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

REPORT OF PROCEEDINGS
Bolingbrook Golf Club
2001 Rodeo Drive
Bolingbrook, Illinois 60490
November 5, 2013
9:00 a.m.

BOARD MEMBERS PRESENT:

- MS. KATHY OLSON, Chairperson;
- MR. JOHN HAYES, Vice Chairman;
- MR. PHILIP BRADLEY;
- DR. JAMES J. BURDEN;
- MR. DALE GALASSI;
- JUSTICE ALAN GREIMAN; and
- MR. RICHARD SEWELL.

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

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EX OFFICIO MEMBERS PRESENT:

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;

MR. GEORGE ROATE, IDPH Staff; and

MR. SAI SEKUBOYINA, Board Intern.

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**REPORT OF PROCEEDINGS -- 11/05/2013
OPEN SESSION**

5

1 CHAIRPERSON OLSON: It's nine o'clock.
2 We'll get started.

3 Welcome, everybody. Thank you for coming at
4 this convenient earlier time.

5 First of all and most important, I'd like to
6 welcome back Member Dale Galassi.

7 MEMBER GALASSI: Thank you, Madam Chair.

8 CHAIRPERSON OLSON: We're all glad he's
9 back.

10 (Applause.)

11 MEMBER GALASSI: Thank you.

12 Thank you.

13 CHAIRPERSON OLSON: I was asked by the
14 court reporter to remind the people at the table to use
15 their microphones so she can hear what we're saying.

16 And I'm going to let Courtney introduce our
17 new intern.

18 MS. AVERY: We have an intern that's
19 from the University of Illinois at Springfield, Sai.
20 He'll be helping out Nelson and IDPH with our
21 population data and any other data management.

22 Do you want to say hello?

23 MR. SEKUBOYINA: (Indicating.)

24 MS. AVERY: You don't have a mic; that's

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OPEN SESSION**

6

1 right.

2 Thanks.

3 CHAIRPERSON OLSON: Welcome.

4 And, of course, last but not least, go Bears.

5 (Laughter and applause.)

6 CHAIRPERSON OLSON: I had to. Sorry.

7 Okay. Public comment -- we're going to do
8 the public comment before the executive session?

9 (Discussion off the record.)

10 CHAIRPERSON OLSON: Okay. I'm sorry.

11 We are going to go into executive session
12 right away. We expect the executive session to last
13 about an hour.

14 So go downstairs, get some breakfast, and --
15 about an hour.

16 Can I have a motion to go into executive
17 session --

18 MEMBER SEWELL: So moved.

19 CHAIRPERSON OLSON: -- pursuant to
20 Section --

21 MEMBER SEWELL: So moved.

22 CHAIRPERSON OLSON: -- Section 2(c)(11)
23 of the Open Meetings Act?

24 MEMBER GALASSI: Second.

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1 CHAIRPERSON OLSON: Moved by --
2 MR. ROATE: Moved by Mr. Sewell;
3 seconded by Mr. Galassi.
4 Do you want me to call the roll?
5 MS. AVERY: When is the roll call?
6 CHAIRPERSON OLSON: Oh, I'm sorry.
7 Can we do a roll call really quickly?
8 I'm sorry.
9 MR. ROATE: Yes, ma'am.
10 Chairwoman Olson.
11 CHAIRPERSON OLSON: Present.
12 MR. ROATE: Mr. Hayes.
13 (No response.)
14 MR. ROATE: Mr. Bradley.
15 MEMBER BRADLEY: Are we voting or taking
16 roll?
17 MR. ROATE: Roll call, sir.
18 MEMBER BRADLEY: Present.
19 MR. ROATE: Dr. Burden.
20 MEMBER BURDEN: Here.
21 MR. ROATE: Senator Demuzio.
22 Absent.
23 MR. CONSTANTINO: Absent.
24 MR. ROATE: Dale Galassi.

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1 MEMBER GALASSI: Present.

2 MR. ROATE: Justice Greiman.

3 MEMBER GREIMAN: Present.

4 MR. ROATE: Mr. Penn.

5 (No response.)

6 MR. ROATE: Is Mr. Penn absent?

7 Richard Sewell.

8 MEMBER SEWELL: Here.

9 MR. ROATE: Six present.

10 CHAIRPERSON OLSON: Thank you.

11 Now may I have a voice vote to go into

12 executive session?

13 All those in favor say aye.

14 (Ayes heard.)

15 CHAIRPERSON OLSON: We are now in

16 executive session.

17 (At 9:05 a.m., the Board adjourned

18 into executive session. Open

19 session proceedings resumed at

20 9:25 a.m., as follows:)

21 CHAIRPERSON OLSON: Okay. We're back in

22 open session. We'll give a minute for people to come

23 back in.

24 Let the record reflect that Member John Hayes

REPORT OF PROCEEDINGS -- 11/05/2013
COMPLIANCE ISSUES/SETTLEMENT AGREEMENTS/FINAL ORDERS

9

1 is now present.

2 Is there business to come out of the
3 executive session?

4 MR. URSO: Thank you.

5 Madam Chair and Board members, I'm going to
6 be requesting approval on the following final orders:
7 Provident Hospital of Cook County, Docket No. HFSRB
8 13-04. It's a final order for a default judgment.

9 The second final order is the Board versus
10 Pecatonica Pavilion, LLC, Project 10-31, Docket
11 No. HFSRB 13-05.

12 The next final order is on Van Matre Rehab
13 Center, LLC, Docket No. HFSRB 13-06.

14 The next one is the Board versus Morrison
15 Community Hospital, HFSRB 13-07. It's a final order
16 for default judgment.

17 The next one is the Board versus Senior
18 Lifestyle Corporation and Lincolnwood Place,
19 HFSRB 13-10. It's a final order.

20 And then the Board versus Fullerton Kimball
21 Medical and Surgical Center, and that's Project
22 No. 12-45, HFSRB 13-15.

23 That should be six final orders requesting
24 approval.

REPORT OF PROCEEDINGS -- 11/05/2013
COMPLIANCE ISSUES/SETTLEMENT AGREEMENTS/FINAL ORDERS

10

1 CHAIRPERSON OLSON: May I have a motion
2 to accept these final orders as read?

3 MEMBER GALASSI: So moved.

4 MEMBER SEWELL: Second.

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

7 Mr. Bradley.

8 MEMBER BRADLEY: Yes.

9 MR. ROATE: Dr. Burden.

10 MEMBER BURDEN: Yes.

11 MR. ROATE: Justice Greiman.

12 MEMBER GREIMAN: Yes.

13 MR. ROATE: Mr. Galassi.

14 MEMBER GALASSI: Yes.

15 MR. ROATE: Mr. Hayes.

16 VICE CHAIRMAN HAYES: Yes.

17 MR. ROATE: Mr. Sewell.

18 MEMBER SEWELL: Here.

19 MR. ROATE: Chairwoman Olson.

20 CHAIRPERSON OLSON: Yes.

21 MR. ROATE: That's 7 votes in the
22 affirmative.

23 CHAIRPERSON OLSON: The motion passes.

24 Anything else, Frank?

**REPORT OF PROCEEDINGS -- 11/05/2013
APPROVAL OF AGENDA**

11

1 MR. URSO: Madam Chair and Board
2 members, I'd like to report about two ex parte
3 communications.

4 Pursuant to Section 5-50 of the State
5 Officials and Employees Ethics Act as well as
6 Section 1925 of the Board's code, I would like to
7 report that an ex parte communication took place when
8 the Board Chairperson was sent a September 23rd, 2013,
9 letter by Attorney Stephen Hoeft regarding the Centegra
10 Hospital Huntley project, 10-90.

11 Another ex parte communication took place
12 when the Board's counsel received a September 10th,
13 2013, letter from Attorney Dan Lawler regarding the
14 Centegra Hospital Huntley project, 10-90.

15 Please note that this alleged -- these
16 alleged ex parte communications have now been made a
17 part of this record, and they will be communicated to
18 the Illinois Executive Ethics Commission.

19 Thank you.

20 CHAIRPERSON OLSON: Thank you, Frank.

21 May I have a motion to approve the agenda for
22 today's meeting?

23 MEMBER BRADLEY: So moved.

24 MEMBER SEWELL: Second.

**REPORT OF PROCEEDINGS -- 11/05/2013
APPROVAL OF AGENDA**

12

1 MEMBER GALASSI: Second.

2 MR. URSO: Madam Chair, I have a
3 correcti on.

4 CHAIRPERSON OLSON: Okay.

5 MR. URSO: I'd like the court reporter
6 to note that on page 37 of the open session agenda
7 for

8 CHAIRPERSON OLSON: It's the agenda.

9 MR. URSO: Oh, the agenda. I'm sorry.

10 CHAIRPERSON OLSON: Okay. I have a
11 moti on and a second.

12 MR. ROATE: Motion made by Mr. Bradley;
13 seconded by Mr. Sewell .
14 Mr. Bradley.

15 MEMBER BRADLEY: Yes.

16 MR. ROATE: Dr. Burden.

17 MEMBER BURDEN: Yes.

18 MR. ROATE: Justice Greiman.

19 MEMBER GREIMAN: Yes.

20 MR. ROATE: Mr. Gal assi .

21 MEMBER GALASSI: Yes.

22 MR. ROATE: Mr. Hayes.

23 VICE CHAIRMAN HAYES: Yes.

24 MR. ROATE: Mr. Sewell .

**REPORT OF PROCEEDINGS -- 11/05/2013
APPROVAL OF MINUTES**

13

1 MEMBER SEWELL: Yes.

2 MR. ROATE: Chairwoman Olson.

3 CHAIRPERSON OLSON: Yes.

4 MR. ROATE: That's 7 votes in the
5 affirmative.

6 CHAIRPERSON OLSON: Thank you. Motion
7 passes.

8 Approval of minutes.

9 Mr. Urso, do you have a correction?

10 MR. URSO: Yes. Now I'll tell you what
11 they are.

12 From the open session of September 24th,
13 2013, there is a line in -- line 7 of the minutes --
14 that says "Explanation of the Board's decision to" --
15 it should be "approve," a-p-p-r-o-v-e, not "improve."

16 Likewise -- excuse me. That was on page 37.

17 And on page 39, on line 5, it states
18 "Explanation for the Board's decision to approve" --
19 a-p-p-r-o-v-e -- and not the word "improve."

20 Those are the two corrections.

21 Thank you.

22 CHAIRPERSON OLSON: Thank you, Frank.

23 Are there any other corrections?

24 (No response.)

**REPORT OF PROCEEDINGS -- 11/05/2013
APPROVAL OF MINUTES**

14

1 CHAIRPERSON OLSON: May I have a motion
2 to approve the minutes as corrected?
3 MEMBER GALASSI: So moved.
4 VICE CHAIRMAN HAYES: Second.
5 MR. ROATE: Motion made by Mr. Galassi;
6 seconded by Mr. Hayes.
7 Mr. Bradley.
8 MEMBER BRADLEY: I vote yes to approve
9 them as improved.
10 (Laughter.)
11 MR. ROATE: Dr. Burden.
12 MEMBER BURDEN: Yes.
13 MR. ROATE: Justice Greiman.
14 MEMBER GREIMAN: Yes.
15 MR. ROATE: Mr. Galassi.
16 MEMBER GALASSI: Yes.
17 MR. ROATE: Mr. Hayes.
18 VICE CHAIRMAN HAYES: Yes.
19 MR. ROATE: Mr. Sewell.
20 MEMBER SEWELL: Yes.
21 MR. ROATE: Chairwoman Olson.
22 CHAIRPERSON OLSON: Yes.
23 MR. ROATE: 7 votes in the affirmative.
24 CHAIRPERSON OLSON: The motion passes

**REPORT OF PROCEEDINGS -- 11/05/2013
PUBLIC PARTICIPATION**

15

1 with the improved minutes.

2 The next order of business is public
3 participation. I will read the guidelines for public
4 participation.

5 Good morning, everyone.

6 As required by the Open Meetings Act, we'll
7 begin the public participation segment of this Board
8 meeting.

9 In an effort to balance the rights of
10 individuals who would like to address the Board with
11 the need to maintain a meeting decorum and
12 efficiencies, please adhere to the following:

13 No. 1, for the record, please clearly state
14 and spell your full name and identify the project or
15 agenda item for which you are speaking.

16 No. 2, limit your comments to a maximum of
17 two minutes.

18 No. 3, confine comments to the items listed
19 on today's meeting agenda.

20 No. 4, limit your testimony to one project or
21 issue.

22 No. 5, do not make inflammatory or derogatory
23 comments.

24 And, No. 6, please understand, when the Chair

**REPORT OF PROCEEDINGS -- 11/05/2013
MIDWESTERN REGIONAL MEDICAL CENTER**

16

1 signals, you must conclude your comments.

2 Thank you.

3 Courtney.

4 MS. AVERY: We will start off with
5 Project No. 13-047, Midwestern Regional Medical Center,
6 Representative Osmond, Jaime Salazar, and Michael
7 Crump.

8 Following that will be Project No. 10-031,
9 Pecatonica Pavilion, with Mark Silberman.

10 CHAIRPERSON OLSON: You may start.

11 REPRESENTATIVE OSMOND: Thank you.

12 Is this on? All right.

13 Thank you, Madam Chairman and members of the
14 Board.

15 I am JoAnn Osmond, and it's spelled
16 J-o capital A-n-n O-s-m-o-n-d. I'm the State
17 Representative for the 61st District and grateful to
18 have Midwestern Regional Medical Center in my district.

19 Standing before you today, I am honored to
20 support Midwestern Regional Medical Center's inpatient
21 modernization project. Midwestern provides advanced
22 treatment for cancer patients. On many of my visits to
23 this facility, I have seen firsthand the compassion,
24 the innovative healing environment for these patients

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MIDWESTERN REGIONAL MEDICAL CENTER**

17

1 and their patients' families.

2 Midwestern promises patients traveling from
3 approximately 400 miles away that they are provided a
4 mother's standard of care, and the inpatient
5 modernization is a necessity for them to continue
6 delivering on this promise.

7 Midwestern is an economic driver in Illinois.
8 Midwestern is the largest taxpayer and employer in
9 Zion, Illinois. It is unique as a destination hospital
10 with 80 percent of the patients traveling from out of
11 Illinois to seek premier service and world class
12 treatment options in our state, which would not be able
13 to be if it wasn't for them.

14 This hospital project -- I'm sorry. This
15 hospital projects labor costs next to over 70 million
16 for approximately 1,200 jobs for working families in
17 Illinois in addition to over 2.5 million in total
18 property taxes paid every year and sales tax in the
19 amount of \$6.3 million.

20 This great hospital project, a total -- has a
21 total annual economic benefit to the City of Zion and
22 its neighboring communities of over several hundred
23 million dollars. This growth is needed to be
24 supported.

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MIDWESTERN REGIONAL MEDICAL CENTER**

18

1 MR. ROATE: Two minutes.

2 REPRESENTATIVE OSMOND: I would
3 encourage each of you to visit this site. Your eyes
4 would light up when you come in the door and are
5 greeted by so many kind people with the energy and the
6 hope these cancer patients are feeling inside their
7 doors. They are changing the lives of thousands of
8 families.

9 Yes, the room size is -- is needed for the
10 special care that is given when a stem cell patient has
11 to stay for 30 to 40 days.

12 MR. ROATE: You've reached your limit.

13 REPRESENTATIVE OSMOND: You need to have
14 special -- you need to have special care given from a
15 caregiver to be in the room. And since they travel so
16 far, this is important to have that space for the
17 caregiver to be there.

18 Join me in making a difference today in the
19 many lives of cancer patients of tomorrow and support
20 this worldwide -- worthwhile project.

21 I want to thank each of you for allowing me
22 to come first, as I have to go to Springfield.

23 Thank you so much.

24 MS. AVERY: Thank you.

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MIDWESTERN REGIONAL MEDICAL CENTER**

19

1 CHAIRPERSON OLSON: Thank you, Madam
2 Representative. Travel safely.

3 MS. AVERY: Can I ask a quick question?
4 I have an extra person at the table.

5 MRS. SALAZAR: I'm his wife.

6 MS. AVERY: Oh, support. Thank you.

7 MR. SALAZAR: Good morning, members of
8 the Board. My name is Jaime Salazar.

9 MR. ROATE: Could you please sign in?

10 MR. SALAZAR: I'm sorry?

11 MR. ROATE: There's a sign-in sheet, if
12 you'd please sign in.

13 Thank you.

14 MR. SALAZAR: It's spelled J-a-i-m-e.
15 Last name is S-a-l-a-z-a-r.

16 I'm here speaking on behalf of Cancer
17 Treatment Centers in Zion, Illinois. I've been a
18 cancer patient there for almost three years now, and
19 I'm very much in favor of the new design of the new
20 patient rooms.

21 As these are not your typical patient rooms,
22 their cancer patients are not your typical patients.
23 I have celebrated birthdays, anniversaries, and
24 holidays at Cancer Treatment Centers, and they do their

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MIDWESTERN REGIONAL MEDICAL CENTER**

20

1 absolute best to accommodate us in every single way.

2 But when you are sharing a room with a
3 patient who is in pain, celebrating may not be what it
4 could be otherwise. Having a room with this space
5 would allow for those that commute to visit you to stay
6 a bit longer and make a bigger impact on your day
7 because friends and family are a big part of the
8 recovery.

9 Not being a typical patient, there are times
10 when your stay can be quite long. Such was the case
11 when I got an E. coli infection. My stay was about
12 six weeks, and my wife never left my side. But there
13 was no room for my children to stay at least even
14 one night with me or someone else to stay and give my
15 wife a well-deserved break. But, again, with the
16 continued love and support and motivation, I was able
17 to quickly recover.

18 Also, as a result of my stay, there's been
19 multiple instances where my stays have been in duration
20 of four weeks to six weeks and over, and as a result,
21 my youngest daughter has had a hard time coping with
22 that. She's 7 years old now, and we have home-school ed
23 her, started to home-school her.

24 And a room with this amount of space will

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MIDWESTERN REGIONAL MEDICAL CENTER**

21

1 allow us to bring her on these long trips and continue
2 her schooling so she doesn't miss vital parts of
3 learning and growing up.

4 MR. ROATE: Two minutes.

5 MR. SALAZAR: If I could just lastly add
6 that the biggest part of this would be actually to
7 maintain a shred of dignity because I have a great
8 struggle coping with having my wife bathe me and clean
9 me after using the restroom, even more so when sharing
10 a room with another patient. I worry if they are
11 complaining about the smells coming from the bathroom
12 we share, if they think I'm gross because I don't have
13 the strength to shave.

14 There was a time when I was so out of it
15 I wanted to just wander the room in a diaper. I thank
16 God my wife did a great job of helping me stay discreet
17 with the use of blankets and curtains and whatnot.

18 But -- absolutely I am in favor of this
19 expansion because cancer's already taken so much, and I
20 am fighting as much as I can to keep everything else
21 that I have from my original life and now a new life.

22 Thank you.

23 CHAIRPERSON OLSON: Thank you,
24 Mr. Salazar. I wish you good luck.

**REPORT OF PROCEEDINGS -- 11/05/2013
MIDWESTERN REGIONAL MEDICAL CENTER**

22

1 MR. CRUMP: My name is Michael Thomas
2 Crump, M-i-c-h-a-e-l T-h-o-m-a-s C-r-u-m-p.

3 And the reason why I came to Cancer Treatment
4 Centers of America is I saw that on TV, when -- I come
5 from Texas. And I saw it on TV two years before I knew
6 I had cancer -- I had cancer but didn't know it. And
7 the commercial touched me so much that I said, you
8 know, "If I ever got cancer, I believe that's the place
9 I'd want to go."

10 And after I found out I had cancer -- I had
11 Stage IV prostate cancer. My doctor told me -- he
12 said, "Well, you've only got about six months to live."
13 And he said, "I can buy you some time. We can do
14 surgery Monday morning or you can go somewhere else."

15 And I said, "I think I'll go somewhere else."

16 And he said, "Okay. I'm not your doctor
17 anymore."

18 So in that meantime they got me an
19 appointment with MD Anderson, so I went to MD Anderson.
20 I'd already talked to Cancer Treatment Centers of
21 America, but it was about two weeks before they could
22 get me in.

23 In the meantime I went to MD Anderson. And
24 they waited until after we got there -- it was a

**REPORT OF PROCEEDINGS -- 11/05/2013
MIDWESTERN REGIONAL MEDICAL CENTER**

23

1 six-hour drive away -- to tell me that they needed
2 \$10,000 up front before they would do the patient care.

3 And so that lady told me -- as soon as she
4 found out we didn't have the \$10,000 to pay them, she
5 said, "Well, here's some papers for assistance," and
6 she said, "We're all done now." And I saw things that
7 I didn't even like there.

8 And so anyway -- so we got back home to my
9 daughter's house where we stayed -- she lives close to
10 there. We called Cancer Treatment Centers of America,
11 and they told us they were still willing to see me, so
12 we flew up there.

13 And after the first week of me going there,
14 they took all of my fears away because -- I had a very
15 great deal of fear because I had only -- been told
16 I only had six weeks to live. That's been over a year
17 and a half that I've been coming to Cancer Treatment
18 Centers of America.

19 I'm going to tell you, if you all ever get
20 cancer, that is the place I would highly recommend.

21 MR. ROATE: Two minutes.

22 MR. CRUMP: If the average hospital was
23 in -- would treat you the way that these people treat
24 you, there would be fewer people to die of cancer than

**REPORT OF PROCEEDINGS -- 11/05/2013
PECATONICA PAVILION, LLC**

24

1 any other kind of disease. Because they are awesome.

2 CHAIRPERSON OLSON: Thank you,

3 Mr. Crumb. I wish you good health, as well.

4 You guys can leave the table. You don't have
5 to stay at the table.

6 MR. SALAZAR: Thank you.

7 CHAIRPERSON OLSON: Mr. Silberman.

8 MR. SILBERMAN: Good morning.

9 CHAIRPERSON OLSON: Good morning.

10 MR. SILBERMAN: My name is Mark

11 Silberman, M-a-r-k S-i-l-b, as in "boy," -e-r-m-a-n.

12 I'd like to thank the Board for the
13 opportunity to offer these comments on behalf of Medi na
14 Manor and Alpine Fireside with regards to the --

15 MS. AVERY: Why don't you move over --

16 MR. SILBERMAN: -- with regards to the
17 Pecatonica Pavilion project.

18 We would ask to note that the agenda doesn't
19 correctly note that there's no opposition to this
20 project, but as has been true throughout, we have been
21 offering some level of opposition to this application.

22 Throughout the entire progress, starting with
23 when these facilities joined together and offered
24 comments at the public meeting, we have followed and

**REPORT OF PROCEEDINGS -- 11/05/2013
PECATONICA PAVILION, LLC**

25

1 abided by the Board's rules and regulations.

2 In an effort to continue to do so, we were
3 surprised when this application originally came up on
4 the -- on the agenda, and the reason for that was this
5 was a project that had an issue of open noncompliance
6 and an issue that had -- a project that had not
7 submitted an annual progress report. And, therefore,
8 the determination was made -- because either of these
9 under the Board's rules would have given a basis or a
10 reason not to consider or rule on this application.

11 With the sole purpose of making sure that we
12 didn't give out any information that was incorrect to
13 the Board, we reached out to counsel and -- with the
14 sole purpose to make sure that there wasn't a
15 disconnect.

16 One of the concerns that has been voiced
17 throughout is that there has been various procedural
18 irregularities in the consideration of treatment of
19 this project with regard to the Board's rules, and we
20 were somewhat concerned when, within six days of our
21 raising this concern that the annual progress report
22 had not been submitted and that the compliance action
23 hadn't been resolved, that it would appear the annual
24 progress report was then submitted three days later and

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1 the progress report -- or it would appear the
2 compliance action was resolved this morning. So we
3 simply wanted to note that.

4 And then turning back to the fundamental
5 underlying concerns with regards to the renewal, the --
6 once again, in the documentation provided, I think
7 there's still issues of concern for this Board to look
8 into.

9 One is -- one of the original concerns we
10 raised was the blurring of the line regarding whether
11 this was a stand-alone long-term care facility or
12 whether this was part of a larger CCRC project. And if
13 the Board looks at the renewal application, they talk
14 about this entire CCR development and the fact that
15 this is a CCR development that's underway and the
16 building has gone on and, again, continues to refer to
17 this facility as part of this larger CCRC development,
18 and it was originally applied for --

19 MR. ROATE: Two minutes.

20 MR. SILBERMAN: -- as a stand-alone
21 facility.

22 Additionally, we would simply just ask, also,
23 that the Board inquire into the finances because they
24 mentioned this project was borderline of withdrawing

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1 due to finances, but the issues are continuing.

2 So thank you.

3 CHAIRPERSON OLSON: Thank you,
4 Mr. Silberman.

5 MS. AVERY: Okay.

6 Next we'll have participants from -- for
7 13-023, Alden Estates of Evanston, Kaity Crist; 13-038,
8 Transitional Care of Naperville, LLC, Tim Wilsey,
9 George Pradel, Christine Jeffries, and Gloria --
10 I'm sorry -- Mark Weldler.

11 CHAIRPERSON OLSON: Would those
12 individuals all come to the table if your name is
13 called.

14 MS. AVERY: Okay.

15 MS. CRIST: Good morning. Kaity --

16 CHAIRPERSON OLSON: Hold that closer.

17 MS. CRIST: Good morning. Kaity Crist,
18 K-a-i-t-y C-r-i-s-t.

19 Thank you for allowing me to have a few
20 minutes to speak with you on behalf of Alden Estates of
21 Evanston. I have the privilege of being the
22 administrator at this facility.

23 During my time there I have really gotten to
24 know the residents, particularly those who are living

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1 there permanently in our assisted-living community.
2 Many of these folks have been there for several years
3 and are very happy with their arrangements.

4 Unfortunately, with our current bed setup, as
5 these residents age and their needs increase to beyond
6 assisted living, we often have to refer them to another
7 facility which has long-term skilled beds, as ours are
8 primarily always filled with a rehab patient.

9 I would like to share an example of one of
10 the letters written by one of my residents who supports
11 the license change from assisted living to skilled.

12 "Dear Ms. Avery. I am reaching out to you
13 after the administrator at Alden Estates of Evanston
14 told me about the application for increased skilled
15 beds. I have been a happy resident of this place since
16 2008. I do realize that I may reach a point where my
17 needs might increase and I might need additional help.
18 I do not want to leave Alden Estates of Evanston. It
19 would be very difficult for me and for my family.
20 I chose this place with my family several years ago,
21 and it has become my home, my home in which I intend to
22 stay.

23 "I really hope that Alden is able to obtain
24 these additional licenses, as I see it as only a

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1 benefit to myself and my friends who live here.

2 "Thank you very much for your consideration.
3 Sincerely, Mary Betterman, assisted-living resident."

4 Again, I thank you for your time, and I urge
5 you to strongly consider granting Alden Estates of
6 Evanston these additional licenses. You will make the
7 residents of the assisted-living community very happy.

8 CHAIRPERSON OLSON: Thank you,
9 Ms. Crist.

10 MR. WELDLER: Good morning. My name is
11 Mark, M-a-r-k; Weldler, W-e-l-d, as in "David," -l-e-r.

12 I'd like to thank the Board for the
13 opportunity to address the Board. I'm here relating to
14 Project No. 13-038, which is the Transitional Care of
15 Naperville.

16 I'm the owner of Community Nursing and
17 Rehabilitation Center, which is a 153-bed skilled
18 facility in Naperville. We are duly certified in our
19 beds for both Medicare and Medicaid, and we provide
20 short-term rehab for high-acuity patients coming out of
21 the hospital that have comorbidities and complex
22 medical needs, and we provide that in the area as well
23 as we have dialysis on-site, for those that need rehab,
24 and greatly improves their short stay in the facility

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1 because, with the complex dialysis, we are able to work
2 their rehab around it, which is one more thing to do.

3 We currently have approximately 30 beds that
4 are empty in our facility, and our facility is
5 1500 feet from the proposed site. So it's -- if you
6 stand outside and take a look, you will be able to see
7 that facility.

8 If the facility is approved, they will have a
9 severe impact on our facility. The services being --
10 that the Applicant is saying they will be providing are
11 those services that we currently provide.

12 37 out of the 47 facilities that are in a
13 30-minute drive from this site are below the Board's
14 utilization rate. The Board's staff report also
15 reflects over 400 empty beds within 15 minutes, so
16 there's -- in the area, as well, there are a lot of
17 high-quality facilities, and there's no barrier in this
18 area to quality care or services to all payer types.

19 And if approved, this facility will have a
20 severe negative impact on facilities like myself, which
21 is right along the way --

22 MR. ROATE: Two minutes.

23 MR. WELDLER: -- as well as other
24 facilities in the area and would greatly diminish our

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1 ability to continue.

2 Thank you so much for the opportunity to
3 address you.

4 CHAIRPERSON OLSON: Thank you.

5 MR. WILSEY: Good morning, Board
6 members. My name is Tim, T-i-m; Wilsey, W-i-l-s-e-y;
7 Project No. 13-038.

8 I'm speaking in opposition of the project.
9 My name is Tim Wilsey. I am representing Butterfield
10 Health Care Group that owns and operates Meadowbrook
11 Manor of Bolingbrook and Naperville.

12 I have over 15 years of experience working in
13 programming, operations and business development
14 capacities, CCRC and SNF settings.

15 In addition, I have acted as a paid business
16 development consultant in various health care clients
17 in the Chicago senior market with an emphasis in the
18 DuPage County area.

19 Over the last two to four years, the
20 SNF industry within the Chicago area has changed
21 dramatically. With the recent changes to Medicare, the
22 handling of senior patients with the lack of hospital
23 admissions, increased observation stays, with the
24 merging of local hospitals as well as the growth of

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1 Local large physician groups exclusively working with
2 certain hospitals and SNFs, the opportunity to obtain
3 referrals for area facilities in the Naperville area
4 will grow increasingly difficult.

5 Only two of the five operating SNFs in the
6 Naperville area are operating above the State's
7 90 percent utilization level. There are 47 existing,
8 approved -- or approved SNFs within 30 minutes of the
9 proposed transitional care center. Only 10 of the
10 47 facilities within the 30 minutes are operating at or
11 above the State's 90 percent utilization standard.

12 Thank you very much.

13 CHAIRPERSON OLSON: Thank you, sir.

14 MR. PRADEL: My name is George Pradel,
15 P-r-a-d-e-l, and I am speaking in behalf of the
16 Transitional Care Center of Naperville.

17 Madam Chairman and members of the Health
18 Facilities and Services Review Board, thank you for the
19 opportunity to speak in favor of the certificate of
20 need for Transitional Care management center of
21 Naperville.

22 This project had already been approved for
23 another location in Naperville and, at the request of
24 the City of Naperville, moved the project to another

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1 location more suited for this use.

2 So I, as the mayor of Naperville, am
3 conveying to you our support for this request.

4 CHAIRPERSON OLSON: Thank you,
5 Mr. Mayor.

6 MR. PRADEL: Thank you.

7 MS. AVERY: Why don't you move . . .

8 MS. JEFFRIES: Christine Jeffries with
9 the Naperville Development Partnership. And the mayor
10 spoke on our behalf.

11 Thank you.

12 MS. AVERY: Thank you.

13 CHAIRPERSON OLSON: Thank you.

14 MS. AVERY: Thank you.

15 MEMBER GALASSI: I would just like to
16 thank the staff for the glossary of abbreviations
17 because I didn't know what a "sniff" was.

18 MS. AVERY: We'll continue with Project
19 No. 13-038, Transitional Care of Naperville, Gloria
20 Pindiak, Sister Jeanne Haley, Aimee Musial, Renée
21 Garvin, and Mark Silberman.

22 MS. PINDIAK: My name is Gloria Pindiak.
23 It's G-l-o-r-i-a and the last name, Pindiak, is P, as
24 in "Peter," -i-n-d-i-a-k. And I represent Tabor Hills,

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1 and I am in opposition of Project 13-038, Transitional
2 Care Center of Naperville.

3 Tabor Hills has been caring for individuals
4 for over a hundred years. We were originally located
5 in Chicago, and we actually incorporated in 1894. We
6 moved to Naperville over 20 years ago in light of the
7 fact that we noticed that there was a need for skilled
8 beds. And, in addition, we also introduced independent
9 living and an assist -- affordable assisted living.

10 We have a very strong working relationship
11 with Edward Hospital and have developed an excellent
12 reputation among the residents of Naperville and the
13 surrounding communities.

14 We serve the community not only for those
15 individuals that are on Medicare, which Transitional
16 Care is targeting, but also those in need of charity
17 care, and we work in partnership with Edward Hospital
18 for this purpose.

19 We work hard to maintain a five-star rating
20 on Medicare, to make sure that the residents of our
21 area have the quality of care that they deserve.

22 To this point in time, the census is running
23 around 80 percent for us, which is difficult to
24 maintain with the level of staffing due to these

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1 fluctuating census numbers. Introducing yet another
2 facility will negatively impact our already poor
3 numbers.

4 As it is my understanding Edward Hospital has
5 not recommitted any referrals to this new facility, I
6 am concerned as to where these new potential residents
7 will be found and the negative impact on the numbers of
8 not only our facility but the surrounding facilities.
9 Lower census numbers would force us to reduce staffing,
10 which would result in layoffs of our staff, thereby
11 impacting our quality of care.

12 In addition to our skilled facility, we are
13 very fortunate in Naperville and the surrounding area
14 to have several five-star facilities, so there's no
15 need for another skilled care facility. The services
16 provided by all of us not only suffice but exceed the
17 needs of our community. Another facility will simply
18 weaken the numbers and weaken the --

19 MR. ROATE: Two minutes.

20 MS. PINDIAK: -- and weaken the
21 excellent facilities in our area.

22 The point has been driven home. Tabor Hills
23 is among the 10 not meeting those criteria for the
24 Board's target numbers. Please deny Transitional Care.

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1 CHAIRPERSON OLSON: Thank you.

2 MS. MUSIAL: Hello. I'm Aimee Musial,
3 A-i --

4 MS. AVERY: Use the microphone.

5 MS. MUSIAL: My name is Aimee Musial,
6 A-i-m-e-e; last name, M-u-s, as in "Sam," -i-a-l, and
7 I'm here opposing Project 13-038, Naperville --
8 Transitional Care Center of Naperville.

9 I am currently the administrator at Wynscape
10 Health and Rehabilitation Center, which is part of the
11 Wyndemere senior living campus in Wheaton, Illinois.
12 Wynscape is a five-star health center with an excellent
13 survey history and an award-winning end-of-life program
14 that has been recognized in the local community, as
15 well.

16 We have a strong relationship with Cadence
17 Physician Group, and they have a daily presence
18 currently at our community, providing quality outcomes
19 and service.

20 Additionally, we do employ a full-time
21 rehabilitation specialist, a physician who specializes
22 in therapy medicine who is on campus and in the
23 community eight hours a day.

24 Wynscape has a well-established short-term

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1 rehabilitation program servicing approximately
2 55 residents every day with 95 percent of those
3 individuals returning home to the greater community
4 successfully.

5 We are currently in the final steps of
6 finalizing a repositioning plan to begin in 2014 which
7 will result in private rooms for our residents and a
8 significant upgrade and renovation to the community.

9 Despite the high quality and commitment at
10 Wynscape, we continue to average approximately 25 open
11 beds on a daily basis, which is consistent with most
12 other communities in our area. I am opposing this
13 project because I feel the market is clearly overbedded
14 despite a number of high-quality providers in the area.

15 Thank you.

16 CHAIRPERSON OLSON: Thank you.

17 MS. GARVIN: Good morning. My name is
18 Renée Garvin, R-e-n-e-e G-a-r-v-i-n, and I'm here
19 speaking in opposition of Transitional Care Center of
20 Naperville, Project 13-038.

21 I'm the executive director for Monarch
22 Landing, a very reputable continuing care retirement
23 community in Naperville, and I'm here to speak on
24 behalf of the 425 residents, 200 employees, and our

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1 ownership.

2 It was just over a year ago today that I was
3 here representing Monarch Landing as we requested
4 approval for our skilled nursing CON, which, like
5 Transitional Care Center of Naperville, also falls in
6 Long-Term Planning Area VII-C.

7 At the time of our application, the long-term
8 care services inventory indicated a bed need of 937.
9 Our application highlighted the plans to provide
10 continuing care for the residents of Monarch Landing,
11 which we anticipate will be approximately 75 percent of
12 our projected skilled nursing occupancy.

13 Considering the limited potential impact of
14 existing care providers, we were rather surprised when
15 we received our intent -- your intent to deny for not
16 meeting the bed-need determination criteria at our
17 first hearing in July 2012.

18 After taking time to reevaluate our strategy
19 and gathering support, we were able to demonstrate, if
20 Monarch Landing was not built, there would be a far
21 greater impact than any potential impact to existing
22 care providers. Fortunately for us, you agreed and
23 approved our request on October 31st, 2012.

24 I share this background with you today as,

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1 when I read through the Transitional Care Center of
2 Naperville CON application, I notice that, like Monarch
3 Landing, they also do not meet the bed-need
4 determination criterion; however unlike Monarch
5 Landing, Transitional Care Center of Naperville is not
6 a continuing care community. It's -- and is not home
7 to over 400 residents; therefore, not creating its own
8 demand.

9 In addition, with the long-term care bed
10 inventory released in October of 2013, there is no
11 longer a bed need within Planning Area VII-C.

12 In light of these facts, my concern is that,
13 if you grant approval of 120 new skilled nursing beds
14 to Transitional Care Center of Naperville, there will
15 be a significant negative impact to all existing
16 skilled nursing providers in our area.

17 MR. ROATE: Two minutes.

18 MS. GARVIN: It is for this reason that
19 I strongly urge the Board to deny the CON request
20 submitted by Transitional Care Center of Naperville.

21 Thank you.

22 CHAIRPERSON OLSON: Thank you.

23 SISTER HALEY: Good morning. My name is
24 Sister Jeanne Haley, J-e-a-n-n-e H-a-l-e-y, and I'm

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1 here today to oppose Project 13-038, Transitional Care
2 of Naperville.

3 St. Patrick's has been in this area for
4 24 years. We are a five-star rating facility, and we
5 care for residents with end-stage dementia, residents
6 with short-term rehab, any long-term residents that
7 need our care.

8 We are duly certified for Medicare and
9 Medicaid, and we -- any resident that has long-term
10 care in our facility and they apply for Medicaid, they
11 know that they still remain in their home, which is
12 St. Patrick's.

13 In order to be able to continue with this
14 type of care, we need to sustain a certain number of
15 Medicare beds -- Medicare A beds -- and have them
16 filled. Without this, as you know, the payment we
17 receive from Medicaid does not meet the needs of
18 St. Patrick's. So we oppose this Transitional Care
19 Center because we feel that our beds have not been
20 filled with a five-star rating.

21 And the Carmelite Sisters serve this
22 facility, and the mission of our Carmelite Sisters is
23 that we hold the hand of an elderly person until they
24 go home to God and that, with the Medicare Part A, then

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1 we transition them back home to the highest function
2 that they can be, always looking at both cases and
3 looking at them holistically.

4 We need to take care of their minds, their
5 bodies, and their souls, so we are more than just a
6 facility that's taking care of Medicaid or Medicare A.
7 This is their home and we work hard to keep it that.

8 How do we do this? The loyalty of our staff
9 and over 250 volunteers, all of which take on a
10 commitment that love is the difference.

11 I oppose this, again, because we need to have
12 our Medicare rate high enough to be able to sustain
13 St. Patrick's residents. We have been in this area,
14 again, for 24 years. We are well known and we have a
15 great relationship with Edward Hospital and DuPage
16 Medical Group. We're also working with the Break
17 Through clinic in DuPage by the DuPage Medical Group,
18 and we have been approached by IPC hospitals, also, in
19 regards to using our facility for their bed needs.

20 MR. ROATE: Two minutes.

21 SISTER HALEY: So those 130 beds will
22 not be going to any one facility, which, again, is
23 against -- to me -- the rights of any resident not to
24 be able to make choices.

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1 I thank you very much and God bless.

2 CHAIRPERSON OLSON: Thank you, Sister.

3 MR. SILBERMAN: Good morning. Mark
4 Silberman rounding out the opposition to Transitional
5 Care Center of Naperville, Project 10-38.

6 I think what's reflected in the opposition
7 that's been presented is how exceptional the quality of
8 care, the dedication that's in this community. I think
9 the joining together of a diverse group of facilities
10 that have come together to echo to the Board that this
11 project doesn't reflect the needs of the community and
12 that is reflected in the Board's own evaluation of
13 need.

14 Not only is there a determination that
15 there's no established bed need by the Board's
16 criteria, but Table 1 reveals that there's over
17 400 beds in 15 minutes of this facility that are open
18 and available to members of the community, not to
19 mention that 37 out of the 47 facilities don't meet the
20 Board's established criteria.

21 Additionally, I think there's some procedural
22 irregularities regarding this project that need to be
23 voiced. This project -- it was mentioned by the mayor
24 that this project has already been approved, but by

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1 the Board's regulations that's just not true. Every
2 application has to be considered on its own four
3 corners. A CON isn't transferrable. And, therefore,
4 I think that their application reflects an overreliance
5 on the fact that this project was previously
6 considered.

7 But if you consider the fact -- it doesn't
8 reflect the changes that have taken place in health
9 care, the change of a need of 800 beds to an
10 overbedding in the area. It doesn't -- you know, the
11 application, once submitted, relies on the support
12 letters from the prior application without having them
13 reissued. It references alternatives to the project
14 rather than providing an analysis to the alternative.

15 And the application actually -- at one point,
16 rather than performing an analysis of the facilities in
17 the area, they actually took two pages of the staff
18 report from the prior application and stapled them into
19 the application package.

20 I think this shows a reliance that the Board
21 approved this project once and, therefore, is going to
22 approve it again. But the landscape has changed, and
23 we would ask this Board to evaluate this project on its
24 own merits and on the evaluation that there's no need

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1 today in the community.

2 The other thing that I think should be
3 mentioned is there's been no steps taken by the
4 Applicant to relinquish their prior project, which is
5 required by the Board's rules. And given that fact,
6 that would be apparently inconsistent with the
7 requirements of the Board and could provide the basis
8 for a compliance action.

9 I think that --

10 MR. ROATE: Two minutes.

11 MR. SILBERMAN: -- is something the
12 Board should consider, along with the fact that they
13 still haven't obtained zoning.

14 So thank you and we continue to oppose this
15 project.

16 CHAIRPERSON OLSON: Thank you,
17 Mr. Silberman.

18 MS. AVERY: Thank you.

19 I'll tell you next we have Project
20 No. 13-049, Nocturnal Dialysis Spa, Villa Park, Grant
21 Asay. Following that we have 13-052, Massac County
22 Surgery Center, Parker Windhorst and Honey Skinner.

23 MR. ASAY: Good morning. My name is
24 Grant Asay, G-r-a-n-t A-s, as in "Sam," -a-y. I'm the

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1 group vice president for Fresenius Medical Care.

2 Thanks for the opportunity to address
3 Project 13-049 and oppose this project. I'm fairly new
4 to the Fresenius Medical Care process and to this Board
5 process, but I've observed from the Board that you, as
6 a Board, are concerned with both access to care and
7 implication of services.

8 The Nocturnal Dialysis Spa does not improve
9 access to care, and it duplicates existing services.
10 While the Applicant presents nocturnal dialysis as a
11 service that is new and unique, that is not the case.
12 In addition, it represents only a third of what the
13 clinic will offer, assuming the clinic has enough
14 nocturnal patients to even fill the third shift.

15 We don't have many clinics that -- excuse me.
16 We have many clinics that could serve the patients
17 identified by the Applicant and two clinics that
18 currently provide nocturnal services. We continue to
19 offer nocturnal and other treatments when there is a
20 demand for it.

21 It appears that other providers opposing the
22 project -- including DaVita and US Renal -- also have
23 capacity and the ability to provide nocturnal dialysis.
24 The Applicant's own clinic, Maple Avenue Kidney Center,

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1 has the ability to provide nocturnal dialysis.

2 I think a much more reasonable approach to
3 provide access to patients wanting nocturnal dialysis
4 would be to use existing clinics, including the
5 Applicant's own clinic.

6 Also, there are a number of clinics within a
7 30-minute location that have significant capacity. The
8 fact that the Applicant proposes a clinic that could
9 accommodate patients wanting nocturnal dialysis is no
10 reason to ignore this excess capacity. Most providers
11 can offer nocturnal. It's not a new service or a
12 service that is particularly in demand, but it is
13 offered to all patients, and we educate them on it as
14 an option.

15 To summarize, the Nocturnal Dialysis Spa does
16 not offer a service that is unique and is not already
17 offered or could be offered at existing clinics.

18 Thank you for your time.

19 CHAIRPERSON OLSON: Thank you.

20 MS. SKINNER: Good morning, Madam
21 Chairman and members of the Board. My name is Honey
22 Jacobs Skinner, S-k-i-n-n-e-r.

23 I am here on behalf of the Applicants in
24 Project No. 13-052, in support of that project, and I

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1 will be followed by Parker Windhorst, who is the
2 athletic director of our local high school, who will
3 also be speaking in favor of the project.

4 This project, 13-052, seeks to get your
5 approval to establish a specialty ambulatory surgical
6 treatment center for orthopedics and podiatric care to
7 be located in Metropolis, Illinois.

8 That city, as you may know, is located at the
9 very southern tip of the state of Illinois, right
10 across the river from Kentucky, and for that reason,
11 many supporters of our project were unable to make the
12 trip here today but did file letters of support.

13 I want to highlight the breadth of that support so you
14 have a sense of the importance of this project to our
15 community. And, of course, as Courtney Avery just
16 indicated, there is no public comment in opposition.

17 We have a hundred percent positive State
18 Agency Report, and, as noted, our support is broad from
19 every aspect of our community. You have over a dozen
20 letters of support from clinicians, including
21 nurse-practitioners, physicians, chiropractors. You
22 have letters of support from the business community,
23 including the Metropolitan -- Metropolis Chamber of
24 Commerce and significant employers in our area,

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1 including Honeywell.

2 You have letters of support from elected
3 local, county, state, and federal officials, including
4 Congressman Shimkus, Representative Brandon Phelps,
5 Mayor McDaniel, and County Commissioners Farmer,
6 Childers, and Weber.

7 You have letters of support from
8 representatives of unions in your area, including the
9 Carpenters' District Council and the Bricklayers and
10 Allied Craftsmen, Local 8, as well as the Laborers'
11 International Union of North America.

12 MR. ROATE: Two minutes.

13 MS. SKINNER: You have letters of
14 support from the Southern Seven Health Department,
15 which is a health department that covers the seven most
16 southern counties of the state of Illinois, and,
17 finally, from other providers, including SouthGate
18 Nursing and Rehabilitation Center.

19 Thank you for your time.

20 CHAIRPERSON OLSON: Thank you.

21 MR. WINDHORST: My name is Parker,
22 P-a-r-k-e-r, Windhorst, W-i-n-d-h-o-r-s-t.

23 I'm the athletic director at Massac County
24 High School. I've served in that role for four years.

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1 I've been a teacher and coach at that school for
2 10 years. We're a school of about 610 students. About
3 200 of those students play athletics.

4 I'm here in support of the orthopedic doctors
5 who are going to join partnership with Massac Memorial
6 Hospital. I'm delighted to tell you some of the things
7 they have done for us through their time.

8 They give free physical examinations that are
9 mandated by the IHSA. All of our athletes have to have
10 them before they can participate. They see any of our
11 athletes who may be injured promptly and without regard
12 to insurance.

13 We are by no means a wealthy district, and we
14 would not have the means to hire an athletic trainer or
15 a physical therapist or a doctor to be at our games,
16 and they provide that for free to our football games,
17 and they've done so for a number of years since their
18 existence.

19 Outside of my role as an athletic director,
20 I'm a lifelong resident of Metropolis and Massac
21 County, and to be able to come up here and speak on
22 their behalf is a privilege and an honor.

23 This is just something that our city really
24 needs. It's kind of a tipping point in our community.

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POSTPERMIT ITEMS**

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1 We are on -- right across the river from Paducah,
2 Kentucky, and people seek not only jobs but look to
3 spend their money across the river. And, hopefully,
4 this can be the beginning of some economic growth and
5 can bring more people to Metropolis and have more
6 people spend money in Metropolis and the state of
7 Illinois.

8 I am supremely in support of this, speaking
9 on behalf of not only myself but also Massac County
10 High School. And all the members of the community that
11 I've talked to think this is a great opportunity and
12 hope that you will see fit to see the need our
13 community has.

14 Thank you for your time.

15 CHAIRPERSON OLSON: Thank you.

16 That concludes the public comments section of
17 the meeting. We're just going to do the postpermit
18 items, and then we'll take a 15-minute break.

19 Mike?

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

22 The following items have been approved by the
23 Chairman: Permit Renewal No. 08-087, Little Company of
24 Mary Hospital in Evergreen Park, a 12-month permit

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1 renewal to December 31st, 2014;

2 No. 2, an alternation to Permit No. 13-008,
3 Chicago Dialysis Center, approved to reduce the gross
4 square footage by 830 gross square foot and the cost by
5 \$422,892;

6 And, finally, relinquishment of a permit,
7 No. 13-029, Greater Peoria Specialty Hospital change of
8 ownership.

9 Thank you, Madam Chairwoman.

10 CHAIRPERSON OLSON: Thank you, Mike.

11 We will take a 15-minute break. I have
12 10:18. We'll be back here at 10:30.

13 (Recess taken, 10:18 a.m. to
14 10:33 a.m.)

15 CHAIRPERSON OLSON: Let's reconvene.

16 The next order of business is items for State
17 Board action, exemption requests. 021-03, Northwest
18 Community Health Care.

19 MS. NAGY: Good morning.

20 CHAIRPERSON OLSON: May I have the State
21 Board report, please.

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

24 Northwest Community Health Care is proposing

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1 a change of ownership of Northwest Community Day
2 Surgery Center, Inc., a multi specialty surgery center.
3 Northwest Community Health Care is the sole corporate
4 member of Northwest Community Day Surgery Center, Inc.,
5 and is proposing to transfer the assets of the surgery
6 center to Northwest Community Day Center -- Surgery
7 Center II, LLC. The fair market value of the
8 transaction is approximately \$4.6 million.

9 There was no opposition and there is -- no
10 public hearing was requested.

11 Thank you, Madam Chairwoman.

12 CHAIRPERSON OLSON: Thank you, Mike.

13 Will the members at the table be sworn in.
14 And I will state, as we have been doing, there is no
15 opposition and there is no finding, so if you would
16 like, you may waive your presentation and go to
17 questions. But either way you'll need to be sworn in.

18 So please state your names.

19 (Three witnesses duly sworn.)

20 THE COURT REPORTER: Thank you.

21 CHAIRPERSON OLSON: Do you want to state
22 your names, too, so she has your names?

23 MS. NAGY: My name is Kimberly A. Nagy,
24 N-a-g-y. I'm the executive vice president and chief

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1 nursing officer.

2 MS. LIU: My name is Marsha,
3 M-a-r-s-h-a, Liu, L-i-u. I'm the chief financial
4 officer.

5 MR. GREEN: And I'm Edward Green from
6 Foley & Lardner, outside counsel to the hospital.

7 CHAIRPERSON OLSON: Would you like to do
8 a presentation, or can we open it for questions?

9 MS. NAGY: We'd like to open it for
10 questions.

11 CHAIRPERSON OLSON: Thank you.
12 Questions, Board members?
13 John.

14 MEMBER GALASSI: Motion to approve.

15 CHAIRPERSON OLSON: Wait.

16 MS. AVERY: Wait. John has a question.

17 CHAIRPERSON OLSON: Mr. Hayes has a
18 question.

19 VICE CHAIRMAN HAYES: Yeah. I was --
20 you know, basically, I was wondering on that -- this
21 project is to be able to develop -- to be able to
22 transfer, essentially, an ownership interest to the
23 physicians and, what, about -- small units, about
24 2 1/2 percent, hopefully -- and then they will own

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NORTHWEST COMMUNITY DAY SURGERY CENTER**

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1 49 percent and the hospital essentially will own
2 51 percent.

3 Could you go through the process and how you
4 came up with that -- the value of this project at
5 4.6 million?

6 MS. LIU: So we had a valuation done by
7 an independent valuation organization.

8 And based on various approaches that they
9 took -- the income statement approach as well as cost
10 approach and looking at all of our financial
11 information over the past three years and coming up
12 with pro forma data -- they had put together a
13 valuation for us that came up with -- that amount was
14 the \$4.6 million.

15 VICE CHAIRMAN HAYES: And that's what --
16 for the total invested capital?

17 MS. LIU: Correct.

18 VICE CHAIRMAN HAYES: Okay. But that
19 wouldn't be the value that we would use to sell the
20 units; is that correct?

21 MR. GREEN: No. The 4.6 -- it's
22 Edward Green, Foley & Lardner.

23 The 4.6 million was the valuation as
24 determined by the two valuation companies for the

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1 entire surgery center.

2 So when they go to sell between 40 and
3 49 percent of that, the units will be priced at
4 \$46,000 -- or these -- half of that -- roughly half of
5 it, 2.3 million, will be raised from physicians.

6 VICE CHAIRMAN HAYES: Okay. Now, you
7 had a valuation done by a firm called VMG; is that
8 correct?

9 MR. GREEN: Correct.

10 VICE CHAIRMAN HAYES: Okay. And
11 would -- that valuation was completed in March of this
12 year?

13 MR. GREEN: Correct.

14 VICE CHAIRMAN HAYES: Okay. And then
15 you had a couple of valuation -- or then you -- at that
16 time that did not establish a fair market value, did
17 it? Even the VMG appraisal.

18 MR. GREEN: I'm not a valuation expert,
19 so I'm going to let Marsha talk to that.

20 What it really was was we started with the
21 first valuation for VMG, and then we -- to sort of
22 corroborate that, sort of to make sure we were in the
23 right ballpark, we engaged another valuation company by
24 the name of Coker.

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1 And then Coker sort of did a revaluation
2 based on the VMG initial report and sort of pinned down
3 the numbers so we could refine and make sure we had the
4 absolute best number, most accurate fair market value
5 for that. So --

6 VICE CHAIRMAN HAYES: Well, the VMG
7 valuation came in at 4.3 million; is that correct?

8 MS. LIU: That's correct.

9 VICE CHAIRMAN HAYES: And then you -- a
10 month later, after that, you -- your -- you have
11 this -- an appraisal done by Coker; is that correct?

12 MS. LIU: Yes, that was correct.

13 VICE CHAIRMAN HAYES: Okay. Why did you
14 have a second valuation done?

15 MS. LIU: So -- as we looked at the
16 valuation that was done by VMG, one of the things we
17 noticed was they had included about \$2.2 million of
18 what they called interest-bearing debt.

19 And as we were reviewing the report, that was
20 one item that we had some questions on, and -- because
21 we do not have any interest-bearing debt.

22 What the \$2.2 million predominantly
23 represented was the take-backs that Blue Cross -- so as
24 you know, in the state of Illinois Blue Cross pays

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1 up-front gross charges and then, over the next several
2 months, do take-backs based on the contractuals as it
3 relates to the revenues and the payments that they're
4 obligated to pay us.

5 And so the first valuation inappropriately
6 included that as an interest-bearing debt.

7 So as we reviewed the reports, we wanted
8 another -- second -- independent valuation company to
9 review the report to make sure that it was as accurate
10 as possible.

11 And so that was one of the things that we
12 noticed in the first valuation report.

13 VICE CHAIRMAN HAYES: Now, the Coker
14 valuation, they did not do a fair market value? They
15 did not do an appraisal; is that correct?

16 MS. LIU: They -- what they were tasked
17 with was to evaluate and review the VMG valuation
18 report to give an independent assessment of the
19 accuracy of that report.

20 So they didn't do a full valuation; we didn't
21 feel a full valuation was necessary at the time but
22 just for them to review the VMG report to assess the
23 accuracy of that initial valuation report.

24 VICE CHAIRMAN HAYES: And they basically

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1 took the assumptions --

2 MS. LIU: Correct.

3 VICE CHAIRMAN HAYES: And they have used
4 the discounted cash flow approach, and, basically, they
5 took the revenue assumptions. They also took the
6 margin assumptions.

7 MS. LIU: Uh-huh.

8 VICE CHAIRMAN HAYES: And these were all
9 down, actually. They actually decreased that as well
10 as the residual value.

11 And then they used the same discount rate --
12 okay?

13 MS. LIU: Uh-huh.

14 VICE CHAIRMAN HAYES: Now, if you're
15 looking at this from -- the difference between using
16 these two valuations, one was on -- you know,
17 basically -- the weighted average cost of capital and
18 the total invested capital less these 2.2 million in
19 long-term debt, and then Coker takes those and reduces
20 those assumptions significantly and then uses the same
21 discount rate.

22 That's -- you know, that kind of -- you know,
23 in my respect, that kind of confused me. I don't see
24 how you can use the same discount rate that VMG used

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1 when you're looking at apples and oranges.

2 MS. LIU: So --

3 VICE CHAIRMAN HAYES: So the value was
4 almost at -- was actually increased from 4.3 million to
5 4.6 million.

6 MS. LIU: From the Coker -- so from the
7 VMG report to the --

8 VICE CHAIRMAN HAYES: The Coker had the
9 4.6 million.

10 So they lowered the assumptions and they
11 actually received a higher valuation.

12 MS. LIU: They said --

13 VICE CHAIRMAN HAYES: And they
14 remained -- the discount rate remained the same.

15 MS. LIU: Right.

16 You know, I'm not a valuation expert. We
17 rely on our independent valuation and -- firm -- to do
18 the valuation.

19 And based on what their experience is, they
20 have looked at all the assumptions and felt that the
21 discount rate that VMG had originally utilized was
22 still adequate and accurate enough as part of the
23 valuation report.

24 So, you know, that wasn't something that we

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1 had challenged from a management perspective. We
2 thought it was still reasonable based on what we knew
3 at the time.

4 VICE CHAIRMAN HAYES: Now, when you go
5 to sell these units, you will be selling them based on
6 these appraisals at the 4.6 million range.

7 MR. GREEN: That's right.

8 MS. LIU: Right.

9 VICE CHAIRMAN HAYES: Do you have any
10 feel for whether the doctors would be able to purchase
11 this at that price?

12 MS. LIU: Absolutely.

13 MS. NAGY: Yes. Actually, you know,
14 our -- the relationship that Northwest Community has
15 with our surgeons is a very strong -- standing, strong
16 relationship, and I can say that, you know, the -- we
17 have many surgeons that are very interested in being a
18 part of the surgery center.

19 So we do not anticipate any challenges or
20 barriers in regard to the cost.

21 VICE CHAIRMAN HAYES: Well, the price
22 for 2 1/2 units would be over -- about \$110,000, which
23 means that the physicians will probably have to borrow
24 money from a bank.

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1 Isn't that correct?

2 MR. GREEN: One thing -- that's just a
3 cap. We only capped that they could own 2 1/2 percent.

4 VICE CHAIRMAN HAYES: 2 1/2 percent.

5 I understand.

6 MR. GREEN: But the offering will go
7 out anywhere from -- they'll be able to offer anywhere
8 from one to five units, so one unit would come in at
9 \$46,000.

10 MS. NAGY: 46,000.

11 VICE CHAIRMAN HAYES: Okay. So but many
12 of your physicians may need financing for this.

13 MR. GREEN: They may or may not.

14 I mean, by definition they're going to have to be
15 accredited investors to participate in the opportunity,
16 so there's already going to be certain -- be sort of
17 balance sheet and income statement requirements that
18 they're going to have to personally meet.

19 So having done a few of these, I'm not --
20 they may, I guess. I'm never going to presume what
21 doctors are going to do, but I'd say there's as much of
22 a chance that they would be able to finance it out
23 of cash.

24 VICE CHAIRMAN HAYES: Yeah, I understand

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1 that.

2 But they may ask for these appraisals to be
3 able to go to their bank and to be able to get
4 financing; isn't that correct?

5 MR. GREEN: That -- yeah, that's true.
6 I mean, there's no doubt that, as a part of the
7 offering, we would submit all of the financial
8 statements for the facility -- or for the day surgery
9 center -- for the last three years, contemplated
10 putting in the appraisals.

11 There's one point on the appraisals --
12 there's actually a third step, and you're sort of
13 talking about the 4.3 and the \$4.6 million step.

14 As it turns out -- and I think it's playing
15 right into what you're saying.

16 The first time Coker looked at it, their
17 number actually went up a little bit, so it went from
18 4.3 and it went up, and then they simply updated the
19 data through, I think, June of 2013.

20 So there's -- there's also a sort of a
21 temporal element to what we're talking about in terms
22 of the --

23 VICE CHAIRMAN HAYES: In other words,
24 the amount of -- and that's one of the reasons why --

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1 but, actually, they looked at that and they -- in 2012
2 and 2013 the surgery center actually was -- had --
3 their revenue was going down.

4 MR. GREEN: That's right.

5 VICE CHAIRMAN HAYES: Okay. But the
6 appraisal went up.

7 MR. GREEN: Again --

8 VICE CHAIRMAN HAYES: The value went up.

9 MR. GREEN: It -- I mean -- yeah.
10 4.3 million to 4.6 million, I think it's just a
11 totality of sort of what they're looking at. I mean,
12 it's within reason. I think part of the reason they
13 got both was so that we would have two valuations.

14 I mean, one of the easiest things to do is
15 get one valuation and stop. To their credit, they
16 wanted to sort of have two, and that number seems
17 reasonably close to me in terms of the overall scope.

18 And we've had no push-back. We've actually
19 involved the physicians in this whole process from the
20 beginning, and they have played a role in sort of
21 looking at the opportunity, investment opportunity.
22 And, indeed, we would have never went forward with the
23 application today had we not known that -- with a high
24 degree of certainty -- that the physicians would be

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1 invested in this opportunity.

2 VICE CHAIRMAN HAYES: Okay. Thank you.

3 MEMBER GALASSI: I'll reiterate my
4 motion to approve.

5 MEMBER GREIMAN: I have one question.

6 CHAIRPERSON OLSON: Justice.

7 MEMBER GREIMAN: So let me understand
8 this.

9 1 percent -- let me make sure my math is
10 right. 1 percent of the 430 -- 4 million 3 -- is
11 43,000, and 1 percent of the higher figure is 46,000.

12 So there's a difference of \$3,000. And the
13 doctor would have to go out and really work hard to get
14 that \$3,000 difference; is that right?

15 MR. GREEN: That's right.

16 MEMBER GREIMAN: All right. That's all
17 I have.

18 CHAIRPERSON OLSON: Okay. May I have a
19 motion to approve the exemption of 21-13, Northwest
20 Community Day Surgery Center change of ownership?

21 I guess I have a motion from Dale. Can I
22 have a second?

23 MEMBER BRADLEY: Second.

24 MR. ROATE: Motion made by Mr. Galassi;

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NORTHWEST COMMUNITY DAY SURGERY CENTER**

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1 seconded by Mr. Bradley.

2 Mr. Bradley.

3 MEMBER BRADLEY: Yes.

4 MR. ROATE: Dr. Burden.

5 MEMBER BURDEN: Yes.

6 MR. ROATE: Justice Greiman.

7 MEMBER GREIMAN: Yes.

8 MR. ROATE: Mr. Galassi.

9 MEMBER GALASSI: Yes.

10 MR. ROATE: Mr. Hayes.

11 VICE CHAIRMAN HAYES: Yeah. I'm going

12 to vote yes and -- based on the State Agency Report and

13 our rules.

14 MR. ROATE: Thank you.

15 Mr. Sewell.

16 MEMBER SEWELL: Yes. It meets all the

17 criteria in the State Agency Report.

18 MR. ROATE: Madam Chair.

19 CHAIRPERSON OLSON: The Chairman votes

20 yes for the same reasons.

21 MR. ROATE: That's 7 votes in the

22 affirmative.

23 CHAIRPERSON OLSON: Motion passes.

24 Thank you.

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PROCTOR HOSPITAL**

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1 MS. NAGY: Thank you.

2 MS. LIU: Thank you, everyone.

3 CHAIRPERSON OLSON: Next we have
4 Methodist Health Center Corporation, Proctor Hospital
5 in Peoria.

6 Again, if I'm correct, Mike, this is an
7 application with no negative findings and no
8 opposition.

9 MR. CONSTANTINO: That's correct.

10 CHAIRPERSON OLSON: Do you have the
11 staff Board report, please?

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

14 Proctor Hospital is requesting a change of
15 ownership in which Proctor Hospital will become
16 affiliated with Methodist Medical Center. The
17 approximate value of Proctor Hospital is approximately
18 \$10 million.

19 There is no opposition and no public hearing
20 was requested.

21 CHAIRPERSON OLSON: Thank you, Mike.

22 The Applicants can be -- introduce yourself
23 and be sworn in, and then I will give you the same
24 option, to waive a presentation if you so choose, but

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PROCTOR HOSPITAL**

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1 ownershi p?

2 MEMBER BRADLEY: So moved.

3 MEMBER SEWELL: Second.

4 MR. ROATE: Motion made by Mr. Bradley;

5 seconded by Mr. Sewell .

6 Mr. Bradley.

7 MEMBER BRADLEY: Because of the clean

8 State Agency Report, I vote yes.

9 MR. ROATE: Thank you.

10 Dr. Burden.

11 MEMBER BURDEN: Yes.

12 MR. ROATE: Justice Greiman.

13 MEMBER GREIMAN: Yes.

14 MR. ROATE: Mr. Galassi .

15 MEMBER GALASSI: Yes, for the reasons

16 stated.

17 MR. ROATE: Mr. Hayes.

18 VICE CHAIRMAN HAYES: Yes, because the

19 application has met all the requirements for exemption

20 involving a change of ownership of a health care

21 facility.

22 MR. ROATE: Thank you.

23 Mr. Sewell .

24 MEMBER SEWELL: Yes, for the reasons

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PALOS HILLS SURGERY CENTER**

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1 stated.

2 MR. ROATE: Chairwoman Olson.

3 CHAIRPERSON OLSON: The Chair votes yes
4 for the reasons stated.

5 MR. ROATE: That's 7 votes in the
6 affirmative.

7 CHAIRPERSON OLSON: The motion passes.

8 Thank you.

9 MR. GREEN: Thank you.

10 MEMBER GALASSI: You're welcome.

11 CHAIRPERSON OLSON: Next we have permit
12 renewal requests.

13 The first one is Palos Hills Surgery Center
14 for a four-month permit renewal.

15 Mr. Constantino.

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

18 Palos Hills Surgery Center, LLC, is
19 requesting a four-month permit renewal from
20 September 15th, 2013, to January 15th, 2014.

21 This permit was originally approved as
22 Permit No. 11-095 in February of 2012 for a limited-
23 specialty ASTC. This is the second permit renewal
24 request for this project. The reason for the request

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PALOS HILLS SURGERY CENTER**

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1 is the permit holder is waiting for the IDPH survey.

2 There was no opposition and no public hearing
3 was requested.

4 Thank you, Madam Chairwoman.

5 CHAIRPERSON OLSON: Thank you, Mike.

6 Will the Applicants introduce themselves and
7 be sworn in.

8 And I will give you the option, as well,
9 because there is no opposition and no negative
10 findings.

11 MR. HUNT: Tom Hunt, Palos Hills Surgery
12 Center.

13 MR. DUNAD: Matthew Dunad, D-u-n-a-d.
14 We're here as consultants for the project.

15 (Two witnesses duly sworn.)

16 THE COURT REPORTER: Thank you.

17 And please pull that microphone incredibly
18 close. I can barely hear you.

19 CHAIRPERSON OLSON: Do you have a
20 presentation, or would you like to open for questions?

21 MR. HUNT: Open for questions.

22 CHAIRPERSON OLSON: Questions from the
23 Board members?

24 (No response.)

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PALOS HILLS SURGERY CENTER**

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1 CHAIRPERSON OLSON: This project is
2 essentially a hundred percent complete?
3 MR. HUNT: Yes, it is.
4 CHAIRPERSON OLSON: Just waiting on
5 licensing?
6 MR. HUNT: Yes.
7 CHAIRPERSON OLSON: Seeing no questions,
8 may I have a motion to approve a four-month permit
9 renewal for Permit 11-095, Palos Hills Surgery Center?
10 MEMBER GALASSI: So moved.
11 MEMBER GREIMAN: Second.
12 MR. ROATE: Motion made by Mr. Galassi;
13 seconded by Justice Greiman.
14 Mr. Bradley.
15 MEMBER BRADLEY: Yes.
16 MR. ROATE: Dr. Burden.
17 MEMBER BURDEN: Yes.
18 MR. ROATE: Justice Greiman.
19 MEMBER GREIMAN: Yes.
20 MR. ROATE: Mr. Galassi.
21 MEMBER GALASSI: Yes.
22 MR. ROATE: Mr. Hayes.
23 VICE CHAIRMAN HAYES: Yes.
24 MR. ROATE: Mr. Sewell.

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PECATONICA PAVILION, LLC**

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1 MEMBER SEWELL: Yes.

2 MR. ROATE: Chairwoman Olson.

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

5 MR. ROATE: That's 7 votes in the
6 affirmative.

7 CHAIRPERSON OLSON: The motion passes.

8 MR. HUNT: Thank you.

9 CHAIRPERSON OLSON: Next we have
10 Pecatonica Pavilion, LLC, in Pecatonica for a 12-month
11 permit renewal request.

12 Mr. Constantino, the State Board report.

13 MR. CONSTANTINO: Thank you, Madam
14 Chairwoman.

15 Pecatonica Pavilion is requesting a 12-month
16 permit renewal from September 30th, 2013, to
17 September 30th, 2014. This permit was originally
18 approved as Permit No. 10-031 in March 2011 for a
19 24-bed long-term care facility. The reason for the
20 delay is the ongoing administrative complaint.

21 We have not received any opposition letters
22 regarding this permit renewal, and there was no public
23 hearing requested.

24 CHAIRPERSON OLSON: If the gentlemen

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PECATONICA PAVILION, LLC**

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1 would please introduce yourselves and be sworn in.

2 MR. ANDERSON: Yes. I'm George
3 Anderson, the CEO of the Pecatonica Pavilion. And I
4 have with me Ed Green and Chris Dials and John Smith.

5 CHAIRPERSON OLSON: All easy names to
6 spell.

7 MR. ANDERSON: Pardon?

8 CHAIRPERSON OLSON: All easy names to
9 spell.

10 MR. ANDERSON: I'm sorry. Okay. George
11 Anderson, G-e-o-r-g-e --

12 CHAIRPERSON OLSON: No, no, no. I'm
13 just saying --

14 MR. ANDERSON: I'm okay.

15 CHAIRPERSON OLSON: Would you swear
16 them in.

17 (Four witnesses duly sworn.)

18 THE COURT REPORTER: Thank you.

19 CHAIRPERSON OLSON: Do you have a
20 presentation for the Board, or would you like to waive
21 for questions?

22 MR. ANDERSON: Yeah, I'll go ahead.

23 CHAIRPERSON OLSON: Please.

24 MR. ANDERSON: My name is George

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PECATONICA PAVILION, LLC**

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1 Anderson. I'm the chief executive officer of the
2 Pecatonica Pavilion, a new place.

3 We're appearing before you for a 12-month
4 extension of the CON permit that was given to us
5 previously.

6 And by way of background, Pecatonica
7 Pavilion -- excuse me -- is in Pecatonica. It's
8 150 miles that way. And what we have planned is a
9 120-bed health facility which includes assisted living,
10 residential living, memory care, and skilled nursing in
11 the facility.

12 The area is a small town. It's a rural
13 coverage area of about 800 square miles between some
14 other cities. We are in Winnebago County, and
15 Winnebago -- we're that far from Stephenson County or a
16 ways from Ogle County. And we're a rural area,
17 completely underserved by health care facilities.
18 There are no hospitals, no nursing homes, and so forth
19 in that area.

20 We didn't start this project as a moneymaking
21 project. I'm a retired farmer and it was an effort on
22 my part to provide something for the people of this
23 area, the communities that were underserved in health
24 care facilities, and we remain with that intention. We

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1 don't like to see our residents have to drive to
2 different communities to get their health care
3 attention.

4 The project is kind of a life-promoting
5 endeavor for our community. We have a hundred percent
6 support in our communities for this project, and we are
7 intending to keep it that way. The project was
8 approved before, back a couple years ago, and we
9 immediately, as we were supposed to be doing, started
10 work on the project, and we were confronted with a
11 lawsuit from other facilities not in the Pecatonica
12 area, and that has caused a delay in our completion
13 of it.

14 During that time we did site preparation, the
15 earthmoving; lots of rocks were blasted away. The site
16 was used for -- to get preliminary landscaping and so
17 forth, and I'm the guy out -- one of the guys out there
18 that was driving the tractor every day.

19 So we're on the way, and the lawsuit system
20 that was filed was answered by this Board very well.
21 You provided detailed and well-reasoned concerns for
22 why it -- this project should go forward, and that was
23 a complete acceptance on our part to proceed with this
24 facility.

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1 The question up before this certificate of
2 need today is for 24 beds or 12 rooms of a 120-room
3 facility, and so that is the question that we would
4 like to put an extension on at this time, is for that
5 24 beds.

6 We are in the process with our lenders, and
7 when they have accepted our explanations of the delay,
8 then we will immediately start our project to
9 completion. When we get your answer or your
10 consideration of this project, we are ready, in about
11 10 hours of proceeding, and will be on the way.

12 If you have questions, I'll do my best to get
13 them going.

14 CHAIRPERSON OLSON: Questions from the
15 Board members?

16 Doctor.

17 MEMBER BURDEN: Mr. Anderson, as a
18 retired farmer, I'm, indeed, impressed, getting out
19 there and running a tractor and doing your deed. I'm
20 sort of in that category. I'm a little older than you,
21 but I come from a farming background, and I sure am
22 happy to hear from a farming-background executive.
23 I hear from all kinds of people up here, but that part
24 of your application certainly gets my attention.

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1 MR. ANDERSON: Thank you. You're great.

2 MEMBER BURDEN: Thank you.

3 CHAIRPERSON OLSON: Mr. Sewell.

4 MEMBER SEWELL: Yes.

5 I wanted to ask Mr. Anderson about this
6 criteria, reasonableness of this project cost. And it
7 looks like, in the staff report, their preplanning
8 costs are higher than the State standard.

9 Is that connected to some of the challenges
10 you've had, or is that independent of those?

11 MR. ANDERSON: As far as I know, it's
12 independent. The questions that we have are based on
13 surveys and anticipated usage of the project as we have
14 it in hand.

15 MEMBER SEWELL: So, then, what are the
16 reasons that your preplanning costs were higher?

17 MR. ANDERSON: Two years.

18 MEMBER SEWELL: I see.

19 MR. ANDERSON: I guess that answers the
20 question.

21 MEMBER SEWELL: No, it does.

22 MR. ANDERSON: Things -- things happen.

23 MEMBER SEWELL: Yeah.

24 CHAIRPERSON OLSON: I have a question

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1 for you, Mr. Anderson.

2 You're asking for a 12-month extension,
3 but you basically haven't started construction.
4 I understand, quick approval, you'll start in 10 hours
5 but --

6 MR. ANDERSON: We figured on starting
7 yesterday but -- the weather is certainly going to be
8 an influence, but we're up to our knees and ready
9 to go.

10 CHAIRPERSON OLSON: Is 12 months enough,
11 though? I guess is my question.

12 MR. ANDERSON: That's a good question.
13 I can put it as a definite probably.

14 CHAIRPERSON OLSON: A definite probably.

15 MR. ANDERSON: It --

16 CHAIRPERSON OLSON: I know you have the
17 option of coming back if you need to.

18 MR. ANDERSON: Yeah. The disposition of
19 this is going to be, I guess, in question, and if there
20 is a longer extension available, we'd certainly take
21 it. That would be great.

22 I think our paperwork is put forth now as a
23 12-month extension. If it can be made longer by this
24 Board, that would assure completion.

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1 Is that the question?

2 CHAIRPERSON OLSON: Yeah. I just
3 would -- if you want to leave it at 12 and come back,
4 that's fine or --

5 MR. ANDERSON: I would be glad to
6 augment it to ask for an 18-month extension.

7 CHAIRPERSON OLSON: What -- does that
8 cause any issue?

9 MR. URSO: No.

10 MR. GREEN: No.

11 CHAIRPERSON OLSON: So 18 months.

12 And I just wanted to clarify one other thing
13 I believe you said, Mr. Anderson.

14 Let me -- I'm very familiar with where
15 Pecatonica is. I know it's very rural.

16 MR. ANDERSON: Way to go.

17 CHAIRPERSON OLSON: The opposition to
18 this project initially and still is all coming from
19 facilities not in Pecatonica; is that correct?

20 MR. ANDERSON: That is correct.

21 CHAIRPERSON OLSON: It's Rockford and
22 Durand?

23 MR. ANDERSON: Rockford, Durand, Byron,
24 and so forth.

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1 CHAIRPERSON OLSON: Just for
2 clarifi cation.

3 Any other questions from the Board?

4 MEMBER GALASSI: No.

5 CHAIRPERSON OLSON: Okay. I'd entertain
6 a motion to approve an 18-month permit renewal for
7 Permit 10-031, Pecatonica Pavilion.

8 May I have a motion?

9 MEMBER GALASSI: So moved.

10 CHAIRPERSON OLSON: Second?

11 VICE CHAIRMAN HAYES: Second.

12 MR. ROATE: Motion made by Mr. Galassi;
13 seconded by Mr. Hayes.

14 Mr. Bradley.

15 MEMBER BRADLEY: These people want to
16 build this facility. We think they should build this
17 facility, and the delay is caused by the action of
18 others.

19 And it is not their fault, and I'm pleased to
20 vote to extend, yes.

21 MR. ROATE: Thank you, sir.

22 Dr. Burden.

23 MEMBER BURDEN: I vote to extend because
24 of the previous statements, period.

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1 MR. ROATE: Thank you, sir.
2 Justice Greiman.
3 MEMBER GREIMAN: I also vote to extend
4 based on the comments of the first voter.
5 MR. ROATE: Okay.
6 Mr. Galassi.
7 MEMBER GALASSI: Yes, based on the
8 comments already made.
9 MR. ROATE: Thank you.
10 Mr. Hayes.
11 VICE CHAIRMAN HAYES: Yes, based on
12 comments already made.
13 MR. ROATE: Thank you.
14 Mr. Sewell.
15 MEMBER SEWELL: Yes, same reasons.
16 MR. ROATE: Madam Chair.
17 CHAIRPERSON OLSON: I vote yes, too.
18 I think this is going to improve access to quality
19 long-term care for the residents of Pecatonica.
20 MR. ROATE: 7 votes in the affirmative.
21 CHAIRPERSON OLSON: Motion passes.
22 Good luck, gentlemen.
23 MR. GREEN: Thank you.
24 MEMBER GALASSI: Good luck.

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1 CHAIRPERSON OLSON: Okay. We have
2 no . . . we have no extension requests, no alteration
3 requests, no declaratory rulings or other business, no
4 Health Care Worker Referral Act business.

5 Status reports on conditional and contingent
6 permits, there are none.

7 So we are down to applications subsequent to
8 initial review.

9 13-038, Transitional Care of Naperville, if
10 the representatives could please come to the table.

11 Good morning, gentlemen.

12 MR. CLOCH: Good morning.

13 MR. WEISS: Good morning.

14 CHAIRPERSON OLSON: If you could please
15 state your name and be sworn in by the court reporter.

16 MR. CLOCH: Sure.

17 Brian Cloch, C-l-o-c-h.

18 MR. WEISS: David Weiss, W-e-i-s-s.

19 MR. DIALS: Christopher Dials,

20 D-i-a-l-s.

21 MR. CHANCELLOR: Christopher Chancellor,
22 C-h-a-n-c-e-l-l-o-r.

23 MR. SMITH: John Smith, J-o-h-n

24 S-m-i-t-h.

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1 (Five witnesses duly sworn.)

2 THE COURT REPORTER: Thank you.

3 CHAIRPERSON OLSON: Mr. Constantino,
4 State Board report, please.

5 MR. CONSTANTINO: Thank you, Madam
6 Chairwoman.

7 Transitional Care Center of Naperville is
8 proposing to establish a 120-bed long-term care
9 facility in Naperville, Illinois, at a cost of
10 approximately \$18.3 million.

11 There were support and opposition letters
12 received by the State Board staff. There was no
13 request for a public hearing.

14 Thank you, Madam Chairwoman.

15 CHAIRPERSON OLSON: Questions from the
16 Board, please.

17 (No response.)

18 CHAIRPERSON OLSON: I actually have a
19 question.

20 Oh, did you want to do -- yeah -- I'm sorry.
21 Please do -- you can -- you'll probably answer
22 them all.

23 MR. CLOCH: It's sort of a weird
24 experience because we've already had it approved, but

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1 we had to change the site, as the mayor said, so we
2 just figured we'd go through the same presentation that
3 we went through last time.

4 CHAIRPERSON OLSON: That's fine.

5 Or do you want -- what do the Board --

6 MEMBER GALASSI: I don't think it's
7 necessary.

8 CHAIRPERSON OLSON: Okay.

9 MR. CLOCH: I'm sorry. I didn't
10 hear you.

11 CHAIRPERSON OLSON: I guess we don't
12 feel that's necessary.

13 So you're saying this is essentially the same
14 process and --

15 MR. CLOCH: It's just -- as the mayor
16 spoke earlier, we -- at the City's request we changed
17 the location. And because of the land size, we were
18 able to change the building, square footage -- not
19 square footage, I'm sorry -- size. Instead of
20 two stories it's one story, which is preferable. We
21 have more land on the new site.

22 But . . . and I -- I mean, it's -- really,
23 that's all that's really changed about the
24 functionality of the building.

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1 CHAIRPERSON OLSON: Well, then what
2 happens to the other permit?

3 MR. CLOCH: I think that would be a
4 better question to ask the staff.

5 CHAIRPERSON OLSON: Mike?

6 MR. DIALS: Well, I can take that.

7 CHAIRPERSON OLSON: Actually, Mike, do
8 you want --

9 MR. CONSTANTINO: Yeah, I would like to
10 address that.

11 CHAIRPERSON OLSON: Please.

12 MR. CONSTANTINO: They were approved for
13 Permit No. 11-055. All right? It is still a valid
14 permit. They have not relinquished that permit. The
15 permit expires in February of 2014.

16 They have to submit a relinquishment of
17 permit to the State Board staff, which they have not
18 done to date. Okay? That facility is in our inventory
19 for 120 beds. All right.

20 This is a completely new project that is
21 before you today. It is not the same project. They're
22 asking for another 120-bed facility under your rules.

23 We do not consider these to be the same
24 project.

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1 CHAIRPERSON OLSON: So what does that
2 make -- what is the bed inventory currently?

3 MR. CONSTANTINO: As was stated in the
4 report, there's an excess of, I believe, 69 beds in
5 this planning area, VII-C planning area.

6 MEMBER GREIMAN: So I understand, so
7 you're saying that they could build 240 beds? Is that
8 what you're saying?

9 MR. CONSTANTINO: No. You approved them
10 for a 120-bed facility in Naperville.

11 MEMBER GREIMAN: Right. And today --
12 and today we're again --

13 MR. CONSTANTINO: Right. They didn't
14 get proper zoning. They were unable to get proper
15 zoning.

16 MEMBER GREIMAN: I see.

17 MR. CONSTANTINO: They still have a
18 valid permit for that project.

19 MEMBER GREIMAN: So if they got proper
20 zoning, they could build -- they could get 240 rooms?

21 MR. CONSTANTINO: No. They could do the
22 120 at that site. All these permits are site specific.

23 MEMBER GREIMAN: All right. Okay.

24 MEMBER GALASSI: So are you prepared

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1 today to acknowledge on record to void the original
2 permi t?

3 MR. CLOCH: We are, yes.

4 MR. DIALS: Yes.

5 CHAIRPERSON OLSON: Now, wait. Is that
6 regardless of what the Board decides today?

7 MR. CLOCH: That site's been approved
8 for a hotel. So we could never -- we've already sold
9 that site, and it's already zoned a hotel, so it would
10 be impossible.

11 MR. URSO: So I mean -- you're prepared
12 to submit a notice of relinquishment and follow the
13 requirements in that regard?

14 MR. DIALS: Yeah. It's our plan to file
15 for relinquishment this week.

16 MR. URSO: Is there some reason why that
17 hasn't been done already?

18 MR. DIALS: I felt it was valid to keep
19 our link to the previous project by keeping it open,
20 but as Brian Cloch said, there's no way that that
21 project can be completed at that site. The rules being
22 what they are, we have to submit a new application.

23 CHAIRPERSON OLSON: So -- but you do
24 understand that, by relinquishing that old permit,

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1 these beds are back in the inventory?

2 MR. DIALS: Correct.

3 CHAIRPERSON OLSON: And not that that
4 means that you're automatically -- I don't know what
5 the Board's going to decide, but that doesn't mean you
6 automatically get to put those beds toward this
7 project.

8 Do you understand?

9 MR. DIALS: Yes, I do understand.

10 CHAIRPERSON OLSON: Other questions?

11 MEMBER BURDEN: I have a question.

12 Since we approved the 120 beds back in
13 June of '11, now they're relinquishing this because
14 it's site specific, we are now asked to approve another
15 100 -- not additional hundred beds, same 120 beds -- at
16 a different site? Do I understand that's what I'm
17 hearing?

18 CHAIRPERSON OLSON: That's correct.

19 MEMBER BURDEN: Is that correct?

20 Now, next question I have --

21 CHAIRPERSON OLSON: Is that not correct,
22 Mike? I'm sorry.

23 Maybe that's not correct.

24 MR. CONSTANTINO: The permits you issued

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1 are site specific.

2 CHAIRPERSON OLSON: Right.

3 MR. CONSTANTINO: Okay? So you approved
4 this Naperville -- this facility in Naperville for
5 120 beds. They couldn't get the proper zoning.

6 MEMBER BURDEN: Right.

7 MR. CONSTANTINO: However, they haven't
8 relinquished their permit to date. They haven't
9 submitted the proper paperwork to us. They still have
10 a valid permit. That permit does not expire until
11 February of 2014.

12 So they're asking you -- and we reviewed this
13 as an additional facility to be added in Naperville.

14 MEMBER BURDEN: That's my question.

15 If this is a -- then, essentially, the State
16 agency's -- shall we say -- State Board standard's not
17 met, which is lengthy, really is based on the fact that
18 this is an additional 120 beds, sort of cumulative. It
19 isn't a reflection --

20 MR. CONSTANTINO: That's correct
21 because --

22 MEMBER BURDEN: So that really makes an
23 interpretation of the State Agency Report, to my
24 degree, difficult and maybe should be addressed before

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1 we can vote on this.

2 MR. CONSTANTINO: We reviewed it with
3 the understanding that the Naperville facility that you
4 had approved as Project No. --

5 MEMBER BURDEN: Right.

6 MR. CONSTANTINO: -- 11-055 was still
7 valid, so those 120 beds were included in the bed-need
8 calculation.

9 So what you see here, there is an excess of
10 69 beds in that planning area, and those 120 beds were
11 taken into consideration when that calculation was
12 done.

13 MEMBER BURDEN: Thank you for that.
14 That makes it clear, then, that this interpretation of
15 the State agency negativity on it is res -- has to be
16 rescinded.

17 They must rescind first in order for us,
18 I think, to adequately evaluate the new application.

19 CHAIRPERSON OLSON: So that was going to
20 be my suggestion.

21 Would you be willing to defer until you can
22 relinquish that other application and then come back to
23 the Board once that's been relinquished so we can --

24 MR. DIALS: Well, I think, for the

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1 timing of the purchasing of the land and the financing,
2 we would be severely constrained, timewise, to do that.

3 We would be willing to agree to a condition
4 for our permit where it would be required that we
5 relinquish as part of the permit being granted today.

6 MEMBER GALASSI: Within 10 days?

7 MR. DIALS: Within 10 days, yeah.

8 MR. CLOCH: Can we do it now?

9 CHAIRPERSON OLSON: Sure.

10 MEMBER GALASSI: I'd be comfortable with
11 that.

12 CHAIRPERSON OLSON: Did you have a
13 question, Mr. Sewell?

14 MEMBER SEWELL: No.

15 MR. CLOCH: I don't know what it
16 requires, but we have no intention of doing both
17 facilities. There's not even a question.

18 MEMBER BRADLEY: I have a number of
19 questions.

20 CHAIRPERSON OLSON: Please, Mr. Bradley.

21 MEMBER BRADLEY: You say this is
22 essentially the same project. So let's go back a
23 little bit because I don't believe I was here when the
24 project was approved.

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1 We say that you provided insufficient
2 documentation to show sufficient financial resources to
3 fund the project. Was that the case when it was before
4 us before?

5 MR. DIALS: I believe, when the project
6 was before you before, we had a -- what I call -- a
7 comfort letter from a lender that said, "Assuming all
8 these things happen, we would be willing to provide a
9 loan to the project."

10 MEMBER BRADLEY: And you do not have
11 that letter now?

12 MR. DIALS: Well, we do have that letter
13 now; however, the standards have changed since then, so
14 I believe there's a bit more of a vigorous review of
15 the financial structure of projects today than there
16 was at the time.

17 MEMBER BRADLEY: So, in fact, what's
18 before us is different in what appears to be a material
19 way, which is you can't show you have enough money.

20 MR. DIALS: Well, I think, David, if you
21 could handle that.

22 MR. WEISS: This is David Weiss.

23 So the -- from a financial wherewithal
24 standpoint, the -- probably the best evidence of our

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1 ability to perform on this is with a -- is with,
2 essentially, a sister project that is in Arlington
3 Heights, and that is Project No. 11-006. And that's a
4 project that we acquired the land on -- in fact,
5 I believe the opposition had included some kind of a
6 commentary that -- about that project.

7 We acquired the land back in May and
8 immediately began construction, and that was originally
9 targeted to be a HUD financing. And while we do a
10 considerable amount of HUD financing -- in fact, have
11 done well over a hundred of them -- the -- sometimes
12 that process can be drawn out. And in the case of
13 Arlington Heights, we made the decision to just go
14 ahead and fund with conventional bank financing.

15 And, ironically, I signed all the closing
16 papers yesterday. And we actually began -- we began
17 construction on that project almost immediately back in
18 May when we closed on the land.

19 MEMBER BRADLEY: Well, that's very nice
20 but what does that have to do with this?

21 MR. WEISS: Well, what that has to do
22 with this is, as we've already stated in our
23 application, the funds are sufficiently there, and
24 we will do the exact same thing on this one.

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1 MEMBER BRADLEY: Well, you may have
2 stated that, but our Board staff in its review appears
3 not to have concluded that that's correct.

4 MR. CONSTANTINO: Mr. Bradley, we're
5 looking for a commitment letter from these banks
6 saying, "If the Board approves the project, we will
7 make the loan." We haven't seen that.

8 MEMBER BRADLEY: Okay.

9 Then I'm also interested in how this project
10 compares to the last project, in that there appears to
11 be significant community opposition to this project.

12 Was that true when the other project came
13 before us?

14 MR. CLOCH: Yes. It was -- there was
15 opposition to the other project, as well, in Arlington
16 Heights.

17 MR. DIALS: In Arlington Heights but not
18 in Naperville. 11-055 did not have opposition to that
19 application.

20 This application did not have a request for a
21 public hearing, so it -- to me, it seems the timing was
22 a bit curious that all the opposition did not appear
23 until the meeting.

24 Rather than spend the Board's time today,

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1 I believe, procedurally, there should have been a
2 public hearing request and that opposition could have
3 appeared there instead.

4 MEMBER BRADLEY: Now I'm confused.
5 What's Arlington Heights have to do with this?

6 MR. CLOCH: He was referring to the
7 first Naperville project. There was no opposition to
8 that project.

9 MEMBER BRADLEY: What's Arlington
10 Heights have to do with it?

11 MR. DIALS: I think Arlington Heights
12 is --

13 MR. CLOCH: I'm sorry. I thought that
14 was a question you were asking me, if there was
15 opposition on Arlington Heights. I apologize if I --

16 MEMBER BRADLEY: No. This -- this
17 particular project came before this Board before --

18 MR. CLOCH: Yes.

19 MEMBER BRADLEY: -- and you said they
20 were identical projects.

21 I want to know if the community reaction this
22 time that's evidenced here is the same community
23 reaction that you had the last time.

24 MR. CLOCH: I apologize. I answered the

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1 wrong question.

2 In the previous application there was no
3 oppositi on.

4 MEMBER BRADLEY: So, again, this --

5 MR. DIALS: No oppositi on.

6 MEMBER BRADLEY: Again, this is
7 significantly different in a fairly material way.

8 MR. CLOCH: The project is not. The
9 oppositi on is.

10 MEMBER BRADLEY: Well, to us, it all
11 looks like part of the project.

12 So I think you may have given us a misleading
13 opening statement, saying that this is exactly the same
14 project, because I don't think it is.

15 MR. CLOCH: I apologize. I was
16 referring to the use of the project and the project
17 itself, not the oppositi on.

18 CHAIRPERSON OLSON: Other questions?

19 Mr. Sewell.

20 MEMBER SEWELL: I just want to challenge
21 some of our thinking as a Board, that this is a simple
22 issue of bed need that could be solved by relinquishing
23 the original permit.

24 It looks like there's not enough demand in

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1 the area to meet some of these other criteria in the
2 State Agency Report, like the number of facilities that
3 are not at the 90 percent occupancy level. That really
4 would not be affected by your never going forward on
5 your original project.

6 So there's still some -- there's other issues
7 here.

8 MR. DIALS: If we could respond to that
9 point -- and I think that's a good one. And the
10 project was originally approved based on its innovative
11 nature.

12 Certainly, these are long-term care beds.
13 It's a large bucket. What you do in those beds can be
14 significantly different from facility to facility, and
15 this facility contains some big differences from a
16 standard skilled nursing facility.

17 And I'd invite Brian Cloch to intro --
18 reintroduce some of these comments on the innovative
19 aspects of this project.

20 MR. CLOCH: Yeah. Thank you for the
21 opportunity.

22 First of all, when you look at occupancy of
23 the market, there's a big difference between functional
24 beds that are in a market and beds that are licensed

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1 beds. And, unfortunately, it's very difficult for any
2 of us to understand facilities that have licensed beds
3 versus functional beds, and I think one of the
4 opposition facilities even mentioned that they're going
5 through a major renovation to do just that. They're
6 taking two- or three-bed rooms and converting them to
7 singles, which means that they have unused licensed
8 beds.

9 So when you look at that, it really has a big
10 disparity between -- you would look at it and say it's
11 low occupancy, but it really is not from a functional-
12 bed perspective.

13 This facility that we're proposing -- the
14 whole vision for transitional care came from the story
15 I've said twice before to this Board, and I'll say it
16 again.

17 My father-in-law was in a facility after hip
18 replacement, and he just was getting fantastic care but
19 was miserable in the environment. So from my personal
20 perspective, I developed a passion for making it
21 different and building facilities that were more driven
22 by hospitality but also had strong health care.

23 And I think, if you look at the overall
24 health care market right now, with people having

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1 shorter length of stays in hospitals -- and even one of
2 the opposition mentioned something called observation
3 care.

4 While reading about that in the paper and the
5 volume of people that are leaving a hospital, being
6 directly discharged from the ER with no place to go,
7 this facility is targeted just for that population of
8 people that are too sick to go home but not sick enough
9 to be in the hospital but don't want to go to a section
10 of a nursing home that caters to their needs.

11 So that's the target we're after. We're
12 after part of -- I believe -- a rising swell across the
13 country of innovation for this population. I think,
14 just like the skilled nursing home, long-term care,
15 custodial care facilities in the early '80s have
16 transformed into what's called now assisted living,
17 which has done a much better job, from a hospitality
18 perspective, addressing needs of people who need long-
19 term care services, our target population are people
20 that are coming directly out of the hospital who need
21 3- to 5-, 10-day stays and then go home with home care.
22 So just a short, brief stay and move on.

23 My whole vision for this project came from my
24 father-in-law's stay and just not being in a building

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1 that had a mixed population or was a senior living
2 facility. And there's, you know, numerous cases of
3 people in their 30s and 40s, unfortunately, who have
4 car accidents, strokes that need places to go that
5 don't want to go to a section of a nursing home.

6 And I think the other thing is that, if you
7 look at the market in Illinois, specifically due to so
8 many factors which I'd be happy to discuss -- even the
9 people in opposition of our project -- the most recent
10 facility built in this market was built in 1995.

11 I was commenting to a lot of you -- my house
12 was built in 1995. I want to tear it down because it
13 doesn't meet my needs anymore, let alone a facility
14 that was built in '95.

15 And I have a strong, passionate conviction to
16 this population and this purpose to the point that we
17 actually even sold our existing nursing homes because
18 they're the same thing I'm describing our competition
19 is, that they're mixed populations, and I really want
20 to devote my future career to a short-term transitional
21 population.

22 So that's the vision for this facility. It's
23 really not something -- I don't consider it competition
24 to anybody else because I think what we're doing is

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1 targeted to a specific population.

2 Yes, people in the market do something
3 similar, but they do it in a building that's got
4 combined populations. You know, I have companies that
5 I focus on that do custodial care, and then this
6 company will focus on short-term transitional care.
7 But combining those populations, to me, is just not
8 what I want to do.

9 There's plenty of great facilities that do
10 what's called CCRCs for the senior living population,
11 and in that setting it's terrific for those people to
12 be able to stay within their community and their campus
13 and move between it. I highly recommend they do that.

14 But for those that aren't ready for senior
15 living, that still live at home, to cross that line to
16 walk into a senior living facility I think is
17 emotionally devastating. And to be able to go in a
18 facility that's hospitality driven, hotel-like, that
19 you can get your needs met and then move back home is
20 what we're after.

21 So I look at this very differently. It's
22 clearly innovation. It's clearly something that
23 I don't think -- besides Arlington Heights -- is even
24 in the market.

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1 And I think even our competitors or our
2 opposition is all trying to go through, you know,
3 pretty extensive remodeling and renovation to do this
4 or something like it. But they're still going to have
5 combined buildings, and the physical plant will have a
6 hard time addressing that issue.

7 MEMBER GREIMAN: Ms. Chairman.

8 CHAIRPERSON OLSON: Yes, Justice.

9 MEMBER GREIMAN: Am I correct -- well,
10 let me say this: I've got a sense from your earlier
11 testimony that the -- that your lender isn't exactly
12 right there all the time, that you haven't got that --

13 MR. CLOCH: I'm sorry. I didn't hear
14 the question. I apologize.

15 MEMBER GREIMAN: -- that you haven't got
16 your loan exactly down.

17 Is that -- am I right with that?

18 MR. CLOCH: I can't hear so -- I didn't
19 hear --

20 CHAIRPERSON OLSON: He said you don't
21 have your loan.

22 MEMBER GREIMAN: All right. Let's see.

23 In your prior testimony I got a sense that
24 your loan wasn't exactly a firm commitment.

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1 And I understand if it isn't because, as I
2 understand it, it is a 97 percent loan. 97 percent of
3 the cost of this project you put as a loan. You're
4 going to put up 3 percent of it.

5 I'm not sure I would give it to you if I was
6 a lender but go ahead. Tell me about it.

7 MR. WEISS: Well, the -- really, that's
8 two different -- two different questions.

9 So the -- the first one is, is there a firm
10 commitment? Without the certificate of need and
11 without a few other elements in place, it's really
12 impossible to get a firm, binding commitment. There's
13 just too much advancement that has to be done.

14 MEMBER GREIMAN: But it is -- if the CON
15 is the only -- is the major thing -- okay. We give you
16 7 votes today and where are you? What else -- what
17 else do you have that's a problem?

18 MR. WEISS: So the -- it's really not a
19 problem. It's a process.

20 And the reason that I -- and the reason that
21 I used Arlington Heights as an example is, certainly,
22 the HUD financing is a viable option, and, essentially
23 that is a qualification-oriented financing. You size
24 the project to fit the parameters of HUD, and it is

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1 a -- it is a very, very reliable funding process. That
2 takes a long time.

3 In the case of Arlington Heights, we made the
4 decision that we did not want to wait for that process,
5 and so we went to one of our core banking
6 relationships, and we did it that way. We chose not to
7 wait that -- for that process.

8 MEMBER GREIMAN: Well, in this case, a
9 lender is saying to himself, "I'm going to loan
10 97 percent of what you're looking for."

11 MR. WEISS: So the other part of that
12 is, from the total project standpoint, that -- the
13 97 percent is not -- that's not -- that's not an
14 accurate number.

15 The actual -- the actual all-in cost is --
16 when I looked at everything, including the costs that
17 are specific to CON determination, there's
18 substantially more equity than that.

19 MEMBER GREIMAN: It's 600,000 on
20 18 million. That's 3 percent so -- figure it out.

21 MR. WEISS: The . . . there are costs
22 that are involved in a project that are not part of the
23 CON determination and that's just formulaic.

24 So from our standpoint, while there is a --

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1 the -- the -- the --

2 MEMBER GREIMAN: Are those costs
3 included in the \$18 million.

4 MR. DIALS: It's the -- the cost of the
5 land is excluded from a CON, is what David's saying.

6 MEMBER GREIMAN: So it's all there?
7 Okay.

8 MR. DIALS: The 3 million of land is
9 there plus the 600,000, so it's really substantially
10 more equity than you're citing.

11 MR. WEISS: Thank you.

12 MEMBER GREIMAN: The 3 -- the land is
13 purchased but it's 3 million which isn't even included
14 in the 18 million?

15 MR. WEISS: That's correct.

16 MR. DIALS: Yes.

17 MEMBER GREIMAN: So it will be a
18 20 million, \$21 million project?

19 MR. WEISS: That's correct, yes. So we
20 will have close to \$4 million of equity in this.

21 MEMBER GREIMAN: So you should amend
22 that -- present that to be amended to tell us that?

23 MR. DIALS: That information is included
24 in the application.

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1 MEMBER GREIMAN: I see. Okay.

2 MR. WEISS: Yes.

3 MEMBER GREIMAN: And do we have -- am I
4 correct that the 5 current places in Naperville average
5 85 percent? Is that right -- about right?

6 MR. DIALS: Yeah. The five current
7 places in Naperville, two of them meet the standard.
8 Three don't. Only one of those --

9 MEMBER GREIMAN: But they do average
10 85 percent?

11 MR. DIALS: They do average 85 percent.
12 That's true.

13 MEMBER GREIMAN: So that's pretty
14 significant numbers.

15 MR. DIALS: They do well.

16 MEMBER GALASSI: Does Mike agree with
17 this?

18 MEMBER GREIMAN: Okay.

19 CHAIRPERSON OLSON: Other questions?
20 (No response.)

21 CHAIRPERSON OLSON: Okay. I would
22 entertain a motion to approve Project 13-038,
23 Transitional Care of Naperville, to establish a 120-bed
24 long-term care facility in Naperville, Illinois.

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1 MEMBER GALASSI: With the -- with the
2 agreement that, within 10 days, they will submit a
3 relinquishment? If that's the correct wording.

4 CHAIRPERSON OLSON: So is that -- can
5 I assume that's a motion?

6 MEMBER GALASSI: Please.

7 CHAIRPERSON OLSON: Motion made by
8 Dale Galassi.

9 Second?

10 VICE CHAIRMAN HAYES: Second.

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

13 Mr. Bradley.

14 MEMBER BRADLEY: Well, on a personal
15 note, let me tell you that I live in a house that was
16 built in 1925, and it is perfectly functional.

17 I'm disturbed by the State Agency Report.
18 I'd be happier if I saw a State Agency Report after the
19 relinquishment to see if all the things you say are
20 going to go away will go away.

21 I'm particularly concerned about the
22 availability of funds, which I think is a significant
23 factor.

24 And I'm concerned about the comments made by

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1 members of the community and the fact that, in their
2 judgment, what the State Agency Report is saying is
3 true, that other facilities in this community are going
4 to be hurt by this.

5 And for that reason, I vote no.

6 MR. ROATE: Thank you, sir.

7 Dr. Burden.

8 MEMBER BURDEN: I, too, have some
9 reservations, as I've expressed. I appreciate the
10 attempt to convince us that the innovation is the
11 reason we should overlook the State agency's clear
12 recommendation that there are significant problems that
13 I see in front of me.

14 If, indeed, we had an opportunity to see this
15 application be rescinded and returned to the desk,
16 returned to us at some short term, perhaps, but in the
17 future to look at this thing more carefully, to
18 evaluate the community's response a little more
19 carefully -- obviously, this diatribe is meant to
20 say no.

21 MR. ROATE: Thank you.

22 Justice Greiman.

23 MEMBER GREIMAN: Well, I have some
24 concerns about the State report that suggested that

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1 there was some lack of viability for the financing of
2 this thing, but that's your problem, more or less. And
3 if you can't finance it, it ain't going to go ahead,
4 obviously.

5 So despite all that and despite the fact that
6 there's 85 percent of the use operating there now,
7 people are getting older as time goes by, and the need
8 will increase as the years go by, so I will vote --
9 and the fact is that we voted for it already once --
10 I'll vote yes.

11 MR. ROATE: Thank you.

12 Mr. Galassi.

13 MEMBER GALASSI: Yes, based on prior
14 comments.

15 MR. ROATE: Mr. Hayes.

16 VICE CHAIRMAN HAYES: You know, I'm
17 concerned about the availability of funds here and the
18 process that we go through in the State Agency Report
19 for that. And, also, I'm concerned about the -- this
20 effect on the other facilities in the area here.

21 So I'm going to vote no.

22 MR. ROATE: Thank you.

23 Mr. Sewell.

24 MEMBER SEWELL: I vote no. I think

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1 there's some troublesome things in the State Agency
2 Report, and I'm also concerned about the financial
3 criteria.

4 MR. ROATE: Thank you, sir.

5 Madam Chair.

6 CHAIRPERSON OLSON: I know you guys
7 know that I was a huge proponent of this model, and
8 I still am.

9 I'm disturbed by the fact that you didn't
10 relinquish the prior permit and then come to us.
11 I think that would have made the State Board report
12 entirely different and in a much more positive light.

13 I hope that you will come back because
14 I think this is a great model, but at this point I have
15 to vote no.

16 MR. ROATE: Thank you.

17 That's 5 votes in the negative, 2 votes in
18 the affirmative.

19 MR. URSO: You're going to be receiving
20 an intent to deny. You'll have another opportunity to
21 come before the Board; you'll have another opportunity
22 to submit additional information.

23 Thank you.

24 CHAIRPERSON OLSON: Thank you.

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1 MR. DIALS: Thank you.

2 CHAIRPERSON OLSON: Next we have 13-047.

3 For those of you who are planning ahead,
4 lunch will be at noon, if we get through this
5 application by then.

6 This is Midwestern Regional Medical Center.

7 Would you introduce yourselves for the court
8 reporter and be sworn in.

9 MR. OURTH: Joe Ourth, O-u-r-t-h.

10 MR. JONES: Scott Jones, J-o-n-e-s.

11 MS. TAYLOR: Cecilia Taylor.

12 C-e-c-i-l-i-a T-a-y-l-o-r.

13 DR. RAY: Stephen Ray, S-t-e-p-h-e-n
14 R-a-y.

15 (Four witnesses duly sworn.)

16 THE COURT REPORTER: Thank you.

17 CHAIRPERSON OLSON: Mr. Constantino, the
18 State Board staff report.

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

21 The Applicants propose to modernize
22 its medical/surgical and intensive care services at its
23 existing acute care hospital. The approximate cost of
24 the project is \$84.1 million.

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1 There were no opposition letters received,
2 and there was no request for a public hearing.

3 Thank you, Madam Chairwoman.

4 CHAIRPERSON OLSON: There were findings?

5 MR. CONSTANTINO: There were findings --
6 one finding, yes.

7 CHAIRPERSON OLSON: And that -- can you
8 explain that finding?

9 MR. CONSTANTINO: Okay.

10 The size of the rooms were in excess of the
11 State Board standard by 24 gross square foot per bed.

12 CHAIRPERSON OLSON: Thank you.

13 Report to the Board.

14 MR. JONES: Good morning, Madam Chair
15 and members of the Board. My name is Scott Jones.

16 I'm the president and CEO of Midwestern
17 Regional Medical Center, and I'm very pleased to have
18 with me today Dr. Steve Ray -- Dr. Ray is one of our
19 surgeons and is the director of our breast center --
20 Cecilia Taylor, our chief financial officer; and Joe
21 Ourth, our CON counsel.

22 I'd first like to thank Mr. Roate and members
23 of the staff for their work on the State Agency Report.
24 They've really been terrific to work with through this.

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1 I'm very pleased that the State Agency Report had all
2 positive findings with the exception of the size of the
3 inpatient rooms, which I'd like to discuss.

4 We've had very good support from community
5 leaders for this project. You heard from
6 Representative JoAnn Osmond this morning. We received
7 last week a letter from Lake County Board Chairman
8 Aaron Lawler in support of the project, the City of
9 Zion Mayor Lane Harrison, and State Senator Dan Duffy,
10 among others.

11 I'd like to share some information about
12 Midwestern Regional Medical Center and how it relates
13 to the size of the project and the inpatient rooms we
14 are proposing.

15 Midwestern Regional Medical Center is a
16 center devoted to cancer care. We're a destination
17 cancer facility. We treat patients from all 50 states.
18 You heard from one of our patients from Texas, Michael
19 Crump, this morning. 80 percent of our new patients
20 come from outside of Illinois, and our patients travel,
21 on average, 400 miles to Zion for cancer treatment.

22 The project you have before you is to
23 modernize our inpatient rooms by constructing new
24 inpatient rooms to replace our current. Many of our

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1 current inpatient rooms are semiprivate or double
2 occupancy, which, as you know, is no longer
3 contemporary design and has negative implications for
4 quality of care, infection prevention, and, certainly,
5 privacy.

6 The sole issue raised in the State Agency
7 Report was related to the square footage of our
8 inpatient rooms. Our proposal is over the State
9 standard by 4.4 percent or 30 square feet per med/surg
10 room and 24 square feet per ICU room, and that's just a
11 bit less than the size of this table.

12 We believe this is reasonable due to the
13 specific needs of cancer patients, especially cancer
14 patients who travel hundreds of miles for their care.
15 And recently the Board recognized that certain
16 specialty care hospitals -- in a recent case, a rehab
17 hospital -- may require additional space above the
18 State standard, and the Board approved a project with
19 square footage with over a hundred square feet above
20 the State standard in that case.

21 So to design this particular project, we got
22 input from patients, caregivers, and staff. And our
23 initial design after that input was larger than what
24 we're proposing for you today, and we believe that

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1 design would really be most effective for our patients.
2 However, when we looked at that size, we realized it
3 was above the State standard, and we pulled the design
4 back to get more closely aligned with your State
5 standard. And as we looked around the country, there
6 are other cancer centers that have rooms that are in
7 excess of what we're proposing here today.

8 So we reduced the size, we believe, as far as
9 we can without compromising quality of care in, really,
10 three important areas. One is patient safety, two is
11 the patient's ability to ambulate in a room, and then,
12 three, caregiver support.

13 So in terms of patient safety, we've done a
14 lot of things in the design of this room to enhance
15 patient safety, and one that directly impacts square
16 footage is with respect to the number of ADA-accessible
17 bathrooms we have in the project.

18 The IDPH requirement is that we have
19 10 percent of our inpatient rooms with ADA-compliant
20 bathrooms. In our proposal we have 50 percent, which
21 we believe is an improvement and a patient safety
22 issue.

23 The second thing I want to mention is with
24 respect to patient ambulation. Our patients have a

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1 higher level of acuity with longer lengths of stay than
2 typical hospitals. For instance, our average length of
3 stay is 63 percent higher than the Lake County average.
4 Some of our stem cell transplant patients have lengths
5 of stay of 30 days, and during that time they're
6 confined to their inpatient room while their immune
7 system rebuilds from the transplant. And ambulation is
8 an important part of the healing process, and so we
9 designed a small amount of space -- relatively small --
10 in the room for patient ambulation.

11 And, you know, as we've looked at this and
12 talked about it. Many hospital designs have space for
13 patient ambulation outside the inpatient rooms and more
14 of a dedicated rehab space. And what we've done is
15 we've -- we've not done that but, rather, have designed
16 a small amount of space in the room for that, so we're
17 trying to move that into the room rather than a
18 separate location.

19 So then the third area I'll mention is the
20 need for caregiver support space. Jaime this morning
21 talked about this, one of our patients.

22 As I mentioned, patients travel hundreds of
23 miles desiring cancer treatment. And when they travel,
24 they bring loved ones with them, and that's an

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1 important part, again, of the healing process, to have
2 them close and in the room. And Jaime was a good
3 example. He's had holidays and celebrations in that
4 room and has wanted people in there to assist him.

5 And so, rather than building large waiting
6 rooms where our caregivers and loved ones are more
7 comfortable away from the patient, we've tried to
8 design, again, a small amount of space in the room for
9 caregivers to be there. So, really, what this has done
10 is we've tried to put some things in the room close to
11 the patient to meet the specific needs of cancer
12 patients and especially those who travel.

13 So with the exception of the room size --
14 which, again, is just about the size of this table over
15 the State standard -- we have a project that meets the
16 State standards -- again, with that exception.

17 So I ask for your understanding of the
18 specific needs of cancer patients in the inpatient
19 room. I ask for your support. And we're certainly
20 open to answer any questions you may have.

21 CHAIRPERSON OLSON: Thank you.

22 Questions from the Board?

23 VICE CHAIRMAN HAYES: Chairman Olson.

24 I was wondering if you could address the

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1 financial and economic feasibility and, specifically,
2 the Fidelity and Deposit Company -- basically, your
3 bond, your performance bond.

4 MR. JONES: Sure. I'll let Cecilia
5 handle that question.

6 MS. TAYLOR: Absolutely.

7 We have a recent letter from Zurich Insurance
8 that they wish to bond --

9 MEMBER GREIMAN: Into the mic.

10 MS. AVERY: Use the mic.

11 MS. TAYLOR: I'm sorry. Is that better?

12 MEMBER GREIMAN: Yes.

13 MS. TAYLOR: I apologize.

14 Yes, we have worked with Zurich Insurance,
15 and we have a commitment letter that they will issue
16 the bond as soon as we have CON approval.

17 As you can imagine, there is a cost
18 associated with that bond, and that's why we have not
19 finalized a bond before coming before this Board.

20 MR. JONES: We're certainly willing to
21 make a condition of the CON to get that.

22 MS. TAYLOR: Absolutely. We can get
23 that in place in less than 60 days.

24 VICE CHAIRMAN HAYES: Well, with that --

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1 would that be part of our motion, that they receive
2 this Fidelity -- this bond within 60 days of the
3 approval of the CON?

4 CHAIRPERSON OLSON: I think so.

5 MR. URSO: What's the consequence if
6 they don't?

7 VICE CHAIRMAN HAYES: Well, they would
8 be in violation, then, of their -- their --

9 MR. URSO: They'd have to come back
10 before the Board?

11 VICE CHAIRMAN HAYES: -- we'd -- what?

12 MR. URSO: Would you require them to
13 come back before the Board then?

14 VICE CHAIRMAN HAYES: Yes.

15 MS. TAYLOR: Absolutely. We are very
16 comfortable with that.

17 VICE CHAIRMAN HAYES: Because,
18 basically, you know, with -- you and Board staff have
19 gone significantly about this issue -- have gone around
20 significantly about this issue.

21 MS. TAYLOR: Yes.

22 VICE CHAIRMAN HAYES: Because -- let
23 me -- could you describe -- you know, our normal
24 procedure is that you would be, you know, having --

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1 giving financials as well as -- perhaps, if you were
2 financing this project -- I think as you probably
3 are -- that you would be, you know, having loan
4 commitments. That would be required.

5 But in this case, at a minimum, you'd be
6 giving financials and that -- in this case, you're not.

7 MS. TAYLOR: Absolutely. I'll be glad
8 to address that.

9 I'd like to clarify that we did submit
10 required financial statements, and the Board has
11 received those financial statements in the report.
12 What we have shied away from is issuing audited
13 financial statements, and let me explain why.

14 We are a privately owned organization. The
15 organization is owned by a family, and disclosing the
16 statements and the notes would really be disclosing
17 family business.

18 We are -- again, our concern is not any
19 disclosures to this Board. We'll be glad to make those
20 disclosures. Our issue is putting that on the Web site
21 for the whole world to see. That's where our concern
22 is in releasing the audited financial statements.

23 But we have submitted compiled financial
24 statements, and, Mr. Hayes, you know that better than

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1 I do. It is the same numbers as you would see on an
2 audited financial statement; it just does not include
3 the notes that come with audited financial statements.

4 So we have pretty much released our financial
5 statements already.

6 VICE CHAIRMAN HAYES: Okay. Thank you.

7 MEMBER GALASSI: Madam Chairman --
8 may I?

9 CHAIRPERSON OLSON: Please.

10 MEMBER GALASSI: This is the same
11 conversation we all had previously. And while
12 I respect and admire your intentions and am familiar
13 with your facility -- being a Lake Countian, as well --
14 this is a public entity. And part of the cost of doing
15 business within a public arena is supplying your
16 financial information.

17 So I, for one, would want to see that
18 information, as we've discussed previously, to be part
19 of your application packet to go forward.

20 CHAIRPERSON OLSON: I believe that,
21 since they meet the rules, that we really can't require
22 that.

23 MR. CONSTANTINO: Right. They met
24 the requirements of your rules with the performance

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1 bond, yes.

2 CHAIRPERSON OLSON: And I -- because
3 I didn't know what a performance bond was, and I think
4 this is very interesting.

5 Can you explain -- because I won't do it
6 right -- what a performance bond is?

7 MR. CONSTANTINO: Well, to the best of
8 my knowledge, they're guaranteeing that the work will
9 be done at the cost -- at \$84.1 million.

10 CHAIRPERSON OLSON: And they had to pay
11 1 percent of that \$84.1 million to secure this
12 performance bond?

13 MR. CONSTANTINO: I don't know if it was
14 1 percent. That was just an estimate on my part when I
15 spoke to you earlier.

16 MS. TAYLOR: No, that's correct. It's
17 1 percent per annum.

18 MEMBER GALASSI: That's the Zurich bond?

19 MS. TAYLOR: Yes.

20 MEMBER GALASSI: Okay. Thank you.

21 CHAIRPERSON OLSON: Dr. Burden.

22 MEMBER BURDEN: Thank you.

23 I appreciate the prior comments, and I --
24 I won't belabor my point on that.

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1 I just think that I have to make a comment
2 that really doesn't reflect as much as it might -- it
3 might be outside the purview of what my role is on this
4 Board.

5 I'm a physician, and I have been in business
6 and talked about loans at one time. I was personally
7 responsible for well over \$40 million and have paid it
8 off. So I've been there when you're borrowing large
9 sums of money. I understand that part, which I
10 commented about previously, and I say this only
11 because, as a physician, I feel I should.

12 I've never seen a hospital profile that
13 basically has zero Medicaid, has inpatient, outpatient
14 net revenue by payer source -- done in 2000 --
15 I'm sorry -- 2011. Medicare, according to what I see
16 in front of me, 1.5. So you have 98 percent of your
17 income coming from private insurance and/or
18 private pay.

19 I don't know a single hospital administrator
20 in my 45 years of hospital practice that wouldn't
21 salivate to have a profile even close to this, and
22 that's where I come from.

23 This is a for-profit institution. I have
24 object -- I object as a physician to having MD Anderson

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1 Hospital labeled as being -- in not being aware of
2 problems of an individual who has Stage IV prostate
3 cancer. I treated many a patient with that and have
4 many still alive 15 years postdiagnosis, so it's a very
5 treatable disease.

6 And I'm impressed -- I'm not getting into
7 that; I don't want to practice medicine here. I'm
8 sticking to the tone. I'm here to represent the poor,
9 the disenfranchised, the people looking for medical
10 care who are looking at a brand-new landscape.
11 One-sixth of our total economy is going to change here
12 drastically, is changing as we speak.

13 So I'm looking at this operation that you
14 have there. It's unique; it's different. I can't
15 challenge what you're here for to do. I think that
16 that falls up to my partners here on this Board.

17 But I am concerned when I see an institution
18 that basically is not interested in caring for anybody
19 who doesn't have good insurance. That's a personal
20 thing. It's got nothing to do with your application.

21 You don't have to address it. That's the way
22 I look at your hospital. I don't really salivate over
23 the thought of, having practiced in the community
24 45 years, I never sent a patient up there. I sent a

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1 lot to MD Anderson; I sent some to Cleveland Clinic.

2 By the way, I visited Cleveland Clinic within
3 the past week where a brother-in-law had a stem cell,
4 was discharged from his stem cell transplant four days
5 post-op, so -- they do well over 300 a year.

6 I have no idea how many you're doing, but I
7 do think that there are other institutions that do a
8 marvelous job and don't have this kind of wonderful
9 income.

10 So I'm -- that's my personal bias, perhaps
11 you might say, and I submit that. I'm not challenging
12 your application. I'm wondering about how it is a
13 for-profit institution has -- shall we say? -- the
14 bottom line is a hundred -- 98 percent of your income
15 is guaranteed.

16 That's just a comment. I'm not meaning just
17 to deny or -- I won't comment any further, but I've
18 said this before when you were here.

19 I have a -- as a physician, not as a -- not
20 as a businessperson. As a businessperson, I love this
21 sheet. Absolutely.

22 CHAIRPERSON OLSON: Mr. Sewell --
23 I'm sorry.

24 Mr. Sewell.

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1 MEMBER SEWELL: No. I pass.

2 CHAIRPERSON OLSON: I'd like to thank
3 you for putting in perspective how many square feet
4 that is.

5 Mr. Bradley.

6 MEMBER BRADLEY: As a person who had a
7 job in the field, I certainly echo the comments of
8 concern for the poor in Illinois. But I also think we
9 need to understand that economic development and
10 private corporations contribute jobs and income to the
11 State which allow the State to treat the poor, and this
12 is a company that has chosen to do business in Illinois
13 that brings people from other states here to spend
14 their money.

15 It may not be a choice I'd make, it may not
16 be a choice the doctor makes, but it is a choice those
17 people make. And as far as economic development in the
18 state of Illinois, it has a positive effect down the
19 line on the people who we are concerned with. So I
20 welcome doing business here, and I hope they do well.

21 And . . .

22 CHAIRPERSON OLSON: Okay. Any more
23 questions?

24 May I have --

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1 MR. OURTH: Can we just clarify one
2 thing?

3 And in response to Chairman Galassi -- or
4 Mr. Galassi's question --

5 MEMBER GALASSI: I'm not the Chair.

6 MR. OURTH: As part of the meeting with
7 the staff on the performance bond, we did provide the
8 financial statements which are part of the application
9 in here. They are, as she said, the compiled financial
10 statements.

11 So they are included, which was a little bit
12 different from what you may have recalled from before.

13 CHAIRPERSON OLSON: Thank you.

14 MEMBER GALASSI: Thank you, Joe.

15 CHAIRPERSON OLSON: Okay.

16 May I have a motion to approve
17 Project 13-047, Midwestern Regional Center --

18 MEMBER GREIMAN: So moved.

19 CHAIRPERSON OLSON: -- to modernize an
20 acute care hospital in Zion with the condition that
21 they will secure and let the Board know that they have
22 secured -- or Board staff -- within 60 days, this
23 performance bond?

24 MEMBER GREIMAN: So moved.

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1 MEMBER SEWELL: Second.

2 MR. ROATE: Motion made by Justice
3 Greiman; seconded by Mr. Sewell.

4 Mr. Bradley.

5 MEMBER BRADLEY: The State Agency Report
6 shows that they have a clean application except for one
7 table-sized variation.

8 And for that reason I vote yes.

9 MR. ROATE: Thank you.

10 Dr. Burden.

11 MEMBER BURDEN: I have expressed my
12 opinion. But based on the State Agency, I can't
13 deny -- I can't vote against this application.

14 I would vote yes.

15 MR. ROATE: Thank you.

16 Justice Greiman.

17 MEMBER GREIMAN: Yes.

18 MR. ROATE: Mr. Galassi.

19 MEMBER GALASSI: Yes, based on prior
20 comments.

21 MR. ROATE: Mr. Hayes.

22 VICE CHAIRMAN HAYES: Yes, based on the
23 State Agency Report. And the one conclusion that
24 the -- the State Board standard not met, the project

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1 size, I think has been appropriately addressed by the
2 Applicant.

3 MR. ROATE: Thank you.

4 Mr. Sewell.

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

7 MR. ROATE: Chairwoman Olson.

8 CHAIRPERSON OLSON: Yes, for the reasons
9 just stated by Mr. Hayes.

10 MR. ROATE: That's 7 votes in the
11 affirmative.

12 CHAIRPERSON OLSON: The motion passes.
13 Good luck to you.

14 MR. JONES: Thank you all very much.

15 MEMBER GALASSI: Congratulations.

16 CHAIRPERSON OLSON: Okay. It is 11:54.
17 I believe we will break for lunch. We will return to
18 this room at one o'clock. We stand adjourned for
19 lunch.

20 (Recess taken, 11:54 a.m. to
21 1:00 p.m.)

22

23

24

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1 one sheet of paper. The Chairwoman had pointed out to
2 me last week that I had made a mistake in the report on
3 page 5.

4 CHAIRPERSON OLSON: I was nice about it.

5 MR. CONSTANTINO: Nicer than Dr. Burden
6 usually is, yes.

7 (Laughter.)

8 MR. CONSTANTINO: It doesn't change any
9 of the findings.

10 The Applicants are proposing to establish a
11 110-bed skilled care facility in Lockport, Illinois.
12 The total cost of the project is \$24.8 million.

13 There was no opposition and no public hearing
14 was requested.

15 The State Board staff had findings regarding
16 planning area need, service accessibility, unnecessary
17 duplication of service, and the availability of funds.

18 Thank you, Madam Chairwoman.

19 CHAIRPERSON OLSON: Thank you,
20 Mr. Constantino.

21 Report to the Board?

22 DR. ROUMELIOTIS: Yes. First, I'd like
23 to thank you for reviewing or hearing our application.
24 I've been, I guess, voted to do the speaking here,

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1 which is very unusual with my wife sitting next to me,
2 so I'm very happy about that, as well.

3 My name is Peter Roumeliotis. I'm a
4 practicing internal medicine physician in Morris,
5 Illinois. I have a private practice, and I also work
6 out of Morris Hospital. I've been an active member of
7 several hospital committees, former chief of staff, and
8 I'm presently a member of the board of directors of
9 Morris Hospital.

10 I'm also medical director of three skilled
11 nursing facilities, two hospices, medical director of
12 three home health care agencies, and professional and
13 financial support of Will-Grundy free medical clinic.

14 My wife is a registered nurse for over
15 25 years.

16 A little bit about the project: AegeanMed
17 Healthcare will be located approximately -- on an
18 approximate 9-acre parcel in the Prime Business Campus
19 at 167th and Prime Boulevard, which is just east of
20 I-355 in Lockport.

21 Our intent is to be a regional destination
22 center for patients ages 18 to 108. Located within an
23 hour of AegeanMed, we will be providing many
24 rehabilitation services that no other skilled nursing

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1 facility in the area provides.

2 Aegean Healthcare is actually going to be a
3 transitional care center and restorative care center.
4 We are applying for the transitional care center beds,
5 which are the skilled nursing beds, of 110. Those will
6 be 84 rooms of which two-thirds will be private rooms
7 and approximately one-third will be semiprivate rooms.

8 We expect it to be a state-of-the-art
9 facility with focus on high-acuity patients, spacious
10 private and semiprivate rooms with a hospitality-
11 focused design.

12 Our mission is to partner with hospitals,
13 rehabilitation facilities, and physicians in offering
14 intensive therapy through patient-focused clinical
15 pathways with the ultimate goal of returning the
16 patients home to their families.

17 Our goal is to have a cost-effective,
18 intensive short-term care with length of stays less
19 than six weeks; preferably, 10 to 14 days is what we're
20 looking at.

21 As you know, traditional skilled nursing
22 facilities have been associated with nursing homes.
23 AegeanMed Healthcare will clearly be a short-term
24 facility that will benefit both patients physically and

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1 psychologically. Patients will know that their
2 ultimate goal will be to return home to be with their
3 families.

4 Our services will include but not be limited
5 to neurological and physical rehabilitation, including
6 strokes and neuromuscular diseases, orthopedic
7 rehabilitation, cardiopulmonary rehabilitation,
8 postoperative surgical care, including general surgery,
9 ears, nose, and throat surgery, cardiac and pulmonary
10 and neurological surgeries.

11 We will also offer nutritional support
12 including enteral feedings and diabetic teaching. We
13 will also include IV infusion therapy for infectious
14 diseases as well as specialized wound care.

15 We will be also seeing cancer patients
16 requiring strengthening, and we will also be doing
17 speech therapy and hospice care, as well.

18 We have several innovative therapies that no
19 other skilled nursing facility in Illinois as far as
20 I know of is offering.

21 One of them would be hydrotherapy with
22 underwater treadmill for nonweight-bearing and partial
23 weight-bearing patients. I'm sure a lot of you have
24 heard of patients having hip or knee surgeries and,

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1 because of the extent of the surgery, they're unable to
2 ambulate for up to six weeks' time.

3 With this underwater treadmill, these
4 patients would actually be able to weight bear because
5 it would offset the pressure, so patients would be able
6 to heal faster instead of just sitting around for
7 six weeks in bed.

8 We will also be performing occupational
9 therapy with an in-house automobile. We plan on having
10 an automobile in the physical therapy, indoors where we
11 would be able to train patients to get in and out of
12 their cars, to be able to put their grocery in the
13 trunk, to basically get back to their normal lifestyle.
14 So our goal is to get people independent faster.

15 We will also be doing hydrotherapy with
16 specialized wound care. We will have an outdoor
17 therapy garden with physical and emotional support,
18 including a koi pond, gardening and other outdoor
19 activities, different quality pavements for
20 maneuverability training purpose for people with
21 walkers and wheelchairs and crutches, et cetera, so we
22 can train them to walk on different types of surfaces
23 so, when they do go home, they'll be able to do that
24 appropriately and safely.

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1 We also plan on having physical and social
2 activities throughout the entire day and night. One of
3 the things that I have seen through my 20 years of
4 experience is a lot of times patients get therapy for
5 2 hours per day and then they sit around doing nothing
6 for 22 hours, and our goal is to have intensive therapy
7 where the patients will be active throughout the day.

8 We plan on doing nontraditional types of
9 therapies, including things like yoga, Pilates, and
10 group exercise programs that they can participate in
11 throughout the rest of the day so that, even when
12 they're not getting their physical therapy, they're
13 remaining active both physically and socially.

14 We also plan on having a spa with, again,
15 nontraditional types of therapies for a skilled nursing
16 facility, including acupuncture, chiropractic, and
17 massage therapy.

18 We will have open-seating dining rooms. One
19 thing that frustrates me at a lot of the skilled
20 nursing homes that I go to is that they have a --
21 basically, you're in a big, huge room like this and
22 everybody gets served the same things and, you know,
23 service is -- you are basically serving people what
24 they don't want during a short period of time.

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1 Our goal is to have an open-seating dining,
2 including a buffet and made-to-order foods, just like
3 you would in a restaurant, with two-hour window periods
4 for meals. So that way, the patients can eat at their
5 convenience, not at ours.

6 And we also -- for the men in the house, we
7 plan on having a sports bar so, that way, patients in
8 the evenings can socialize where they can go and watch
9 television, they can watch sports events on television,
10 they can have beer or wine or be able to socialize
11 better, which I think will promote the healing.

12 We plan on accepting all types of insurances,
13 including private pay, Medicare, Medicaid, Veterans
14 Administration, and charity on a case-by-case basis.
15 Like I said, I'm a volunteer at the Will-Grundy Medical
16 Clinic, and I plan on working closely with them to see
17 if we can also help them in some way.

18 The challenge is to provide high-quality care
19 cost-effectively. We plan on working with discharge
20 planners and physicians at regional hospitals to assure
21 that all documentation and medication reconciliation is
22 available prior to the patient's arriving to AegeanMed,
23 thereby assuring their continuity of care.

24 I would really like to see a physician

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1 liaison that will actually go to the hospitals ahead of
2 time -- maybe even the day before or two days before --
3 and find out what the patient's needs are and have
4 those all available so, that way, we're not losing
5 time.

6 A lot of times I see patients get transferred
7 at 5:00, 6:00, 7:00, eight o'clock at night, and then
8 they lose an entire day's therapy. So by speaking with
9 physicians in the hospitals and getting their plans and
10 their paperwork done early, we'll be able to transfer
11 the patients sooner and begin therapy sooner, which,
12 hopefully, will get them home sooner. We'll perform
13 streamlined care with proven clinical pathways that
14 will be personalized for each patient.

15 As you know, insurances are transitioning
16 from fee-for-service to pay-for-performance
17 reimbursement models, which is a good thing, I think.
18 Health care providers that can provide quality care
19 efficiently and effectively will be rewarded whereas
20 those that don't will not.

21 We plan on accepting more acutely ill
22 patients sooner, thus decreasing the overall health
23 care cost. In 2010 the average cost of hospitalization
24 in Illinois was \$2,049 per day versus the average of

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1 \$152 a day for a skilled nursing facility. So if we
2 can reduce the patient's hospitalization by one day, we
3 can save over \$1900 for the patient per day and, of
4 course, for insurances, as well.

5 With more intensive therapy treatments,
6 patients will go home sooner, again reducing costs.
7 Our goal is to reduce readmission rates, particularly
8 in the first 60 days, which are the most critical. How
9 do we do that?

10 One of the biggest knee-jerk reactions that I
11 see in my practice is, when a patient has some issue,
12 the doctors are usually contacted, and the first knee-
13 jerk reaction is to send them to the emergency
14 department for an evaluation. The ambulance ride alone
15 in Illinois is about 740-some-odd dollars each way. So
16 if a patient goes to the emergency room and then comes
17 back to the facility, that's close to \$1500 that is
18 spent for no reason.

19 What we plan on doing is we plan on having
20 nurse-practitioners on-site that will be able to
21 evaluate these patients immediately and prevent
22 readmissions and get treatment started sooner. When
23 readmissions must occur, we will make every possible
24 effort to return the patients to their origination

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1 hospital to ensure the continuity of care.

2 And we plan on providing therapy seven days a
3 week, which will also get patients home sooner.

4 MEMBER GREIMAN: Excuse me.

5 MEMBER GALASSI: Are you about done,
6 Doctor?

7 DR. ROUMELIOTIS: I'm done.

8 MEMBER GREIMAN: We'll get the Board
9 home sooner -- we'll get the Board home sooner, this
10 Board.

11 CHAIRPERSON OLSON: Okay. Thank you.

12 DR. ROUMELIOTIS: I'm done.

13 CHAIRPERSON OLSON: Questions from the
14 Board?

15 Dr. Burden.

16 MEMBER BURDEN: Thank you.

17 Thank you, Doctor. As a fellow physician,
18 I appreciate your long-term service and your commitment
19 to the community.

20 I've just got a question. I see something
21 here I haven't noted previously on the State Board
22 staff notes.

23 The EB-5 loan program created in the '90s
24 provided opportunity for non-US residents to obtain a

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1 permanent green card by investing in US-based
2 businesses that create at least 10 permanent jobs.

3 How does this apply to you?

4 DR. ROUMELIOTIS: We have arranged -- we
5 have received a letter for financing for the project,
6 and the -- we actually have one group that is going to
7 supply pretty much the funding for the entire project,
8 which is going to be the capital investment, which is
9 EB-5 money. The company is actually going to be
10 responsible -- or I should say the lender -- is going
11 to be the one that's going to be responsible for
12 getting those EB-5 visa investors.

13 MR. SMITH: And if I may interject here,
14 EB-5 is a fairly well-established program, and it's
15 really a method of financing.

16 And the programs are in place, and you need
17 to get the right people to run the programs, to get the
18 right investors, and we have full confidence that we
19 have good ways to do that.

20 It's basically -- I mean, the -- whoever --
21 all those alien investors will not necessarily be
22 present or in the area at all, but that gives them a
23 right to have a public visa down the road once all
24 conditions are met and are supervised by the

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1 immigration process.

2 MEMBER BURDEN: So I understand that --
3 I guess it's the green card -- obtaining a green card
4 by investing in businesses, that sounds to me . . .
5 I'm an old man. I'm needy. When I borrowed a lot of
6 money to fund a business that was successful, I didn't
7 know you might get an EB-5 loan. It was Chase. My
8 palm went on the loan. We borrowed 40 million bucks.
9 But there was some more other assets, along with my
10 partners.

11 But, still, I think this is unique. I wish
12 I would have known about it.

13 MR. SMITH: It's a good program. It's a
14 good program, yeah. And for good reasons. You know,
15 you've got to produce the jobs; you've got to document
16 that those jobs have been produced.

17 Then there's a -- in some programs you can
18 even get more funds because you're getting money for --

19 MEMBER BURDEN: So this facility is
20 going to provide 10 jobs? Is that what I read?

21 DR. ROUMELIOTIS: Yes. Our facility is
22 going to provide 110 jobs, which those --

23 MEMBER BURDEN: Of those 110, 10 have to
24 be qualified for this program? Is that what I'm

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1 reading?

2 DR. ROUMELIOTIS: No, no. It's at least
3 10 jobs for every \$500,000 investment.

4 So we can get up . . . depending on the
5 ratios, we can get up to --

6 MR. SMITH: -- 6 million.

7 DR. ROUMELIOTIS: Up to \$6 million can
8 be invested through the EB-5 program.

9 MR. SMITH: And it's basically just a
10 formality.

11 MEMBER BURDEN: Of course. It's
12 basically -- it's an unusual formality.

13 MR. SMITH: Yes.

14 MEMBER BURDEN: I'm an entrepreneur.
15 I've been out there, didn't know anything about this.
16 There was security, collateral. Nobody's going to loan
17 the kind of dough we were looking for without some
18 collateral.

19 That was a long time ago, 1983, 1982;
20 Jimmy Carter years; 15 and 17 percent. And everybody
21 said we were crazy. Return on investment was well over
22 a million percent over a period of 25 years.

23 So I'm looking forward to seeing how EB-5 --
24 what is it? EB --

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1 MR. SMITH: EB-5, yeah.

2 MEMBER BURDEN: -- is going forward.

3 I have never heard of the program, and that's why I'm
4 asking questions about it.

5 MR. SMITH: Yeah. The last two years
6 it's really become more to the forefront. It's
7 available, present, and loans are being advanced.
8 The IRS and immigration authorities are approving
9 everything, so it's an active program.

10 CHAIRPERSON OLSON: Mike, can you
11 explain why that does not meet our criteria?

12 Because there's a finding on the financing, a
13 negative finding.

14 MR. CONSTANTINO: Yes. I -- because
15 there's been no commitment that these funds -- they
16 will have these funds to finance the project. Their
17 intent is to use the program, but there's -- they have
18 no final commitment from this loan program to fund the
19 project.

20 DR. ROUMELIOTIS: We do now have a
21 commitment -- I'm sorry?

22 MR. SMITH: Yeah. We do now have a
23 letter of intent for the complete financing package.
24 It needs to be converted into a commitment, and the

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1 lenders are willing to do that once the CON is issued
2 and other hurdles are -- appraisals, et cetera.

3 But we do have the letter of intent, and
4 we -- our intent -- our intent is to get that into the
5 hands of staff.

6 CHAIRPERSON OLSON: But you haven't seen
7 that?

8 So we're back to the chicken-and-egg thing.

9 MR. CONSTANTINO: No. We -- in the past
10 we have -- we have received what they call comfort
11 letters or letters of intent. Okay? With these
12 long-term care facilities, they -- this financing would
13 not materialize, and then we'd have these facilities
14 that told us -- that would take 120 beds or 150 beds in
15 our inventory and the projects were never getting
16 completed.

17 So we went to a process where we were asking
18 for commitment letters from the banks or the lending
19 institutions that, if the CON is granted, they will
20 make the loan.

21 Now, I have a hard time understanding, if
22 you've got the financing wherewithal, you can't go to a
23 bank and get that letter. I don't know why they need
24 our approval first before they proceed. If you go to a

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1 bank and they know you and it's the -- you've dealt
2 with it previously and you've got the financial
3 wherewithal to do the . . . to make this work, I can't
4 understand why the bank won't give you that letter.

5 We have gotten letters, commitment letters,
6 from other institutions saying that they will make
7 the loan if the CON is approved. That's all we're
8 asking for.

9 CHAIRPERSON OLSON: Other questions from
10 the Board?

11 MR. DIALS: Can I respond to Mike's
12 comments?

13 CHAIRPERSON OLSON: Sure. Go ahead.

14 MR. DIALS: Thank you.

15 And it's very fair points from Mike.

16 What I have done in the past -- because we
17 have this chicken-and-egg problem with CONs before, on
18 projects that are built and open today -- is -- I've
19 asked for a conditional permit, where we receive a
20 permit that has the condition that we must produce the
21 firm commitment letter that Mike's talking about within
22 some period of time after granting the permit.

23 And we're willing to do that again today.

24 We would meet with the EB-5 program 180 days from today

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1 to do that, but we have a letter from Eastern Capital
2 stating in detail that they're willing to do this upon
3 granting of the CON and the procedure that will occur
4 following today.

5 And so if we were to receive a CON
6 conditional upon receiving a firm commitment letter
7 within 180 days, we would be -- that would be
8 acceptable to us.

9 CHAIRPERSON OLSON: Thank you.

10 Anybody -- I have a couple. Go ahead.

11 VICE CHAIRMAN HAYES: Yes.

12 What is the -- what lending institution or
13 what is the name of the entity that will get the EB-5
14 loan and the -- and in this -- there's a lot of loose
15 ends here.

16 The EB loan is only projected for 2 million,
17 the EB-5 loan.

18 DR. ROUMELIOTIS: That has changed. We
19 went with a different -- originally with a --
20 I believe, with the application that we submitted, we
21 had different terms, and we found better terms where my
22 wife and I would own a hundred percent of the project.

23 With the one that we sent, the application,
24 my wife and I would have 50 percent of the project, and

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1 then the institution -- the lending institution -- was
2 to have the other 50 percent.

3 What we've done is we secured -- not -- well,
4 we've gotten a letter of intent with a group called
5 Eastern Capital, LLC, and they have agreed to fund the
6 project for us. Initially we were going to be doing
7 the EB-5 ourselves, but Eastern Capital is actually
8 going to be doing the entire -- funding for the entire
9 project, including the restorative care that we're
10 doing, as well.

11 So it's not just the transitional care that
12 we're applying for the CON for but, as well, they're
13 going to help us finance the entire project.

14 CHAIRPERSON OLSON: So, Mike, is that
15 actually considered modification to the project?

16 MR. CONSTANTINO: Yes. We haven't -- we
17 haven't seen any of that information.

18 DR. ROUMELIOTIS: Right. And we can
19 submit that if you --

20 CHAIRPERSON OLSON: So is it reasonable
21 to give them the option of deferring until you can
22 review all of that information?

23 MR. CONSTANTINO: Yes.

24 CHAIRPERSON OLSON: Is that . . . an

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1 option?

2 MR. DIALS: There . . .

3 (Discussion off the record.)

4 MEMBER GALASSI: Are you asking them
5 that question or us?

6 CHAIRPERSON OLSON: Well, both. I mean,
7 is the Board comfortable if the Applicant chooses to
8 defer it until this information has been reviewed by
9 our staff, or do you want to proceed?

10 MEMBER BRADLEY: I certainly don't think
11 we ought to take any final action without the staff
12 reviewing this.

13 So I don't know how you want to do that.

14 MEMBER GALASSI: I would defer until we
15 get the final financial information.

16 MR. URSO: I think the Board has
17 two options. They can either request the Applicant to
18 defer, and if they don't want to defer, then the Board
19 can defer it on their own volition.

20 CHAIRPERSON OLSON: Would you like a
21 minute?

22 (Discussion off the record.)

23 DR. ROUMELIOTIS: We would actually
24 prefer the approval with the condition, if possible.

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1 CHAIRPERSON OLSON: I don't -- that's --
2 I don't believe that's an option.

3 DR. ROUMELIOTIS: That's not one of the
4 options?

5 CHAIRPERSON OLSON: No, not . . .

6 (Discussion off the record.)

7 CHAIRPERSON OLSON: Did you have some
8 questions, Mr. Sewell, before we --

9 MEMBER SEWELL: Yes.

10 I guess, you know, this issue that we're
11 talking about is important --

12 DR. ROUMELIOTIS: Yes.

13 MEMBER SEWELL: -- but I want to hear
14 how you address the fact that there's no bed need in
15 that area.

16 MR. DIALS: Well, I think when we looked
17 at bed need and supply, supply sort of appears as a
18 monolith, a pile of beds. And when you dive into it,
19 that's not the case, particularly in Will County.

20 Within our particular area -- we are located
21 by the new Silver Cross Hospital location. Silver
22 Cross used to be in Joliet; they're now out by our
23 location, near Lockport. And much of the
24 infrastructure that had been built over the years was

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1 in Joliet to serve the hospitals located in Joliet.
2 The hospital's no longer there. That has changed the
3 dynamics of the area.

4 One of the facilities in the planning area is
5 Hillcrest. This facility's 168 beds. The oversupply
6 in Will County happens to be 169 beds. Hillcrest has
7 11 pending lawsuits, and the Department has taken
8 action against this facility's license. They have lost
9 certification from Medicare and Medicaid.

10 MR. URSO: Sir, we really don't want you
11 to start comparing to other facilities that may have
12 other problems or issues.

13 MR. DIALS: Yeah -- no. My point is,
14 basically, that this facility will be out of the
15 inventory soon.

16 The average age of facility in Joliet is
17 30 years; Medicare star rating is two. These
18 facilities do not provide a program that we are
19 presenting to you today.

20 If you look at a map of the facilities in the
21 planning area, there is a black hole of access, if you
22 will, lack of access for nursing facilities. There are
23 only three facilities within 20 minutes.

24 So when you expand it to the 30-minute drive

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1 time, which I understand is the rule, you add all of
2 those remaining facilities. One of those facilities
3 happens to be Hillcrest. The other two are CCRCs,
4 which you've heard, from today, are substantially
5 different from the type of facility we are offering.

6 CHAIRPERSON OLSON: I'm -- can I ask a
7 hypothetical question?

8 MR. DIALS: Yeah.

9 CHAIRPERSON OLSON: Do you think that
10 this model is different? This is not the first time
11 we've heard this model today.

12 Is it different enough that -- this is just a
13 hypothetical. Would it completely warrant its own
14 category? I mean, it doesn't seem like it's comparing
15 apples to apples to me.

16 MR. DIALS: Yeah, I do believe it
17 eventually someday should have its own category in
18 Illinois. If you go to other states, you will see this
19 transitional care model in operation. And I have
20 brought this to you multiple times now, so, you know,
21 I hope I've sort of familiarized you with the
22 differences between, you know, the average, everyday
23 nursing home.

24 But the changes in the care delivery system

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1 are demanding that these facilities occupy a niche,
2 and, by and large, they are not available and open
3 today. When Transitional Care of Arlington Heights
4 opens, it will be the first facility in Illinois
5 like it.

6 CHAIRPERSON OLSON: Then I think, if my
7 small brain -- from what I know of health care --
8 I appreciate some of your comments, Doctor; pay for
9 performance is where we're all going. And while this
10 sounds like an expensive model, I see what you're
11 planning on is that your outcomes are going to afford
12 you some pay-for-performance dollars that will help
13 offset the cost of the model, and the savings will be
14 discussed, as well.

15 However, that said, I, again, am going to ask
16 the question. Does the Board want to give the
17 Applicant the opportunity to defer, or do you want to
18 tell them we want them to defer, or do you want to
19 vote? How do we want to do this?

20 MEMBER BRADLEY: How does Frank
21 recommend it?

22 Assuming that we do not want to take action
23 today and want to take action at a later time when we
24 have more materials to review, how would we accomplish

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1 that?

2 MR. URSO: I think it's critical that
3 Board staff -- I think it's critical that Board staff
4 have an opportunity to take a look at the modifications
5 that this Applicant has presented to us today that's
6 new information. So I think Board staff needs to look
7 at that.

8 MEMBER BRADLEY: How could the Board
9 accomplish that?

10 MR. URSO: They could do it, I think,
11 one of two ways: Either the Applicant can defer --

12 MEMBER BRADLEY: Okay.

13 MR. URSO: -- or the Board can defer on
14 its own.

15 MEMBER BRADLEY: So is a motion to defer
16 in order?

17 CHAIRPERSON OLSON: If you choose to do
18 that.

19 MEMBER BRADLEY: Defer to a set time or
20 what? Just to defer?

21 MR. URSO: The Board could put a set
22 time so that we have an opportunity to receive the new
23 information and then have time to analyze it.

24 CHAIRPERSON OLSON: Would the next

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1 meeting give you enough time if they were to get these
2 documents in your hands immediately?

3 MR. CONSTANTINO: Yes. We can -- we
4 could bring it back for the December meeting.

5 CHAIRPERSON OLSON: So maybe if you'd
6 like to make a motion to defer to the December meeting.

7 MEMBER BRADLEY: All right.

8 I move that this project be deferred for
9 further consideration until the following meeting, in
10 December.

11 CHAIRPERSON OLSON: Is there a second to
12 that motion?

13 I'm sorry. Do you -- I didn't mean to cut
14 you off.

15 MEMBER BURDEN: Second.

16 CHAIRPERSON OLSON: Yeah. You'd have
17 to -- you have to get the information to him right
18 away. But you're saying it's in your hands.

19 MR. DIALS: It's in our hands. We
20 received it October 31st. There was not enough time to
21 get it to the Board and the staff prior to this
22 meeting.

23 CHAIRPERSON OLSON: I appreciate that.
24 But I think what we're trying to say to you is, in

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1 light of that additional information, you may even be
2 able to eliminate one of the negative findings, which
3 is certainly going to . . .

4 MR. DIALS: Yeah. I believe so, yes.

5 CHAIRPERSON OLSON: Okay. So I have a
6 motion and a second.

7 MR. ROATE: Motion made by Mr. Bradley;
8 seconded by Dr. Burden.

9 Mr. Bradley.

10 MEMBER BRADLEY: Yes.

11 MR. ROATE: Dr. Burden.

12 MEMBER BURDEN: Yes.

13 MR. ROATE: Justice Greiman.

14 MEMBER GREIMAN: Yes.

15 MR. ROATE: Mr. Galassi.

16 MEMBER GALASSI: Yes.

17 MR. ROATE: Mr. Hayes.

18 VICE CHAIRMAN HAYES: Yes.

19 MR. ROATE: Mr. Sewell.

20 MEMBER SEWELL: I vote yes, but I don't
21 want to leave the impression with the Applicant that
22 the issue is the only one I have with the project.

23 MEMBER BURDEN: Yeah.

24 MR. ROATE: Chairwoman Olson.

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1 CHAIRPERSON OLSON: Yes.

2 MR. ROATE: 7 votes in the affirmative.

3 CHAIRPERSON OLSON: So you will be given

4 notice that this project has been deferred to the

5 December meeting pending your getting information to

6 the staff.

7 MR. DIALS: Thank you.

8 MRS. ROUMELIOTIS: Thank you.

9 CHAIRPERSON OLSON: Thank you.

10 13-049, Nocturnal Dialysis, Villa Park, if

11 the Applicants would come to the table.

12 I'm sorry. If the Applicants could please

13 introduce themselves and be sworn in.

14 MR. COPELIN: My name is Michael

15 Copelin, C-o-p-e-l-i-n, CON consultant.

16 DR. HUMAYUN: My name is Dr. Hamid

17 Humayun, H-a-m-i-d; Humayun, H-u-m-a-y-u-n.

18 CHAIRPERSON OLSON: And, Keith, you're

19 just the Vanna White here?

20 UNIDENTIFIED MALE: I'm just helping.

21 (Two witnesses duly sworn.)

22 THE COURT REPORTER: Thank you.

23 CHAIRPERSON OLSON: State Board staff

24 report, Mr. Constantino.

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

3 The Applicant is proposing the establishment
4 a 12-station ESRD facility in approximately 6,000 gross
5 square feet of existing space in Villa Park, Illinois.
6 The estimated cost of the project is approximately
7 \$2 million. The anticipated project completion date is
8 January 31st, 2015.

9 We did receive support in opposition
10 regarding this project. No public hearing was
11 requested.

12 The State Board staff found that the
13 Applicants did not meet the criteria for service
14 accessibility, unnecessary duplication of service, and
15 availability of funds.

16 Thank you, Madam Chairwoman.

17 CHAIRPERSON OLSON: Thank you,
18 Mr. Constantino.

19 Remarks for the Board?

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

22 My name is Michael Copelin. I'm the CON
23 consultant on this project. And this project, as Mike
24 said, is for a new 12-station renal dialysis facility

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1 which will specialize primarily in nocturnal dialysis
2 or longer-timed dialysis. We will provide, basically,
3 the full range of dialysis services, including training
4 for home dialysis.

5 The response to the need criteria or the
6 availability of bed -- or stations in the area is the
7 Board has -- does have a calculated need for the
8 facility, and we believe that, in the long term, that
9 five-year projection, that those stations will achieve
10 the target occupancy. We recognize that there is some
11 underutilization at this point. As it is a projection,
12 it will be -- they will be fully utilized.

13 The other point on that matter is that we
14 have identified sufficient patients from the physicians
15 who are actively involved in the LLC to ensure that we
16 would achieve the target occupancy within the two-year
17 period that the Board -- that the rules require.

18 I'm going to have Dr. Humayun, with the use
19 of these charts, demonstrate to you -- or explain to
20 you exactly what nocturnal dialysis is and how it works
21 and what we're going to do with it. These are not new
22 information. This was the same charts that we provided
23 to you in the public hearing.

24 The only thing we want to use these for is

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1 the reference so it's easier for the Board to -- and
2 for the Applicant -- to show you what we're talking
3 about with this.

4 DR. HUMAYUN: My name is Dr. Humayun.
5 I have been in dialysis as a nephrologist for over
6 30 years. I was at the VA, Hines, and Loyola for
7 18 years and teaching and ultimately in private
8 practice. And I'm also on the teaching faculty at the
9 university now.

10 And I am also working with dialysis at a
11 couple units. I've been in dialysis for a long time.
12 And let me just tell you what we do and what we're
13 planning to do.

14 The normal clearance for the normal kidney is
15 about a thousand liters a week. The dialysis that we
16 provide now, in home and at a center, is in the
17 hundreds, is very, very small. The result is that
18 ultimately we are moving the small molecules. The
19 bigger molecules, 5,000-molecule rate, is hardly a move
20 on this dialysis, and the result is that we have very
21 high mortality and morbidity.

22 A 30-year-old person on dialysis, dialysis in
23 the home, his chance of dying is the same as that of an
24 80-year-old person who is not on dialysis. So the

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1 mortality on dialysis is very high, much more than
2 cancer. Most people think, "I have a cancer; I'm going
3 to die" but no. Most people on cancer live longer than
4 they live on dialysis. If you compare the dialysis
5 survival, five-year survival is about 20 percent, so
6 there's a very high chance of people not living on
7 dialysis.

8 Now, if you do nocturnal dialysis -- that's
9 what we are proposing -- people live -- this is
10 five years. People live much longer. So if people
11 live longer on dialysis, then the Epogen cost -- Epogen
12 now is important, comes with a black box warning.

13 When people come on nocturnal dialysis, they
14 use less of it so it's cost saving to the government.
15 And the people who are on nocturnal dialysis, they live
16 longer; they live out of the hospital; they live
17 healthier; they are more employed and they're working
18 rather than the people who are -- most of the people
19 who are not working.

20 Now, this is a calcification of the arm.
21 This is one of my patients. I took this X-ray myself,
22 this picture. And for -- this gentleman is not alive.

23 What happens in dialysis is they get all
24 kinds of problems. They get the bone disease. The

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1 bones -- the calcium forms on their bones and gets
2 deposited on all the soft tissues on the body.

3 It gets deposited under the skin, and here
4 you see the skin breaking down, the infection starts,
5 they get septic, and then they die. And it gets
6 deposited in the heart, in the lungs, in the blood
7 vessels, in all the areas.

8 Here you see the calcium getting deposited in
9 the soft tissues of the hand. And with the longer and
10 more dialysis, you are able to remove it.

11 Otherwise, these people would end up having
12 an amputation, not of dialysis -- if you go there, you
13 don't know whether you are -- whether you have
14 adversity with all those handicapped people with
15 amputations or is it a dialysis result. For a person,
16 you may not know what facility you are visiting.

17 These are the mental health status of people
18 who are on nocturnal versus regular dialysis.

19 And these are the activity level of people on
20 nocturnal versus the regular.

21 And here. Physically, they feel better.
22 They are more -- able to do more work. They are able
23 to work, and they feel better after the treatment. And
24 their appetite is better. They eat almost -- they eat

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1 a normal diet. They don't have to be on a special
2 diet.

3 They have normal activity. Their cardiac
4 function is better. Their . . . so it is better for
5 the patients, and -- and it is cost saving to the
6 government and to America because these people are not
7 in a hospital. They're not safe.

8 And their blood pressure -- their only
9 purpose for medication. There's no need for phosphate
10 binders and the Epogen is -- dozes are used. So it is
11 really better.

12 So it is -- although we are giving more
13 dialysis, but these people are staying out of the
14 hospital and saving more money, and we saw how much
15 hospital costs -- per day costs.

16 CHAIRPERSON OLSON: Thank you, Doctor.

17 Are there questions from the Board?

18 Dr. Burden.

19 MEMBER BURDEN: Thank you.

20 Doctor, that's marvelous. You showed us the
21 wonderful dissertation on the reasons why one would
22 want -- from the government point of view and perhaps
23 from societal point of view -- that nocturnal dialysis
24 would be preferable.

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1 Now, as we move into an area that
2 considerable medical recommendations are going to be
3 dictated, you won't have the opportunity of choosing --
4 it's my prediction.

5 I'm retired. Thank you. But that's what I
6 feel is coming.

7 I want to know why it is, then -- why haven't
8 I seen -- during my 40 years of practice in urology and
9 dealing with a lot of nephrology practices, I never
10 heard or saw or listened to someone make a pitch like
11 you have for nocturnal dialysis.

12 Now, I'm asking just nocturnal dialysis,
13 irrespective of the fact that we have some other issues
14 around this application that the other members may
15 bring up.

16 But I wonder why. Is there -- is it such
17 that you are the unique individual in this community
18 that feels that you can work at night when other people
19 can't?

20 DR. HUMAYUN: Well, nocturnal dialysis
21 is not unique. It has been there. And the national
22 chains do provide it but not in the area where I'm
23 proposing.

24 In Illinois, FMC units -- I think there are

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1 two units in FMC that they are providing it and that
2 DaVi ta has about six units in Illinois that they
3 provide it.

4 MEMBER BURDEN: That provide nocturnal
5 dialysi s?

6 DR. HUMAYUN: Nocturnal dialysis, yes.
7 So it is not something unique that I am doing.

8 MEMBER BURDEN: Why isn't it more often?

9 DR. HUMAYUN: Well, I think we --

10 MEMBER BURDEN: What's the reason? You
11 seem to present an undeniable advantage to it from the
12 point of view that people are able to work; they have
13 less side effects; they live longer.

14 I'm well aware of all the problems that come
15 from long-term dialysis; hence, I think transpl antati on
16 is the answer, but that's not what you're selling.
17 You're selling another method of dialysis -- hopefully,
18 that would be agreeable to the rest of the members of
19 the Board, that you're -- that you're not -- and the
20 service accessibility and unnecessary duplicati on
21 factors, which are issues here in your application,
22 would lead us not to agree with you and not vote
23 posi tively for your attempt to do this procedure.

24 You're going to also do daytime dialysi s as

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1 well as night? This is not going to be an exclusive
2 nocturnal dialysis unit, is it?

3 DR. HUMAYUN: No. We'll provide regular
4 dialysis, too, but we will offer nocturnal and
5 promote nocturnal because that will help people, larger
6 patients.

7 MEMBER BURDEN: We've heard that.
8 Why can't the other people do this if they so
9 desire?

10 DR. HUMAYUN: Well, the other people
11 could do it. I don't know why they don't do it, why
12 don't they offer it. And I do have my patients in
13 other facilities that they don't get it.

14 And, you know, the real reservations -- don't
15 get pregnant. And if somebody's young and wants to
16 have a family, nocturnal is the only one that they can
17 conceive and carry the pregnancy to term. A regular
18 dialysis patient would not be able to do that.

19 MEMBER BURDEN: Conception only occurs
20 in the daytime?

21 (Laughter.)

22 DR. HUMAYUN: No. I mean . . .

23 MEMBER BURDEN: That's news to this
24 observer.

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1 MR. COPELIN: Doctor, I think what he's
2 trying to say at this point is it's the pregnancy, not
3 the conception that is necessarily the problem but the
4 carrying to term.

5 By your moving the poison or the residuals
6 from the kidney failure out of the system, it provides
7 a better opportunity for the patient to carry to term.

8 MEMBER BURDEN: Well, we've heard that.
9 Everybody on the Board has heard it. My -- that's
10 my -- my query is what I said.

11 MR. COPELIN: Well, I think the only
12 thing we can answer is that they choose not to provide
13 it. Dr. Humayun, as he said, has been in the business
14 a long time. Normally, when he refers the patients to
15 a dialysis facility, that facility dictates the hours
16 that they're going to operate; they dictate the shift
17 on which they place that patient.

18 And if you don't educate the patient to
19 the -- to the availability of this procedure or of this
20 type of dialysis, they're not going to ask for it. So
21 it's up to the individual facility to both offer the
22 service, to educate the patient upon it, and to work
23 with the physicians who are referring the patients to
24 see that it's provided. That's not happening.

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1 One of the reasons we're here with this
2 project is because we have a group of physicians that
3 are forming the LLC that want to do that. They want to
4 provide a full range of services to the individual
5 dialysis patient. At the present time in most of the
6 dialysis facilities where they refer patients, that is
7 not an option.

8 I know in the public hearing testimony, for
9 instance, it was asked why Maple Avenue Kidney Center
10 was -- who Dr. Humayun is related to -- does not
11 provide that service.

12 In that particular instance it's not provided
13 because the facility -- the building is locked down at
14 six o'clock in the evening and the power and the -- or
15 the heat and the air-conditioning and the water are
16 shut off for that period of time or that -- the City
17 won't guarantee that they can provide the water.

18 But -- so they have no option. That's not
19 a -- that's not an option for them to do there, so
20 we're wanting to establish this facility so that those
21 options are available.

22 CHAIRPERSON OLSON: Are there other
23 questions from Board members?

24 MEMBER BRADLEY: Yes, one.

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1 What is nocturnal dialysis?

2 I understand the outcomes are different but
3 what . . . what --

4 MR. COPELIN: Basically, what you're
5 seeing here are patients that are dialyzed six to
6 eight hours per day three days a week. Now, ideally,
7 if we could do six to eight six days a week, it would
8 probably even be better.

9 And that is some of what is -- we're also
10 trying to educate people in the home dialysis field,
11 but there are a number of people who, either because
12 they are incapable of providing it or are unwilling or
13 afraid of a home dialysis, would choose to do the
14 longer term in a facility.

15 So --

16 CHAIRPERSON OLSON: But this happens at
17 night?

18 MR. COPELIN: Yes. It's normally --
19 it's six to eight hours in the evening.

20 CHAIRPERSON OLSON: The evening or at
21 night?

22 DR. HUMAYUN: Night. You know -- at
23 night, yeah.

24 MR. COPELIN: At night.

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1 DR. HUMAYUN: Because most people are
2 working during that time and most --

3 CHAIRPERSON OLSON: So the facility is
4 open like 24 hours?

5 DR. HUMAYUN: This facility will be open
6 24 hours.

7 MEMBER BRADLEY: And does the person
8 sleep during the process or does it --

9 DR. HUMAYUN: Yeah. They -- people
10 who are getting the nocturnal dialysis will be
11 sleeping, yes.

12 MEMBER BRADLEY: Okay. So you have to
13 have staff there. Do you have to have a physician
14 there?

15 DR. HUMAYUN: No. We'll have the
16 regular staffing, and the physicians will make rounds.
17 And the -- you have a nurse, a nurse manager, the
18 technicians, and the support staff who maintain the
19 dialysis.

20 MEMBER BRADLEY: But it's different than
21 staffing a daytime operation?

22 DR. HUMAYUN: No. There will be staff
23 when the patient's not on the machine.

24 MEMBER BRADLEY: Well, I'm trying to get

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1 to the doctor's question.

2 Why don't more places do it? It's not a
3 staffing problem?

4 DR. HUMAYUN: No.

5 CHAIRPERSON OLSON: Is it patient
6 demand? Is that part of the reason other facilities
7 don't?

8 DR. HUMAYUN: I guess they don't offer
9 the -- none of the other units offer the option. And
10 if they do offer it and tell the patients, "Well, then
11 go for it."

12 MEMBER BRADLEY: Is the same profit
13 margin at work?

14 MR. COPELIN: Probably not. I mean,
15 you --

16 MEMBER BRADLEY: Why not?

17 MR. COPELIN: You would have some margin
18 to be gained -- well, you're going to staff longer for
19 an individual patient, for one thing.

20 But the other thing, you gain some of that
21 back by the reduction in the Epogen costs and the other
22 things, but in terms of -- instead of having a nurse
23 eight hours or a nurse administrator for eight hours
24 during the day and treat two patients, you've got that

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1 same -- or a different nurse but the same amount of
2 nurse staffing time -- to handle one patient in a
3 longer-term dialysis.

4 So what you're looking at is the somewhat
5 reduced profit margin in that you're staffing longer
6 periods.

7 MEMBER BRADLEY: Unless you increase the
8 use. Okay.

9 UNIDENTIFIED MALE: Is it possible for
10 me to join?

11 CHAIRPERSON OLSON: Other questions?
12 Justice.

13 MEMBER GREIMAN: I want to ask you a
14 couple questions about -- not about this project but
15 I want to ask you about the industry that you're trying
16 to -- at this point two companies own about 80 percent
17 of the industry you're in.

18 Is that -- is that a fair estimate?

19 DR. HUMAYUN: Yeah, probably two.

20 MEMBER GREIMAN: Okay. And both of them
21 have entered the fray here and said we shouldn't
22 approve this.

23 But is this . . . are independent operations
24 able to financially come out okay when they're faced

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1 with 80 percent of the people who are one company or
2 two companies?

3 How does that affect you?

4 DR. HUMAYUN: Well, I mean, in health
5 care it's difficult. The profit margin is less. But I
6 am familiar with other units that I am part of it, and
7 I have been involved with them, providing the dialysis
8 care for the last, oh, 10 years.

9 And we think we can make it, although the
10 profit margin will be less, yes.

11 MEMBER GREIMAN: So you -- when you do
12 your night stuff, you're essentially taking them on; is
13 that right? Is that fair to say?

14 MR. COPELIN: I'm sorry? I don't
15 understand the question.

16 DR. HUMAYUN: I'm sorry.

17 MEMBER GREIMAN: You're taking the
18 two -- the two operators -- we know who they are --
19 you're taking them on when you take -- when you do
20 this; is that right? Is that fair to say?

21 MR. COPELIN: I don't -- we don't see it
22 as an adversarial-type situation. We're just trying to
23 make sure that the patients that we see as -- that
24 these doctors see -- receive the care that they feel is

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1 most beneficial to the patient.

2 MEMBER GREIMAN: Of course, they see it
3 as adversarial. Both of them have come out in
4 opposition; right?

5 DR. HUMAYUN: I mean, they are not
6 providing the same service like we intend to do it.
7 And we are not competing with them although they
8 provide the service in -- elsewhere, more than an hour
9 from where we are.

10 MEMBER GREIMAN: Okay.

11 Well, thank you. All right then.

12 CHAIRPERSON OLSON: Other questions from
13 the Board?

14 MR. CONSTANTINO: Madam Chairwoman, if
15 I may, I just wanted to bring up -- there was a comment
16 on the State Board staff report that we sent to you
17 last week. It was timely submitted and it was relevant
18 to the State Board staff report.

19 We e-mailed it to all the Board members
20 last week.

21 CHAIRPERSON OLSON: I have just a couple
22 of quick questions -- sorry --

23 MR. CONSTANTINO: Oh, I apologize.

24 CHAIRPERSON OLSON: -- sort of in regard

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1 to that.

2 But I'm interested in knowing -- you own a
3 facility in Oak Park; is that correct?

4 DR. HUMAYUN: I am part owner of
5 it, yes.

6 CHAIRPERSON OLSON: And I know you
7 didn't provide any charity care information for this
8 application because it's a new company, but can you
9 talk to the Board about what charity care you might
10 provide at your Oak Park facility? Or do you not do
11 any Medicaid or charity care at that facility?

12 DR. HUMAYUN: We have -- most of our
13 patients are Medicare. And we have quite a few on
14 public aid, and the public aid did not pay us for more
15 than a year, and the State was having problems, and
16 only in the last few months we're getting some checks
17 from public aid.

18 And the public aid still owes us a lot of
19 money. And a lot of patients, we provide care and we
20 haven't been paid. So we do a lot of charity care that
21 is, you know --

22 CHAIRPERSON OLSON: Okay.

23 DR. HUMAYUN: And in this place, also,
24 we may end up doing a lot of charity care, also, so

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1 that's not an issue.

2 CHAIRPERSON OLSON: And then my other
3 question was there was some question about your
4 availability of funds for the project, whether you meet
5 that criteria.

6 Can you speak to that?

7 DR. HUMAYUN: We have enough line of
8 credit available, and we also have some personal loans
9 approved, and I don't see that as any problem with that
10 but --

11 CHAIRPERSON OLSON: I'm sure you don't
12 see it but -- Mike, do we not -- they did not meet the
13 criteria for availability of funds?

14 MR. CONSTANTINO: No. No, they did not.

15 MR. COPELIN: If I may, our basic
16 position on that is that, as a new LLC, it is very
17 difficult to get -- we have a comfort letter that used
18 to be accepted that was provided but -- I understand
19 Mike's position on this.

20 In regard to -- we do not have a commitment
21 letter. What we have received instead are basically
22 the bank's -- the bank that Dr. Humayun has been
23 dealing with is offering to give him loans on personal
24 property and various other things.

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1 We firmly believe that the LLC is the one who
2 needs to get the money and that, once the project is
3 approved, within a short period of time we would be
4 able to obtain that fee.

5 It's the chicken-and-the-egg thing again.
6 I experienced it when I was in Mike's position several
7 years ago. As the chief projector here, we have the
8 same problem. It is difficult, on a new, small group
9 like this, to obtain those fees.

10 I understand it's your rules, and we're not
11 telling you to change them; we're just saying it's very
12 difficult for us to get them.

13 CHAIRPERSON OLSON: Thank you.

14 Other questions?

15 Did you have a comment, Frank?

16 MR. URSO: Madam Chair and Board
17 members, Mike brought it up. We received a comment to
18 this application that was timely and responsive to the
19 State Agency Report, so the Board has to make a
20 determination.

21 Are they going to accept that document and
22 then go forward with the consideration of this project?
23 Or are they going to -- or are they going to accept
24 that project and then send this -- and defer this

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1 project so that the staff has an opportunity to review
2 the comments that were made in that response document,
3 in that comment document?

4 So two options.

5 CHAIRPERSON OLSON: Can I have a motion
6 to accept the document?

7 MEMBER GALASSI: I would move -- motion
8 that we accept the document and make it part of the
9 package.

10 CHAIRPERSON OLSON: Second?

11 MEMBER GREIMAN: Second.

12 CHAIRPERSON OLSON: Okay. Can we do
13 that with a voice vote?

14 All those in favor say aye.

15 (Ayes heard.)

16 CHAIRPERSON OLSON: Opposed, I like sign.

17 (No response.)

18 CHAIRPERSON OLSON: The ayes have it and
19 it will become part of the application, the letter that
20 was received.

21 MR. URSO: Thank you.

22 CHAIRPERSON OLSON: Okay. Other
23 questions for this Applicant?

24 (No response.)

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1 CHAIRPERSON OLSON: I would entertain a
2 motion to approve Project 13-049, Nocturnal Dialysis
3 Spa, to establish a 12-station ESRD facility in
4 Villa Park.

5 MEMBER BRADLEY: I so move.

6 MEMBER BURDEN: Second.

7 MR. ROATE: Motion made by Mr. Bradley;
8 seconded by Dr. Burden.

9 Mr. Bradley.

10 MEMBER BRADLEY: While they have not met
11 3 criteria, they have met 16, and I think the argument
12 about the use of nocturnal dialysis does speak to the
13 idea of more accessibility.

14 And given the state of the market, I think
15 this kind of accessibility is something that we ought
16 to try to encourage more of so I vote yes.

17 MR. ROATE: Thank you.

18 Dr. Burden.

19 MEMBER BURDEN: Although I have some
20 reservations that this may turn out to be an
21 opportunity for exploring a more effective and
22 efficient method of dialysis, I'm not confident that
23 this is really what we're dealing with. It may well
24 just add to the already-serviced accessibility.

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1 However, having said that, I will vote for
2 the project with the hopeful expectancy that this does
3 pan out to be what Doctor says it might well provide.

4 Thank you. I'll vote for it, yes.

5 MR. ROATE: Thank you.

6 Justice Greiman.

7 MEMBER GREIMAN: Yes. I have some
8 concerns about two companies taking over the whole
9 industry.

10 And I note the -- the anger that is in their
11 responses, for example. They say that the notion that
12 you will have nocturnal dialysis is a ruse to disguise
13 the fact of what you want to do; it's a ruse, they say,
14 which is pretty strong language.

15 And then that's -- that's -- DaVi ta, for
16 emphasis, says this kind of stuff about what you are
17 and who you are.

18 But I think it's important that we have some
19 competition in the area, so I'm going to vote yes.

20 MR. ROATE: Thank you.

21 Mr. Galassi.

22 MEMBER GALASSI: Yes, for reasons noted.

23 MR. ROATE: Thank you.

24 Mr. Hayes.

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1 VICE CHAIRMAN HAYES: Yes. The
2 application has addressed the 16 criteria, and the
3 other criteria -- I think this is an application
4 that -- or this type of nocturnal dialysis is worth
5 looking into. And it is something that is more
6 prevalent in Europe, and we've talked about that since
7 the time I've gotten on this Board 3 1/2 years ago.

8 So I believe that this project is worth our
9 consideration and I'm voting yes.

10 MR. ROATE: Thank you.

11 Mr. Sewell.

12 MEMBER SEWELL: I vote no.

13 I think that this is probably a superior
14 clinical intervention, but it's not a separate category
15 of service from the presentation that was made, and
16 I don't think this Board's in a position to judge the
17 efficacy of these things based on the presentation.

18 MR. ROATE: Thank you, sir.

19 Chairwoman Olson.

20 CHAIRPERSON OLSON: I vote no for the
21 same reasons just stated by Mr. Sewell.

22 MR. ROATE: 5 votes in the affirmative,
23 2 in the negative.

24 CHAIRPERSON OLSON: The motion passes.

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1 help you identify where Metropolis is at, right on the
2 Illinois-Kentucky border.

3 The Applicants are proposing a limited-
4 specialty ASTC located in Metropolis, Illinois. The
5 proposed cost of the transaction is \$5.9 million, and
6 the anticipated project completion date is
7 November 1st, 2015.

8 There was no public hearing requested. We
9 did receive one letter of opposition, and there were a
10 number of support letters regarding this project.
11 There were no findings whatsoever regarding this
12 project.

13 Thank you, Madam Chairwoman.

14 CHAIRPERSON OLSON: So that -- would the
15 Applicants like to just open to questions, or do you
16 have a presentation you'd like to give?

17 MR. HARTLEY: We have a presentation.

18 CHAIRPERSON OLSON: Please.

19 MR. HARTLEY: Good afternoon, Madam
20 Chair, members of the Health Facilities and Services
21 Review Board.

22 I am Bill Hartley, CEO of Massac Memorial
23 Hospital in Metropolis, Illinois, and I'm privileged to
24 present this application on behalf of Massac Memorial

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1 and our partners at Southern Orthopedic Associates.

2 I'm not aware of any previous application our
3 hospital has made to your agency and am proud that the
4 first application has received a 100 percent State
5 Agency Report from your staff.

6 As Honey indicated in the public comment
7 period, we are truly humbled by the overwhelming
8 expression of support from our entire community. These
9 letters were submitted by our mayor, county
10 commissioners, physicians practicing in our community,
11 labor representatives, our chamber of commerce,
12 employers in our area, the Southern Seven Health
13 Department which serves the seven most southern
14 counties in Illinois, our State Representative and
15 State Senator and US Congressman, and other local
16 health facilities.

17 Metropolis is a city of 6500 with a
18 per capita income of \$17,000 located on the Illinois
19 southern border across the Ohio River from Paducah,
20 Kentucky.

21 The proposed project seeks approval to
22 establish a limited-specialty ambulatory surgical
23 treatment center as a joint venture between our
24 hospital and the orthopedic and podiatric surgeons who

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1 have served our community for many years and whose
2 offices are located in Paducah.

3 Massac Memorial is a critical access hospital
4 providing primary care services to residents of Massac
5 County and surrounding Illinois counties. Illinois has
6 52 critical access hospitals. These hospitals have
7 been designated by Federal and State law to ensure
8 access to general acute care services for residents of
9 rural areas.

10 Without the governmental support targeted to
11 critical access hospitals, hospitals such as ours could
12 not continue to operate and hospital deaths would
13 result, jeopardizing rural communities' ability to
14 survive.

15 To give you a specific sense of the
16 accessibility challenges facing our patients, you
17 should be aware that there are no Illinois hospitals
18 within an hour of our proposed site and the closest
19 Illinois surgery center is 56 minutes away. That
20 center does not offer orthopedic or podiatric care.

21 Massac Memorial has 25 medical/surgical beds.
22 We admit approximately 1,000 patients per year. We
23 perform approximately 650 outpatient and surgical
24 procedures each year. Massac Memorial is the only

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1 provider of surgical services in Massac County, and all
2 of these are of a general surgery nature.

3 This year through today is six months. Our
4 revenue is 47 percent from Medicare, 23 percent from
5 Medicaid, and we have provided 234,000 of charity care
6 to our patients predominantly on an outpatient basis.
7 Massac Memorial has never turned away any patient
8 because of their inability to pay.

9 Our proposed physician partners share our
10 commitment to the community. They operate a walk-in
11 clinic that accepts all patients regardless of their
12 ability to pay. Most importantly, our proposed surgery
13 center will operate with the same admissions policy in
14 place as Massac Memorial Hospital.

15 Because our hospital does not have
16 specialized surgical capability to provide orthopedic
17 and podiatric surgery, most area residents are forced
18 to travel out of state to Paducah, Kentucky, for their
19 care. Our application as well as many letters of
20 support that the agency has received document this
21 reality. The project will provide accessible
22 orthopedic and podiatric services within our community,
23 thereby stopping the outmigration to Kentucky for these
24 services.

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1 We are gratified by our community's support,
2 and we are affirmed by their expressed need for the
3 service. Not only do we receive the strong support
4 from physicians and caregivers in our service area, but
5 our champions are also involved in civic, business,
6 labor, and political leadership who have been long
7 shaped by the exodus of patients and jobs to Kentucky
8 simply because specialized medical services have not
9 been established on the Illinois side of the river.

10 This frustration is a result of the
11 challenging economics in establishing physician
12 practices in remote rural locations and is not unique
13 to Metropolis. The pragmatics of funding the
14 equipment, technology, and training clinical personnel
15 have thwarted critical access hospitals that have
16 sought to establish partnerships as this we're
17 proposing.

18 So why is Massac Memorial in combination with
19 the surgeons able to come to you today to establish a
20 limited-specialty surgery center in Metropolis? How
21 are we able to develop a successful relationship
22 between our hospital and our partner physicians?

23 The answer is the surgeon physicians have
24 provided care to Illinois residents and documented, as

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1 the State Agency Report reflects, that the proposed
2 Illinois-based center will meet the State's utilization
3 targets.

4 It is important to note that Massac Memorial
5 cannot provide the proposed orthopedic and podiatric
6 services within our existing surgical suite. Our
7 operating rooms are not sufficiently sized for
8 contemporary orthopedic surgery. We lack the required
9 equipment and do not have the financial capability to
10 develop a new suite.

11 The project offers an important opportunity
12 for Massac Memorial Hospital and our community. None
13 of these cases that are proposed to be performed at the
14 new surgery center will be coming out of Massac
15 Memorial. In other words, the hospital's historical
16 surgery utilization will not be diminished by the
17 surgeries that will be performed at the new center.
18 All of these new surgeries would have been performed in
19 Paducah, Kentucky, at a competitor Kentucky hospital or
20 Kentucky surgery center. So it is a win-win for
21 Illinois, our hospital, and our community.

22 Illinois residents will have access to
23 services proximate to their home and work. Our
24 hospital will be able to expand services that we are

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1 able to provide and will benefit from coownership of
2 the center. Our community will enjoy more access to
3 clinical services, new jobs, and tax revenues.

4 I'm joined at the table today by Greg
5 Thompson, CEO of Southern Orthopedic Associates, Massac
6 Memorial's partner in this exciting endeavor. Greg
7 will briefly address the importance of the project to
8 the surgeons and who are our partners.

9 Greg.

10 MR. THOMPSON: Good afternoon, Madam
11 Chair and the rest of the Board members.

12 As Bill has indicated, I am Greg Thompson,
13 CEO of Southern Orthopedic Associates with divisions in
14 Illinois and in Kentucky.

15 We share Massac Memorial's position that this
16 proposed project is a win-win for the patients, the
17 community, the State, the hospital, and for our group.

18 For many years Southern Orthopedic Associates
19 has treated Illinois residents both in our Paducah
20 practice and in our Herrin, Illinois, office and
21 surgery center located about an hour north of
22 Metropolis.

23 It is our intention to duplicate what we have
24 done in Herrin. That model has been successful as an

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1 asset to the Herrin community and for the practice
2 itself.

3 The Herrin facility accepts both Medicaid and
4 Medicare recipients and provides for charity care. As
5 the application indicates, both Massac Memorial and our
6 group practice have committed to maintain this same
7 policy, and we agreed to adhere to the hospital's
8 charity care and financial assistance policies at the
9 new Metropolis surgery center.

10 We are grateful for your consideration and
11 accept any questions.

12 CHAIRPERSON OLSON: Thank you, Doctor.

13 Questions from the Board?

14 (No response.)

15 MEMBER GALASSI: I would move to
16 approve.

17 MEMBER SEWELL: Second.

18 CHAIRPERSON OLSON: Just let me read
19 this.

20 So I have a motion and a second to approve
21 Project 13-052 to establish a limited-specialty
22 ambulatory and surgery treatment center in Metropolis.

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

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1 Mr. Bradley.

2 MEMBER BRADLEY: I think the State
3 report makes it clear that this is a good project and
4 I vote yes.

5 MR. ROATE: Thank you.

6 Dr. Burden.

7 MEMBER BURDEN: I concur and applaud the
8 group for doing such. Good luck.

9 I vote yes.

10 MR. ROATE: Justice Greiman.

11 MEMBER GREIMAN: Based on the prior
12 explanations, I vote yes.

13 MR. ROATE: Thank you.

14 Mr. Galassi.

15 MEMBER GALASSI: Yes, as well.

16 Congratulations.

17 MR. ROATE: Thank you.

18 Mr. Hayes.

19 VICE CHAIRMAN HAYES: Yes, because of
20 the State Board report. The Applicants have met all
21 the requirements of the State Board.

22 MR. ROATE: Thank you.

23 Mr. Sewell.

24 MEMBER SEWELL: Yes, for reasons stated

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1 by Mr. Hayes, plus it's close to my home state of
2 Kentucky.

3 (Laughter.)

4 MR. ROATE: Thank you.

5 Chairwoman Olson.

6 CHAIRPERSON OLSON: I would vote yes, as
7 well.

8 And I applaud you for being an ASTC that's
9 going to accept Medicaid patients. We don't see that
10 very often, and I think that's very important.

11 Motion passes.

12 MR. ROATE: 7 votes in the affirmative.

13 CHAIRPERSON OLSON: So the home of
14 Superman will now have -- nobody mentioned that. I've
15 been there. I had to mention it.

16 (Discussion off the record.)

17 CHAIRPERSON OLSON: Motion passes.

18 MR. AXEL: Thank you.

19 MR. HARTLEY: Thank you.

20 CHAIRPERSON OLSON: Good luck.

21 MEMBER GALASSI: I want to hear Sewell
22 break into song, "My Old Kentucky Home."

23 CHAIRPERSON OLSON: Okay.

24 Project 13-050, Chicago Ridge Dialysis, has

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1 been deferred.

2 Project 13-055, Quality Renal Care Center-
3 Marengo.

4 Will the Applicants please come to the table.
5 Actually, I think that this project and
6 13-056, while they are two separate projects, I believe
7 are one transaction.

8 MS. DAVIS: Right.

9 CHAIRPERSON OLSON: So we'll do it with
10 one motion. Both projects will be mentioned in the
11 motion, but you don't want to do two presentations,
12 I don't think.

13 Would you introduce yourselves and be
14 sworn in.

15 MS. DAVIS: Penny Davis, division vice
16 president with DaVi ta.

17 MR. SHEETS: Chuck Sheets, Polsinelli.

18 (Two witnesses duly sworn.)

19 THE COURT REPORTER: Thank you.

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

22 MR. CONSTANTINO: Thank you, Madam
23 Chai rwoman.

24 The Applicants are requesting a change of

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1 ownership of a 10-station ESRD facility located in
2 Marengo, Illinois. The anticipated cost of the project
3 is approximately \$1.4 million.

4 There was no opposition, no support letters,
5 and no request for a public hearing. The Applicants
6 have met all the requirements of the State Board.

7 Thank you, Madam Chairwoman.

8 CHAIRPERSON OLSON: Thank you,
9 Mr. Constantino.

10 So in light of the fact that on both these
11 projects there's no findings, no opposition, would you
12 like to say something, or can we open for questions
13 from the Board?

14 MS. DAVIS: Open for questions.

15 CHAIRPERSON OLSON: Okay.

16 Questions from the Board?

17 Mr. Hayes.

18 VICE CHAIRMAN HAYES: Thank you,
19 Ms. Chairwoman.

20 I notice that the two projects like your
21 DaVita -- the first one, which is in Marengo, has
22 10 stations and the value is at 1.4 million, and then
23 the other one is in Carpentersville and the -- a
24 13-station -- and that has a value of 6.4 million.

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1 Could you go into how these valuations were
2 determined?

3 MS. DAVIS: Absolutely.

4 They're based on fair market value. And so
5 when we go in and do due diligence based on the patient
6 mix, the assets of the facility, any liabilities, the
7 equipment age, all of those things are factored in.

8 So this -- it's one seller and DaVita being
9 the buyer.

10 VICE CHAIRMAN HAYES: Now, who did this
11 valuation?

12 MS. DAVIS: We do that. We bring our
13 transaction people in, do the valuation, and work with
14 the physician seller to determine the price.

15 VICE CHAIRMAN HAYES: Because these are
16 both by the same seller; is that correct?

17 MS. DAVIS: That's correct.

18 VICE CHAIRMAN HAYES: Okay. You know,
19 the difference in valuation between -- do you know why
20 the difference in value between the two seems to be
21 rather substantial between -- there's only three more
22 stations in Carpentersville, but they have about a
23 \$5 million -- \$5 million difference in value.

24 MR. SHEETS: Mr. Hayes, good question.

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1 In fact, we were talking about that earlier. And it
2 looks like, you know, if you look at the number of
3 stations, the prices don't value the same. But if you
4 look -- if you factor in the utilization and everything
5 else that's going on -- DaVita uses a standard uniform
6 methodology for determining their valuation, and these
7 are the numbers that were given to each facility, and
8 that's what the sellers wanted, also. They had to
9 agree so

10 MS. DAVIS: It's -- they're a business
11 and so -- we're buying a business and so, based on the
12 profitability or lack thereof of the individual
13 businesses, that helps set the fair market value for a
14 price.

15 VICE CHAIRMAN HAYES: Why is the -- do
16 you have any idea why the Marengo is so different from
17 the Carpentersville in general?

18 Because you're -- basically, this is a
19 negotiation between third parties, and they
20 obviously -- this allocation -- maybe they -- this
21 third party is looking at, you know, the two are at
22 7.8 million and, you know, whatever you allocate it you
23 could care less about.

24 But do you have any idea why there's so much

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1 difference at all?

2 MS. DAVIS: No, I don't.

3 MR. SHEETS: Well, and -- again,
4 Mr. Hayes, I don't know -- I can't give you the exact
5 reason why or how this breaks down without all the
6 documents that they used in front of us, but they used
7 this uniform system.

8 And another factor that we didn't mention
9 that's considered is also, you know, whether a facility
10 needs a significant amount of rehab or investment to
11 bring it up to DaVi ta's standards.

12 So there's several different capital concerns
13 in terms of equipment, and then there's the utilization
14 concerns we just talked about and ongoing business
15 value. And, again, it's a standard, uniform approach.

16 MS. DAVIS: I am of the understanding
17 that one of the facilities needs significant
18 renovation.

19 VICE CHAIRMAN HAYES: Well, that
20 certainly could be one case.

21 Now, these are a change of ownership so,
22 really -- right, Mike? It doesn't really -- you don't
23 look at the financial viability or anything -- or the
24 valuation of this at all, do you?

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1 MR. CONSTANTINO: No.

2 We consider it an arm's-length transaction.

3 VICE CHAIRMAN HAYES: I understand that.

4 Okay. Thank you.

5 CHAIRPERSON OLSON: Other questions from
6 the Board?

7 (No response.)

8 CHAIRPERSON OLSON: There being none, I
9 will entertain one motion to approve Project 13-056,
10 Quality Renal Care Center of Carpentersville, and
11 13-055, Quality Renal Care of Marengo, for a change of
12 ownership.

13 MEMBER SEWELL: So moved.

14 MEMBER BURDEN: Second.

15 MR. ROATE: Motion made by Mr. Sewell;
16 seconded by Dr. Burden.

17 Mr. Bradley.

18 MEMBER BRADLEY: I vote yes.

19 MR. ROATE: Dr. Burden.

20 MEMBER BURDEN: I vote yes.

21 MR. ROATE: Justice Greiman.

22 MEMBER GREIMAN: I'm voting yes. But we
23 previously on occasion have added a provision that
24 would require them to advise their doctors that are

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1 referring that they will take charity cases.

2 And while I didn't raise my hand and make it
3 a condition, I hope you will continue to do that.

4 And I vote yes.

5 MR. ROATE: Thank you.

6 Mr. Galassi.

7 MEMBER GALASSI: Yes.

8 MR. URSO: Let the record reflect that
9 you were shaking your head yes.

10 MS. DAVIS: I was shaking my head yes.

11 MR. SHEETS: Yes.

12 MS. DAVIS: Sorry.

13 MR. ROATE: Mr. Hayes.

14 VICE CHAIRMAN HAYES: Yes, because of
15 the State Agency Reports.

16 MR. ROATE: Mr. Sewell.

17 MEMBER SEWELL: Yes, the State Agency
18 Report and meeting the criteria.

19 MR. ROATE: Thank you.

20 Chairwoman Olson.

21 CHAIRPERSON OLSON: Yes, because of the
22 positive State Board staff report.

23 MR. ROATE: 7 votes in the affirmative.

24 CHAIRPERSON OLSON: Motion passes.

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1 Okay. And I think you guys are going to stay
2 there. Right?

3 MS. DAVIS: Right.

4 CHAIRPERSON OLSON: 13-060, DaVi ta
5 Garfi eld Kidney Center.

6 State Board staff report.

7 MR. CONSTANTINO: Thank you, Madam
8 Chai rwoman.

9 The Applicants are requesting a change of
10 ownership of a 16-station ESRD facility in Chicago,
11 Illinois. The anticipated cost of the project is
12 approximately \$4.3 million.

13 There was no public hearing, no letters of
14 support or opposition, and the State Board staff found
15 the Applicants in compliance with all your rules.

16 Thank you, Madam Chairwoman.

17 CHAIRPERSON OLSON: Can I open again for
18 questions from the Board?

19 MS. DAVIS: Actually, I'd like to make a
20 brief statement.

21 CHAIRPERSON OLSON: You have that right.

22 MS. DAVIS: As some of you are aware,
23 this was part of or owned by the same owner who owned
24 Sacred Heart Hospital that closed suddenly in June and

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1 filed for bankruptcy.

2 What I would like to ask related to this
3 project -- we had a project completion date of
4 December 15th. I would like to move that out to
5 August 31st, and my reason being the following: We are
6 going to have to file for a new provider number under
7 CMS because of the liability associated with the
8 previous owner. We will continue to operate the
9 facility until we are CMS certified even though we are
10 unable to bill during that period of time.

11 So if we close the deal December 1st, until
12 we get the CMS number, the provider number, we can't
13 close our CON out. And I just want the Board to be
14 aware that we are going to provide charity care to all
15 103 patients until we get a CMS number and can bill
16 Medicare and Medicaid again.

17 So I wanted the Board to be aware of that and
18 ask for the extension on the completion date to
19 August 31st to give us time to get certified.

20 Thank you.

21 CHAIRPERSON OLSON: Is there any
22 objection to extending that date to August 31st based
23 on the comments made?

24 MR. URSO: So are we saying August 31st,

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1 2014?

2 MS. DAVIS: 2014, right. I'm sorry.

3 2014.

4 CHAIRPERSON OLSON: Isn't August 31st --
5 oh, you mean '15.

6 MR. URSO: Yeah.

7 CHAIRPERSON OLSON: I thought you meant
8 '13. I thought, "We're done with that."

9 Any other questions?

10 (No response.)

11 CHAIRPERSON OLSON: Okay. I think
12 that's admirable that you guys are going to do that, to
13 continue the care.

14 May I have a motion to approve
15 Project 13-060 --

16 MEMBER GREIMAN: So moved.

17 CHAIRPERSON OLSON: -- Davita Garfield
18 Kidney Center, for change of ownership?

19 MEMBER GALASSI: Second.

20 MR. ROATE: Justice Greiman -- made by
21 Justice Greiman; seconded by Chair -- or by
22 Mr. Galassi.

23 Mr. Bradley.

24 MEMBER BRADLEY: Yes.

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1 MR. ROATE: Dr. Burden.
2 MEMBER BURDEN: Yes.
3 MR. ROATE: Justice Greiman.
4 MEMBER GREIMAN: Your shaking your head
5 yes on the charity issue that you're -- as far as --
6 your doctors are with that?
7 MS. DAVIS: Yes.
8 MEMBER GREIMAN: Thank you.
9 Yes.
10 MR. ROATE: Mr. Galassi.
11 MEMBER GALASSI: Yes, for reasons noted.
12 MR. ROATE: Mr. Hayes.
13 VICE CHAIRMAN HAYES: Yes, because the
14 Applicants have met all the requirements of the State
15 Board.
16 MR. ROATE: Mr. Sewell.
17 MEMBER SEWELL: Yes, for reasons stated
18 by Mr. Hayes.
19 MR. ROATE: Chairwoman Olson.
20 CHAIRPERSON OLSON: Yes, for reasons
21 stated by Mr. Hayes.
22 MR. ROATE: 7 votes in the affirmative.
23 CHAIRPERSON OLSON: The motion passes.
24 Good Luck.

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1 MS. DAVIS: Thank you very much.

2 MEMBER GALASSI: Thank you.

3 CHAIRPERSON OLSON: Okay.

4 13-023, Alden Estates of Evanston to add
5 41 skilled care beds.

6 Will the Applicants come to the table.

7 Please identify yourselves and be sworn in.

8 MR. KNIERY: Good afternoon, Board
9 members. My name is John Knierly, K-n-i-e-r-y.

10 MS. SCHULLO: Hello. Randi Schullo,
11 R-a-n-d-i S-c-h-u-l-l-o.

12 MR. MOLITOR: Bob Molitor,
13 M-o-l-i-t-o-r.

14 MR. OURTH: And Joe Ourth, O-u-r-t-h.

15 (Four witnesses duly sworn.)

16 THE COURT REPORTER: Thank you.

17 CHAIRPERSON OLSON: Mr. Constantino,
18 State Board staff report.

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

21 The Applicants are proposing to add
22 41 long-term care beds to an existing 58-bed long-term
23 care facility for a total of 99 skilled care beds. The
24 total cost of the project is approximately

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1 \$2.5 million. The anticipated completion date is
2 September 30th, 2014.

3 The Applicants received an intent to deny at
4 the September 24, 2013, State Board meeting and on --
5 in your State Board staff report is their submittal
6 regarding the intent to deny.

7 I would like to point out that the 41 beds
8 that the Applicants are proposing to add are currently
9 in existence and classified as sheltered care beds.
10 What the Applicants are wanting to do is just convert
11 them to skilled care beds and -- because the existing
12 residents in those sheltered care beds want to remain
13 in the Alden community.

14 There was no opposition, no support letters,
15 and no request for a public hearing.

16 Thank you, Madam Chairwoman.

17 CHAIRPERSON OLSON: Thank you,
18 Mr. Constantino.

19 Would you like to speak to the Board?

20 MS. SCHULLO: Yes. Thank you.

21 Madam Chairman, members of the Board, I'm
22 Randi Schullo, president of Alden Realty Services. I'm
23 pleased to have with me today Bob Molitor, our chief
24 operating officer; John Kniery, our CON consultant; and

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1 Joe Ourth, our CON counsel.

2 As always, I would like to first thank
3 Mr. Roate and Mr. Constantino for their work on the
4 State Agency Report.

5 We are here to ask for your approval, as Mike
6 said, to convert 41 existing sheltered care beds to
7 skilled beds in our existing facility. Our Evanston
8 home is a 99-bed facility, 58 skilled and 41 sheltered
9 care beds. We are proud that it is typically a four-
10 or five-star rated facility.

11 Instead of establishing a new facility, this
12 project seeks to convert the facility's existing
13 41 sheltered care beds to skilled nursing. Your rules
14 allow us to gradually convert these beds to skilled
15 through the 10-bed rule, and we have done so when
16 possible, but it is more efficient to make this change
17 all at one time.

18 This project is beneficial regardless of the
19 bed-need calculation. There's no new construction or
20 cost as part of this project. All existing sheltered
21 care residents will be in need of nursing in the next
22 12 months.

23 At the September Board meeting, we received
24 an intent to deny by a 4-4 vote. We were obviously

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1 disappointed because we believed that we had done
2 everything properly to comply with your rules.

3 If our project would have been heard when
4 originally scheduled in August, we would have received
5 a completely positive State Agency Report and would
6 presumably have been approved. We also sought
7 technical assistance following that September meeting.

8 Today we would like to better explain our
9 position and ask your reconsideration and approval, or,
10 in the alternative, we ask that, if you don't approve
11 the conversion of all 41 licensed beds, that you at
12 least approve the conversion of 23 beds to ensure that
13 all of our 23 existing residents have opportunity to
14 remain in their homes as they develop the need for
15 skilled care.

16 It seems the primary issue at the
17 September meeting was that the bed inventory had just
18 changed, and there was a concern that, if this project
19 was approved, it would set precedent with the new
20 inventory. We believe our issue is unique and need not
21 go larger -- and need not go to the larger issue of the
22 bed inventory methodology.

23 When we applied for the CON and when we were
24 originally to be on your Board agenda, there was a

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1 calculated need. Alden has never applied for new beds
2 when the bed inventory did not reflect a need. The
3 project was scheduled to be heard at the
4 August meeting, and there was a bed need at that time.

5 Because of a busy August meeting agenda, some
6 projects were diverted to September. Alden always
7 desires to work with the Board and did not object;
8 however, if we would have known that the bed inventory
9 would change, we would have objected that projects
10 filed later than ours were not deferred while ours was.

11 Our project complied with all your rules. We
12 had -- and we also had no opposition. This project
13 only reclassifies existing beds that have existing
14 residents in them. The project incurs zero capital
15 cost and will not increase health care cost in any way.
16 To consider this project based on the inventory in
17 effect when our project was scheduled seems only fair
18 and creates no precedent as to other projects. No
19 other project is in that same situation.

20 While part of us -- while part of me wants to
21 argue it wasn't fair to move us off the agenda and then
22 penalize us for the new inventory, it is more important
23 that we try to take care of the existing 23 residents
24 that we have today.

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1 Each year a number of sheltered care
2 residents age out and require skilled care. Although
3 we can accommodate most residents on our skilled floor,
4 skilled beds are sometimes full and our residents have
5 no choice but to find another facility. Within the
6 next 12 months, we expect all of our current residents
7 to require some form of nursing care and will benefit
8 from skilled care being available in our building.

9 As part of the technical assistance process,
10 we inquired as to whether we could offer, at this
11 table, an alternative for the project. While we
12 continue to ask that you approve the conversion of the
13 41 beds, we believe it most important that you at least
14 allow us to convert 23 beds. Each of our current
15 sheltered care residents may require skilled care in
16 the next 12 months. We at least ask that you approve
17 the conversion of 23 beds to skilled to ensure that all
18 of our existing residents can remain in their home as
19 they will require the need for skilled care.

20 Earlier this morning our Alden Estates of
21 Evanston administrator Kaitly read to you a letter from
22 a resident asking that you please make this
23 accommodation for them if not for us.

24 In closing, we are a family-owned operation

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1 founded by my father, and we have been providing
2 skilled care in Illinois for over 40 years as well as
3 developing affordable senior housing. We ask for your
4 approval to allow our existing residents to stay in
5 their homes as they acquire the need for skilled care.

6 To reiterate, if we were heard as originally
7 scheduled in August, this project would have complied
8 with all of your rules. It's important to note that
9 there has been no opposition to our project, so we are
10 here to ask for your approval.

11 We thank the Board for its consideration, and
12 we'd be pleased to address any questions that you may
13 have.

14 CHAIRPERSON OLSON: Thank you.

15 Questions from the Board?

16 Justice Greiman.

17 MEMBER GREIMAN: Yeah.

18 Could you explain to me what -- the nature of
19 the violations that the Alden people had at Town Manor
20 or Westford -- I know it was Town Manor.

21 What was the nature of the violations?

22 MR. MOLITOR: If I remember correctly,
23 the violations at Town Manor involved an incident with
24 an Alzheimer's resident on one of the floors. And, you

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1 know, everything since -- since that point has been
2 resolved at Town Manor, and our record across the board
3 has been almost perfect for all the facilities since
4 that point in time.

5 MEMBER GREIMAN: I mean, they weren't in
6 the management aspect of it, though?

7 MR. MOLITOR: Excuse me?

8 MEMBER GREIMAN: They weren't in the
9 management aspect, the nature of management?

10 MR. MOLITOR: No.

11 MEMBER GREIMAN: Okay. That's all
12 I had.

13 MR. MOLITOR: I'd like to add something,
14 too, for the Board.

15 Like Randi said, we've been in business for
16 over 40 years, and our mission for our company is to be
17 the best long-term care provider to our residents.

18 With this project -- what that means to us is
19 that we're -- we're in business to take care of people.
20 And taking care of people means that, when they come to
21 our facility, they are putting their trust in us to
22 make sure that we are taking care of their needs,
23 whether they're assisted living, sheltered care, all
24 the way up to a higher level of services.

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1 We're really looking for you guys to
2 understand that our first priority is to look at some
3 residents in the eye and say, "We've taken care of you
4 guys for the last five, four, seven years, and you
5 don't have to be displaced because of the situation
6 going from a sheltered care situation to a skilled bed
7 situation."

8 In the sheltered care license right now, it's
9 very ambiguous in regards to what you can or cannot
10 have in there. I mentioned the last time in addressing
11 the Board that we have situations every year, when it
12 comes up in the annual survey, that surveyors tell us
13 we have to discharge XYZ amount of patients. And
14 it's -- the reason for it I can't even explain because
15 this year might be different than last year. It's all
16 about what the surveyors feel the need is of those
17 patients at that time.

18 The building itself is set up identical.
19 There's no expense to put anything. The floors in the
20 skilled floor look the same as the sheltered care
21 floor. We have all the things we need to run a
22 fantastic facility there. There's no reason not to
23 change these beds.

24 And then someone asked me the other day,

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1 said, "Well, why now? Why do you need to move the
2 sheltered care beds to a higher level of service?"

3 Well, it's simple. You know, when all these
4 beds became -- when the population started to become
5 older, assisted-living beds came into play. Then, all
6 of a sudden, someone said, "Well, we need a little
7 heavier area, a heavier license to say we can take care
8 of these residents who are assisted living but moving
9 through the transition."

10 Sheltered beds come up. Now everyone's
11 older. Everyone wants to age in place. The sheltered
12 care license isn't even relevant any longer. And the
13 thing is it's a simple little move to move up to the
14 skilled license situation.

15 And so that's how I see the progression
16 moving, why I -- when people ask me, "Well, why now?"
17 just because our residents are older and we just don't
18 want to displace them from our facility.

19 So like Randi said, I'd rather have the
20 41 beds because I believe there's a need in that
21 community anyways, but, first and foremost, to take
22 care of the 23 residents that we have in the facility
23 is my major priority.

24 Thank you.

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1 CHAIRPERSON OLSON: Thank you.

2 Other questions from the Board?

3 (No response.)

4 CHAIRPERSON OLSON: I would like to
5 suggest that we take the application as is with the
6 41 beds unless there's an objection.

7 MEMBER GALASSI: Agreed.

8 CHAIRPERSON OLSON: Okay.

9 MEMBER GALASSI: It's what's in front
10 of us.

11 CHAIRPERSON OLSON: May I have a motion
12 to approve Project 13 -- I'm sorry -- Project 13-023,
13 Alden Estates of Evanston, to add 41 skilled care beds?

14 MEMBER GALASSI: So moved.

15 MEMBER SEWELL: Second.

16 MEMBER GREIMAN: Second.

17 MR. ROATE: Motion made by Mr. Galassi;
18 seconded by Mr. Sewell.

19 Mr. Bradley.

20 MEMBER BRADLEY: These people had a very
21 good State Agency Report. There are only two problem
22 areas, and that is a problem of timing with us.

23 So I vote yes.

24 MR. ROATE: Thank you.

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1 Dr. Burden.

2 MEMBER BURDEN: Having been, I think,
3 the culprit the last go-around, I now understand better
4 the significance of the sheltered bed category.

5 I'm still anxious to not have to run into
6 this problem again, but I vote yes based on the
7 understanding that I now have regarding that category
8 and its current move to a private care.

9 Thank you.

10 MR. ROATE: Thank you.

11 Justice Greiman.

12 MEMBER GREIMAN: Yes. As an 82-year-old
13 Evanston resident, I don't believe I have a conflict of
14 interest so I'll vote yes.

15 MR. ROATE: Mr. Galassi.

16 MEMBER GALASSI: Yes, for reasons noted.

17 MR. ROATE: Mr. Hayes.

18 VICE CHAIRMAN HAYES: Yes, because this
19 project will allow -- there is no capital cost to
20 convert these beds to the long-term care category. The
21 application, the only cost is the -- is for the
22 certificate of need application, the costs associated
23 with that, and this project has no capital cost.

24 If these residents were to be released from

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1 this facility or had to go out and find another
2 facility, conceivably there would be costs associated
3 with that and having to be able to accommodate them,
4 and, thus, I think this helps in, you know, restricting
5 the cost of long-term care and health care in general.

6 MR. ROATE: Thank you.

7 Mr. Sewell.

8 MEMBER SEWELL: Yes. The proposal
9 creates sort of a solution to this sheltered care
10 category conundrum.

11 So I vote yes.

12 MR. ROATE: Thank you, sir.

13 Chairwoman Olson.

14 CHAIRPERSON OLSON: I vote yes for
15 basically the same reasons as Mr. Hayes. I think this
16 is a practical conversion of beds, the kind of thing we
17 need to help keep health care costs down as opposed to
18 new construction.

19 So I vote yes.

20 MR. ROATE: 7 votes in the affirmative.

21 CHAIRPERSON OLSON: Motion passes.

22 Good luck.

23 MS. SCHULLO: Thank you very much.

24 CHAIRPERSON OLSON: The next order of

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RULES DEVELOPMENT**

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1 business is other business, of which there is none.

2 Rules development. Claire, did you have a
3 progress report for us?

4 MS. BURMAN: Yes. Can everyone hear me?

5 CHAIRPERSON OLSON: Let's get you a mic.

6 MS. BURMAN: All right. I guess it's
7 on. I'll try to be very brief.

8 A rule-making was sent out to you for your
9 review, and it's being presented today for your
10 approval so that it can be sent on to the JCAR
11 rule-making process.

12 These are rules concerning Title 2,
13 "Governmental Organization." You rarely see these
14 rules. There are no review criteria or standards in
15 them. These concern public information access,
16 rule-making, and organization of the Board. Okay?

17 These would be replacement rules. Okay? So
18 the original existing rules would be repealed, and this
19 would represent the new rules.

20 There are three basic portions to the rules.

21 First one, public information access. These
22 parts of the rules were actually developed by the
23 Governor's office for adoption by all of the State of
24 Illinois agencies. It's really the bulk of the rules

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1 in this.

2 The second portion is a small description of
3 the rule-making process for the Board.

4 And then the final portion is regarding the
5 organization of the Board, and it's mainly statutory
6 language.

7 Would there be any questions I can answer
8 or . . .

9 CHAIRPERSON OLSON: Questions from the
10 Board members?

11 MEMBER BRADLEY: What in here is going
12 to be rules when we're done?

13 MS. BURMAN: When will they be in
14 effect?

15 MEMBER BRADLEY: No. What -- not
16 everything here is going to be a rule once it's
17 adopted; right?

18 Some of this is rules that are being
19 replaced?

20 MS. BURMAN: These are all replacement.

21 The existing 1925 rules will be repealed and
22 won't exist anymore.

23 MEMBER BRADLEY: So what I'm holding in
24 my hand is what the rules are going to be?

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RULES DEVELOPMENT**

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1 MS. BURMAN: Yes.

2 MEMBER BRADLEY: Well, then I request --
3 under "Officers," No. 1, A-1, my understanding is that
4 is not what the statute says.

5 MS. BURMAN: What section are you on?

6 CHAIRPERSON OLSON: Can you tell us
7 where you're at, Phil?

8 MEMBER BRADLEY: Under "Officers. The
9 State Board shall select a Chairman and Vice Chair."

10 Is that how we're supposed to do it?

11 MR. URSO: Mr. Bradley, is that in
12 1925.710? Is that what you're looking at?

13 MEMBER BRADLEY: Yeah. I'm looking at
14 the rule-making.

15 MR. URSO: Okay. We want everybody on
16 the Board to know what section you're on.

17 MS. BURMAN: Are you looking at the
18 notice of proposed rule or notice of proposed repealer?

19 MEMBER BRADLEY: That's what I'm asking.
20 It's headed "Notice of Proposed Repealer."

21 MS. BURMAN: Those would be gone.

22 MEMBER BRADLEY: Okay. So what am I
23 supposed to look at?

24 MS. BURMAN: So look at the other rule

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1 document that was sent out.

2 CHAIRPERSON OLSON: The other packet.

3 MR. URSO: Mr. Bradley, there's two
4 sections of 1925, I think, that were sent.

5 Right, Mike?

6 MR. CONSTANTINO: Yes.

7 MS. BURMAN: That's correct.

8 CHAIRPERSON OLSON: It's a thicker --

9 MEMBER BRADLEY: I don't seem to
10 have it.

11 Okay. Well, that's fine. I just noticed
12 that that is not how things are supposed to be.

13 MS. BURMAN: Right. That would be out
14 of date.

15 MEMBER BRADLEY: Okay. So that all of
16 this is going to be replaced?

17 MS. BURMAN: That's correct.

18 MEMBER BRADLEY: Okay. I'm fine.

19 CHAIRPERSON OLSON: Other questions?

20 MEMBER GALASSI: I seem to recall that
21 we had some discussion about whether or not a member
22 would be able to participate and not physically be
23 present. And I think we were going to be talking to
24 the AG's office.

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1 Does that sound familiar? Did I make that up
2 in my own head? Which could possibly be.

3 MEMBER SEWELL: Wishful thinking.

4 CHAIRPERSON OLSON: He wants to call in
5 from Florida next month.

6 MEMBER GALASSI: Well, we've had a
7 couple instances -- you know, I'm not sure a person
8 would be able to vote if they weren't here but wouldn't
9 we --

10 CHAIRPERSON OLSON: Do you know if
11 that's addressed in here, Claire?

12 MS. BURMAN: It is not.

13 MEMBER GALASSI: Thank you, Madam Chair.
14 That wasn't my point. I didn't think it was, and
15 I don't expect us to have to address it here now.

16 But my question is, if we don't address it,
17 when's the next time that we could?

18 MR. URSO: Well, there -- let me just
19 say there's some language in the Open Meetings Act
20 I can take a closer look at --

21 MEMBER GALASSI: Okay.

22 MR. URSO: -- that might address your
23 question about Board members being a part of a quorum
24 but not being present.

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1 CHAIRPERSON OLSON: Is that an adequate
2 motion?
3 MEMBER GALASSI: Second.
4 MS. BURMAN: Yes.
5 MR. ROATE: Motion made by Mr. Sewell;
6 seconded by Mr. Galassi.
7 Mr. Bradley.
8 MEMBER BRADLEY: Yes.
9 MR. ROATE: Dr. Burden.
10 MEMBER BURDEN: Yes.
11 MR. ROATE: Justice Greiman.
12 MEMBER GREIMAN: Yes.
13 MR. ROATE: Mr. Galassi.
14 MEMBER GALASSI: Yes.
15 MR. ROATE: Mr. Hayes.
16 VICE CHAIRMAN HAYES: Yes.
17 MR. ROATE: Mr. Sewell.
18 MEMBER SEWELL: Yes.
19 MR. ROATE: Chairwoman Olson.
20 CHAIRPERSON OLSON: Yes.
21 MR. ROATE: 7 votes --
22 CHAIRPERSON OLSON: And for the record,
23 these are the governmental organization rules. And the
24 motion passes.

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OLD BUSINESS**

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1 MS. BURMAN: Thank you.

2 CHAIRPERSON OLSON: Thank you, Claire.

3 Old business.

4 Courtney.

5 MS. AVERY: Okay.

6 You may recall that at one of the last
7 meetings -- I think it was May -- Member Galassi asked
8 Cook County Health Service System with the Oak Forest
9 conversion to give an update on the status of the
10 third shift being reinstated.

11 That information was submitted and it's in
12 your packets.

13 I -- Mike and myself looked it over. It
14 seems to have met what we were asking for, just an
15 update in the report.

16 So that has been submitted, and the third
17 shift has been reinstated at that facility.

18 MEMBER GALASSI: That's good news.

19 CHAIRPERSON OLSON: It sure is.

20 And the -- I hope you guys looked at the
21 photographs that were attached to the e-mail. The
22 facility looks absolutely beautiful. Kudos to
23 Oak Forest Health Center and Cook County Health System.

24 New business.

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1 CHAIRPERSON OLSON: Opposed, like sign.
2 (No response.)

3 CHAIRPERSON OLSON: The motion passes
4 and executive meeting transcripts will remain closed.
5 (Discussion off the record.)

6 CHAIRPERSON OLSON: So I've just been
7 informed that the December meeting is back in this
8 location and we should be prepared to do some Christmas
9 caroling.

10 And we will --

11 MEMBER GALASSI: I want to hear "My Old
12 Kentucky Home."

13 MEMBER SEWELL: I don't sing that song.

14 CHAIRPERSON OLSON: We will again meet
15 at nine o'clock here on December 17th, weather
16 permitting.

17 MEMBER BRADLEY: Madam Chair, it may be
18 in the material but I can never find it.

19 Do we plan -- should we plan on a one-day
20 meeting or a two-day meeting?

21 CHAIRPERSON OLSON: Well, I can tell you
22 from personal, I blocked every single time for a
23 two-day meeting, thinking I'm -- we'd probably give
24 the day up.

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1 But I think that you can probably tell us --
2 how soon can you tell us if it would be a one-day or a
3 two-day meeting? Will you be able to tell us --
4 I mean, that's four weeks away.

5 MR. CONSTANTINO: We can tell you
6 tomorrow.

7 CHAIRPERSON OLSON: You can tell us
8 tomorrow? You can send an e-mail to tell us whether to
9 plan one or two?

10 MEMBER BRADLEY: That would be very
11 helpful.

12 MR. CONSTANTINO: Okay. Will do,
13 Mr. Bradley.

14 CHAIRPERSON OLSON: Thank you,
15 Mr. Bradley, for bringing that up.

16 MR. CONSTANTINO: Madam Chairwoman.

17 CHAIRPERSON OLSON: Yes?

18 MR. CONSTANTINO: We had some discussion
19 about a Chicago meeting. I think Courtney was --

20 MS. AVERY: No, we got it.

21 CHAIRPERSON OLSON: We will be having a
22 Chicago meeting next year. We don't know for sure, at
23 the moment, the location.

24 MEMBER SEWELL: Does it cost a hundred

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1 thousand dollars?

2 MS. AVERY: No, not exactly. Almost.

3 CHAIRPERSON OLSON: Okay. I would
4 entertain a motion to adjourn.

5 MEMBER GREIMAN: So moved.

6 CHAIRPERSON OLSON: Second?

7 MEMBER GALASSI: Second.

8 CHAIRPERSON OLSON: All those in favor
9 say aye.

10 (Ayes heard.)

11 CHAIRPERSON OLSON: This meeting is
12 adjourned, let the record show, at 12:47 -- or 2:47.

13 MEMBER GALASSI: Well done, Madam Chair.

14 PROCEEDINGS CONCLUDED AT 2:47 P.M.

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