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STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761
217-782-3516

OPEN SESSION

July 24, 2012

Regular session of the meeting of the State of
Illinois Health Facilities and Services Review Board was
held on July 23 and 24, 2012, at the Bolingbrook Golf Club,
2001 Rodeo Drive, Bolingbrook, Illinois.

1 PRESENT:

Dale Galassie - Chairman

2 Ronald Eaker

John Hayes (present July 24 only)

3 James Burden

Alan Greiman

4 Kathy Olson

Richard Sewell

5 David Penn

Robert Hilgenbrink

6

ALSO PRESENT:

7 Courtney Avery - Administrator

Catherine Clark - Administrative Assistant

8 Frank Urso - General Counsel

9 Juan Morado - Assistant Counsel

10 Alexis Kendrick - Board Staff

11 Claire Burman - Board Staff

12 Michael Constantino - IDPH Staff

13 George Roate - IDPH Staff

14 David Carvalho - IDPH

15 Bill Dart - IDPH

16 Michael C. Jones - DHFS

17 Michael Pelletier - DHS (present July 23 only)

18

19 Reported by:

20 Karen K. Keim

21 CRR, RPR, CSR-IL, CRR-MO

22 Midwest Litigation Services

23 401 N. Michigan Avenue

24 Chicago, IL 60611

1 Ms. Avery to call four names. You folks will come up,
2 introduce yourselves, spelling your last name. You do not
3 need to be sworn in.

4 And let's start out with --

5 MS. AVERY: Linas Grikis, Nikola Curth, Dan
6 Colby, and Richard Gruber.

7 CHAIRMAN GALASSIE: When you begin your
8 statements, too, I would also like you to advise if you are
9 in support of or opposed to your issue. Go ahead.

10 MR. GRIKIS: My name is Linas Grikis, outside
11 counsel for Mercy Health System, opposed to the Centegra
12 project.

13 The purpose of the Board's reconsideration of
14 the project, as stated in the motion you passed in the June
15 meeting, is to conduct a limited reconsideration of the
16 pages and the corrected consulting report applicable to the
17 Centegra project. For purposes of your limited
18 reconsideration of the project, it's clear that the Krentz
19 report supports the Board's decision to deny the Centegra
20 project, and others will speak to that in greater detail.
21 More importantly, Centegra itself believes the Krentz
22 report supports your decision to deny this project.

23 In conducting the limited reconsideration,
24 each of you essentially needs to ask yourself whether the

1 correct record would have made a difference in your
2 original consideration of the project. This is not the
3 first time this question has been asked. During the
4 administrative appeals process, Judge Richard Hart asked
5 whether anyone, other than the Board itself, could state as
6 a matter of fact whether the Board's decision to deny the
7 Centegra project would have been the same had it had the
8 correct report before it. Counsel for the Board, Mercy and
9 Advocate all stated in essence that, since they were not
10 Board members, they could not conclude as a matter of fact
11 whether the correct report would have made a difference.
12 However, Centegra's legal counsel stated on the record to
13 Judge Hart that, quote, "I would have to say that we could
14 state as a matter of fact that certainly the document,
15 since it was not helpful to us, would not have changed the
16 Board's decision" end quote. Further, he said to Judge
17 Hart, quote, "There are only two decisions the Board makes.
18 They approve the application or they deny the application.
19 Here it was denied. The only other" --

20 MR. MORADO: Thirty seconds.

21 MR. GRIKIS: -- "action the Board could have
22 done was to approve it, and there is no way this document,
23 the Krentz report, could have given the vote weight in
24 favor of approval. So, really, there are only -- there is

1 no harm at all and, no, there should be no suggestion
2 involved that this document would have resulted in
3 approval," end quote.

4 The Board acted correctly in December. The
5 Krentz report supports your decision. Given that and the
6 limited focus of your reconsideration and Centegra's
7 position on this matter, we would ask that you affirm the
8 decision to deny the project.

9 CHAIRMAN GALASSIE: Thank you very much.

10 MR. COLBY: Good morning my name is Dan Colby.
11 C-o-l-b-y, and I'm here to oppose the Centegra project, and
12 it's based on the Krentz report as well.

13 The Krentz report supports the conclusions the
14 Board reached in December, a fact even Centegra's own
15 advisors have acknowledged. Specifically, the Krentz
16 report found that the impact on existing hospitals is
17 understated by Centegra, noting, one, the 2018 bed-need
18 formula used by the State assumes that existing hospitals
19 outside of McHenry County will lose patients through the
20 recapture of out-migration by the potentially new hospital.
21 Two, the applicant assumes that the only patients existing
22 hospitals will lose are (unintelligible) new population
23 that will arrive in the market between now and 2018. And,
24 three, because of the slowing rates of growth, the new

1 population will not be as large as the applicant assumes.
2 This is supported by the recent U.S. census data posted
3 just last month that showed the population in McHenry
4 County grew by only one-tenth, one tenth of a percent last
5 year, which is well below the growth rate in the state of
6 Illinois for the same period.

7 To reach Centegra Huntley's 2018 forecast,
8 discharges of 8,072, means it would need to achieve a 60
9 percent share of new discharges resulting from population
10 growth --

11 MR. MORADO: Thirty seconds.

12 MR. COLBY: -- which is not reasonable, simply
13 cannot be done. The only way that Centegra-Huntley will
14 achieve this forecast discharge is by serving some patients
15 who currently use existing providers, which will negatively
16 affect utilization levels, financial performance at those
17 hospitals, including their own Woodstock facility.

18 While we disagree with some of the particulars
19 in the Krentz report, for purposes of deliberations for the
20 Board today, it is clear that it supports your decision,
21 and, as such, we ask that you support your decision and
22 leave it stand.

23 Thank you.

24 CHAIRMAN GALASSIE: Thank you very much.

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1 MS. CURTH: Good morning, Chairman Galassie
2 and members of the Board and Staff. My name is Nikola
3 (phonetic) Curth, C-u-r-t-h. I'm Assistant Director for
4 Business Development for Presence Health, which includes
5 Provena St. Joseph Hospital in Elgin, Illinois. I'm here
6 today to speak in opposition of the Centegra project.
7 Thank you for your time today.

8 This project previously received a denial
9 based on over bedding in the area, as well as excess
10 capacity at nearby hospitals, as noted in the State Agency
11 Report. The additional information submitted for review
12 does not impact or change either of these crucial points
13 which factored into your prior decision.

14 Provena St. Joseph submitted correspondence to
15 you in November 2011 regarding the impact of this project,
16 and this information showed that St. Joseph did not meet
17 your average utilization target, based on number of beds,
18 patient days, and average daily occupancy. This remains
19 the case in 2011 and year-to-date 2012. As, like many
20 hospitals, inpatient utilization continues to decline.

21 The applicants state that their proposed new
22 hospital will meet its target utilization solely through
23 the projected population growth in the area. New census
24 data confirms that this growth is slow.

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1 MR. MORADO: Thirty seconds.

2 MS. CURTH: And, in fact, utilization will
3 continue to decline. Any new hospital will have to take a
4 share of patients currently receiving care at existing
5 hospitals in order to be successful. Therefore, Provena
6 St. Joseph Hospital and Presence Health wish to reiterate
7 our opposition to the Centegra Huntley project. Bringing a
8 new hospital into this area will only increase the number
9 of excess beds, exacerbate the existing excess capacity,
10 and add to the cost of healthcare.

11 Thank you.

12 CHAIRMAN GALASSIE: Thank you very much.

13 MR. GRUBER: Good morning, Mr. Chair, members.
14 My name is Richard Gruber, Mercy Health Center. I'm here
15 in opposition to the Centegra Huntley project.

16 In December, Centegra's executives stated that
17 Centegra was financially strong and had the wherewithal to
18 complete the Huntley project. Their executives pointed out
19 to the net, unrestricted assets as an indicator of their
20 financial strength. However, they failed to tell you some
21 of the more salient facts that you need to take into
22 consideration.

23 Over the past several years, Centegra has
24 experienced a decline in overall operating performance,

1 reporting losses in the last three years, producing
2 negative operating margins in FY-09, 10, and FY-11.
3 Further, they abandoned their Centegra Woodstock women's
4 center project in order to pursue this particular project,
5 and I would hope that that probably had something to do
6 with financial condition as well. Their debt to
7 capitalization ratio of 48 percent is lower than S&P's
8 respected A-minus rating hospital medians, which is 35
9 percent.

10 What does that all mean? If approved,
11 proposed project will nearly double Centegra's long-term
12 debt, likely resulting in a multi notch-down grade of its
13 S&P rating and substantial increase in current and future
14 capital costs. In fact, if this project is approved, all
15 but one of Centegra's key financial ratios on a pro forma
16 basis will be below the respected investment grade medians.
17 A lot of financial data, but important financial data for
18 your consideration.

19 A technical clarification I'd like to make.

20 MR. MORADO: Thirty seconds.

21 MR. GRUBER: The Administrative Code states
22 that rapid population growth is specifically defined as an
23 average of three of the most recent annual growth rates of
24 the defined geographic area population. That has exceeded

1 the average of three to seven immediately preceding annual
2 growth rates. That's the proof of the rapid population
3 argument that needs to be presented to you, in order to
4 take that argument into consideration today. Centegra, in
5 fact, failed to provide the data to prove that argument
6 and, in fact, failed to provide you the data relative to
7 physician referrals that would support their contention
8 that the project is needed and necessary.

9 For those reasons, I would hope that you would
10 sustain your decision from December and deny the Centegra
11 project. Thank you very much.

12 CHAIRMAN GALASSIE: Thank you very much.

13 Moving forward, calling to the table we have --

14 MS. AVERY: Karen Lambert, Mike Mulay, Kelly
15 Clancy, and Trent Gordon.

16 (Pause)

17 CHAIRMAN GALASSIE: Good mornings, folks. As
18 you begin, if you'll introduce yourselves and spell your
19 last name, and please speak into the microphone so everyone
20 can hear you.

21 MS. LAMBERT: Good morning. I'm Karen
22 Lambert, L-a-m-b-e-r-t, President of Advocate Good Shepherd
23 Hospital, and I'm here today to oppose this project.

24 I am here due to a misfiling of a document and

1 not due to an increased need or a change in the proposal.
2 I want to personally join four other hospitals, St.
3 Alexius, Sherman, Provena, and Mercy, in again affirming
4 that a new hospital in Huntley is not needed and area
5 providers will be affected. I ask that the Board affirm
6 its earlier decisions. Nothing has changed, since the last
7 vote, that would support approving a new hospital in this
8 area and, in fact, the rationale for not building a new
9 hospital has become even stronger, and there's five points
10 I would like to make.

11 First, there has been no increase in
12 utilization. Centegra sought to justify the need for the
13 project by increased demand. Inpatient, med/surg volumes
14 are not increasing, as predicted by Centegra, in the
15 Service Area for the Huntley hospital. In fact, last year
16 the volume in the Service Area declined for med/surg
17 admissions. The 25 percent volume growth predicted by
18 Centegra is not occurring.

19 The new hospital will result in taking volume
20 from existing hospitals. New legislation will reduce the
21 bed-need calculation. Senate Bill 2934, legislation
22 initiated by this Board and Staff, provides that population
23 projections will be based on five years --

24 MR. MORADO: Thirty seconds.

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1 MS. LAMBERT: -- not ten-years projections.

2 This recalculation will not justify a need.

3 This creates, we believe, bad procedural
4 precedent. I hope you can appreciate how the precedent of
5 allowing a misfiled document to justify overturning a Board
6 decision would create significant uncertainty amongst those
7 you regulate. As our attorney will tell you shortly, there
8 is a sizable document that was misfiled by Centegra. Does
9 this mean that we'll be back at the next meeting to address
10 this misfiling.

11 We have continued concern for the financial
12 viability of area hospitals. The State of Illinois has
13 reduced hospital reimbursement effective July 1st.

14 MR. MORADO: Please conclude your comments.

15 MS. LAMBERT: As a new hospital would further
16 reduce utilization in area hospitals, this will again
17 impose financial difficulty on other hospitals.

18 Again, I hope you reaffirm your last vote.

19 Thank you.

20 CHAIRMAN GALASSIE: Thank you, Ms. Lambert.

21 MS. CLANCY: Good morning. I'm Kelly Clancy,
22 C-l-a-n-c-y. I'm the Vice-President for External Affairs
23 for Alexian Brothers Health system, and I'm here in
24 opposition of this project. I've appeared before you on

1 other occasions to express our opposition, and I realize
2 that your review today may be limited to only the misfiling
3 of reports, reports that Centegra has characterized as
4 immaterial in their previous testimony. Nevertheless, I
5 feel it's important to tell you that our reasons for
6 opposition have not changed. In fact, they've been
7 reinforced by recent data and trends.

8 First and most important, a new hospital is
9 not justified by population or inpatient volume trends.
10 Your new method of calculating population trend correctly
11 reduces the length of time from ten to five years. We now
12 know that population projections previously submitted were
13 excessive and did not take into account critical factors,
14 such as the housing bust. Combine stagnating population
15 growth with national trends of less inpatient volume and
16 you have a situation that suggests over bedding, much less
17 the need for more beds. Recent age (unintelligible) data
18 shows that almost every hospital in Illinois has stagnated
19 or experienced decreased volume, including our own
20 hospitals. Trends in medicine support these continued
21 decreases, and it will cause all hospitals to rethink the
22 need for additional beds, as paying down the debt on those
23 beds becomes increasingly difficult.

24 MR. MORADO: Thirty seconds.

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1 MS. CLANCY: In summary, we support the
2 decision that you made last April when the Centegra-Huntley
3 application was not approved. Newer data further supports
4 the decision of the Board, and we do not believe that any
5 further review is warranted. Thank you.

6 CHAIRMAN GALASSIE: Thank you, Ms. Clancy.

7 MR. MULAY: Good morning. My name is Mike
8 Mulay, M-u-l-a-y, and I'm Controller for Sherman Health at
9 Elgin, and we're in opposition.

10 I'm here to remind members of the Review Board
11 that you did the right thing last December by voting to
12 deny Centegra's plan for a hospital in Huntley. Thank you.
13 There is no need for an additional hospital. The
14 continuing trend of inpatient services being shifted to the
15 outpatient setting is driving down admission use rates both
16 nationally and here in the state of Illinois. The decline
17 in use rates eliminate the need for any additional beds in
18 that there is already excess capacity in the Planning Area
19 where Centegra is looking to build.

20 As you know, nothing related to this
21 application has changed. Bed capacity still exists in the
22 Planning Area, and based on Centegra's most recent audited
23 financial statements, they are not in a position to spend
24 significant capital on a new facility. As referenced in

1 the January 2011 report from Standard & Poors, if Centegra
2 spent significant cash on capital projects, their bond
3 rating could drop, as their cash position is not strong
4 enough to support a project of this magnitude. Based on
5 current inpatient volumes and projections, showing that
6 inpatient use rates will continue to decline, a difficult
7 financial position, a struggling economy, an excess
8 capacity already in the Service Area, there is no need to
9 build the proposed hospital.

10 I urge this Board to uphold its no vote on the
11 application for the proposed Centegra hospital in Huntley.
12 Thank you.

13 CHAIRMAN GALASSIE: Thank you, Mr. Mulay.
14 Mr. Gordon?

15 MR. GORDON: Good morning. My name is Trent
16 Gordon, and I'm the Director at Strategic Planning at
17 Advocate Good Shepherd Hospital, and I'm here in opposition
18 of the project.

19 Briefly, I want to remind you about the
20 findings of the misfiled Krentz report, which is the reason
21 that we're here today. The two misfiled Market Assessment
22 and Impact Studies both concluded, quote, "Area residents
23 are already being served by existing hospitals, and a new
24 hospital in McHenry County will have substantial adverse

1 impact on existing hospitals' impairments. Even with
2 population growth, there is not enough demand to support a
3 new 128-bed hospital in McHenry County, and any new beds
4 will largely shift discharges from hospitals already
5 serving residents in the Planning Area," unquote. So, the
6 two studies were not materially different, and the
7 conclusions for one or the other should not affect any
8 decisions to disapprove an application.

9 The Board's previous two votes to deny the
10 project should be upheld. In fact, recent downward volume
11 trends support the Board's concerns over adverse impact on
12 area hospitals. Centegra's application asserted that the
13 10,762 inpatients to be served at Centegra-Huntley would
14 not adversely impact area hospitals, due to the huge
15 forecast in growth. You heard from previous speakers that
16 population growth is not meeting Centegra's projections,
17 and I want tell you that the volume projections are not --
18 the current volume, rather, is not meeting Centegra's
19 projections either.

20 MR. MORADO: Thirty seconds.

21 MR. GORDON: Admissions for the proposed
22 Service Area have declined, two percent for med/surg and
23 four percent for obstetrics, for the most recent 12 months
24 of available COMPdata, compared to the previous year.

1 Without the predicted 25 percent growth in the Huntley
2 Service Area, the new hospital will have an even greater
3 adverse impact on area hospitals. Further, the new
4 hospital will increase the number of med/surg beds by 50
5 percent in the Planning Area. Again, without the predicted
6 huge growth, an additional 50 percent could only adversely
7 impact already low occupancy levels of area hospitals,
8 which have 347 available beds, on average every day.

9 MR. MORADO: Please conclude your comments.

10 MR. GORDON: In summary, the misfiled
11 documents demonstrate the adverse impact of the new
12 hospital on existing hospitals, and correcting the record
13 does not change the conclusion that there is no need for
14 another hospital.

15 Thank you.

16 CHAIRMAN GALASSIE: Thank you.

17 MS. AVERY: Next we have Michael Ploszek, John
18 Kniery, Joe Ourth, and Rick Floyd.

19 CHAIRMAN GALASSIE: Good morning, gentlemen.
20 Again, as you begin to speak, if you would introduce
21 yourself and spell your last name for our reporter, and
22 please pull the mike close to you so the entire room can
23 hear you.

24 MR. PLOSZEK: Good morning. I'm Mike Ploszek,

1 P as in Peter, l-o, S as in Sam, z-e-k. I'm Vice-President
2 of Ambulatory Services and support services at Advocate
3 Good Shepherd Hospital, and I'm here to urge you to affirm
4 your two previous votes in opposition to the Centegra
5 Huntley project and for a third time, vote no to a new
6 hospital in McHenry County.

7 This is a straightforward decision for you.
8 Thirteen months ago in Joliet, you voted against this
9 project and did so again right here in this building in
10 December. Has there been any new information since
11 December that would cause you to hesitate or possibly
12 change your mind? The answer is a resounding no. The
13 findings of the misplaced document which Mr. Gordon read
14 still stand today.

15 Three points I would like to make. First,
16 there is existing capacity at area hospitals to meet the
17 healthcare needs of McHenry County. Even within McHenry
18 County, there is existing capacity. Nine of the ten
19 med/surg and OB units at hospitals within thirty minutes of
20 the proposed Huntley location are below target occupancy.

21 Second, area residents already have ready
22 access to facilities. Advocate Good Shepherd, Sherman, and
23 St. Alexius Medical Center have a long tradition of serving
24 McHenry County. Good Shepherd is located only 4,200 feet

1 over the county line. A new hospital will have a negative
2 substantial impact on these three hospitals.

3 And, finally, in this era of healthcare
4 reform, we need to spend our healthcare dollars wisely. A
5 new hospital --

6 MR. MORADO: Thirty seconds.

7 MR. PLOSZEK: -- where one is not needed goes
8 against the very tenets of healthcare reform. Based on the
9 Supreme Court ruling, expanding insurance coverage,
10 outpatient services will certainly grow, but there will not
11 be a similar boom in inpatient services and certainly not
12 enough growth to warrant a new hospital. We only need to
13 look at Massachusetts, where there was a reduction in
14 inpatient admissions after health insurance was mandated.
15 And, specifically, only three percent of the Huntley
16 population is uninsured, and most of these are young and
17 low utilizers of inpatient care.

18 MR. MORADO: Please conclude your comments.

19 MR. PLOSZEK: For a third time, I ask you to
20 vote against this project. Thank you very much.

21 CHAIRMAN GALASSIE: Thank you, Mr. Ploszek.

22 MR. KNIERY: Good morning, Mr. Chair, members
23 of the Board. My name is John Kniery, K-n-i-e-r-y. I'm
24 here today to urge the Board to affirm their decision

1 reached in December, once again, and deny Centegra's
2 project.

3 As applied to the Centegra application, the
4 purpose of the review criteria 1110.530(b) is to
5 demonstrate that the Planning Area and the existing care
6 system exhibit indicators of medical care problems. In
7 finding in the State Agency Report Centegra did not meet
8 this criteria, the Board Staff found that there were
9 existing facilities within 45 minutes that are operating
10 below the State Board's occupancy targets. The Board
11 Staff's conclusion is supported by the Krentz report. In
12 an attempt to meet this review criteria, Centegra suggested
13 that three census tracks within the Planning Area A-10 have
14 been designated as a medically underserved population. One
15 census track in the primary Service Area was designated as
16 a medically underserved area and population in four
17 townships in the market area designated as a health
18 (unintelligible) coverage shortage area. What they did not
19 tell you, the three census tracks relied on by Centegra,
20 while located in McHenry County, were not located in the
21 primary service area. Further, the MUP designations that
22 were made almost a decade ago have not been reaffirmed
23 during this time period.

24 MR. MORADO: Thirty seconds.

1 MR. KNIERY: Centegra has had an existing
2 facility -- has an existing facility in Woodstock. As you
3 might recall, they abandoned their \$60 million hospital
4 renovation project in Woodstock. It seems to be
5 disingenuous for Centegra to claim that they're now going
6 to address the medically underserved population situation
7 with the Huntley facility, which is already a much more
8 costly plan that would have addressed the situation as the
9 one they abandoned.

10 I urge you to reaffirm your decision. Thank
11 you.

12 CHAIRMAN GALASSIE: Thank you, Mr. Kniery.

13 MR. OURTH: Good morning. I'm Joe Ourth,
14 O-u-r-t-h, and I've had the privilege of working with St.
15 Alexius, Sherman and Advocate Good Shepherd hospitals on
16 this project, and because of the brevity of time, I'll get
17 right to the points in opposition.

18 This matter is before you on limited review,
19 and we believe the question is, if the record is corrected,
20 would that make a change in the decision and the outcome to
21 justify overturning the Board's decision? We believe not.
22 Centegra has argued that the report that was filed has
23 disadvantaged them because it was cross-filed. The report
24 was on file for six months, and they could have addressed

1 it then and brought it to your attention. More
2 importantly, Centegra knew about the misfiling from the
3 beginning. As your counsel can tell you, they conceded
4 that in part of the administrative law record and chose not
5 to bring that to anyone's attention, presumably for
6 tactical reasons.

7 We think it's a bad precedent to allow
8 do-overs for any misfiled document and that it undermines
9 the finality of the Board's decision. In fact,
10 subsequently, it has come to light, as we review the record
11 further, that there is another misfiled document in this
12 case, one that Centegra filed or their general counsel
13 filed, a 75-page document intended to be in the Mercy file.
14 You can look at it on your file under the June 7th things.
15 What does that mean? Does that mean that there's going to
16 be another do-over because of this?

17 The other thing is, to the extent that this
18 was not limited review and that it was going to be a full
19 review, we believe that your rules under 1130 would require
20 that there be the availability of written comment. We
21 wanted to draw that to your attention as well.

22 The other thing we want to point out is, it's
23 not necessary to take action here to approve that. If
24 Centegra thinks there is a problem, they have a remedy:

1 Pursue the appeal process or simply file a new
2 application --

3 MR. MORADO: Please conclude your comments.

4 MR. OURTH: -- in which case you would have a
5 lot of the new information about utilization and other
6 things that would be relevant.

7 Thank you.

8 CHAIRMAN GALASSIE: Thank you, Mr. Ourth.

9 MR. FLOYD: Good morning, Mr. Chairman. My
10 name is Rick Floyd, F-l-o-y-d. I'm President and CEO of
11 Sherman Health, which is based in Elgin, Illinois. I'm
12 here today to urge this Board to affirm its denial of this
13 proposed new hospital.

14 This is a case of plenty of want and no need.
15 Hospital utilization rates, as you have heard, are
16 declining, and not just in the affected area; statewide,
17 nationwide. For the area surrounding the proposed new
18 site, if you take the volumes of the six hospitals in that
19 area, the two Centegra hospitals, Advocate Good Shepherd,
20 St. Alexius and then Provena St. Joe and Sherman in Elgin,
21 their volumes for inpatient cases from 2009 to 2011 have
22 declined by over 900. On a statewide basis, inpatient
23 cases have declined by 45,000 over the same time frame.
24 And this is not just a sour economy. This is a long-term

1 trend, and as we move further into the era of healthcare
2 reform, hospital utilization will decline further.

3 Please do not condemn local hospitals to a
4 future of insufficient volume. I urge you to deny the
5 application. Thank you.

6 CHAIRMAN GALASSIE: Thank you, Mr. Floyd.

7 Moving forward.

8 MS. AVERY: Next is Tonya Hudson and Victor
9 Narusis.

10 CHAIRMAN GALASSIE: Good morning.

11 MR. NARUSIS: Good morning. My name is Victor
12 Narusis, N-a-r-u-s-i-s. I'm the Business Recruitment
13 Coordinator for the Village of Huntley, and I'm speaking in
14 support of the Centegra-Huntley project.

15 I'd like to take the opportunity to address
16 several of the conclusions regarding Huntley's population
17 growth reached by the Krentz study commissioned by
18 Advocate, Sherman and Alexian Hospitals. First, Huntley
19 continues to grow at a rate far out-pacing other suburban
20 communities. Huntley's population grew by 321 percent from
21 2000 to 2010, while McHenry County grew by 18.7 percent,
22 and Kane County grew by 25.7 percent during the same
23 period. Additionally, Huntley reports the highest number
24 of residential building permits issued in suburban Chicago

1 thus far in 2012. 182 on residential building permits
2 issued so far in 2012 represent a 20 percent increase of
3 the permits issued during all of 2011. 141 new residential
4 building permits issued in 2011 ranked Huntley second in
5 suburban Chicago, and in seven of the last nine years,
6 Huntley ranked in the top five for the number of the
7 residence building permits issued. Finally, for the twelve
8 months ended March 31st, 2012, Huntley was home to the top
9 three fastest-growing residential projects in suburban
10 Chicago.

11 Second, the Del Webb community, representing
12 approximately 9,500 of Huntley's residents, significantly
13 increases the need for healthcare availability. While
14 Census Bureau statistics report that Illinois communities
15 maintain approximately 32.4 percent of the residents in the
16 55 and older age groups, Huntley's Del Webb community
17 reports that residents age 55 and older represent 75.8
18 percent of its population, a figure more than twice the
19 State average. So while the 2010 census reports Huntley's
20 population at approximately 25,000, Huntley's actual
21 healthcare needs are more representative of an average
22 Illinois community with over 5,000 residents.

23 MR. MORADO: Thirty seconds.

24 MR. NARUSIS: Third, Huntley's growth is

1 projected to continue at rates well above the other
2 communities. Population estimates provided by Claritus
3 project Huntley to be the fourth fastest-growing community
4 in Illinois at 20.4 percent, in the upcoming five-year
5 period. Despite the economic downturn, Huntley remains at
6 the top of Chicago's housing growth.

7 In closing, Centegra Hospital is needed in
8 Huntley, and we look forward to that future in Huntley, as
9 its healthcare needs will only increase. Centegra Hospital
10 Huntley needs your approval to ensure that the residents of
11 Huntley and its neighboring communities of McHenry and Kane
12 Counties are provided with high quality healthcare to meet
13 demand associated with increased population and employment.

14 Thank you.

15 CHAIRMAN GALASSIE: Thank you, sir.

16 Is Ms. Hudson in the room?

17 MS. HUDSON: I will withdraw my request.

18 CHAIRMAN GALASSIE: Thank you very much.

19 That concludes our public comment portion of
20 the meeting. We will now be moving to the agenda item
21 12.1, Unfinished Business, Centegra Hospital in Huntley.
22 Do we have folks representing Centegra?

23 (Pause)

24 CHAIRMAN GALASSIE: Gentlemen, if you would

DRAFT

1 introduce yourselves when you come to the table, spelling
2 your last name, and then we will have you sworn in. You
3 need to pull the mike close if you're speaking. And
4 ladies.

5 (Pause)

6 MR. ROSENBERGER: Good morning. My name is
7 Robert Rosenberger, R-o-s-e-n-b-e-r-g-e-r. I'm the Chief
8 financial Officer for Centegra Health System.

9 MR. SHEPLEY: Aaron Shepley, S-h-e-p-l-e-y.
10 I'm the General Counsel for Centegra Health System.

11 MR. EESLY: Mike Eesly, CEO, Centegra Health
12 System. That's double E-s-l-y.

13 MS. MILFORD: Susan Milford, Senior
14 Vice-President of Strategic Planning for Centegra Health
15 System, M-i-l-f-o-r-d.

16 MR. PIEKARZ: Richard Lee Piekarz, Deloitte
17 Financial Advisory Services.

18 MR. SCIARRO: Good morning. Jason Sciarro,
19 S-c-i-a-r-r-o, President and Chief Operating Officer for
20 Centegra.

21 CHAIRMAN GALASSIE: Thank you. Can we do a
22 collective swearing in?

23 (Oath given)

24 CHAIRMAN GALASSIE: Mike, Staff report?

DRAFT

1 MR. CONSTANTINO: We don't have a Staff report
2 on this.

3 CHAIRMAN GALASSIE: We'll open it up for
4 comments to the Board. You have four minutes for your
5 presentation, whoever is going to speak.

6 MR. EESLY: We'll make it quick. We try to
7 respect your time and pulled all public comment out, since
8 you probably heard a lot of that before. The team and I
9 are here to answer any questions.

10 Again, we're a 501(c)(3), not-for-profit
11 organization, 14 board members, numerous individuals as a
12 part of our organization. We provide a full array of
13 services that our two facilities that are Level 2 trauma
14 centers, similar to what we would have in Huntley. The
15 project, as you know, is a 128-bed, 100-bed med/surg, 20
16 beds obstetrics, 8 intensive care.

17 I think if you looked at the campus, very
18 unique setting in which we have a wellness, fitness
19 facility, ambulatory services, and with this approval of
20 this project would be an acute care facility, which kind of
21 aligns with what the healthcare reform is after, is trying
22 to keep our community healthy, in which we can do it on a
23 single campus.

24 This would employ about 1,100 permanent,

1 full-time employees, as well as about 800 construction
2 workers over the duration of the project.

3 There are three negative findings by the
4 State. They focus on a single factor: Current under
5 utilization of some services at existing facilities. We
6 noted in December, the critical issue is, really, what will
7 happen after this facility is opened, and I'm going to have
8 Lee Piekarz address that. He's from Deloitte.

9 MR. PIEKARZ: The Krentz report provides no
10 basis upon which to deny Huntley a hospital. To the
11 contrary, the report raises issues that validates the need
12 for Centegra's hospital.

13 CHAIRMAN GALASSIE: Can you pull that
14 microphone a little closer, please?

15 MR. PIEKARZ: Let me explain. The report
16 claims that we overstated projected population growth and
17 would have you believe that the population of McHenry
18 County has actually declined over the last 10 years. This
19 is simply false. In fact, the actual 2010 census data
20 shows that McHenry County grew by 18.7 percent from 2000 to
21 2010, or annually at 1.7 percent. Kane County grew at 27.5
22 percent, or annually at 2.5 percent. While Krentz claims
23 that we overstated projected population growth, we actually
24 used a lower growth rate in preparing our own pro forma

1 than Krentz did. We used a conservative 1.7 percent rate,
2 and they used 2.3.

3 The Krentz report claims that existing
4 hospital capacity is there to meet the current healthcare
5 needs of McHenry County residents, but they completely miss
6 the point. This is a planning process that, under your
7 rules, the ultimate question is not what we have done
8 today, but what will be needed and used in the future? The
9 Review Board's most recent bed-need determination projects
10 the need for the requested beds. This is what we predicted
11 when Centegra filed its application almost two years ago.

12 Finally, Krentz' impact analysis of area
13 hospitals ignore population growth entirely and estimated
14 the so-called impact as if the new hospital was built
15 today. Had they performed an appropriate analysis, using
16 their own growth rate or even our more conservative growth
17 rate, they would have determined, as we did, that rapid
18 population growth will result in overall increased
19 utilization for all area hospitals.

20 MR. EESLY: To address one more concern, when
21 we met with Standard & Poors -- we've actually met with
22 them twice since the submission of this project -- they've
23 given us an A-minus stable rating since that time, with
24 full disclosure of the project. As well, we've met with

1 support that?

2 MR. SEWELL: So moved.

3 MR. BURDEN: Seconded.

4 CHAIRMAN GALASSIE: Moved and seconded. Roll
5 call, please.

6 MR. ROATE: Motion made by Mr. Sewell,
7 seconded by Ms. Olson.

8 Dr. Burden?

9 MR. BURDEN: Yes.

10 MR. ROATE: Mr. Eaker?

11 MR. EAKER: Yes.

12 MR. ROATE: Justice Greiman?

13 MR. GREIMAN: Yes.

14 MR. ROATE: Mr. Hayes?

15 MR. HAYES: Yes.

16 MR. ROATE: Mr. Hilgenbrink?

17 MR. HILGENBRINK: Yes.

18 MR. ROATE: Ms. Olson?

19 MS. OLSON: Yes.

20 MR. ROATE: Mr. Penn?

21 MR. PENN: Yes.

22 MR. ROATE: Mr. Sewell?

23 MR. SEWELL: Yes.

24 MR. ROATE: Chairman Galassie?

DRAFT

1 CHAIRMAN GALASSIE: Yes.

2 MR. ROATE: Nine votes in the affirmative.

3 Motion passes.

4 Moving forward, may I have a motion to approve
5 Project 10-090, Centegra Hospital-Huntley, with the
6 corrected record, to establish a 128-bed acute care
7 hospital?

8 MR. GREIMAN: So moved.

9 MS. OLSON: Seconded.

10 CHAIRMAN GALASSIE: Moved and seconded. Roll
11 call, please.

12 MR. ROATE: Motion made Justice Greiman,
13 seconded by Ms. Olson.

14 Dr. Burden?

15 MR. BURDEN: Yes.

16 MR. ROATE: Mr. Eaker?

17 MR. EAKER: I vote no, same reasons.

18 MR. ROATE: Justice Greiman?

19 MR. GREIMAN: Yes.

20 MR. ROATE: Mr. Hayes?

21 MR. HAYES: Yes.

22 MR. ROATE: Dr. -- Mr. Hilgenbrink?

23 MR. HILGENBRINK: I vote no and affirm my
24 previous decision, based on not meeting State standards of

DRAFT

1 Planning Area need and under utilization.

2 MR. ROATE: Ms. Olson?

3 MS. OLSON: Yes.

4 MR. ROATE: Mr. Penn?

5 MR. PENN: Yes.

6 MR. ROATE: Mr. Sewell?

7 MR. SEWELL: No. Insufficient demand in the
8 Planning Area.

9 MR. ROATE: Chairman Galassie?

10 CHAIRMAN GALASSIE: I vote yes.

11 MR. ROATE: Six votes in the affirmative.

12 CHAIRMAN GALASSIE: Motion passes.

13 Congratulations. Thank you very much.

14 It's 11:30. Our reporter wants a break, so
15 we're going to take a 10-minute stretch.

16 (Recess)

17 CHAIRMAN GALASSIE: Thank you very much for
18 being timely.

19 We are moving forward to Item -- under
20 "Applications Subsequent to Initial Review," Item H-17,
21 project 12-035, St. Mary's Hospital in Streator. Do we
22 have anyone here representing St. Mary's?

23 (Pause)

24 CHAIRMAN GALASSIE: Good morning, folks. If

DRAFT

1 you would introduce yourselves, spelling your last name,
2 we'll have you sworn in.

3 MS. PERRY: Summer Perry, P-e-r-r-y, Hospital
4 Sisters Health System.

5 MS. CLARK: Karen Clark, C-l-a-r-k, St. Mary's
6 Hospital CEO.

7 MR. DAVES: Mark Daves, D-a-v-e-s. I'm COO
8 and CNO of St. Mary's of Streator.

9 CHAIRMAN GALASSIE: What is a CNO?

10 MR. DAVES: Chief Nursing Officer.

11 (Oath given)

12 CHAIRMAN GALASSIE: Staff report, please,
13 Michael.

14 MR. CONSTANTINO: Thank you, Mr. Chairman.
15 The applicants are proposing to discontinue their 30-bed
16 long-term care facility in Streator, Illinois. There is no
17 cost to this project. We've had no public hearing, and no
18 opposition letters were received by the State Board Staff.

19 CHAIRMAN GALASSIE: There is no opposition.
20 You meet all of the issues, from Staff's perspective. Your
21 presentation can only serve to hurt you. As a result of
22 that, I will ask, are there any questions from the Board?

23 (Pause)

24 CHAIRMAN GALASSIE: Nearing none --

1 MR. GREIMAN: I have a question. There's
2 significant charity here. How much of your charity care is
3 in the long-term care category?

4 MS. PERRY: How much of our charity care is in
5 long-term? It's only about one percent. So most of our
6 charity care is not included in the long-term care.

7 MR. GREIMAN: So you would have about the same
8 charity?

9 MS. PERRY: Yeah, we will.

10 MR. GREIMAN: Because you have significant
11 charity.

12 MS. PERRY: That's correct.

13 MR. GREIMAN: Okay. Thank you.

14 CHAIRMAN GALASSIE: May I have a motion to
15 approve Project 12-35, St. Mary's Hospital, Streator, to
16 authorize the discontinuation of its 30-bed long-term care
17 category of service?

18 MR. PENN: So moved.

19 MR. SEWELL: Second.

20 CHAIRMAN GALASSIE: Moved and seconded. Roll
21 call, please.

22 MR. ROATE: Moved by Mr. Penn, seconded by
23 Mr. Sewell.

24 Dr. Burden?

DRAFT

1 MR. BURDEN: Yes.

2 MR. ROATE: Mr. Eaker?

3 MR. EAKER: Yes.

4 MR. ROATE: Justice Greiman?

5 MR. GREIMAN: Yes.

6 MR. ROATE: Mr. Hayes?

7 MR. HAYES: Yes.

8 MR. ROATE: Mr. Hilgenbrink?

9 MR. HILGENBRINK: Yes.

10 MR. ROATE: Ms. Olson?

11 MS. OLSON: Yes.

12 MR. ROATE: Mr. Penn?

13 MR. PENN: Yes.

14 MR. ROATE: Mr. Sewell?

15 MR. SEWELL: Yes.

16 MR. ROATE: Chairman Galassie?

17 CHAIRMAN GALASSIE: Yes.

18 MR. ROATE: Nine votes in the affirmative.

19 CHAIRMAN GALASSIE: Motion passes.

20 Congratulations.

21 (Pause)

22 CHAIRMAN GALASSIE: Moving on to Project

23 12-008, DaVita Stony Island Dialysis in Chicago.

24 Good morning, folks. Hi. Welcome back.

DRAFT

1 Introduce and spell your last name, and we'll swear you in.

2 MS. DAVIS: Penny Davis, D-a-v-i-s, Division
3 Vice-President, DaVita.

4 MS. FRIEDMAN: Kara Friedman, F-r-i-e-d-m-a-n,
5 Polsinelli Shughart.

6 CHAIRMAN GALASSIE: Thank you. Was there a
7 public comment for this or not?

8 MS. AVERY: No.

9 CHAIRMAN GALASSIE: Okay. Thank you.
10 Staff report, please.

11 MR. CONSTANTINO: Thank you, Mr. Chairman.

12 The applicants are proposing to add 8 ESRD
13 stations to a 24-station facility for a total of 32 ESRD
14 stations, in approximately 11,500 gross square feet of
15 leased space in Chicago, Illinois. The approximate cost of
16 the project is \$3.3 million. There was no public comment,
17 no requests for a public hearing, and the applicants have
18 met all of your criteria for this project.

19 CHAIRMAN GALASSIE: Hearing that, would you
20 like to make comments to the Board?

21 MS. FRIEDMAN: If you're comfortable moving
22 forward, I don't think so.

23 CHAIRMAN GALASSIE: Any questions from the
24 Board members on this project?

DRAFT

1 MR. GREIMAN: Yeah, I have a question. How do
2 you get -- how do renal stations get their customers?

3 MS. DAVIS: Basically from physicians in the
4 area and from hospitals.

5 MR. GREIMAN: So you don't have walk-in's, for
6 example?

7 MS. DAVIS: No.

8 MR. GREIMAN: So, all of your people are from
9 doctors, and when you move into an area or here, where
10 you're increasing, how do you get the doctors to send it to
11 you?

12 MS. DAVIS: Well, patients actually have a
13 choice in dialysis, and so, generally, when they're in a
14 hospital, they're provided lists of dialysis centers in
15 their community and -- or from the Renal Network or from
16 the National Kidney Foundation. So, they're given a
17 variety of options within their neighborhoods. Dr. Nicole
18 Stankus is the Medical Director of this facility. She's on
19 staff at the University of Chicago, and so her patients
20 generally come to this facility.

21 MR. GREIMAN: So you don't have arrangements
22 with doctors, do you?

23 MS. DAVIS: No, we have no arrangements.

24 MR. GREIMAN: All right. That's what I wanted

1 to know.

2 CHAIRMAN GALASSIE: Any other questions?

3 Hearing none, may I have a motion to approve

4 Project No. 12-008, DaVita Inc. and ISD Renal, Inc. to

5 authorize the addition of 8 ESRD stations at its Stony

6 Island dialysis facility in Chicago.

7 MR. EAKER: So moved.

8 MR. HILGENBRINK: Second.

9 MR. ROATE: Motion made by Mr. Eaker, seconded
10 by Mr. Hilgenbrink.

11 Dr. Burden?

12 MR. BURDEN: Yes.

13 MR. ROATE: Mr. Eaker?

14 MR. EAKER: Yes.

15 MR. ROATE: Justice Greiman?

16 MR. GREIMAN: Yes.

17 MR. ROATE: Mr. Hayes?

18 MR. HAYES: Yes.

19 MR. ROATE: Mr. Hilgenbrink?

20 MR. HILGENBRINK: Yes.

21 MR. ROATE: Ms. Olson?

22 MS. OLSON: Yes.

23 MR. ROATE: Mr. Penn?

24 MR. PENN: Yes.

DRAFT

1 MR. ROATE: Mr. Sewell?

2 MR. SEWELL: Yes.

3 MR. ROATE: Chairman Galassie?

4 CHAIRMAN GALASSIE: Yes.

5 Motion passes. Congratulations.

6 If you ladies would like to stay there, I will
7 skip to Item H-20, if the Board will allow me, and coming
8 back to H-19.

9 Moving to H-20, DaVita, Evanston. Staff
10 report, please?

11 MR. CONSTANTINO: Thank you, Mr. Chairman.

12 The applicants are proposing to discontinue
13 and relocate an existing 18-station ESRD facility in
14 approximately 10,000 gross square feet of leased space in
15 Evanston, Illinois. The cost of the project is
16 approximately \$3.4 million. There was no public hearing
17 requested, and we received no public comments in opposition
18 on this project.

19 Thank you, Mr. Chairman.

20 CHAIRMAN GALASSIE: Thank you, sir.

21 Comments for the Board?

22 MS. DAVIS: Yes, please. Penny Davis. Good
23 morning.

24 We are proposing to relocate the Evanston

1 unit, because it currently does not have ample parking and
2 it's not an accessible location. The building is also in
3 great disrepair. The Board may recall this is a unit -- a
4 facility that we acquired from DSI Renal last fall, and as
5 our facilities people and bio-med people went in the
6 facility and reviewed it, found that there are many, many
7 issues. We looked at renovation and whether it could be
8 renovated and brought up to Code, and the feeling is that
9 it cannot. We believe that it should be relocated and
10 moved to a new facility where there is ample parking.
11 Currently there are just a few parking spaces in the lot
12 next to us, designated at this facility, and only one
13 handicap spot, which is silly when you're thinking of
14 dialysis patients. Also, patients that drive often have to
15 park in the street, and the street is meter parking, 75
16 cents an hour, and you have to have quarters. It's not
17 like the City of Chicago where it's been converted to a
18 credit card system. And there is no dedicated ambulance
19 bay. The current site is a half block from the Metra on
20 one side and just down the street from Northwestern
21 University's athletic facilities, which causes a lot of
22 traffic and parking difficulties for patients and staff.

23 The site we have selected to move to is at the
24 corner of Dempster and Dodge Streets in Evanston, which are

1 two main roads that are served by public transportation.
2 So it will help with accessibility. Also, with the planned
3 location, there is ample dedicated parking.

4 As we detailed in our application, the
5 building is old, poorly configured and need of repair. We
6 have walls that need torn down and repaired at the current
7 site. The water treatment system is old and needs to be
8 replaced, and a variety of the plumbing systems, as well,
9 need to be replaced. It also does not have a fire safety
10 system. The building is not sprinkled, and we try to put
11 in sprinklers at all of our facilities, to meet Code.

12 At a previous hearing, there was an inquiry
13 about efforts that we might undertake to an existing site
14 to bring the facility up to industry standards and our own
15 internal standards. The reality is, this facility has
16 truly reached the end of its useful life, and the benefits
17 of relocation to a nearby site far outweigh the option of
18 trying to modernize. We also feel strongly that
19 contracting with the developer to build a new building that
20 we will lease makes more sense from a healthcare
21 standpoint.

22 Relocating the unit will allow us to build
23 completely to our specifications, without any disruption to
24 inpatient care or additional costs or hiring laborers who

1 work the midnight shift. The reality is that this
2 facility --

3 MR. MORADO: Thirty second.

4 MS. DAVIS: -- would not be able to maintain
5 its current level of operation during a modernization.

6 To address some of the issues in the State
7 Agency Report, we believe that the average in-center
8 dialysis patient increase in the thirty-minute driving
9 distance from this site is 64 patients per year. By
10 relocating and building an up-to-date facility, we'll be
11 able to accommodate those patients.

12 So, accordingly, we ask the Board to approve
13 this relocation expansion, and we're happy to accept the
14 Board's questions at this time.

15 CHAIRMAN GALASSIE: Thank you, Penny.

16 There's a discrepancy between the Chair's
17 agenda and the Board members' agenda. You're looking at
18 Agenda No. H-19. Agenda No. H-19 is what was just --

19 MR. HILGENBRINK: The docket number is wrong.

20 CHAIRMAN GALASSIE: DaVita, Evanston Renal
21 Center, whatever the number is, you're looking at DaVita
22 Evanston Renal Center. It is H-20.

23 MR. CONSTANTINO: Just the docket number is
24 wrong.

DRAFT

1 CHAIRMAN GALASSIE: Thank you. Sorry for the
2 confusion.

3 Questions?

4 MR. EAKER: So I'm understanding, you're
5 wanting to discontinue an old facility and build a totally
6 new one, and you designed the new one to meet your needs?

7 MS. DAVIS: (nods)

8 MR. EAKER: Why did you specifically design it
9 to be larger than the State-recommended per square footage
10 amount?

11 MS. DAVIS: The reason being is, rather than
12 to come back to the Board, you know, later, as we grow the
13 facility -- we're allowed under the Regulations to add two
14 stations once we get to 80 percent capacity. So we're
15 building it to the ability to add 4 stations over the next
16 4 to 6 years without building those stations currently.

17 MS. FRIEDMAN: If I could note, we're very
18 close to the State standard. I think we're about 33 square
19 feet per station above.

20 MR. SEWELL: How long ago did you purchase the
21 old facility from the other--

22 MS. DAVIS: It was October 1st, we closed on
23 that, of last year.

24 MR. SEWELL: Did their occupancy look pretty

1 much like yours? Their utilization look around 55, 53
2 percent?

3 MS. DAVIS: It's been in the 50 to 60 percent,
4 65 percent range.

5 MR. SEWELL: Okay. And things really haven't
6 changed that much in the area? Those proximate to where
7 you're going are below our standard for occupancy?

8 MS. FRIEDMAN: Well, the 30-minute drive
9 time -- there has been an average over the last three years
10 of a 62-patient increase. So, there is a growth, which is
11 why I think you see a need in the Planning Area.

12 MS. DAVIS: And this facility -- it's very
13 difficult for patients to drive --

14 CHAIRMAN GALASSIE: The old one?

15 MS. DAVIS: Right, the current facility.

16 MS. OLSON: So, based on that, you anticipate
17 your utilization to go up, because it will be an easier
18 facility to use?

19 MS. DAVIS: Yes.

20 CHAIRMAN GALASSIE: Any other questions?

21 MR. HAYES: Could you explain -- basically
22 you have a facility today of what is going to be moving to
23 an 18-unit facility. Now, when you reach 80 percent,
24 you'll add an extra two then. If -- and that does not

1 require Board approval?

2 MS. DAVIS: Right.

3 MR. HAYES: And then after that, you'll add
4 another two, and how will that be determined, after two
5 years?

6 MS. DAVIS: Every two years, we're able to
7 come in, if we're above 80 percent, and add two stations.
8 So, it would be every two years, two stations, if we meet
9 that eighty percent threshold under The rules.

10 MR. HAYES: The other thing I wanted to bring
11 up, for your company here, DaVita, is that I'm looking at
12 the credit rating, and the credit rating for both you and
13 your competitor, your main competitor, basically stayed --
14 has stayed the same, I think, in the last couple of years.
15 But, like with Standard & Poors mentions, it's -- it gives
16 you a B, B-minus, "less vulnerable in the near term but
17 faces major ongoing uncertainties to adverse business,
18 financial and economic conditions". Now, in our Rules,
19 basically you have an exemption because of your cash and
20 debt positions or marketable securities and cash.

21 MS. DAVIS: Right.

22 MR. HAYES: I'm not exactly sure if that has
23 a lot of meaning for a company like yours, which, I mean,
24 all over the country -- there's many facilities in Illinois

1 that have the same need for that cash and that marketable
2 securities on hand. So, certainly, this credit rating is
3 something that concerns me and, going forward, I would
4 imagine it would concern you.

5 MS. DAVIS: First, I want to mention,
6 public-traded companies bond ratings mean something very
7 different, and Kara will explain that. If you look at
8 DaVita stock, it's currently trading at \$98 a share, and so
9 from a stock perspective and a Wall Street perspective,
10 we're considered a very well-managed company. There was
11 recently another article -- I know that Dr. Burden has
12 mentioned about our acquiring healthcare partners recently,
13 and we're considered, actually, a model for healthcare
14 delivery in the country. But Kara can explain the bond.

15 MS. FRIEDMAN: What I wanted to comment on on
16 that credit rating, I think the primary driver of that is
17 the uncertainty of the health insurance situation
18 nationally, both -- including the Federal programs. So,
19 that's not going to really -- anybody that's doing business
20 in that realm is going to have that issue. I would note
21 that while we do carry a large amount of cash on hand, that
22 money will be available for this project. If that were to
23 change, based on your Rules, and we for some reason need to
24 borrow money for any given project, we would have to come

1 before you to ask that permission. So, at this point, this
2 is a cash-financed project.

3 MR. HAYES: Okay. Thank you.

4 MR. PENN: I have a question for Staff. Mike,
5 Table 1, page 5, there's two facilities, Streamwood, zero
6 utilization, and Des Plaines. Are these facilities under
7 construction, or what's going on with zero --

8 MR. CONSTANTINO: What page are you on, David?

9 MR. PENN: Page five, Table 1.

10 MR. CONSTANTINO: I'm sorry. You're looking
11 at the Schaumburg project.

12 MR. PENN: It's a table --

13 MR. CONSTANTINO: I apologize. That was a
14 Staff error.

15 MR. PENN: All right.

16 MR. CONSTANTINO: Page 19 is -- H-19 is --

17 CHAIRMAN GALASSIE: We're looking at DaVita,
18 Evanston.

19 MR. PENN: I was just looking at the
20 facilities nearby. I just want to see the utilization.
21 I'll find it. Go ahead. I'll find it.

22 CHAIRMAN GALASSIE: Other questions from
23 Board members?

24 MR. GREIMAN: Chair, I have a question, a

1 question of the Chair. Didn't we, in prior cases where
2 we're dealing with people who didn't take in people off the
3 street, require them to send to the doctors an indication
4 that they would be accepting charity cases? Didn't we make
5 that a condition?

6 CHAIRMAN GALASSIE: I'm not reconstructing
7 that. We're suggesting we would want them to take
8 walk-ins?

9 MR. GREIMAN: Well, some percentage of charity
10 cases, and we did it because the doctors refer people and
11 charity cases go no place.

12 MS. DAVIS: We do accept outpatients,
13 regardless of ability to pay. That's a DaVita --

14 MR. GREIMAN: But they don't know to get there
15 unless their doctor tells them.

16 MS. DAVIS: Just to be dialyzed, Justice, you
17 need to have a physician's order to tell us how to dialyze
18 the patient. So, we do accept patients from all over the
19 country that come as a traveler, you know, they're
20 vacationing in Chicago. We accept those patients, but
21 their physician needs to write the order for their
22 dialysis. We can't simply --

23 MR. GREIMAN: I understand that, right, I
24 understand that.

1 MS. DAVIS: So, we accept all of those
2 patients.

3 MR. GREIMAN: But do you understand what -- we
4 did this previously. We put a condition on that they
5 advise their doctors that they accept these cases.

6 MS. DAVIS: The physicians are not employed by
7 us. They're independent contractors that refer patients.
8 So I can't put a condition -- I'm not allowed to put a
9 condition on physicians --

10 MR. GREIMAN: A condition for us is that you
11 advise them.

12 CHAIRMAN GALASSIE: We're wanting them to
13 advise the community physicians that they take charity
14 care.

15 MR. GREIMAN: Yeah, right.

16 MS. DAVIS: And we do do that.

17 CHAIRMAN GALASSIE: Okay.

18 MR. URSO: How do you do that?

19 MS. DAVIS: All physicians that are
20 credentialed in our facilities are given our financial
21 policy.

22 CHAIRMAN GALASSIE: Any other questions.

23 May I have a motion to approve Project 12-010,
24 DaVita, Inc. and ISD Renal, Inc., to authorize the

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1 discontinuation and relocation of Evanston Renal Center, an
2 existing 18-station end stage renal dialysis facility?

3 MR. HAYES: So moved.

4 MR. HILGENBRINK: Seconded.

5 CHAIRMAN GALASSIE: Moved and seconded.

6 Roll, please.

7 MR. ROATE: Motion made by Mr. Hayes, Seconded
8 by Mr. Hilgenbrink.

9 Dr. Burden?

10 MR. BURDEN: Yes.

11 MR. ROATE: Mr. Eaker?

12 MR. EAKER: Yes.

13 MR. ROATE: Justice Greiman?

14 MR. GREIMAN: Yes.

15 MR. ROATE: Mr. Hayes?

16 MR. HAYES: Yes.

17 MR. ROATE: Mr. Hilgenbrink?

18 MR. HILGENBRINK: Yes.

19 MR. ROATE: Ms. Olson?

20 MS. OLSON: Yes.

21 MR. ROATE: Mr. Penn?

22 MR. PENN: Yes.

23 MR. ROATE: Mr. Sewell?

24 MR. SEWELL: No. Doesn't appear to be a

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1 demand.

2 MR. ROATE: Chairman Galassie?

3 CHAIRMAN GALASSIE: Yes.

4 MR. ROATE: Eight votes in the affirmative.

5 One vote in the negative.

6 CHAIRMAN GALASSIE: Motion passes.

7 Congratulations. Good luck.

8 Moving to Project 12-015, Fresenius Medical

9 Care, Schaumburg, in Schaumburg.

10 (Pause)

11 CHAIRMAN GALASSIE: Good morning, folks --

12 actually, good afternoon. If you would, do

13 self-introductions, spelling your last name for our

14 recorder, and then we will have you sworn in.

15 MS. RANALLI: Thank you. For the interests of

16 time, I'll introduce everyone so we don't have to pass the

17 microphone around. Good afternoon. My name is Clare

18 Ranalli, Legal Counsel to the applicant. To my left is

19 Lori Wright, W-r-i-g-h-t, CON specialist for Fresenius. To

20 her left is Ming Chen, C-h-e-n, Area Manager for the

21 project, Dr. Grady Wick, W-i-c-k, the Medical Director for

22 the project, and Coleen Muldoon, M-u-l-d-o-o-n, the

23 Regional Vice-President. Thank you.

24 CHAIRMAN GALASSIE: Thank you, Clare.

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1 (Oath given)

2 CHAIRMAN GALASSIE: Thank you. Staff report,
3 please.

4 MR. CONSTANTINO: Thank you, Mr. Chairman.
5 The applicants are proposing to establish a
6 12-station ESRD facility in Schaumburg, Illinois in
7 approximately 7,500 gross square feet of leased space. The
8 cost of the project is approximately \$3.8 million. We
9 received one comment, no requests for a public hearing. We
10 received a comment from the President of St. Alexius
11 Medical Center. Thank you, Mr. Chairman. This is
12 Fresenius Medical Care, Schaumburg. It's H-20 on your
13 State Agency Report.

14 CHAIRMAN GALASSIE: Thanks, Michael.

15 Comments for the Board?

16 MR. WICK: I'll begin. Thank you for allowing
17 me to speak to you today. My name is Grady Wick. I'm a
18 nephrologist with Nephrology Associates in northern
19 Illinois.

20 In my four years of practice out here, I've
21 seen our dialysis patient population grow by over 25
22 percent. Most of my patients are dialyzed at DaVita
23 Schaumburg Dialysis Unit, as well as Fresenius Oak Grove
24 and Hoffman Estates. As you know these facilities are at

1 or near capacity. Because of this, I've encountered some
2 difficulty in placing patients in the dialysis units. It's
3 not only difficult for the patients but also serves as an
4 impact, impacts negatively on the hospitals that serve
5 them. Sometimes patients stay in the hospital an extra
6 time. Extra inpatient days translate to further expenses
7 to the hospital, as well as insurance premiums overall.

8 One particular burden I would like to address
9 is that of high readmission rates that our hospitals
10 encounter as well. The most common cause for readmission
11 rates is congestive heart failure, which we know is very
12 prevalent in our patient population. These patients
13 develop fluid overload, unfortunately are admitted and
14 readmitted to the hospital, and often times, because of
15 unavailability of time slots for patients who need an extra
16 treatment, I've encountered time and time again the
17 patients that I treat directly, calling in, looking for
18 extra treatments. Unfortunately, because of time
19 constraints and high capacity utilization rates, they're
20 not able to get in on time. They're admitted to the
21 Emergency Room, admitted to the hospital, get dialysis,
22 which leads to extensive costs to the hospital, as well as
23 is a burden on our patients.

24 The Schaumburg facility we propose would

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1 provide capacity for these extra treatments and low
2 hospital admission rates. Thank you very much for your
3 attention and your time. I ask you to approve this
4 facility to lower hospital utilization rates and costs.

5 Thank you.

6 CHAIRMAN GALASSIE: Thank you, Doctor.

7 MR. CHEN: My name is Ming Chen, and I'm a
8 Registered Nurse and Area Manager for Fresenius Schaumburg.
9 We first applied for the permit to establish this facility
10 back in 2004, when utilization was high in the area. We
11 were denied by just one vote. Over the years, the
12 utilization has steadily risen. We have added a station at
13 Hoffman Estates, but it is now at 95 percent utilization.
14 Our Oak Grove clinic and DaVita Schaumburg are both 90
15 percent.

16 CHAIRMAN GALASSIE: Mr. Chen, could you pull
17 that microphone closer?

18 MR. CHEN: I see daily the difficulties the
19 patients in this area go through due to high utilization.
20 The two main issues are transportation and loss of
21 treatment choice. With the current high occupancy of the
22 clinics in this area, these patients have few choices left.
23 Our Hoffman Estate clinic is now operating a fourth
24 treatment shift, which does not end until midnight. The

1 approval of the Fresenius Schaumburg facility will open up
2 more choices in the area and eliminate the fourth shift at
3 Hoffman Estates.

4 There is a need for more stations in the
5 Planning Area, and I request approval of 12 additional
6 stations to meet the demand of the area. Thank you.

7 CHAIRMAN GALASSIE: Thank you.

8 MS. WRIGHT: The map you see here is
9 representing the Schaumburg market area, if you can see it.
10 There are three hospital -- two hospitals that serve this
11 area, Alexian and St. Alexius. They're in Hoffman Estates
12 and Elk Grove. There are three dialysis clinics serving
13 this area, Hoffman Estates up here, at 95 percent, Elk
14 grove at 90 percent, and DaVita Schaumburg at 93 percent.
15 The USR, US Renal Streamwood facility is not yet certified,
16 but they stated they would be at 81 percent, with 63
17 patients, before our Fresenius Schaumburg clinic located
18 here is open.

19 The shaded areas represent the pre-ESRD
20 patients that are going to be admitted to this facility,
21 and as you can see, the highest concentration is in
22 Schaumburg, which is where we are proposing this facility.
23 This is a densely-populated market, and patients choose to
24 stay within this market so they can go to their network of

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1 hospitals, physicians and other healthcare providers.

2 MR. MORADO: Thirty seconds.

3 MS. WRIGHT: If they travel outside of this
4 market for services, then they lose continuity of care.
5 They may have to switch physicians. They may have to be
6 moved to another hospital than where their providers are
7 at, and, for this reason, that is why we feel that an extra
8 capacity is needed in Schaumburg, where the patients
9 reside.

10 CHAIRMAN GALASSIE: Thank you very much.

11 Any questions from Board members?

12 (Pause)

13 CHAIRMAN GALASSIE: Hearing none, may I have
14 a motion to approve Project 12-015, Fresenius Medical
15 Center, to authorize the establishment of a 12-station end
16 stage renal dialysis center in Schaumburg?

17 MS. OLSON: So moved.

18 MR. SEWELL: Second.

19 CHAIRMAN GALASSIE: Moved and seconded.

20 MR. ROATE: Motion made by Ms. Olson, seconded
21 by Mr. Sewell.

22 Dr. Burden.

23 MR. BURDEN: Yes.

24 MR. ROATE: Mr. Eaker?

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1 MR. EAKER: I'm going to vote no, due to the
2 maldistribution stated in the SAR.

3 MR. ROATE: Thank you. Justice Greiman?

4 MR. GREIMAN: I'm going to vote no for the
5 same reason.

6 MR. ROATE: Mr. Hayes?

7 MR. HAYES: I'm going to vote no because of
8 the Planning Area need and also the maldistribution or
9 unnecessary duplication of services. In addition, I'm also
10 trying to look at the competitive nature of the -- of this
11 area and, certainly, Fresenius is the dominant player in
12 this area. So I'm going to vote no.

13 MR. ROATE: Mr. Hilgenbrink?

14 MR. HILGENBRINK: Yes.

15 MR. ROATE: Ms. Olson?

16 MS. OLSON: No, based on all of the reasons
17 that my esteemed colleague just said.

18 MR. ROATE: Mr. Penn?

19 MR. PENN: No, based on maldistribution.

20 MR. ROATE: Mr. Sewell?

21 MR. SEWELL: No. The need in the area,
22 maldistribution.

23 MR. ROATE: Chairman Galassie?

24 CHAIRMAN GALASSIE: No, based upon the need in

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1 the area.

2 MR. ROATE: That's seven votes in the
3 negative, two votes in the affirmative.

4 CHAIRMAN GALASSIE: Motion does not pass.

5 MR. URSO: You're going to be receiving an
6 Intent to Deny. You have an opportunity to come back
7 before the Board, as well as submit additional information.

8 CHAIRMAN GALASSIE: This is almost
9 unprecedented. We're a little early.

10 Our next item, which is U.S. Renal Care, Villa
11 Park, has ten public comment requests, which is going to
12 take twenty to thirty minutes to do, and I'm afraid if we
13 begin now, we're going to have a problem with the folks
14 that have lunch prepared for us. So, for those of you who
15 are waiting to give testimony, I'm sorry, but I'm going to
16 recommend we break now -- it's 12:20 -- for lunch, and we
17 will try and be back here at 1:15. So, thank you very
18 much.

19 (Lunch recess)

20 CHAIRMAN GALASSIE: Thank you for being
21 timely. Good afternoon. We are back in session, and we
22 are now entering another public comment section relating to
23 Project 12-026, U.S. Renal Care, Villa Park Dialysis. We
24 have ten people that have signed up. We will call you up

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1 four at a time. If you would please, one by one, as you
2 speak, introduce yourself and spell your last name for our
3 recorder. You do not have to be sworn in. And I would ask
4 that you clearly state for the Board if you are in support
5 or opposition of the application. That having been said --

6 MS. AVERY: Elizabeth Stuebner, Mary Stuebner,
7 Rick (unintelligible), and Phillip O'Connor, Sam Vinson.

8 CHAIRMAN GALASSIE: Thank you very much.
9 Good afternoon. Welcome. Again, if you can speak right
10 into the mike.

11 MS. ELIZABETH STUEBNER: Sure. My name is Liz
12 Stuebner. I've been a dialysis patient for almost 20
13 years. My time on the machine is 4 hours and 15 minutes.
14 My primary caregiver, my sister, drives me to and from
15 dialysis three times a week, and when I went to the Park,
16 it was a ten-minute drive. Now it is one way, 45 minutes.
17 I'm sorry.

18 CHAIRMAN GALASSIE: It's okay. Take your
19 time.

20 MS. ELIZABETH STUEBNER: At that point, going
21 to Villa Park was not an inconvenience for us, and she is
22 someone that does have to take off work in order to get me
23 to the dialysis and also has to wait for me and pick me up.

24 CHAIRMAN GALASSIE: Liz, I'm sorry to

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1 interrupt you. Could you just pull that up and speak right
2 into that mike?

3 MS. ELIZABETH STUEBNER: More than anything,
4 I'd like to feel that my quality of life isn't what it used
5 to be since I started treatment at the new location. Not
6 only does it take more time out of my day, but I am sicker,
7 feeling like I'm just a number or dollar sign. It's been
8 difficult on me, and I know others feel the same way.
9 Today is one of the few days I'm not hooked up to a
10 dialysis machine, and there are other things that I would
11 like to do, but I really would like -- important to be here
12 to support the new unit in Villa Park. I need you to
13 please allow -- I really appreciate you taking the time to
14 listen, and I hope you will keep me in mind when you make
15 your vote.

16 Thank you.

17 CHAIRMAN GALASSIE: Thank you, Ms. Stuebner.
18 We appreciate your comments.

19 MS. MARY STUEBNER: I'm Mary Stuebner,
20 S-t-u-e-b-n-e-r. I'm Liz's sister. I am here today with
21 my sister Liz. She has been battling kidney disease for
22 over 20 years. She is no doubt a fighter and has been
23 facing this battle with courage, but it has been hard on me
24 to watch her go through all of this. I drive Liz to and

1 from dialysis for her treatments three times a week. I
2 have to take off work and plan things around her treatment
3 schedule. I would do anything for my sister. While I
4 don't mind the impact it has on me, I do mind how
5 inconvenient it is for her with the process of leaving
6 early. We drive -- it's a half hour to 45 minutes one way
7 in traffic. This is at 4:15 in the morning, and it's
8 another half hour, 45-minute drive back.

9 The treatment wears her out. There is nothing
10 she can do about that, because she needs the dialysis to
11 stay healthy, but sitting in the car in traffic after four
12 hours of treatment is the last thing she should have to do.
13 She should be able to get home, get treatment, and get it
14 near her home, just like she did before, before the Villa
15 Park office closed. Not only does that not -- not only
16 that the place she goes to now is -- it's inconvenient. I
17 mean, the amount of time, getting up at four in the
18 morning, leaving at 4:15.

19 MR. MORADO: Thirty seconds.

20 MS. MARY STUEBNER: Treatment should not be
21 this difficult. I want nothing more for my sister to have
22 the care she needs close to home, to give her the comfort
23 and peace of mind she deserves. On behalf of my sister and
24 all other people in the area on dialysis, please let U.S.

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1 Renal open this other clinic.

2 Thank you.

3 CHAIRMAN GALASSIE: Thank you very much, and
4 we wish you both well.

5 There were three other names called.
6 Apparently they're coming up a little later, so we'll move
7 to -- there should be five more that have submitted.

8 (Discussion held off the record)

9 MS. AVERY: Steve Pirri, P-i-r-r-i, Concetta
10 Cruz, Gabrian (phonetic) Cruz, Liz McAleer, and Keith
11 Barnett.

12 THE COURT: Welcome, folks. As you take your
13 seats, we'll start with this young lady. If you would just
14 state your name, spell your last name for the record.
15 There's no need to swear you in, and you have two minutes
16 per individual for your comments. Thank you.

17 MS. CRUZ: My name is Concetta Cruz. I am
18 Mr. Cruz's ex-spouse as well as caretaker, and we are
19 asking for the mercy of all of you to please help us reopen
20 this facility. Mr. Cruz has been on dialysis now for
21 approximately three years, and where we live right now, it
22 was very convenient for him to go to the Villa Park
23 facility. Currently we're going to the Elmhurst facility,
24 and it is about a 45-minute drive from our home. Not only

1 is it inconvenient for us to drive, the parking is -- it's
2 horrible, the accessibility of it. We -- they have
3 handicap parking for us, but it's still a stroll to the
4 door. In addition to that, when you get into the building,
5 you have to walk at least -- I can't even explain to you.
6 It's quite a distance. You have to go through the
7 facility, and then you have to go up an elevator, down
8 another corridor, and then enter into the facility where he
9 gets dialyzed.

10 In addition to that, we have four children, so
11 my schedule has to rotate around his schedule. I'm
12 critically ill right now, so between the two of us, it's
13 very, very difficult for us. In addition, if he needs to
14 get released from dialysis early, I can't make it, which is
15 impacting our lives a great deal. It's either his life or
16 being a parent. Which one do we choose? And there's
17 really no choice here.

18 So, we're asking for you to please consider to
19 reopen the facility in Villa Park. Thank you.

20 CHAIRMAN GALASSIE: Thank you. Good luck to
21 you.

22 MR. CRUZ: My name is Gabrian (phonetic) Cruz,
23 C-r-u-z. I support this, because, as she was saying, the
24 inconvenience is that at Villa Park they worked with me, so

1 I could have -- drop my son off at school and also pick him
2 up on time. But since they opened a new facility, we moved
3 over there.

4 MR. MORADO: Thirty seconds.

5 MR. CRUZ: It's an extra 15 minutes. So, it's
6 harder for me to get off on time to pick up my son. So --
7 and also as she was saying, I got congestive heart failure
8 as well. So that long walk to get upstairs, it really puts
9 an effect on me. When I get up there, I have to sit down a
10 while and catch my breath. But I didn't have that problem
11 at the Villa Park facility.

12 Thank you.

13 CHAIRMAN GALASSIE: Thank you, Mr. Cruz.

14 MS. MC ALEER: My name is Liz McAleer. M-c
15 capital A-l-e-e-r, Liz. And I'm the mother of Russell
16 McAleer, who is a dialysis patient. I have a letter here
17 from Russell that he would like me to read, and it says, I
18 come here today in hopes of helping you understand that
19 there is a real need that has to be addressed. To give a
20 little background, his name is Russell McAleer. He has
21 been chronically ill since he's been a child, actually a
22 newborn. Things have not always been easy for me, but I am
23 one who has been given many obstacles in my life to
24 overcome, obstacles which I would never wish upon another

1 human being. I've been a dialysis patient since age 13,
2 and I'm happy to say that I'm now 41 and enjoying every day
3 given to me to its fullest. At 18, when everybody else was
4 graduating and picking out colleges, my big decision was
5 whether or not to stay with my doctor that I had been with
6 since childhood, or go with two younger, up-and-coming
7 doctors. These two doctors sit before you today
8 Dr. Michael Cohan and Dr. Martin Kittaka. These doctors
9 have been responsible for my well-being since. I am
10 thankful now, knowing I made the right decision. With
11 their guidance and care, I have been blessed with an
12 opportunity to live a normal life. However, enough about
13 me.

14 I come here on behalf of all dialysis patients
15 that now have a much tougher time getting to and from their
16 necessary, essential lifeline that is dialysis. These
17 people are family members, mothers, fathers, daughters, so
18 on, and everything else in between. These patients could
19 some day be one of you.

20 MR. MORADO: Thirty seconds.

21 MS. MC ALEER: Please hear me when I say these
22 patients are my friends. I see what's going on in the
23 unit. I live it. From Madison alone, it's almost
24 impossible to get transportation in a timely fashion. It's

1 a 100-yard walk from the parking lot to the building and
2 through the building and have to walk back the same way,
3 and their sense of independence and hope has been stripped
4 from them, and even his own outlook is bleak.

5 So, I leave you here today and ask from the
6 bottom of my heart that you please consider the new unit,
7 not only due to statistics and demographics, but also
8 because real people have real needs. These people need a
9 place close to home.

10 CHAIRMAN GALASSIE: Thank you, ma'am. Good
11 luck to you.

12 MR. BURDEN: Can I ask? Has Russell McAleer
13 ever been hospitalized at Children's Hospital when he was
14 much younger?

15 MS. MC ALEER: Yes. Your name is Dr. Burden.

16 MR. BURDEN: Excuse me. I go back some 40
17 years.

18 MS. MC ALEER: Yes, yes, he was.

19 MR. BARNETT: Good afternoon. My name is
20 Keith Barnett, B-a-r-n-e-t-t, and I'm a resident of
21 Streamwood. I've been on dialysis for the past 15 years
22 and have gone to more dialysis clinics than I care to
23 remember. But I'm here for two reasons. First, I want to
24 thank you, the Planning Board members, for approving U.S.

1 Renal Streamwood Dialysis Clinic last year. I am happy to
2 tell you that I've been receiving treatment there for two
3 weeks, and everything is going smoothly. Obviously, it's
4 new, and it's a beautiful clinic, but more importantly,
5 there's a different feel. There is a nice environment,
6 where people care. They take their time. The staff is
7 great. I'm so happy to find and be at such a nice clinic
8 so close to my home, where I'm treated well. I have a
9 choice. I have control, and I have my life back.

10 That brings me to the second reason I'm here
11 today. I want other patients to have the same choice and
12 treatment experience I have been so lucky to receive. I
13 can honestly say that U.S. Renal Clinic and Medical
14 Director Dr. Lang is making such a positive difference in
15 my life. Thank you for making it all possible, and if you
16 decide to approve U.S. Renal Villa Park, please understand
17 you will be making a difference for so many other patients
18 out there.

19 Thank you.

20 CHAIRMAN GALASSIE: Thank you. We appreciate
21 your comments. Good luck to each and every one of you.

22 Thank you.

23 (Pause)

24 CHAIRMAN GALASSIE: Now, representatives from

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1 U.S. Renal Care Villa Park Dialysis, if you folks will
2 please come up, introduce yourselves one by one, spell your
3 last name for our recorder, we will then have you
4 collectively sworn in.

5 (Pause)

6 MR. VINSON: My name is Sam Vinson,
7 V-i-n-s-o-n.

8 MR. O'CONNOR: Phillip R. O'Connor, O
9 apostrophe C-o-n-n-o-r.

10 MR. COHAN: Dr. Michael Cohan, C-o-h-a-n.

11 MR. PIRRI: Steve Pirri, P-i-r-r-i.

12 MR. ELLIS: And Bill Ellis, E-l-l-i-s.

13 CHAIRMAN GALASSIE: Thank you, gentlemen.

14 (Oath given)

15 CHAIRMAN GALASSIE: Mike, could we have a
16 Staff report, please?

17 MR. CONSTANTINO: Thank you, Mr. Chairman.

18 The applicants are proposing to establish a
19 13-station ESRD facility located in approximately 6,600
20 gross square feet of leased space in Villa Park, Illinois.
21 The anticipated cost of the project is \$2.9 million. A
22 public hearing was held on this project on May 4th, 2012.
23 We received no letters of opposition to this project.

24 Thank you, Mr. Chairman.

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1 CHAIRMAN GALASSIE: Thank you, sir.

2 And would someone like to give comments to the
3 Board? You have four minutes.

4 MR. VINSON: Mr. Chairman, Ladies and
5 Gentlemen of the Board, Mr. Constantino has requested that
6 we be brief, and we intend to do so.

7 CHAIRMAN GALASSIE: Thank you.

8 MR. VINSON: In light of the Board's agenda,
9 that's understandable, and in light of the amount of
10 material you have from the lengthy public hearing and from
11 the material we've submitted, I think you have all of the
12 information appropriate before you.

13 We do have a CEO of the company, Steve Pirri;
14 the General Counsel, Tom Weinburg; Dr. O'Connor, who has
15 dealt with demographic matters for the client; and Bill
16 Ellis, who deals with the architectural matters, here to
17 answer any questions, as well as the referring physicians
18 that would be related to this facility.

19 There's widespread hospital, physician, and
20 patient support for this. We've continued working closely
21 with Access DuPage, and they have, I believe, written a
22 letter and testified in a public hearing in this matter.

23 So with that, I'll be brief and get off this
24 and let you ask the questions as you wish.

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1 CHAIRMAN GALASSIE: Thank you very much.

2 There was a public hearing. I believe Member Olson
3 attended that for us.

4 MS. OLSON: Yes, I did.

5 CHAIRMAN GALASSIE: Thank you very much.

6 I'll open it up to questions from Board
7 members.

8 MS. OLSON: If I could just make a comment,
9 because I was present at this meeting. I think it's
10 important to clarify what the four individuals that were up
11 here before were stating, and I may need you gentlemen to
12 help me, because there's a facility that closed in Villa
13 Park. Who owned that facility, the one that closed?

14 MR. O'CONNOR: Fresenius.

15 MS. OLSON: And they relocated to a distance
16 further away. So that's what these individuals are
17 referring to, and, apparently, that location has difficulty
18 parking, difficulty to navigate to the location. I just
19 wanted to clarify that, because you guys did not close the
20 location.

21 MR. O'CONNOR: If you don't mind me speaking,
22 for approximately ten to eleven years, there was a new unit
23 that was opened in Villa Park on North Avenue, and it was
24 run originally by Renal Care Group and taken over by

1 Fresenius. In approximately March of this year, 2012, the
2 unit was closed, and the patients were moved to a unit
3 attached to Elmhurst Hospital, and that's where the
4 patients are currently being dialyzed.

5 MS. OLSON: I think that's important. Thank
6 you.

7 CHAIRMAN GALASSIE: Mr. Carvalho?

8 MR. CARVALHO: Still a little confusing.
9 Often patients either seek to follow a doctor or they seek
10 to follow a provider. If there was a Fresenius facility
11 that was closed and they're now going to a more distant
12 facility of Fresenius, U.S. Renal -- why are they here?
13 Did one of your doctors used to be at Fresenius and now is
14 using U.S. Renal?

15 MR. O'CONNOR: I and my partner are both at
16 the current Fresenius unit. So, when the unit closed in
17 Villa Park, all our patients were moved over to the unit
18 attached to Elmhurst Hospital. That's the only unit that
19 we practice at. So that's where we currently are.

20 MR. CARVALHO: But if this were approved, then
21 you would be practicing at the U.S. Renal location instead
22 of the--

23 MR. O'CONNOR: We would be doing it in
24 addition to, because some of our patients might choose to

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1 remain at the current unit, and many of our patients would
2 choose to go back to the original Villa Park unit, which
3 would be revamped. So, I can't say one way or the other.
4 We'll do both.

5 MR. CARVALHO: Michael's analysis, one of the
6 reasons why there is a negative finding, is there are 18
7 centers that are under utilized in the -- within 30 miles.
8 Why would the persons who were testifying earlier be
9 traveling 45 minutes to someplace, if there are 18
10 facilities that are under utilized? Again, is that because
11 they go where you are or--

12 MR. VINSON: If I might respond to that, at
13 least initially, Mr. Carvalho. The data is accurate that
14 Mr. Constantino identified, but the data is a little bit
15 geographically misleading. If you look at the stations,
16 the centers closest to Villa Park, Elk Grove Village is at
17 90.4 percent utilization rate. Roselle has a 82.1
18 utilization rate. Elmhurst has an 85.4 utilization rate.
19 River Grove has a 91 percent. Oak Brook has an 87 percent.
20 Glendale Heights has a 92 percent, and Westmont has a 94
21 percent. Now, it's true that there are two a little more
22 distant, Arlington Heights and Melrose Park, that have
23 utilization rates that are below that 80 percent number.
24 Both of those have gone through ownership changes, and I

1 suspect, without having done any deep investigation, that
2 it's not unusual for utilization rates to be affected by
3 ownership changes.

4 MR. CARVALHO: Last question. In the U.S.
5 Renal model, are the physicians investors?

6 MR. VINSON: I couldn't hear the question.

7 MR. CARVALHO: In the U.S. Renal model, are
8 the physicians investors?

9 MR. VINSON: Yes, sir.

10 MR. CARVALHO: Is that the case here?

11 MR. VINSON: Yes.

12 CHAIRMAN GALASSIE: Any other questions from
13 Board members?

14 MR. PENN: Just for Staff. Minutes from the
15 nearest stations, that's not always miles, is it?

16 MR. CONSTANTINO: No. It's minutes.

17 MR. PENN: So, they say it's six miles away.
18 Might be 15 minutes?

19 MR. CONSTANTINO: Right, could very well be,
20 yeah. What we have on the chart is just the minutes,
21 David.

22 MR. PENN: All right. That's not miles.

23 CHAIRMAN GALASSIE: Member Hilgenbrink?

24 MR. HILGENBRINK: Again, I keep asking, and I

DRAFT

1 think I'm clear on this. It's minutes, but it's done off
2 of a GPS; it doesn't take you through traffic, is that
3 right?

4 MR. CONSTANTINO: Yeah, Mapquest, and it's
5 adjusted by 1.15 to take into consideration traffic
6 congestion.

7 MR. HILGENBRINK: So there is a factor in
8 that?

9 MR. CONSTANTINO: Right. That's in our rules,
10 and what you see in front of you is the adjusted minimum,
11 based upon that 1.15 adjustment.

12 CHAIRMAN GALASSIE: We're going to have that
13 side of the table go to microphone school, please.

14 MR. HAYES: Mr. Chair?

15 CHAIRMAN GALASSIE: Yes, sir.

16 MR. HAYES: Now, I'm a little bit confused,
17 but, basically, you were talking about many of your
18 patients are being dialyzed at RCG Villa Park; is that
19 right?

20 MR. O'CONNOR: RCG was the previous unit that
21 was shut down and moved to Elmhurst.

22 MR. HAYES: RCG Villa Park Elmhurst. Okay.
23 And that's owned by whom?

24 MR. O'CONNOR: Fresenius.

1 MR. HAYES: Okay. Is there -- was there --
2 this is a question to Staff. Is there a problem with this?
3 RCG Villa Park, and that's in Elmhurst, but it's owned by
4 Fresenius?

5 MR. CONSTANTINO: That's correct. There was a
6 change of ownership that you approved -- I think it was
7 last year -- for this relocation -- for the change of
8 ownership, Fresenius change of ownership. Fresenius owned
9 the facility that's entitled RCG Villa Park Elmhurst.

10 MR. HAYES: Okay. Now, U.S. Renal Care is --
11 they're going to be building a new facility?

12 MR. VINSON: No, sir. They would be
13 rehabilitating and substantially refitting an existing
14 facility, a facility that was the Fresenius location in
15 Villa Park.

16 MR. HAYES: Okay. Now, this will be
17 completed then by February 28th of 2013? That's your
18 completion date?

19 MR. VINSON: Yes, sir.

20 MR. HAYES: Okay. Is there -- I know that
21 you -- your other facilities in the area -- how many other
22 facilities do you have in this area? You're rather new to
23 this market.

24 MR. VINSON: Yes. I'd like to let Mr. Pirri,

1 who heads up the company, address that question. I think
2 he'd like to talk to you about that.

3 MR. PIRRI: Yes, sir. We've got three
4 facilities, Streamwood, which you heard, Oak Brook is the
5 next facility, and then Bolingbrook also. So those three
6 facilities, and they should be open -- I believe it's the
7 Bolingbrook one opens -- August 15th construction is done,
8 and then right after that, the Oak Brook one will open up.

9 MR. HAYES: So, really, the only one that is
10 open now is Streamwood?

11 MR. PIRRI: Streamwood.

12 MR. HAYES: And these other two are not open?

13 MR. PIRRI: They should be open within 30 to
14 60 days, yes.

15 MR. HAYES: Okay. And you're a private
16 company; is that correct?

17 MR. PIRRI: That's correct.

18 MR. HAYES: Did you provide audited financial
19 statements?

20 MR. PIRRI: Yes, we did.

21 MR. HAYES: Okay. Now, this 2013 date, you
22 know, when we -- other of these dialysis centers, we look
23 at 24 or 30 months to be able to open, and they come in
24 with maybe not -- they do come in with similar types of

1 projects in leased space. It's not like they're all new
2 construction. We're looking at here -- and I think you
3 were before us within -- with the other three about a year
4 ago, or even less.

5 MR. PIRRI: Um-hum.

6 MR. HAYES: You're opening these very
7 quickly. Is that correct?

8 MR. PIRRI: We try to open very quickly. What
9 we try to do -- and I'll let our architect speak to that
10 also. It depends on the facility. If it's a free-standing
11 facility that you have to build from ground up, it's going
12 to take quite a bit longer than if it's a shell already,
13 which this one is, that you're going in and doing a
14 renovation, retrofitting, or what have you. Phil, our
15 architect, can talk to how quickly and stuff we've already
16 done ahead of time, as far as taking a look at getting back
17 into that facility, what we need the do to get the facility
18 up and running. So, we feel pretty confident on the date
19 we put down on the application.

20 MR. HAYES: Basically you're going in and
21 essentially renovating a facility in Villa Park. Have you
22 given any information exactly why -- or why did Fresenius
23 move the facility to Elmhurst? And they're on the Elmhurst
24 campus, which is the new campus.

DRAFT

1 MR. PIRRI: That's right. I don't have all of
2 the information.

3 CHAIRMAN GALASSIE: I'm not sure they can
4 answer that, John. We're asking a competitor to answer.

5 MR. HAYES: I understand that. Okay. Thank
6 you.

7 CHAIRMAN GALASSIE: Thank you. Other
8 questions for these gentlemen?

9 MR. PENN: I have. Again, the River Forest is
10 operating at 2.5 percent. How new is that facility? Do
11 you know, Mike? And the one in Lombard, 29.1.

12 MR. CONSTANTINO: They've been recently
13 approved, Dave. I can't tell you exactly what date they
14 were approved.

15 MR. PENN: Is it true or misleading, the
16 utilization, due to the newness of the facility?

17 MR. CONSTANTINO: Correct. Like URC Oak
18 Brook, they were approved about a year ago, and Downers
19 Grove, you see we don't have any utilization yet for that
20 facility.

21 MR. PENN: I'm looking at the top 10 closest
22 facilities to this applicant. They also seem to be
23 operating at 80 percent or greater on average, and the
24 other ones seem to be new. The ones that are under that

1 would be newer facilities and maybe haven't had an
2 opportunity to get up to that 80 percent?

3 MR. CONSTANTINO: Yeah, they haven't had the
4 opportunity. That's correct. You're correct.

5 CHAIRMAN GALASSIE: Any other questions from
6 Board members?

7 (Pause)

8 CHAIRMAN GALASSIE: Hearing none, may I have
9 a motion to approve Project 12-026, U.S. Renal Care, to
10 authorize the establishment of a 13-station end stage renal
11 dialysis facility in Villa Park?

12 MR. PENN: So moved.

13 MR. HILGENBRINK: Second?

14 CHAIRMAN GALASSIE: Moved and seconded. Roll
15 call, please.

16 MR. ROATE: Motion made by Mr. Penn, seconded
17 by Mr. Hilgenbrink.

18 Dr. Burden?

19 MR. BURDEN: I'll abstain.

20 MR. ROATE: Mr. Eaker?

21 MR. EAKER: Yes.

22 MR. ROATE: Justice Greiman?

23 MR. GREIMAN: Yes.

24 MR. ROATE: Mr. Hayes?

1 MR. HAYES: Yes.

2 MR. ROATE: Mr. Hilgenbrink?

3 MR. HILGENBRINK: Yes.

4 MR. ROATE: Ms. Olson?

5 MS. OLSON: Yes.

6 MR. ROATE: Mr. Penn?

7 MR. PENN: Yes.

8 MR. ROATE: Mr. Sewell?

9 MR. SEWELL: No. Planning Area need.

10 MR. ROATE: Chairman Galassie?

11 CHAIRMAN GALASSIE: Yes.

12 MR. ROATE: Seven votes in the affirmative,
13 one in the negative, and one abstain.

14 CHAIRMAN GALASSIE: Motion passes. Thank you
15 very much.

16 (Pause)

17 CHAIRMAN GALASSIE: We're moving on to
18 Project 11-103, DaVita Lawndale Dialysis. I believe we
19 have two public comment requests. Would those two
20 individuals come up to the front of the room, introduce
21 yourselves, spelling your last name, and you'll have two
22 minutes to give comment. Please be specific if you are in
23 support or opposed.

24 MR. CONSTANTINO: Lawndale Dialysis, Dale.

DRAFT

1 CHAIRMAN GALASSIE: DaVita Lawndale Dialysis.
2 Section I of the agenda, Intent to Deny. DaVita Lawndale,
3 and under that is Fresenius. Did Constantino make another
4 mistake?

5 (Pause)

6 MR. GREIMAN: Mr. Chairman before we go to
7 this, I want to make a statement for the record. I had a
8 guy who was a client of mine when I was practicing law. He
9 was a client of mine for a good long time and was a friend
10 as well. Called me and said, "I want to talk to you about
11 the Lawndale Dialysis," and I said, "That's not appropriate
12 for you to talk to me about it." I don't know which side
13 he was on. And he agreed. But I just wanted to put that
14 of record, that I told him no and "don't talk to me," and
15 he didn't talk to me.

16 CHAIRMAN GALASSIE: Let the record show that
17 you were contacted by a person of interest, but there was
18 no dialogue on the subject. Thank you, Judge.

19 Good afternoon. If you could please introduce
20 yourself and spell your last name.

21 MR. TAPIA: My name is Reuben Tapia. I'm here
22 on behalf of Ricardo Munoz. Last name is T-a-p-i-a.

23 CHAIRMAN GALASSIE: And you are in support or
24 opposed to the DaVita?

DRAFT

1 MR. TAPIA: Support.

2 CHAIRMAN GALASSIE: Thank you very much.
3 Comments, please.

4 MR. TAPIA: I am Richard Munoz, the alderman
5 representing Chicago's 22nd Ward. My ward includes
6 Lawndale Dialysis' proposed site and the surrounding
7 community. I am here to support DaVita's proposal to
8 provide dialysis services to my community. Lawndale
9 Dialysis will improve access to essential dialysis
10 treatment for Chicago residents who live in my ward.

11 I have called Little Village home for most of my
12 life. I grew up here. In fact, my office is just one
13 block from the house I grew up in and two blocks from the
14 grammar school I graduated from in 1979. My ward has one
15 of the higher concentration of Hispanics in the City of
16 Chicago, and as a Mexican American myself, I represent my
17 community's interests with a passion. That is why I am
18 here today. My community faces many impediments to access
19 to healthcare, including cultural disparities, a lack of
20 understanding of the healthcare system, financial issues,
21 and institutional racism. Health education and wellness is
22 hampered by lack of education, insurance, and poor
23 nutrition.

24 Unfortunately, because of public health issues,

1 we need these dialysis services in our community. The
2 project will help meet the well-documented medical needs of
3 an underserved community. As you may know, Latinos are
4 particularly vulnerable to increased rates of obesity,
5 hypertension, and diabetes. DaVita, as a willing provider
6 of such services, should not only be permitted, but
7 encouraged, to come to our community. This is particularly
8 true when your inventory shows a need for 92 stations in
9 the City of Chicago.

10 DaVita contributes directly to improving
11 patients' lives, both locally and nationally, through
12 service, innovations, and community investment. DaVita has
13 demonstrated its commitment to the City of Chicago in many
14 ways. DaVita has accounted for approximately millions in
15 charitable donations nationally and has committed \$1.5
16 million for their employees or teammates, as they call
17 them, to put toward charitable work in communities much
18 like Lawndale.

19 DaVita's facilities hire locally and even
20 provide scholarships for staff to enhance their skills and
21 their ability to be promoted in the company.

22 MR. MORADO: Thirty seconds.

23 MR. TAPIA: I have been an active participant
24 in improving conditions for the working class, and one of

DRAFT

1 my proudest achievements is being one of the original City
2 Council sponsors of the historic Chicago Living Wage
3 legislation that requires City contractors pay employees a
4 salary that is high enough to support a family. I was also
5 instrumental in the City's passage of a wage increase.

6 MR. MORADO: Please conclude your comments.

7 Lastly, I ask that the Board consider for a
8 motion what it is like to live the life of a dialysis
9 patient for a month and walk in their shoes. I think you
10 would understand the necessity to have these services well
11 dispersed. At least until no need for inventory, need for
12 stations, in the City of Chicago, this Board should
13 encourage dialysis providers to build in communities like
14 mine. Accordingly, I respectfully ask that the Board
15 approve this project.

16 Thank you for your time.

17 CHAIRMAN GALASSIE: Thank you, sir, and could
18 I just ask you to see our Staff person against the wall.
19 You actually have to sign a form, even though you're giving
20 testimony for someone else.

21 (Pause)

22 CHAIRMAN GALASSIE: Sir, if you will pull
23 that microphone in front of you, introduce yourself, and
24 spell your last name.

DRAFT

1 MR. RODRIGUEZ: My name is George Rodriguez,
2 R-o-d-r-i-g-u-e-z, and I'm here to support the
3 establishment of a Lawndale Dialysis. I'm currently a
4 patient at the nearby Little Village facility, which is
5 full, and I'm 55 years of age. I've been -- I've been on
6 dialysis for three years, and my circumstances is different
7 from other people that their kidneys fail. Mine failed
8 because I had a heart bypass, which allowed me to have too
9 much fluid in my body, and I had to have an emergency
10 dialysis, and then from there, I was treated for dialysis,
11 and then with that, I've been on dialysis for three years.
12 But my niece and my sister takes me to dialysis, which is
13 three times out of the week. I normally stay there for
14 four hours. Even though the efforts for my dialysis is
15 difficult, I still get around, and I'm able to function
16 with -- function, even though I'm on dialysis.

17 You may have had heard that many patients have
18 the hope that you will have an understanding of their
19 disabilities on being on dialysis.

20 MR. MORADO: Thirty seconds.

21 MR. RODRIGUEZ: I am grateful that I can
22 manage my dialysis close to my home and the shift I'm on,
23 that I'm able to have it done. I support DaVita's effort
24 to build another facility. Thank you.

DRAFT

1 CHAIRMAN GALASSIE: Thank you. Good luck to
2 you, sir. Thank you for your comments.

3 Now we will invite the representatives from
4 DaVita Lawndale Dialysis to the table. If, again, you
5 folks would -- I think you're already on record and sworn
6 in.

7 MS. FRIEDMAN: We're going to be very brief.

8 CHAIRMAN GALASSIE: Okay. We appreciate that.
9 Staff report, please, Michael.

10 MR. CONSTANTINO: Mr. Chairman, I was notified
11 on Friday that this project is going to be modified, so I'm
12 asking for a Board deferral. The applicants are out of
13 deferrals, so the Staff is asking for a Board deferral. As
14 part of that modification, there's going to be a joint
15 venture with Sinai Hospital. We should have the
16 information sometime next week, and it's scheduled for the
17 September meeting.

18 CHAIRMAN GALASSIE: You're on board with
19 that?

20 MS. FRIEDMAN: Yes.

21 CHAIRMAN GALASSIE: So, I would need a motion
22 to defer Project 11-103. Are we deferring it to --

23 MR. CONSTANTINO: The September meeting, yes,
24 sir.

DRAFT

1 CHAIRMAN GALASSIE: September meeting. I
2 need a motion to defer Project 11-103 to our September
3 meeting.

4 MR. EAKER: So moved.

5 MR. SEWELL: Second.

6 CHAIRMAN GALASSIE: Moved and seconded. Roll
7 call, please.

8 MR. SEWELL: Mr. Chair?

9 CHAIRMAN GALASSIE: Discussion?

10 MR. SEWELL: I just want -- you said they're
11 out of deferrals and so this is a Staff --

12 MR. CONSTANTINO: Yes, sir. We're asking the
13 Board to defer it. Staff can't defer it.

14 MR. SEWELL: The Staff requests for a
15 deferral?

16 MR. CONSTANTINO: Yes. We have to get your
17 permission.

18 CHAIRMAN GALASSIE: Thank you for the
19 clarification. Roll call?

20 MR. ROATE: Dr. Burden?

21 MR. BURDEN: Yes.

22 MR. ROATE: Mr. Eaker?

23 MR. EAKER: Yes.

24 MR. ROATE: Justice Greiman?

DRAFT

1 MR. GREIMAN: Yes.

2 MR. ROATE: Mr. Hayes?

3 MR. HAYES: Yes.

4 MR. ROATE: Mr. Hilgenbrink?

5 MR. HILGENBRINK: Yes.

6 MR. ROATE: Ms. Olson?

7 MS. OLSON: Yes.

8 MR. ROATE: Mr. Penn?

9 MR. PENN: Yes.

10 MR. ROATE: Mr. Sewell?

11 MR. SEWELL: Yes.

12 MR. ROATE: Chairman Galassie?

13 CHAIRMAN GALASSIE: Yes.

14 MR. ROATE: Nine votes in the affirmative.

15 Motion passes. Thank you very much.

16 MS. FRIEDMAN: Thank you.

17 CHAIRMAN GALASSIE: Moving on to Item 12-004,

18 North Pekin. We have two public comment requests. If

19 those two individuals are here in the room, this would be

20 the time to come up to the table.

21 (Pause)

22 CHAIRMAN GALASSIE: Welcome. As you begin to

23 speak, if you would introduce yourself and spell your last

24 name, and pull the microphone close to your face, please.

DRAFT

1 MS. EMLEY: Cindy, last name Emley, E-m-l-e-y.
2 I'm here for opposition.

3 CHAIRMAN GALASSIE: Thank you.

4 MS. EMLEY: Good afternoon, and thank you to
5 the Board for listening to my comments this afternoon.

6 My name is Cindy Emley. I'm a Regional
7 Operations Director for the Central Illinois Region for
8 DaVita. I am here today to oppose the Fresenius
9 application for the establishment of a dialysis facility in
10 North Pekin.

11 While I agree with Fresenius that additional
12 stations are needed in Pekin to serve the growing number of
13 ESRD patients, the alternative that Fresenius chose creates
14 inefficiencies and duplication of resources. The
15 alternative that Fresenius could have put forward, but did
16 not even consider as an alternative in its application, was
17 the relocation and expansion of its current facility. An
18 expanded facility would allow Fresenius to eliminate
19 functional redundancies and additional costs associated
20 with operating multiple smaller facilities.

21 As you're likely aware, DaVita, which would be
22 a new provider in the market, currently has an application
23 pending before this Board, which is scheduled to be heard
24 at the September meeting. If the Board finds a second

DRAFT

1 facility is needed, allowing a new provider in the market
2 would better serve the residents of Pekin.

3 Thank you for your time and attention, and I
4 respectfully request the Board deny the application for
5 Fresenius Medical Care North Pekin.

6 CHAIRMAN GALASSIE: Thank you very much.
7 Appreciate your comments.

8 Good afternoon.

9 MR. USMAN: Good afternoon. My name is Anju
10 Usman, U-s-m-a-n, and I'm a nephrologist. I am here to
11 oppose Fresenius Medical Care's application to establish a
12 new dialysis facility in North Pekin. For the past 30
13 years, three decades, Pekin residents have had no choice in
14 renal care and dialysis treatment. For seniors, Fresenius
15 Care have used intimidation and exclusive contracts to
16 prevent other renal professionals and dialysis providers
17 from providing a choice to central Illinois residents.
18 Over a year ago, I came to Pekin to establish a practice
19 with DaVita, who provides quality of care and freedom of
20 choice. In that short period of time, hundreds of Pekin
21 residents have selected my practice.

22 On July 18th, a public hearing held in Pekin
23 demonstrated that the community is for a new choice and
24 establishment of (unintelligible) dialysis in Pekin by

1 DaVita. In fact, out of 89 individuals, well over 55 give
2 their support for the (unintelligible) dialysis program,
3 including Pekin City Mayor. Further, the sentiment of the
4 public testimony was that patients in Pekin need a choice
5 of dialysis provider by DaVita.

6 Please approve DaVita's application on
7 September 11th. DaVita's application filed and deemed
8 complete on June 6th, 2012. I appreciate Mr. Penn
9 attending the public hearing in Pekin and giving Pekin
10 residents a say in their choice. Therefore, I respectfully
11 request this Board, please deny Fresenius their
12 application.

13 I just want to summarize about my credentials
14 also.

15 MR. MORADO: Thirty seconds.

16 MR. USMAN: My credentials are unchallenged.
17 I have completed residency in nephrology at Cleveland
18 Health System, at the University of Southern California in
19 Los Angeles, and then I (unintelligible) nephrology
20 training at Washington University in St. Louis, Barnes
21 Jewish Hospital. All these are top-end universities and
22 institutions in the country.

23 And, please, I respectfully again request,
24 deny Fresenius North Pekin's application today and approve

DRAFT

1 DaVita's application on September 11th.

2 Thank you.

3 CHAIRMAN GALASSIE: Thank you, Doctor.

4 I will now call up representatives from
5 Fresenius Medical Care North Pekin to the table.

6 (Pause).

7 CHAIRMAN GALASSIE: Those of you who have not
8 been sworn in, if you will introduce yourself and spell
9 your last name, we'll get you sworn in.

10 MR. PFLEDERER: My name is Tim Pfelderer,
11 P-f-l-e-d-e-r-e-r.

12 MR. STOTZ: My name is Rick Stotz, S-t-o-t-z.

13 (Oath given)

14 CHAIRMAN GALASSIE: Thank you. Staff report?

15 MR. CONSTANTINO: Thank you, Mr. Chairman.

16 The applicants are proposing the establishment
17 of a 9-station ESRD facility, located in approximately
18 1,600 gross square feet of leased space in North Pekin,
19 Illinois. The anticipated cost of the project is \$2.9
20 million.

21 The State Board Staff notes that this project
22 received an Intent to Deny at the June 2012 meeting. No
23 public hearing was requested, and we received both
24 opposition and support letters for this project.

DRAFT

1 Thank you, Mr. Chairman.

2 CHAIRMAN GALASSIE: Thanks, Michael.

3 Member Penn, did you want to make any comment
4 about the public hearing, or let the record stand?

5 MR. PENN: I'll let the record stand. I'll
6 make comments about that through questions.

7 CHAIRMAN GALASSIE: Thank you.

8 And you folks have four minutes to present to
9 the Board.

10 MR. PFLEDERER: Thank you for allowing me to
11 make brief remarks.

12 My practices work with Fresenius to develop
13 the North Pekin dialysis unit, because area patients had
14 difficulty getting into the Pekin unit, which is at 94
15 percent utilization. They frequently express to us the
16 difficulty in traveling to Peoria as a hardship, and the
17 Peoria units have limited shift choices. We recognized
18 that this was truly an access-to-care issue, but I had no
19 idea the strength of patient and community sentiment about
20 the need for additional dialysis capacity until
21 experiencing this CON process.

22 I believe the record reflects very strong
23 support for this project. It is also clear to me from this
24 process that patients are very concerned that their doctor

1 will be able to direct their care. The Fresenius North
2 Pekin facility, like the Pekin and Peoria facilities, will
3 be open to all physicians and their patients. My patients
4 hold no special place of preference at Fresenius
5 facilities, and as a practice, we're committed to getting
6 back to working cooperatively with the other Pekin area
7 nephrologists for the benefit of all our mutual patients.

8 Renal Care Associates, my practice, along with
9 Fresenius has served the area for many years. That's true.
10 We enjoy the support of independent entities like Central
11 Illinois Memorial Kidney Fund and OSF St. Francis Medical
12 Center. I urge you to recognize the need for additional
13 dialysis capacity, the strength of the Fresenius
14 application, and our commitment to the area, and approve
15 this project in North Pekin.

16 CHAIRMAN GALASSIE: Thank you, Doctor.

17 MR. STOTZ: We've been serving the Pekin area
18 for many years and are the provider with the most
19 well-developed network of care in the area. We were the
20 first to make the proposal to the Board to address the need
21 here. Our proposal has a number of strengths. However,
22 the most important is that we run an open facility. All
23 doctors, including Dr. Usman and his partners, can refer
24 patients there, and do. All patients admitted to Fresenius

1 clinics get shift choice based on first-come first-serve
2 basis, regardless of their physician.

3 When you considered this project previously,
4 you had a concern about excess capacity. However, I would
5 weigh that against the very clear need for a facility in
6 this area, as suggested by two projects, and the
7 overwhelming support for this project. Your inventory
8 states a need for three stations, but your Rules require us
9 to establish at least eight because this area is a MSA. We
10 propose eight regular stations and one isolation station to
11 serve patients in the area who happen to have hepatitis.
12 The Pekin facility does not have an isolation station
13 currently.

14 In conclusion, if you deny this project due to
15 excess capacity, no provider could change that finding and
16 the area residents would have to travel to Peoria.
17 However, we believe there is clear evidence of need in the
18 area, and, given the points presented, our project before
19 you today addresses that need very effectively.

20 Thank you.

21 CHAIRMAN GALASSIE: Thank you, Mr. Stotz.

22 MS. WRIGHT: This map addresses concerns
23 brought up at the last meeting regarding the Pekin area
24 patients' ability to drive from North Pekin into Peoria.

1 Each red dot on this map represents a Renal Care
2 Associate's pre-ESRD patient's residence. Our current
3 facility is in Pekin, which is in the middle of all of
4 those patients there, and that is also where the other
5 competitor's project is proposed to be, and we are
6 proposing to go --

7 MS. KENDRICK: Thirty seconds.

8 MS. WRIGHT: -- to North Pekin, and that's
9 separate from Pekin. The problem is that while it may be a
10 20-minute drive from North Pekin to Peoria, not all
11 patients live in North Pekin. The patients along this
12 radius here (indicating) are going to drive 30 minutes to
13 get to North Pekin. If they are forced to drive into
14 Peoria for treatment, you're adding another 20 minutes.
15 So, that's a 50-minute drive, one way. Patients outside of
16 this radius are going to be driving in excess of an hour
17 for treatment.

18 For this reason, we feel that additional
19 access is needed in North Pekin, not Pekin, where it would
20 be a duplication of services. Thank you.

21 CHAIRMAN GALASSIE: Thank you.

22 I'd like to open it up to questions from
23 members of the Board.

24 Dr. Burden?

1 MR. BURDEN: Thank you. Help me on this one.
2 I reviewed what we did the last time, but this appears more
3 and more like a turf battle between two opposing dialysis
4 companies. Is it not fair to say that your -- the Renal
5 Associates have 12 nephrologists and 2 surgeons, probably
6 for access, I presume. You don't do transplantation, do
7 you?

8 MR. PFLEDERER: We do. Alexius St. Francis
9 Medical Center is the transplant --

10 MR. BURDEN: That's in Peoria. Are you
11 connected to St. Francis in Peoria?

12 MR. PFLEDERER: We're not connected as a
13 practice, but we practice there.

14 MR. BURDEN: Let's get down to what -- this is
15 my interpretation of what this is. You have a competing
16 operation in town who hasn't had their application reviewed
17 as yet -- or they haven't presented it to us -- who are
18 asking for us to not vote positively for you so he gets a
19 chance to -- it's a competition for who gets the added unit
20 in town. This is a complicated -- somewhat complicated to
21 me, but am I wrong on that? I hear you guys saying you got
22 12 people in the group and they have access, the other two
23 people, Dr. Usman's group, can use your facility. But he
24 won't have ownership. This is an economic battle,

1 especially in view that you have enough ESRD -- we're
2 becoming an ESRD board here. We're looking at numerous
3 applications for chronic and renal disease. I recognized
4 with all of the projections there may be a need for another
5 unit here in time, but as we sit today, there are enough
6 stations to handle your population. Maybe not within a
7 couple years, which is maybe your point, but there already
8 are a need for three stations, according to the State
9 Agency Report, I see.

10 So, I'm coming back to my original statement.
11 Is there a reason why, other than economics, that you would
12 feel that the competing group couldn't use your facility?
13 Could it use your facility, as you described, if he so
14 desired, for his patients?

15 MR. PFLEDERER: The current Pekin facility is
16 utilized by both physician practices, and I would
17 characterize both physician practices as active and growing
18 in the area. The problem that we have is that that
19 facility, at 94 percent utilization, is truly full for both
20 of our practices' patients, and we're both -- both
21 practices, physician practices, are seeing that our
22 patients are having to drive to Peoria. What we hear from
23 our patients is that that's a hardship. I actually drove
24 that, to each of the Peoria facilities that are under

1 utilized, and I understand why they say that that's a
2 hardship. It is -- the closest one, when I drove it, is 22
3 minutes. It's not a simple drive. It is congested. Even
4 though we're a relatively rural area, Peoria is not
5 entirely rural, and patients find that very difficult.

6 So, our patients, our community doesn't want
7 to have to drive to Peoria, even though there is capacity
8 there. We acknowledge that. So, that's the purpose in us
9 bringing in June this proposal for a unit in North Pekin.
10 Certainly, the community -- the fact that another
11 application has come just emphasizes the sentiment that
12 this community wants another facility.

13 MR. BURDEN: So I'm wrong in presuming there's
14 a competition going on? You're implying that you need,
15 despite the SAR -- what I have -- the State Board standards
16 say there's enough units in town now, but you're projecting
17 that you need more than one unit, you need more stations
18 than what you propose. You're telling me there's a
19 shortage that I don't see here in black and white, and I'm
20 listening to what you say, because of distance, travel.

21 MR. PFLEDERER: Yes. And you're not wrong.
22 Certainly there's competition in the area by two growing
23 physician practices and dialysis providers that's providing
24 those services, but this community and both physician

1 practices don't feel like the excess capacity that's
2 present in Peoria is adequate to serve the patients of
3 Pekin in Tazwell County, and we feel that it's quite
4 appropriate in this setting that, indeed, not only three
5 chairs are needed, but the additional eight, plus one
6 isolation station, is appropriate, and we acknowledge that
7 because of the excess capacity in Peoria, that that exceeds
8 the utilization requirements of the Board.

9 MS. RANALLI: Dr. Burden, could I also point
10 out what Dr. Pflederer was saying, and Rick alluded to it,
11 but your rules require that we come in with eight stations,
12 because this is an MSA. So, you know, although there is a
13 need for three, we had to come in for eight, and we added
14 an isolation station as well. And I would also say that
15 when Fresenius submitted its application, we had no idea
16 that there was going to be another application until the
17 day of the hearing, when there was comment, saying, "Now
18 we're going to submit an application." I think this
19 process has actually resulted in potentially maybe an area
20 for some collaboration among the physician practices at
21 issue, and the point is, all Fresenius clinics are open.
22 Dr. Usman and his partners can and do admit there. That's
23 always been the case and will always be the case. All
24 Fresenius clinics are open.

1 And the other comment that Dr. Pflederer made
2 is that although his practice has been in the area for a
3 long time, Fresenius' policy is, patients come in
4 first-come first-serve. So, despite the relationship that
5 Fresenius has had with Dr. Pflederer's partners and
6 Dr. Pflederer for many years, it makes no difference.
7 Dr. Usman's patients get as much priority as theirs.
8 That's a Fresenius policy. And this clinic also offers
9 nocturnal and home. It will. That's, I think, important,
10 along with the station for hepatitis patients. Those are
11 distinguishing factors.

12 The current Pekin clinic in the Pekin hospital
13 does not have those. And we do have a lease there. We
14 didn't have the alternative of just picking up and moving.
15 That's something we would consider, if this is turned down,
16 DaVita is turned down, but that alternative is not quite as
17 easy as it sounds.

18 CHAIRMAN GALASSIE: Thank you.

19 Just a reminder for the Board. We need to be
20 looking at this project and any project on its own merit.
21 Again, we're not to be comparing. Even though there is
22 another application, we should be looking at this on its
23 own merits.

24 Mr. Penn had some comments.

1 MR. PENN: I want to echo what we talked about
2 earlier. This Board does not have the rule to let us
3 compare yet and, hopefully, we'll be able to get to that
4 point where there is a fairness from both applicants or
5 multiple applicants applying for beds or hospitals or
6 whatever the needs are.

7 What I'm looking at is your Table 4, charity
8 care. I see a steady increase of net revenue but a steady
9 decrease in charity care. Could you speak to that, please?

10 MS. RANALLI: Those are Fresenius numbers, and
11 I'm so glad that I looked at them when I was on my way out
12 here, because the Medicaid numbers go up. When you look at
13 the total number of Medicaid patients, which are in the
14 thousands, like thousand and a few hundred patients, those
15 numbers go up quite a bit. The charity care, which is
16 really self-paid numbers, go down very slightly. But
17 because of the population -- you have about two to three
18 hundred patients that are self-pay and over a thousand that
19 are Medicaid -- the percentage ranges reflect that what's
20 happening is more patients are getting Medicaid coverage.
21 Also, from a charity care standpoint, I mean, for any
22 dialysis company in Illinois, it's probably less than one
23 percent of the patient population. All patients can get
24 coverage. So -- just to reaffirm what we've always said

1 here before, Fresenius treats all patients, regardless of
2 ability to pay. We never turn a patient away.

3 I think you raised some questions about
4 physician practices, so I'll let Dr. Pflederer speak to
5 their policy, if you have questions about it.

6 MR. PFLEDERER: Well, I can comment that Renal
7 Care Associates treats all patients, irrespective of their
8 ability to pay, and we have a mechanism to assist patients
9 or recognize their financial hardship and discount their
10 fee or have no fee involved, if that's the case, as we
11 provide for their care. So, we do make those
12 accommodations and never turn a patient away based on their
13 ability to pay.

14 MS. OLSON: Mr. Chairman?

15 CHAIRMAN GALASSIE: Yes.

16 MS. OLSON: Can I ask Member Penn a question?

17 CHAIRMAN GALASSIE: Sure.

18 MS. OLSON: I'm looking at Table 1 on page 6,
19 and from your impression at being at the hearing, is the
20 choice of the people in Pekin they're talking about not a
21 choice between North Pekin or East Peoria, but a choice
22 about provider? Is that the choice they're looking for?
23 Because it seems to me that that's sort of what the Board
24 has been trying to say. This supplemental information

1 talks about choice between a Fresenius site, wherever it
2 be, and I don't believe that's the choice the patients are
3 asking for. Is that a correct assumption?

4 MR. PENN: Mostly, yes. The meeting -- there
5 was probably fifty-fifty split on the number of people who
6 approached for public comment. It is just like today. We
7 had to have these boundaries where we're not comparing
8 applications. It's the same thing here. Sometimes we had
9 to go into recess and talk about why we are here, to hear
10 one and not hear the argument against the other, but what I
11 heard from the community, there was a choice that they were
12 looking for. The opposition came primarily from opposing
13 staff and why their facility was better. The community was
14 talking about, "we'd like to have a community choice of
15 where we go" and even got down to some tactics that I
16 thought were close to being unethical of accusations
17 towards doctors and so on and so forth, which -- but bottom
18 line was people wanted a choice.

19 MR. PFLEDERER: I would just point out that in
20 that choice, patients clearly have choice of physician, or
21 we've seen that in physician practices, and Mr. Penn can
22 comment on his take at that meeting, but I heard certainly
23 the most -- the strongest comments and emotion, sentiment
24 from patients when they were speaking in terms of their

1 physicians and the choice of physician and the choice of
2 that physician being able to carry across care and, again,
3 I would just point out that that's true no matter who the
4 dialysis provider is in our region, because all the
5 facilities are open units.

6 CHAIRMAN GALASSIE: Mr. Carvalho?

7 MR. CARVALHO: Two questions and comments.
8 First, we hear a lot of bass-akwards arguments, this Board,
9 so I don't mean to pick on you, but the reason why there's
10 a threshold of need is not so that people will come in
11 eight when there is only a need for three. It's so people
12 will wait until there is a need for eight and come in.
13 Because until we have comparative review, we're kind of
14 expecting everybody to sit on the side lines, waiting until
15 the need is there and then file. If one of you files early
16 and says, "We need only three, but since your rules say
17 eight, please approve eight," then everybody else who
18 waited is a chump because they followed the rules, and
19 somebody else came in early and said, "I know we're asking
20 for eight. There's only a need for three, but that's
21 because your rules made me do it." That's not the idea.
22 The idea is that you wait until there's a need for eight.
23 MS. RANALLI: I think that's fair, as long as
24 it's applied uniformly. I understand your point.

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1 MR. CARVALHO: The second was, the Board
2 recently went through an exercise of seeking legislation to
3 change the statute, and you may want to consider changing
4 the statute to remove the ESRD, because the premise of the
5 statute which seems to talk at the Board is the idea you
6 only allow a number of facilities that are necessary to
7 serve the population. The statute almost demands an
8 indifference to who the provider is. If there's enough
9 facilities to service the area, then the theory of the
10 Certificate of Need is you're done, but if the Board is
11 concerned that -- well, Fresenius should have as many as
12 its doctors and patients want and U.S. Renal should have as
13 many and DaVita should, that's a different theory. And
14 your instincts are telling you we really don't want this
15 jurisdiction, because the jurisdiction you have is supposed
16 to just allow the facilities the area needs, not each
17 provider to build as many as its patients want.

18 CHAIRMAN GALASSIE: Thank you.

19 Mr. Hayes?

20 MR. HAYES: In your application before, from
21 the last being here, in the June 5th there, you mentioned
22 that you were going -- there was a possibility you would
23 have an option or that we would receive basically that --
24 basically you would take four stations from the East Peoria

1 facility to facilitate the need calculation in the area.

2 MS. RANALLI: Right. As I recall, I think it
3 was you that did not like that suggestion very well, but we
4 did propose that, because of what we see here with this
5 constellation of patients here and up here (indicating) and
6 Peoria over here, and those facilities have been operating
7 two shifts, and they're full in Peoria, but they are -- you
8 know, we could open up a third shift and reduce the number
9 of stations, and then they would be at your target
10 utilization rate, which is a suggestion that we had to
11 address your concern about excess capacity, and we'd be
12 willing to do that as a conditional permit, I think.
13 That's up to Rick.

14 MR. STOTZ: Yes.

15 MS. RANALLI: But we heard your concerns
16 previously, that that's not something you choose for us to
17 do. Our goal is to bring access to the patients in the
18 geography where they are, and there is a clear outcry --
19 and I think Mr. Penn can attest to this -- for not wanting
20 to go to Peoria and wanting to have more dialysis in North
21 Pekin, Pekin. The current Pekin facility is at 94 percent.

22 MR. HAYES: Well, still have the same
23 objections that I had at the last meeting there. Why
24 didn't you come back and propose that in a new application

1 or modification?

2 MS. WRIGHT: One of the reasons we didn't do
3 that is because, while it looks like it would be a good
4 option to even out the distribution of stations, these
5 facilities operate two shifts a day, and they're primarily
6 full. Patients don't -- a lot of them are coming in from
7 rural areas. They don't want to drive at night. If we
8 took four stations out, what we're going to have to do then
9 is take some of the patients off those first two shifts of
10 the day, shift them to the night shift, which is going to
11 be very difficult for them, and for those reasons, we
12 thought maybe we would try to get the additional eight
13 without doing that.

14 MR. HAYES: Okay. Thank you.

15 CHAIRMAN GALASSIE: Doctor, I think you
16 wanted to make a comment.

17 MR. PFLEDERER: Mr. Chairman, thank you. I
18 just wanted to address why this application came in June.

19 This application was driven by my practice to
20 Fresenius. The need -- and the reason my partners brought
21 this to Fresenius and said we need to build units in Pekin
22 is because we heard from our patients that being -- having
23 to drive to Peoria for their dialysis was inadequate. It
24 truly was. While we came early, we came early from the

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1 standpoint of utilization, because we really heard from our
2 patients that this is a problem and we want this addressed,
3 and Fresenius was responsive to addressing that need. I
4 just wanted --

5 CHAIRMAN GALASSIE: Appreciate that.

6 I think I'm going to ask that we make a
7 motion, but prior to doing that, I think Member Carvalho
8 makes a valid point that I'd like us to put on our agenda
9 at some point in time, to have a dialogue about this issue,
10 because we all know how many of these things come in front
11 of us how many are approved, and I think it's a very viable
12 dialogue for us to revisit.

13 That having been said, may I have a motion to
14 approve Project 12-004, Fresenius Medical Care, to
15 establish a 9-station end stage renal dialysis facility in
16 North Pekin?

17 MR. HILGENBRINK: So moved.

18 MR. SEWELL: Seconded.

19 CHAIRMAN GALASSIE: Moved and seconded. Roll
20 call, please.

21 MR. ROATE: Motion made by Mr. Hilgenbrink,
22 seconded by Mr. Sewell.

23 Dr. Burden.

24 MR. BURDEN: I continue to vote no, based on

1 lack of area need.

2 MR. ROATE: Mr. Eaker?

3 MR. EAKER: I vote no same reason.

4 MR. ROATE: Justice Greiman?

5 MR. GREIMAN: No for the same reason.

6 MR. ROATE: Mr. Hayes?

7 MR. HAYES: I'm going to vote no because of
8 the competition and choice issues involved with that, and
9 also because of the Planning Area need and unnecessary
10 duplication and maldistribution of services.

11 MR. ROATE: Mr. Hilgenbrink?

12 MR. HILGENBRINK: Yes.

13 MR. ROATE: Ms. Olson?

14 MS. OLSON: I vote no for the reasons stated.

15 MR. ROATE: Mr. Penn?

16 MR. PENN: I'm voting no for the
17 maldistribution of services.

18 MR. ROATE: Mr. Sewell?

19 MR. SEWELL: Vote no for reasons stated.

20 MR. ROATE: Chairman Galassie?

21 CHAIRMAN GALASSIE: Chair votes no.

22 MR. ROATE: That's eight votes in the
23 negative, one vote in the affirmative.

24 CHAIRMAN GALASSIE: Motion does not pass.

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1 MR. URSO: You'll be receiving a letter of
2 denial shortly, and you can partake in the due process
3 rights, if you so desire.

4 MS. RANALLI: Thank you.

5 CHAIRMAN GALASSIE: Thank you.

6 Moving forward, we're into "Other Business" at
7 this point in time. Looking at Staff, Alexis is going to
8 give us a Legislative update, which no doubt will be
9 thrilling.

10 MS. KENDRICK: It will be brief. Senate Bill
11 2934 has been sent to the Governor. The last update I got
12 from the Governor's office was there has been no action and
13 no non-action taken on the bill.

14 CHAIRMAN GALASSIE: 2934 is --

15 MS. KENDRICK: Proposed from Senator Garrett.
16 It involves about 13 changes to the Planning Act. It's a
17 number of changes that affects our operations and was
18 proposed through changes from outside interests of parties,
19 through Board Staff, and Senator Garrett.

20 CHAIRMAN GALASSIE: Alexis, I apologize. In
21 that bill, is the recommendation to allow Staff to
22 represent at public hearings, or does it still include
23 Board member representation?

24 MS. KENDRICK: Board member representation.

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1 CHAIRMAN GALASSIE: Okay. Thank you. Please
2 continue.

3 MS. KENDRICK: That's pretty much the update.

4 CHAIRMAN GALASSIE: Thank you. Appreciate
5 the update.

6 Courtney is going to tell us that we're cash
7 flush.

8 MS. AVERY: You have the fiscal reports
9 through May, as of May 31st, and our balance as of today,
10 according to the Comptroller's web site, is approximately
11 5.1 million. We will be looking at least two reductions
12 for this fiscal year, because space at IDPH at the
13 Jefferson Building -- we traded out kind of one office for
14 where Mike used to sit -- not Mike Constantino. Mike
15 Mills. So that space is now being used by IDPH. It's no
16 longer being used by the Board. And we had two staff
17 reductions, and we also lost Bob Green. So we'll be seeing
18 a slight reduction in staffing, as far as salaries are
19 concerned, and expenses.

20 Our revenues are up and our expenses seem to
21 be leveling off, so we're in a good position right now.

22 Any questions about the fiscal report that we
23 have that came with your Board packets?

24 (Pause)

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1 CHAIRMAN GALASSIE: Good news.

2 MS. AVERY: Good news. So far we're in a good
3 position. I think our appropriation was about 2.8 million.
4 So that has not changed, correct?

5 MR. DART: Correct.

6 CHAIRMAN GALASSIE: So, this time of the year
7 we feel cash flush, until the sweep comes in later on.

8 Rule making status report? Claire, this is
9 your show.

10 MS. BURMAN: This will also be brief.
11 Hopefully for the next Board meeting, we will be presenting
12 proposed responses to public comment on the amendments to
13 1130. So I'll keep that moving. We have a deadline of
14 April next year to put these into effect. So this is the
15 second stage of that. In addition to that, we're working
16 on amendments to 1110. These are largely amendments caused
17 by changes to the Act, which are three or four years old
18 now. So that's catch-up.

19 Maybe the bigger piece that might interest you
20 is we have amended the ASTC Rules and, hopefully, we'll be
21 submitting that for your consideration. I doubt if it will
22 be at the next Board meeting, but it will be as soon as
23 possible. We're working with the industry to work things
24 out that aren't quite adequate.

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1 CHAIRMAN GALASSIE: Great. Thanks, Claire.

2 We appreciate your continued efforts.

3 I just want to ask a quick question. I think,
4 Courtney, I'll ask this of you. Member Penn's point of our
5 visiting the issue of not being able to compare
6 applications, can you give us three minutes on what it
7 would take for us to revise that? Is it going to take a
8 year?

9 MS. AVERY: I know Claire has done some
10 initial research on batching, and we were looking at what
11 other CON states are doing. We haven't got on board with
12 that. It's just the product of information she's given us,
13 because the other priorities, of the rules, we had birthing
14 centers, the long-term care, and now the ASTC's. So, we
15 kind of put it on the list of priorities, but since it's
16 become a big issue here, we'll move it up and start looking
17 at that again. But we have initially gathered some
18 information, what those other states are doing in terms of
19 batching obligations. So, there are some models out there.
20 We just have to study them a little closer.

21 CHAIRMAN GALASSIE: Great.

22 MR. SEWELL: Some time ago, I think we were
23 planning to have some kind of retreat on end-stage renal
24 disease facilities, and then today David, talking about the

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1 possibility of -- at least the question of whether there
2 should even be review of the service. So maybe our
3 planning should be to take a look at that issue.

4 MS. AVERY: And we did. We met with
5 Dr. Burden and, again, it's a matter of getting a date.
6 Because we've had so many applications, we couldn't tack it
7 on a meeting. So, that's another priority that we'll have
8 to look at, maybe in the fall. He has given us direction.
9 We have an outline. We have people lined up. We just need
10 to find a time in order to initiate that one day, to
11 satisfy time to do it.

12 CHAIRMAN GALASSIE: And I think as a result
13 of today's conversation, that forum should be altered a bit
14 to interject the larger question of, should we still be in
15 this regulatory business. That wasn't discussed
16 previously, but we certainly will include that.

17 That having been said, moving on to Item 15,
18 "New Business," Mercy Crystal Lake Hospital and Medical
19 Center. I believe we have three individuals who want to
20 make a public comment. Come on up folks. Irene Sterner.

21 MR. OURTH: I think that she will waive.

22 CHAIRMAN GALASSIE: Okay. Thank you, Joe.
23 You gentlemen have both been introduced and sworn. Spell
24 your last name for the recorder.

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

2 MR. GRUBER: Richard Gruber, G-r-u-b-e-r.

3 CHAIRMAN GALASSIE: Gentlemen, you have the
4 floor.

5 MR. OURTH: Well, our prepared text today was
6 to say that we are prepared to do with the Mercy
7 administrative law hearing that you were going to do with
8 the Centegra one. Obviously, we have scrapped that
9 prepared text, and so we'll just say instead that what we
10 put in our written submission was that we do believe that
11 there should be limited review, that that's what was the
12 motion and that's what the Administrative Law Judge said,
13 and that's what we would ask to be part of that.

14 Secondly, the other thing that we put in our
15 written submission is that we believe that it is more
16 efficient for the process that the Administrative Law
17 Judge, or even the Board, complete the record, so that you
18 find what all of the missing documents were, so that things
19 not come back one by one, and we had suggested that to the
20 Administrative Law Judge, because, as we pointed out, there
21 are some other things that -- when you go through the
22 record, there are some other potential errors in the record
23 as well, and we think it would have been more efficient to
24 resolve all of those at one time. So, that's our position.

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1 MR. GRUBER: Thank you, Mr. Chair and members.

2 CHAIRMAN GALASSIE: Thank you.

3 MR. GRUBER: Richard Gruber representing Mercy
4 Health System. In all honesty, I preferred Attorney
5 Ourth's original talk that he had planned on presenting
6 today, and if he would be willing to, I'd be happy to
7 relinquish some of my time for him to make that original
8 talk. That being said, our request is that you approve
9 including the Krentz report into our file and move forward
10 with our application. Frankly, it's our observation that
11 if the need is there to approve Huntley's proposal, serving
12 25,000 people, there is still a need to serve a 160,000
13 people in the marketplace we call Crystal Lake, the Mercy
14 proposal. We ask that you approve our project as well.

15 Thank you.

16 CHAIRMAN GALASSIE: Thank you, gentlemen.

17 Mr. Urso?

18 MR. URSO: Thank you.

19 Mr. Chair, Board members, I have several
20 motions that I would like to present to the Board. These
21 various motions have to deal with the Mercy Hospital
22 Crystal Lake project, No. 10-089 and Docket No. HFSRB
23 12-01. The first motion is to adopt the Administrative Law
24 Judge Hart's recommendations to correct Mercy's record in

1 order to include the Market Assessment and Impact Study for
2 the proposed Mercy Hospital, and to exclude the Market
3 Assessment and Impact Study for the proposed Centegra
4 Hospital-Huntley project, 10-090, and to reconsider the
5 Mercy Hospital Crystal Lake application for permit with the
6 corrected record.

7 CHAIRMAN GALASSIE: Can I have a motion to
8 that effect?

9 MR. SEWELL: So moved.

10 MS. OLSON: Second.

11 CHAIRMAN GALASSIE: Moved and seconded. Roll.

12 MR. ROATE: Dr. Burden?

13 MR. BURDEN: Yes.

14 MR. ROATE: Mr. Eaker?

15 MR. EAKER: Yes.

16 MR. ROATE: Justice Greiman?

17 MR. GREIMAN: Yes.

18 MR. ROATE: Mr. Hayes?

19 MR. HAYES: Yes.

20 MR. ROATE: Mr. Hilgenbrink?

21 MR. HILGENBRINK: Yes.

22 MR. ROATE: Ms. Olson?

23 MS. OLSON: Yes.

24 MR. ROATE: Mr. Penn?

DRAFT

1 MR. PENN: Yes.

2 MR. ROATE: Mr. Sewell?

3 MR. SEWELL: Yes.

4 MR. ROATE: Chairman Galassie?

5 CHAIRMAN GALASSIE: Yes.

6 MR. ROATE: That's nine votes in the

7 affirmative.

8 CHAIRMAN GALASSIE: Motion passes. Thank you

9 very much.

10 MR. URSO: Second motion is to conduct a

11 limited reconsideration of the pages listed in the Market

12 Assessment and Impact Study for the proposed Mercy Hospital

13 Crystal Lake project, 10-089.

14 CHAIRMAN GALASSIE: Can I have a motion to

15 that effect?

16 MR. PENN: Moved.

17 MR. HAYES: Second.

18 CHAIRMAN GALASSIE: Moved and seconded.

19 MR. ROATE: Motion made by Mr. Penn, seconded

20 by Mr. Hayes.

21 Dr. Burden?

22 MR. BURDEN: Yes.

23 MR. ROATE: Mr. Eaker?

24 MR. EAKER: No.

1 MR. ROATE: Justice Greiman?

2 MR. GREIMAN: Yes.

3 MR. ROATE: Mr. Hayes?

4 MR. HAYES: Yes.

5 MR. ROATE: Mr. Hilgenbrink?

6 MR. HILGENBRINK: Yes.

7 MR. ROATE: Ms. Olson?

8 MS. OLSON: Yes.

9 MR. ROATE: Mr. Penn?

10 MR. PENN: Yes.

11 MR. ROATE: Mr. Sewell?

12 MR. SEWELL: Yes.

13 MR. ROATE: Chairman Galassie?

14 CHAIRMAN GALASSIE: Yes.

15 MR. ROATE: Eight votes in the affirmative,
16 one in the negative.

17 CHAIRMAN GALASSIE: Motion passes. Thank you
18 very much.

19 MR. URSO: Third motion is to allow for a
20 public hearing and allow public comments for the limited
21 consideration of the Mercy Hospital Crystal Lake project,
22 10-089.

23 CHAIRMAN GALASSIE: Can I have a motion to
24 that effect?

DRAFT

1 MR. PENN: So moved.

2 MS. OLSON: Second.

3 CHAIRMAN GALASSIE: Moved and seconded. Roll.

4 MR. ROATE: Made by Mr. Penn, seconded by

5 Ms. Olson.

6 Dr. Burden?

7 MR. BURDEN: No.

8 MR. ROATE: Mr. Eaker?

9 MR. EAKER: No.

10 MR. ROATE: Justice Greiman?

11 MR. GREIMAN: No.

12 MR. ROATE: Mr. Hayes?

13 MR. HAYES: No.

14 MR. ROATE: Mr. Hilgenbrink?

15 MR. HILGENBRINK: Yes.

16 MR. ROATE: Ms. Olson?

17 MS. OLSON: No.

18 MR. ROATE: Mr. Penn?

19 MR. PENN: No.

20 MR. ROATE: Mr. Sewell?

21 MR. SEWELL: No.

22 MR. ROATE: Chairman Galassie?

23 CHAIRMAN GALASSIE: No.

24 MR. ROATE: Eight votes in the negative, one

DRAFT

1 vote in the affirmative.

2 CHAIRMAN GALASSIE: Motion does not pass.

3 MR. URSO: The final motion is to conduct the
4 limited reconsideration of the Mercy Hospital Crystal Lake
5 project, 10-089, at the next Health Facility and Services
6 Review Board meeting, scheduled currently for September
7 11th and 12th, 2012.

8 CHAIRMAN GALASSIE: Motion to that effect,
9 please.

10 MR. PENN: So moved.

11 MR. HAYES: Second.

12 MR. ROATE: Motion made by Mr. Penn, seconded
13 by Mr. Hayes.

14 Dr. Burden?

15 MR. BURDEN: Yes.

16 MR. ROATE: Mr. Eaker?

17 MR. EAKER: Yes.

18 MR. ROATE: Justice Greiman?

19 MR. GREIMAN: Yes.

20 MR. ROATE: Mr. Hayes?

21 MR. HAYES: Yes.

22 MR. ROATE: Mr. Hilgenbrink?

23 MR. HILGENBRINK: Yes.

24 MR. ROATE: Ms. Olson?

DRAFT

1 MS. OLSON: Yes.

2 MR. ROATE: Mr. Penn?

3 MR. PENN: Yes.

4 MR. ROATE: Mr. Sewell?

5 MR. SEWELL: Yes.

6 MR. ROATE: Chairman Galassie?

7 CHAIRMAN GALASSIE: Yes.

8 MR. ROATE: Nine votes in the affirmative?

9 CHAIRMAN GALASSIE: Motion passes. Thank you
10 very much.

11 We have four items remaining on the agenda.

12 We will take a break, and then we'll bring it back here.

13 (Recess)

14 CHAIRMAN GALASSIE: We are back in session.

15 These are, I'm going to use the term, pretty much

16 housekeeping items, which we'll go through, but if Board

17 members have questions when we make the motion, obviously,

18 that's the time to ask questions.

19 Item No. 15.3, approval of two -- approval of

20 2011 Hospital, ASTC, Long-Term Care, and ESRD Profiles.

21 May I have a motion to approve the 2011 Hospital, ASTC,

22 Long-Term Care, and ESRD profiles.

23 MR. EAKER: So moved.

24 MR. SEWELL: Seconded.