6 the Lemont clinic goes live.

7 What has not changed since we were before
8 you last is there is still a determined need in the
9 current HSA 7. Currently there is a need for
10 58 stations. Also, the Board staff report still shows
11 that there is not an excess of stations in the
12 30-minute travel zone around Lemont based on the
13 station population ratio.

14 In the Lemont area there is one station for
15 4400 individuals versus the State ratio of 1 station
16 per 3200 individuals, indicating need. Dr. Alausa's
17 practice is still dedicated to treating the underserved.
18 Currently Kidney Care serves 20 percent Medicaid
19 patients. While there are some providers who turn
20 away Medicaid patients, Kidney Care and Fresenius
21 Medical Care do not.

22 We are sometimes questioned about our market
23 share, and I think one of points is the size of
24 Fresenius and the fact that the two companies for the

**APPLICATIONS SUBJECT TO INTENT TO DENY
FRESENIUS MEDICAL CARE LEMONT**

157

1 most part provide dialysis services not only in Illinois
2 but in the country. I want to point out, though, a
3 couple of positives to our size.

4 We are able to identify a clinical trend
5 both positive and negative through tracking and
6 evaluating the thousands of patients we see nationwide.
7 We aggregate data and develop predictive models, and
8 one example is the algorithm that can predict with
9 90 percent accuracy which of our patients will be
10 hospitalized more than five times in the next
11 12 months. We then initiate care management
12 interventions targeted at those specific patients to
13 help avoid those hospitalizations where possible.

14 Another example is our work with Aetna's
15 Medicare Advantage Plan. Due to the many patients we
16 see, we can invest capital up front to manage care and
17 develop interventions beyond dialysis for over
18 1,000 Medicare patients in this plan. We not only
19 improve the quality of life of the patients but also
20 reduce costs to the government and Aetna. A small
21 provider simply does not have the strong financial or
22 clinical strength to make this kind of investment up
23 front, but we do knowing that it's best in the long
24 run for all patients involved.

**APPLICATIONS SUBJECT TO INTENT TO DENY
FRESENIUS MEDICAL CARE LEMONT**

158

1 Based on the growth we have seen in this
2 area and have noted in the application, we urge you to
3 address the needs of patients in HSA 7 by approving
4 this facility to provide dialysis access to the
5 residents in Lemont, and it will be the only dialysis
6 station in Lemont.

7 CHAIRPERSON OLSON: Thank you.

8 Questions or comments from Board members?

9 MS. WRIGHT: I should have jumped in
10 sooner. I did just want to briefly address the
11 negatives in the State Board report because they are --
12 based upon the prior dialogue and the fact that the
13 Board has recognized and Mr. Constantino stated that
14 for planning purposes it doesn't make sense to consider
15 backing out those clinics that have not been operating
16 for two years in looking at clinics within a 30-minute
17 radius from the proposed site.

18 Here we have essentially one negative. It's
19 on the fact that certain clinics are underutilized
20 within a 30-minute radius. However, if you take out
21 the three clinics that have only been operating for
22 13 months, we are at 76 percent average utilization in
23 that area. 72 patients started dialysis in the last
24 nine months. It has seen 10 percent growth.

**APPLICATIONS SUBJECT TO INTENT TO DENY
FRESENIUS MEDICAL CARE LEMONT**

159

1 So what that would mean is there is a
2 question -- I mean, 76 percent -- we're at 4 percent.
3 That's a handful of patients that it will take to get
4 the average utilization to 80 percent for the mature
5 clinics in the area.

6 Given the need and that fact -- and the only
7 other negative we have is on size, and that's because
8 when Fresenius leases space, it uses one lease for its
9 home dialysis training space and its clinic space. We
10 meet the size for the clinic space. We could separate
11 those leases out to avoid that negative, and we may
12 start doing that, but it involves more legal time and
13 more paperwork is why we sometimes don't do that.

14 So that negative is really not a true
15 negative, and so we very much would like you to consider
16 the issues that are very similar to what you just
17 discussed. We definitely think need in this area is
18 significant.

19 This is I think the second time we've been
20 in front of you, and we submitted an application in
21 Lemont a number of years ago. The physician practice
22 is the same physician practice. Different doctors
23 from that practice but the same practice. They are a
24 very, very busy practice.

**APPLICATIONS SUBJECT TO INTENT TO DENY
FRESENIUS MEDICAL CARE LEMONT**

160

1 CHAIRPERSON OLSON: Questions or
2 comments?

3 Actually, based on what you just said --
4 because I heard that and I made that note. You say
5 six more patients in the region will get you to
6 80 percent.

7 MS. RANALLI: Three.

8 CHAIRPERSON OLSON: Okay. So based on
9 what you just said, what is your new projected
10 completion date for this facility? Because you guys
11 were up earlier, and we approved something in
12 2012 that's not going to be done until -- was that
13 you guys?

14 MS. RANALLI: It will probably be
15 September of 2016.

16 MEMBER HAYES: So the State report is
17 wrong on the project completion date?

18 MS. RANALLI: No. When we first
19 submitted the application, it was over a year ago, and
20 we were expecting 2015. Now it's a year later, so we
21 need the additional times.

22 MS. WRIGHT: Thank you for bringing that
23 up. We might just also ask to extend the project
24 completion date.

**APPLICATIONS SUBJECT TO INTENT TO DENY
FRESENIUS MEDICAL CARE LEMONT**

161

1 MS. MULDOON: And this is a ground-up,
2 so we can't start until the spring.

3 MS. WRIGHT: You think it's going to snow?

4 And Dr. Alausa had already mentioned
5 63 patients. That's for all the clinics. There are
6 11 different practices. Dr. Alausa has identified
7 64 patients in his practice alone for this clinic.

8 CHAIRPERSON OLSON: I actually had
9 another question, and I'm surprised Mr. Sewell hasn't
10 asked. In reviewing the transcript of the
11 December 13th meeting, Mr. Sewell brought up the point
12 that you really didn't have control of the property;
13 you had 100 days to take control.

14 Now we're a year later. So have you been
15 paying a lease or something on this property for a
16 year in the event it gets approved?

17 MS. MULDOON: It's actually going to be
18 physician owned and it's all locked in.

19 CHAIRPERSON OLSON: So the physicians
20 own the land?

21 MS. MULDOON: They will be owning the
22 land, yes. They'll be owning the building.

23 CHAIRPERSON OLSON: Oh, I see. Other
24 questions or comments?

**APPLICATIONS SUBJECT TO INTENT TO DENY
FRESENIUS MEDICAL CARE LEMONT**

162

1 (No response.)

2 CHAIRPERSON OLSON: Seeing none, I will
3 call for a roll call vote.

4 MR. ROATE: Mr. Bradley.

5 MEMBER BRADLEY: I think we've had a
6 good explanation of what their expectations are as far
7 as utilization. I hope that's correct. I voted for
8 it before because I believe this improves access, and
9 I vote yes again for that same reason.

10 MR. ROATE: Justice Greiman.

11 MEMBER GREIMAN: Yes.

12 MR. ROATE: Mr. Galassie.

13 MEMBER GALASSIE: I will change my vote
14 of no to yes based upon your due diligence and your
15 numbers.

16 MR. ROATE: Mr. Hayes.

17 MEMBER HAYES: Pass.

18 MR. ROATE: Mr. Sewell.

19 MEMBER SEWELL: I vote yes for the
20 progress that's been made since the last presentation.

21 MR. ROATE: Madam Chair.

22 CHAIRPERSON OLSON: I vote yes for the
23 reasons stated.

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

**APPLICATIONS SUBJECT TO INTENT TO DENY
FRESENIUS MEDICAL CARE LEMONT**

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

affirmative, 1 vote pass.

CHAIRPERSON OLSON: Motion passes. Good

luck to you.

- - -

**REPORT OF PROCEEDINGS -- 11/12/2014
LONG-TERM CARE PROFILES**

164

1 CHAIRPERSON OLSON: Next item for
2 business is "Other Business." There is none.

3 "Rules Development," Claire, I have none.
4 We're good right now.

5 "Old Business," I have nothing.

6 Under "New Business" your financial reports
7 were included in your packets. Please review those
8 and if anybody has any questions at this point we can
9 take questions.

10 (No response.)

11 CHAIRPERSON OLSON: If not, I will move
12 on to "2013 Long-Term Care Profiles."

13 Nelson, do you have any comment on that?

14 MEMBER GALASSIE: Actually, I do when
15 he's done.

16 MR. AGBODO: I can make a quick
17 comment -- I would like to make a quick comment.

18 The 2013 long-term care facility survey was
19 responded to by 1,077 facilities, and out of this
20 number of facilities we had 955 that had at least one
21 error or missing error to address.

22 In most cases the facility did not report on
23 a new questionnaire -- a new question on the
24 questionnaire. So most of the errors concerned charity

**REPORT OF PROCEEDINGS -- 11/12/2014
LONG-TERM CARE PROFILES**

165

1 care cost, the charity care patient base.

2 So we did two follow-ups, and we received a
3 response back from 70 percent of the 955 facilities,
4 and as a result of the correction we made to the data,
5 the percent of charity care cost decreased from
6 1.4 percent to 0.3 percent. This number is consistent
7 with the past trends. So for the rest of the
8 follow-ups, they will submit their inventory with
9 rolling requests to identify --

10 MEMBER GALASSIE: Nelson, I'm not clear
11 what we're talking about.

12 THE COURT REPORTER: Yeah, I'm --

13 CHAIRPERSON OLSON: This is the
14 long-term care profile.

15 Mr. AGBODO: Right.

16 CHAIRPERSON OLSON: And the charity care
17 increased from 1.2 to what?

18 MR. AGBODO: No, decreased.

19 CHAIRPERSON OLSON: I mean --

20 MR. AGBODO: Originally, when we ran the
21 report the first time, the charity care costs -- the
22 percentage of the charity care costs in the total
23 revenue that's at the State level was 1.7 but with the
24 correction went down to 0.3 percent, which is consistent

**REPORT OF PROCEEDINGS -- 11/12/2014
LONG-TERM CARE PROFILES**

166

1 with the past trends.

2 CHAIRPERSON OLSON: Oh, okay. So once
3 70 percent of those 955 people corrected their
4 profile --

5 MR. AGBODO: Exactly.

6 CHAIRPERSON OLSON: -- it was back to
7 0.2 percent, which you're saying is consistent with
8 what you've seen in the past?

9 MR. AGBODO: That's correct.

10 CHAIRPERSON OLSON: I'm sorry. Did you
11 have a question, Mr. Galassie?

12 MEMBER GALASSIE: No. Actually, I just
13 had a comment, and I'll let Courtney correct any
14 mistaken statement I make.

15 I just really want to remind the Board that
16 when the rules changed five or six years ago, whenever
17 it was during Senator Garrett's hearing, part of that
18 included the establishment of a long-term care
19 committee. We as a board established that -- I think
20 it may have been myself as chair -- 3 1/2 to 4 years
21 ago, and that group of people, the majority of them
22 are still active have been meeting very routinely, not
23 necessarily monthly but eight or nine times a year.

24 A lot of efforts have been going forth, and

**REPORT OF PROCEEDINGS -- 11/12/2014
LONG-TERM CARE PROFILES**

167

1 my comment is solely this -- and I'm not giving any
2 content today; I don't think I'm capable, but I just
3 want to remind you to have it in your mindset that at
4 some point representatives from this committee will be
5 coming forward to us. Whether it's 2 months from now
6 or 10 months from now -- and I think it probably will
7 be in that area -- there will be several recommendations
8 that speak to rules changes and bed exchanges or sales.

9 There's multiple issues that these 20 or
10 25 members of various representatives of the long-term
11 care community have been working on, and it's an arduous
12 task and one that we should be ultimately be
13 appreciative of their efforts. But I always hesitate
14 for a board such as ours to have had volunteers
15 working a long time who then come in front of us, and
16 they're in the ninth inning of the game, and we're
17 really still in the first inning of the game.

18 So I'd just like to have it in your
19 consciences that, again, these efforts have been going
20 on, and they will continue to be going on, and at some
21 point we'll be seeing recommendations from their
22 results. They have no independent authority. It's
23 strictly a recommending body to this board.

24 Thank you, Madam Chair.

**REPORT OF PROCEEDINGS -- 11/12/2014
LONG-TERM CARE PROFILES**

168

1 CHAIRPERSON OLSON: Thank you, Dale. I
2 will echo your comments. Thank you to that group, and
3 also thank you for jumping up and stepping in to help
4 out, and Nelson for your due diligence in chasing down
5 at least 955 of those facilities to make those
6 corrections.

7 MEMBER SEWELL: On Mr. Galassie's
8 comment, when does the staff think we're going to get
9 a report from the long-term care committee? Like when
10 in the future?

11 MS. AVERY: As staff, we have been
12 pushing them. You may remember about a year ago we
13 had that big rule change that had to do with long-term
14 care. So that -- those recommendations or those
15 changes came from it.

16 There are about three work groups going on
17 right now within that subcommittee, and there's
18 19 members. One is a work group for changes to the
19 CON application, and some of those changes also
20 require rule change; so we're working on those. The
21 other is a work group internally that's looking at the
22 bed sale and exchange program that they want to propose,
23 but we haven't gotten any concrete recommendations
24 from them at this point.

**REPORT OF PROCEEDINGS -- 11/12/2014
LONG-TERM CARE PROFILES**

169

1 But as staff, we have been pushing them to
2 get a recommendation to get some concrete information
3 to pass onto the Board. So I would probably say we're
4 looking at maybe this summer or so.

5 Right now we met last week and didn't get
6 really far on it. We had some good discussion as
7 usual, and they're scheduled to meet again, but I've
8 forgotten the date. And we're doing a teleconference
9 between Springfield and Chicago right now. So we're
10 testing that out. Not teleconference -- I'm sorry --
11 video conference.

12 So I'm not sure, Mr. Sewell, but we've been
13 pushing them to come up with some recommendations to
14 bring to the Board.

15 MEMBER GALASSIE: It truly is a lot of
16 dialogue.

17 If we could just maybe take a minute to --
18 didn't we fund the study on sales -- I keep on saying
19 sale/exchange of beds.

20 MS. AVERY: We did fund a study and it
21 wasn't conclusive. If you recall, I think we gave it
22 to the Board about five months ago maybe, maybe this
23 summer.

24 MEMBER GALASSIE: It was just taking a

**REPORT OF PROCEEDINGS -- 11/12/2014
LONG-TERM CARE PROFILES**

170

1 look at a very complex issue, policy issue at different
2 states just to get a sense of how some others do it,
3 and it didn't answer questions, but it broadened
4 perspective. I had very little knowledge of that
5 whole concept until we got involved with it.

6 MS. AVERY: You may recall from the
7 transcript that we questioned them and wasn't happy
8 with the economist that completed the study and asked
9 them to go back and do some more work on it, and they
10 felt that they had done all that they could do at
11 that point.

12 MEMBER GALASSIE: This was the
13 consultant, not the committee.

14 MS. AVERY: The consultant.

15 MEMBER GALASSIE: Right. They wanted
16 more money, basically.

17 MS. AVERY: Basically.

18 CHAIRPERSON OLSON: Nelson, do you feel
19 that your work on the 2013 profiles is complete, or
20 are you still going to chase down those other people?
21 I guess what I'm asking you is, do you want a motion
22 at this point to accept those profiles or should
23 we wait?

24 MR. AGBODO: No, I need a motion to

**REPORT OF PROCEEDINGS -- 11/12/2014
LONG-TERM CARE PROFILES**

171

1 approve the profiles.

2 CHAIRPERSON OLSON: May I have -- and
3 thanks again for your work.

4 May I have a motion to approve the
5 2013 long-term care profiles?

6 MEMBER SEWELL: So moved.

7 MR. CONSTANTINO: Second, please.

8 MEMBER GALASSIE: Second.

9 MEMBER HAYES: Second.

10 CHAIRPERSON OLSON: Sewell and Hayes.

11 Okay. And I think we can do a voice vote on that.

12 All those in favor say aye.

13 (Ayes heard.)

14 CHAIRPERSON OLSON: Opposed, I like sign.

15 (No response.)

16 CHAIRPERSON OLSON: The motion passes.

17 MR. AGBODO: Thank you.

18 CHAIRPERSON OLSON: Last item under "New
19 Business," Member Bradley, you had some questions?

20 MEMBER BRADLEY: I do, just a couple of
21 simple ones.

22 How many staff members do we have working in
23 Chicago?

24 CHAIRPERSON OLSON: We have five.

**REPORT OF PROCEEDINGS -- 11/12/2014
ADJOURNMENT**

172

1 MEMBER BRADLEY: And who makes the
2 decision where those jobs are located?

3 CHAIRPERSON OLSON: My research on that
4 tells me it can happen one of two ways. The Board can
5 make a motion and approve, and then it has to be
6 signed -- sent to the governor for a sign-off, or the
7 governor can request the movement of those people from
8 Chicago to another location. So one of those two ways.

9 MEMBER BRADLEY: All right. Thank you.

10 CHAIRPERSON OLSON: All right. Any
11 other -- next meeting is December 16th, 2014, in
12 Bolingbrook -- I'm sorry -- Mr. Sewell?

13 MEMBER SEWELL: Keep going.

14 CHAIRPERSON OLSON: The next meeting is
15 December 16th, 2014, in Bolingbrook. I'm looking at
16 this point for a motion to adjourn.

17 MEMBER GALASSIE: So moved.

18 MEMBER HAYES: Second.

19 CHAIRPERSON OLSON: All those in favor.

20 (Ayes heard.)

21 CHAIRPERSON OLSON: Meeting is adjourned.
22 Thank you all for coming to Rochelle. Safe travels.

23 PROCEEDINGS CONCLUDED AT 2:13 P.M.

24

