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HEALTH FACILITIES &
SERVICES REVIEW BOARD

ORIGINAL

**STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD**

**MEETING
OPEN SESSION**

DECEMBER 7, 2011

VOLUME 2

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OPEN SESSION 12/7/2011

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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
DAY 2 -- DECEMBER 7, 2011

Open session of the meeting of the State of Illinois
Health Facilities and Services Review Board was held on
December 7, 2011, at the Bolingbrook Golf Club, 2001
Rodeo Drive, Bolingbrook, Illinois.

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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, (217) 785-4111 (fax)
www.hfsrb.illinois.gov

A G E N D A

(M-316) – **FINAL** (per 2 IAC 1925.240)
Final Agenda will be posted no later than
9:00 A.M. Friday, December 2, 2011 at the
Health Facilities and Services Review Board's office
and at the meeting location.
Bolingbrook Golf Club
2001 Rodeo Drive
Bolingbrook, IL 60490

1. **PUBLIC PARTICIPATION SIGN-IN - 9:30 A.M.**
2. **CALL TO ORDER: Tuesday, December 6, 2011 - 10:00 A.M.**
3. **ROLL CALL**
4. **APPROVAL OF AGENDA**
5. **APPROVAL OF MINUTES: October 12-13, 2011**
6. **POST PERMIT ITEMS APPROVED BY THE CHAIRMAN**
 - Change of Ownership Project # 11-069 DSI Scottsdale Renal approved October 13, 2011
 - Alteration Project #10-061 Hoopston Community Memorial Nursing Home approved November 4, 2011
 - Permit Renewal #10-004 Grand Crossing Dialysis 12 month renewal approved November 4, 2011
 - Permit Renewal #09-067 FMC West Batavia: 13 month renewal approved November 4, 2011
 - Permit Renewal #10-012 FMC River Forest: 12 month renewal approved November 4, 2011
 - Permit Renewal #10-001- FMC West Willow: 12 month renewal approved November 4, 2011
 - Permit Renewal #07-114 Good Samaritan Home Quincy 18 month renewal approved November 11, 2011
 - Permit Renewal # 11-063 Proctor Hospital 10 month renewal approved November 19, 2011
 - Permit Renewal # 11-009 Sedgebrook Health Center 6 month renewal approved November 19, 2011
 - Permit Renewal # 08-078 South Loop Endoscopy & Wellness Center 6 month renewal approved November 19, 2011
 - Alteration Project #11-005 Touchette Regional Hospital approved November 19, 2011
 - Abandoned Permit #08-033 Foot Surgical Center approved November 28, 2011
7. **ITEMS FOR STATE BOARD ACTION:**
 - A. **PERMIT RENEWAL REQUESTS**

NOTICE: THIS MEETING WILL BE ACCESSIBLE TO PERSONS WITH SPECIAL NEEDS IN COMPLIANCE WITH PERTINENT STATE AND FEDERAL LAWS UPON NOTIFICATION OF ANTICIPATED ATTENDANCE. PERSONS WITH SPECIAL NEEDS SHOULD CONTACT BONNIE HILLS AT THE HEALTH FACILITIES AND SERVICES REVIEW BOARD OFFICE BY TELEPHONE AT (312) 814-2793 (TTY # 800-547-0466 FOR HEARING IMPAIRED ONLY) OR BY LETTER NO LATER THAN **December 2, 2011.**

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Item	Opp	Facility	City	Number
A-1	No	Addison Rehabilitation & Living Ctr. 36- Month Permit Renewal	Elgin	09-030
A-2	No	Clare Oaks 6-Month Permit Renewal	Bartlett	05-002

B. EXTENSION REQUESTS (none)

C. EXEMPTION REQUESTS

Item	Opp	Facility	City	Number
C-1	No	St. Alexius Medical Center Change of ownership	Hoffman Estates	E-012-11
C-2	No	Alexian Brothers Medical Center Change of ownership	Elk Grove Village	E-013-11
C-3	No	Alexian Brothers Behavioral Health Hospital Change of ownership	Hoffman Estates	E-014-11

D. ALTERATION REQUESTS (none)

E. DECLARATORY RULINGS/OTHER BUSINESS (none)

Item	Opp	Facility	City	Number
E-1	No	Lawrence County Memorial Hospital Request to decrease application fees	Lawrenceville	NA

F. HEALTH CARE WORKER SELF-REFERRAL ACT (none)

G. STATUS REPORTS ON CONDITIONAL/CONTINGENT PERMITS (none)

H. APPLICATIONS SUBSEQUENT TO INITIAL REVIEW

Item	Class	Opposition	Facility	City	Number
	H-20	Sub	XX FMC Naperbrook Establish 16-Station ESRD Facility	Naperville	11-038
H-01	Sub	Yes	ARA-McHenry County Establish a 12-Station ESRD Facility	McHenry	11-016

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Item	Class	Opposition	Facility	City	Number
	H-20	Sub	XX FMC Naperbrook Establish 16-Station ESRD Facility	Naperville	11-038
H-02	Sub	No	Driftwood Dialysis Establish 10-Station ESRD Facility	Freeport	11-066
H-03	Sub	No	Woodlawn Dialysis Discontinue 20-Station ESRD Re-Establish 32-Station ESRD	Chicago	11-068
H-04	Non-Sub	No	Dimensions Medical Ctr. Ltd. Discontinue ASTC	Des Plaines	11-067

I. APPLICATIONS SUBSEQUENT TO INTENT TO DENY

Item	Class	Opposition	Facility	City	Number
	H-20	Sub	XX FMC Naperbrook Establish 16-Station ESRD Facility	Naperville	11-038
I-01	Sub	No	FMC-Lockport Establish a 12 Station ESRD Facility	Lockport	11-022

RECESS

DAY TWO

- 1. PUBLIC PARTICIPATION SIGN-IN - 9:30 A.M.**
- 2. CALL TO ORDER: Wednesday, December 7, 2011, 10:00 A.M**
- 3. ROLL CALL**

I. APPLICATIONS SUBSEQUENT TO INTENT TO DENY cont'd.

Item	Class	Opposition	Facility	City	Number
	H-20	Sub	XX FMC Naperbrook Establish 16-Station ESRD Facility	Naperville	11-038
I-01	Sub	Yes	Mercy Crystal Lake Hospital Establish 70-Bed Acute Care Hospital	Crystal Lake	10-089

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1-02 Sub Yes Centegra Hospital-Huntley Huntley 10-090
Establish 128-Bed Acute
Care Hospital

4. EXECUTIVE SESSION

A. APPLICATIONS PENDING ADMINISTRATIVE HEARING (ADM) / JUDICIAL
REVIEW (JUD)

5. COMPLIANCE ISSUES / SETTLEMENT AGREEMENTS / FINAL ORDERS

Referrals to Legal Counsel

- Highland Ambulatory Surgery Center – discontinued facility without a permit

Final Orders

- HFSRB 11-08, 11-09, 11-10- HFSRB v. RAI Care Center of Illinois/Liberty Dialysis
- HFSRB 10-01- HFSRB v. Fox River Pavilion LP - Project #07-065

6. OTHER BUSINESS

7. RULES DEVELOPMENT

8. NEW BUSINESS

1. Hickory Estates in Sumner discontinued a 16 bed ICF/DD facility.
2. Rockford Nursing & Rehab Ctr. in Rockford, Illinois discontinued a 97 bed nursing care facility
3. Financial Report – October 2011
4. Dialysis Information
5. Critical Access Hospital Bed Reduction
 - Washington County Hospital - 22 acute care beds
 - John Warner Hospital - 25 acute care beds

9. ADJOURNMENT

FOR TRANSCRIPTS OF THIS MEETING CONTACT:

Midwest Litigation Services
15 South Old State Capitol Plaza
Springfield IL 62701
217-522-2211

10. NEXT MEETING

January 10, 2012 Location: TBA

11. FUTURE MEETING DATES

NOTICE: THIS MEETING WILL BE ACCESSIBLE TO PERSONS WITH SPECIAL NEEDS IN COMPLIANCE WITH PERTINENT STATE AND FEDERAL LAWS UPON NOTIFICATION OF ANTICIPATED ATTENDANCE. PERSONS WITH SPECIAL NEEDS SHOULD CONTACT BONNIE HILLS AT THE HEALTH FACILITIES AND SERVICES REVIEW BOARD OFFICE BY TELEPHONE AT (312) 814-2793 (TTY # 800-547-0466 FOR HEARING IMPAIRED ONLY) OR BY LETTER NO LATER THAN December 2, 2011.

Date	City	Location
February 28, 2012	TBA	TBA
April 17, 2012	Springfield	DNR Building State Fairgrounds
June 5, 2012	TBA	TBA
July 24, 2012	TBA	TBA
September 11, 2012	TBA	TBA
October 30, 2012	TBA	TBA
December 18, 2012	TBA	TBA

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1 PRESENT:

Dale GALASSIE - Chairman

2 Ronald Eaker

John Hayes

3 John Burden

Alan Greiman

4 Kathy Olson

Richard Sewell

5 Robert Hilgenbrink

6 ALSO PRESENT:

7 Courtney Avery - Board Administrator

8 Cathy Clarke - Assistant

9 Frank Urso - General Counsel

10 Juan Morado - Assistant Counsel

11 Michael Constantino - IDPH Staff

12 George Roate - Staff

13 Bill Dart - IDPH Staff

14 Claire Berman - IDPH Staff

15 David Carvalho - Deputy Director, IDPH

16 Michael C. Jones - IDHFS

17 Michael Pelletier - IDHS

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

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1 START TIME: 10:03 a.m.

2

3 CHAIRMAN GALASSIE: Good morning, ladies and
4 gentlemen. Welcome here. We are back in order from our
5 recess as of yesterday. We hope there's enough seating,
6 and we apologize if there's not, but please try to make
7 yourselves comfortable, if you can.

8 For those of you that were not here yesterday,
9 we made a readjustment to our agenda. I somewhat apologize
10 for that. One of our difficulties in our current mode of
11 operations is that public comments at the meetings -- it's
12 difficult to project how long public comments are going to
13 take, so balancing our agenda the last few meetings has
14 been a bit of a challenge. As a result of that, in just a
15 few minutes we are going to be going into Executive
16 Session, which is later on our agenda, but we needed to
17 move it up because there was Board business we needed to go
18 into today. We anticipate it will take about 30 minutes.
19 So, we will clear the room, and you have about 30 minutes
20 to do whatever you need to do.

21 That having been said, I'm going to ask
22 Counsel Juan, if you would read for us -- we're going to
23 start out by reading our public comment guidelines, so
24 people understand the rules of the game as they are.

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1 If you would, please, sir.

2 MR. MORADO: The Open Meeting Act requires
3 that any person shall be permitted an opportunity to
4 address public officials under the rules established and
5 recorded by this public body. The following is the
6 procedure which the Health Facilities and Services Review
7 Board will adhere to for today's proceedings.

8 If you have previously participated in any
9 public hearing or submitted written comments for the
10 projects listed on today's agenda, please respect that you
11 will not be allowed to repeat your previous comments. Each
12 Board member has received and reviewed all related
13 materials. In order to accomplish other agenda items, each
14 speaker will be allowed a maximum of two minutes to provide
15 their comments. Please understand that when the Chairman
16 signals, you must conclude your comments. Inflammatory or
17 derogatory comments are prohibited. As stated in the
18 guidelines, the Board asks that no more than three persons
19 representing the same organization provide testimony
20 regarding the same project. Public comment for each
21 speaker is limited to testimony for one project or issue.
22 The Board asks that you please make sure that all comments
23 are focused and relevant to the specific projects on the
24 current agenda. Again, all comments should not be

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1 repetitive nor disruptive to the Board's proceedings today.
2 Speakers who do not comply with these guidelines will not
3 be allowed to provide comments at the Board's open meeting.

4 CHAIRMAN GALASSIE: Thank you, Mr. Morado.

5 Also, keep in mind these guidelines follow
6 public hearings that have occurred on these issues
7 typically, and certainly in this case.

8 I would like to take a moment to introduce our
9 esteemed Senator Pamela Althoff from District 32. She
10 would like to speak to the Board for a few minutes, and in
11 deference to her schedule, we've asked that she come up
12 early.

13 Good morning, Senator. Welcome here.

14 MS. ALTHOFF: Thank you. Again, thank you
15 very much for the courtesy this morning.

16 Good morning, Chairman GALASSIE and Members of
17 the Health Facilities and Service Review Board. My name is
18 Pamela Althoff and I am the State Senator for the 32nd
19 District. Prior to redistricting my district encompassed
20 McHenry County, and both the Centegra Hospital and Mercy
21 Crystal Lake Hospital and Medical Center applications, if
22 successful, would be filled within this district. In the
23 interest of full disclosure, I have submitted a letter in
24 support of the Centegra Health System's proposal, but I am

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1 not here today to comment on that project, nor am I here to
2 comment on the Mercy project. I am, however, here today to
3 share with you what I hope to see from this Board on all
4 CON projects, those before you today and those that will
5 come before you in the future.

6 I address you as an interested, informed
7 member of the public and as one of the State Senate
8 Republican members of the Illinois Task Force on Health
9 Plan Reform. As you may be aware the Task Force was
10 created by the General Assembly following the public outcry
11 over the corruption that scandalized and plagued the
12 predecessor board. At this time, many were calling for the
13 outright elimination of the CON Board and process. Again,
14 in the interest of full disclosure, I was not one of those
15 proponents. I feel this Board, this process, can assist
16 the State of Illinois in planning and providing accessible,
17 quality, affordable healthcare for our residents. It can
18 choose to serve as a senior partner with a stake in our
19 healthcare providers in producing these quality healthcare
20 systems for all of our residents.

21 Over many months and many hearings, the Task
22 Force evaluated and reassessed the CON planning process.
23 We then prepared recommendations for the legislation to
24 overhaul the process and reconstituted this board. Our

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1 final report is posted on your website, and I trust all of
2 you were provided and read the document. I would, with all
3 due respect, like to take a little bit of liberty here and
4 iterate the Task Force's main reform goal, as I will be
5 referencing it again. "To promote the distribution of
6 healthcare services and approve the healthcare delivery
7 system in Illinois by assuring a predictable, transparent,
8 and efficient CON process."

9 I respectfully request you note that our goal,
10 your goal, my goal, the State's goal is to promote the
11 distribution of healthcare services. Many critics of the
12 CON process see the process as a barrier to entry that
13 unduly restricts the availability of healthcare facilities
14 and their services. The General Assembly and the Governor
15 reformed the process with the goal of better, consistently
16 applying rules and standards to promote the distribution of
17 quality, affordable, needed healthcare facilities and
18 services throughout our state. To obtain this goal, we,
19 the State of Illinois, must have a predictable,
20 transparent, efficient, and consistent CON process. A
21 major failing of our predecessor board, along with the
22 scandal of criminal activity, was the lack of consistent,
23 predictable, and transparent decisions. Arbitrary action
24 can undermine public confidence in State Government, just

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1 as much and in some cases more than illegal action.

2 Ladies and gentlemen, consistent, predictable,

3 transparent decisions require that if you have rules and

4 standards, you follow them. Board regulations have the

5 force and effect of law. They are not negotiable

6 guidelines, and they are not to be arbitrarily applied.

7 For example, you have a rule that requires new hospitals to

8 have a minimum of 100 medical/surgical beds; yet you

9 recently approved an application for a new hospital that is

10 not in compliance with that rule, while denying another

11 applicant that was in compliance. Perhaps there was

12 something different about that project, but if interested,

13 informed people, like me and other members of the Task

14 Force, cannot see it, I am confident that the public and

15 probably even the other applicants can't see it either,

16 which in my estimation defeats the sole purpose and

17 recommendation of the General Assembly's Task Force on

18 Health Planning Reform.

19 Predictable, transparent, consistent decisions

20 also demand that a project in substantial conformance with

21 a published, established criteria and standards be approved

22 and, conversely, those who are not in substantial

23 compliance be denied. I again note, the Board has approved

24 projects that are substantially non-compliant, as noted on

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1 Staff's written reviews or evaluations of the application,
2 while other projects who substantially met the criteria and
3 receiving a more positive evaluation were denied.
4 Decisions like these examples do not help those of us who
5 yet feel the CON review can and should be a viable process
6 to establish, expand, and modify the State of Illinois'
7 health facilities services and related capital
8 expenditures.

9 I do not have a seat at your table, nor do I
10 have a vote on these applications. These decisions are and
11 should be yours. My hope, ladies and gentlemen, is that
12 your decisions are guided by the main reform goal
13 identified by our -- my -- Task Force and embedded in the
14 Amended Planning Act, which is -- and I said I'd repeat
15 this -- to promote the distribution of healthcare services
16 and improve the healthcare delivery system in Illinois by
17 ensuring a predictable, transparent, and efficient CON
18 process.

19 I thank you for accommodating my request to
20 address the Board on these very important considerations.
21 As an engaged and active participant voting on the
22 prevailing side of both the Task Force and the subsequent
23 legislation, I feel I have a vested interest in ensuring
24 we, the Board, the State, and our healthcare providers, in

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1 fact, are meeting our State reform goal. I appreciate your
2 consideration. Thank you very much for the courtesy.

3 CHAIRMAN GALASSIE: Thank you, Senator. Have
4 a good day. Certainly consistent, predictable and
5 transparent goals are what we all want to achieve. It's
6 that efficiency one that scares me a little bit. Thank you
7 very much.

8 That having been said, I believe we are
9 prepared to move into Executive Session. Can I have a
10 motion to move into Executive Session?

11 MR. HAYES: So moved.

12 MR. HILGENBRINK: Second.

13 CHAIRMAN GALASSIE: Ladies and gentlemen, we
14 ask that you clear the room, and we will be moving into
15 Executive Session, based on Sections 2(c)(11), 2(c)(5),
16 2(c)(21), and 2(c)(1).

17 (Recess from Open Session)

18 (Executive Session held)

19

20 *****

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1 START TIME: 11:05 a.m.

2

3 CHAIRMAN GALASSIE: Thank you very much for
4 your patience. Again, good morning, those of you that
5 weren't here. There are -- we're sorry that the seating is
6 what it is. It's a capacity crowd, as you all know and
7 understand.

8 Let me start by saying that we -- one of the
9 challenges of managing this process is having a public
10 testimony portion within the meeting itself, as opposed to
11 public hearings. Those of you that were here to hear
12 Senator Althoff earlier, we have a strong desire for
13 transparency, and we truly do, from public hearing process
14 to public statement process here at the meeting. That
15 having been said, we have designed rules that we hope
16 respect everyone. So, we've asked that you limit your
17 comments to two minutes. We will let you know when two
18 minutes is up. We do it respectfully. We mean it
19 respectfully. With respect to all of the other
20 individuals, some of us tend to talk longer than others,
21 and we simply don't have that flexibility.

22 There's approximately 25 individuals that have
23 asked to speak here this morning to this issue, both in
24 support and/or in opposition. When we call your name -- we

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1 will actually call two or three names, asking you to sort
2 of cue up, if you will, and just come right up to this
3 table. There are microphones. You'll introduce yourself
4 and spell your name for our recorder. You will not have to
5 be sworn in. And, again, we will try to cue three or four
6 people up at a time, to keep things moving for all of you.

7 MS. OLSON: Mr. Chairman, could we just
8 reiterate one more time -- if you've submitted something in
9 writing, we've read it. Please do not come up here and
10 read it again. We have a long day ahead of us, and I'm
11 going to stop you. I've read it all, and I don't want to
12 hear it again. Something new.

13 CHAIRMAN GALASSIE: Perhaps not that we don't
14 want to hear it again, we just don't necessarily think it's
15 necessary.

16 MS. OLSON: Okay. I stand corrected.

17 CHAIRMAN GALASSIE: Thank you very much.

18 Let's start the public hearing.

19 MS. AVERY: This is the Mercy Crystal Lake
20 Hospital testimony to support the project, and the order
21 that I would go in is to keep going with all of the
22 supports and then the opposition. There may be one or two
23 that's out of order, because we're missing a couple forms
24 that we tried to keep in numerical order.

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1 (Upcoming speakers identified)

2 CHAIRMAN GALASSIE: Also, we have at least
3 two individuals that have asked to testify both in support
4 and in opposition. Take your pick. You don't get both.
5 Thank you very much.

6 I believe we are going to hear from Mr. Dan
7 Colby.

8 MR. COLBY: Good morning, Mr. Chairman,
9 Members of the Board. My name is Dan Colby. I live in
10 Harvard, Illinois, and I am here today speaking for the
11 project, the Mercy project.

12 This project has been before you for about a
13 year. It has generated two public hearings, all-day
14 hearings. It has generated, of course, public comment at
15 these meetings. You've read thousands of pages of
16 testimony. You have thousands of support letters and
17 petitions and every other media involved. So, I am not
18 here to waste your time today with more details on what the
19 project is. But I do want to mention two things.

20 One, your rules do say that there is a bed
21 need in this county, in the A-10 county, and we have the
22 proposal for the right hospital at the right location at
23 the right time, taking care of the patients in that area.

24 And, two, this is a project that brings \$115

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1 million of Wisconsin investment to Illinois, to create 800
2 construction jobs and 1,000 healthcare jobs right now, when
3 we need it.

4 So, in the interest of time, I thank you for
5 your time, and I have nothing more to say.

6 CHAIRMAN GALASSIE: Thank you, sir.

7 Mr. Tom Jensen.

8 MR. JENSEN: Good morning. Thank you. My
9 name is Tom Jensen. I work for Mercy Health System, and
10 I've been asked by Legacy Healthcare Consultant's Brett
11 Turner to read a letter.

12 "To whom it may concern: My name is Brett
13 Turner. I am Managing Principal of Legacy Healthcare
14 Consultants, based in Lake Zurich, Illinois. As a
15 healthcare planner for 25 years and concerned local
16 resident of the area, I want to express my support for the
17 Mercy project in Crystal Lake. I am writing this letter to
18 reinforce the reasons for the Health Facilities Review
19 Board to approve this important project.

20 One, the result of the 2010 U.S. census and
21 the persistent melee of the local economy remind us of the
22 juxtaposition between remarkable population growth, which
23 McHenry County enjoyed during the last decade, especially
24 in the densely-populated southeast corner, including

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1 Crystal Lake, and how rapidly the economic downturn slowed
2 current population gains to the area. Fortunately, the
3 large number of residents who moved to the area have
4 stayed, producing the largest unmet need for new healthcare
5 hospital beds in the state.

6 Mercy has modified its project to a scope and
7 cost that is prudent and comparable in size to most new
8 hospitals being built in the Midwest. In my opinion, Mercy
9 made a very responsible decision to downsize its proposed
10 project to a more affordable level."

11 MR. MORADO: Thirty seconds.

12 MR. JENSEN: "It now will offer a needed
13 healthcare resource to residents that are sure to operate
14 at or near capacity from the time it opens.

15 Since the Health Facilities Review Board does
16 not undertake a comparative review process, I am
17 sympathetic to the difficult position the Board faces with
18 two new hospital projects under review in the same county
19 at the same time. As a planner, an ideal scenario for the
20 current and foreseeable future for healthcare in McHenry
21 County is one that will include a new, smaller Mercy
22 hospital in Crystal Lake and for Centegra Health System to
23 reconsider its previously-approved women's center project
24 at Centegra Woodstock. As a healthcare planner and area

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1 resident, that is a vision for local healthcare that we can
2 all be excited about.

3 Sincerely, Brett Turner"

4 CHAIRMAN GALASSIE: Thank you, Mr. Jensen.

5 Mr. Fredrick Wickham.

6 I apologize if I'm not pronouncing anyone's
7 name correctly.

8 MR. WICKHAM: Good morning. Thank you. My
9 name is Fred Wickham. I'm a 40-year resident of Crystal
10 Lake. I served on the Crystal Lake City Council for eight
11 years and for one year on the Crystal Lake Zoning Board.

12 Seems apparent to me that there are two
13 primary issues regarding proposals for a hospital in
14 McHenry County. The first issue is the need for a
15 hospital, and the second is determining the appropriate
16 location. The need for a hospital in Crystal Lake has been
17 clearly and consistently identified by the people in
18 Crystal Lake. The need for a hospital in Crystal Lake is
19 well documented. In an effort to get a hospital for
20 Crystal Lake, a group was formed in the early 1960's, again
21 in 1971, and in '73 a study was conducted. It was
22 determined that a hospital was indeed needed in the Crystal
23 Lake area. As a result of that study, the Sherman Ambutal
24 property was annexed in to the city of Crystal Lake.

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1 In July 1981, the City Council authorized two
2 members of the City Council to arrange a meeting with
3 government officials in Springfield for the specific reason
4 to investigate the possibility of securing a local
5 hospital. Then in November 1981, a Crystal Lake Hospital
6 Association requested adoption of a resolution enforcing a
7 hospital in the Crystal Lake area.

8 MR. MORADO: Thirty seconds.

9 MR. WICKHAM: That makes it short.

10 The point is that at least three times, the
11 City Council has authorized a proposal for a hospital in
12 Crystal Lake, on three different occasions over a period of
13 many years and as late as this year, most recently made --
14 again approved a hospital for Crystal Lake. Clearly the
15 Mercy Hospital System provides the best location, because
16 it is bounded by -- it is approached by two different
17 highways, major highways, Highway 14 and 31. Nearly
18 everyone -- I'm shortening this as much as possible.

19 CHAIRMAN GALASSIE: Thank you.

20 MR. WICKHAM: -- believes a need for a new
21 hospital exists, especially the people in Crystal Lake.

22 When all calculations have been made and all
23 arguments have been presented, it is the people in the
24 community that best tell us what needs exist and how to

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1 best meet those needs. I recommend and I request that the
2 Board approve this project that Mercy Hospital has
3 presented, because it is in the best needs of the people in
4 the community.

5 Thank you.

6 CHAIRMAN GALASSIE: Thank you, Mr. Wickham.

7 Tamera Demodica.

8 MS. DEMODICA: Good morning.

9 (Upcoming speakers identified.)

10 MS. DEMODICA: Good morning. I hope,
11 Ms. Olson, I can give you something you haven't heard.

12 MS. OLSON: Thank you. I appreciate it.

13 MS. DEMODICA: Would you please imagine for a
14 moment that you are a self-employed person, such as I and
15 my husband are, without health insurance, unfortunately.
16 The following is a true account, backed up with
17 documentation, regarding the path that I have taken that
18 led me to the Mercy Health System.

19 My husband has many medical conditions that
20 require us to purchase a lot of medicine. But don't worry.
21 We're getting really great medical care with Mercy Health
22 system. With my husband's health in need of constant
23 monitoring, he requires regular blood tests. Many years
24 ago we went to Centegra for a blood test and we had no idea

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1 that this blood test would cost as much as it did. We
2 asked before the test how much it would be, but no one knew
3 the answer. So, we just assumed that it would be somewhere
4 between 150 and 200. Wow, were we surprised. It was
5 several hundreds of dollars more for just one blood test.

6 After receiving this ridiculous joke of a
7 bill, I contacted Centegra's corporate and asked if there
8 was a mistake. But it was not a mistake. This is their
9 blank check policy they have not been held accountable for.
10 I mentioned that I didn't have health insurance and I felt
11 it was wrong to charge so much for a blood test, and their
12 response was, "Well, we have to pay for our testing
13 equipment and we're entitled to make a profit."

14 The following week I received a certified
15 letter in the mail from Centegra, stating they will no
16 longer serve my family, and it was signed with a generic
17 title, all because I questioned the cost of a blood test.
18 This is a model example of the state of our healthcare
19 system that is currently in place in McHenry County.

20 MR. MORADO: Thirty seconds.

21 MS. DEMODICA: It's somewhat of a monopoly
22 that we have in McHenry County. This is a democracy. We
23 need the proper values. Future excellence of our community
24 demands it. If you don't allow Mercy to build their

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1 hospital, we will all suffer in the hands of a blank check
2 policy Centegra. The other ones are geographically
3 unsuitable. If you don't understand what I mean, then I'm
4 sure that Mayor Shepley can explain it to you.

5 If we don't have Mercy Health System to
6 balance the competitiveness, then there will be a black
7 cloud over our community. As I have mentioned before,
8 please allow us to have our freedom of choice.

9 Thank you.

10 CHAIRMAN GALASSIE: Thank you very much.

11 Appreciate your comments.

12 We are now moving into individuals who oppose
13 the project, and we'll be starting with Blake Hobson.

14 MR. HOBSON: Good morning. My name is Blake
15 Hobson. I serve as a Board member on the McHenry County
16 Economic Development Corporation. I'm also a small
17 business owner in Huntley.

18 As a board, the EDC considered both the Mercy
19 and the Centegra proposals. After discussion and
20 evaluation, we decided to issue a resolution in support of
21 the Centegra proposal. Unfortunately and ultimately, we
22 decided not to support Mercy, and the reason is simple.
23 The Centegra proposal is in the best overall economic
24 interests of McHenry County. Crystal Lake is great, but

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1 Crystal Lake is well developed and is already well served
2 by existing medical facilities. A new hospital in Huntley,
3 on the other hand, would put hospital beds where they're
4 needed most. If you look at a map you will see that in the
5 south central area of McHenry County, there's a void. This
6 is exactly where our community is growing. In the 2000 --
7 since the 2000 census, Huntley has grown by 324 percent and
8 CMAP further projects another 100 percent in growth by the
9 year 2030. Right now there are 109,000 residents within a
10 five-mile radius of Huntley.

11 A hospital in this location would address the
12 needs of the under served and also foster significant
13 economic development in that area. Further, as a small
14 business owner I employ 45 people. Recently, we've had two
15 injuries that required a hospital visit. The closest
16 hospital to us is the Sherman facility in Elgin. That's a
17 25-minute transit time. The Centegra facility in Huntley
18 would be less than five minutes. I'm concerned that that
19 20 minute delta, that 20-minute difference in transport
20 time could mean the difference between life and death.

21 Finally, the board of our local newspaper, the
22 Northwest Herald, concurred with the conclusions of the
23 McHenry County Economic Development Corporation that the
24 Centegra project was the right project for McHenry County.

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1 As my realtor friends say, it's all about location,
2 location, location, and the Centegra project is in the
3 right location. The Mercy project is not in the right
4 location. I urge you to deny the Mercy request.

5 Thank you.

6 CHAIRMAN GALASSIE: Thank you, Mr. Hobson.

7 Appreciate your comments.

8 Good morning, Ms. Lambert.

9 MS. LAMBERT: Good morning. I'm Karen
10 Lambert, and I'm President of Advocate Good Shepherd
11 hospital. Thank you, Chairman GALASSIE and Members of the
12 Board for being here today. I believe you have a very
13 important decision to make.

14 Opposing projects isn't something that, as a
15 hospital president, I like to do, but I feel very strongly
16 about both of these projects and the lack of need for
17 either one of them today. We're here to address whether
18 this new hospital or any new hospital is needed in McHenry
19 County. We're here today as part of the Certificate of
20 Need process.

21 Six months ago, you heard testimony, reviewed
22 the record, and voted an Intent to Deny both projects in
23 McHenry County, and I ask what has changed? Mercy has
24 significantly reduced the scope of their project, and while

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1 we appreciate their attempt to minimize the negative
2 impact, we now have a proposed project that doesn't comply
3 with your rules.

4 What else has changed? We have not seen the
5 trend towards closure of hospitals anywhere in the area
6 would create such a need. In fact, the opposite is true.
7 Fewer people are utilizing hospital care than a year ago.
8 I know that applicants will likely stress that the Board's
9 revised bed calculation, which extended population
10 projections to 2018, showed an increase and that now this
11 is proof that a hospital is needed. On the same day that
12 the Board released its bed inventory, it also released its
13 2010 AHQ data, which showed a loss of med/surg, ICU, and OB
14 volumes, and as an example, Centegra McHenry 2,500 fewer
15 patients in 2010 than in 2009. Centegra Woodstock saw less
16 than -- I'm sorry -- 1,800 fewer patients, and Mercy
17 Harvard continued at about a 28 percent utilization.

18 MR. MORADO: Thirty seconds.

19 MS. LAMBERT: This is a national trend, and
20 it's not just a decrease -- just not unique to this area.
21 The Board's recent 2010 AHQ data suggests there are now
22 more empty beds in McHenry County than there were in June
23 and that the applicants are proposing to build new
24 hospitals when they can't fill the beds in the hospitals

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1 they already have.

2 There really is no need at this time, and I
3 hope that you'll vote again.

4 Thank you.

5 CHAIRMAN GALASSIE: Thank you very much.

6 Mr. Doherty.

7 MR. DOHERTY: Good morning, Mr. Chairman and
8 Members of the Board. My name is Jay Doherty. I'm
9 President of the City Club of Chicago, a 108-year-old civic
10 organization in Illinois' premiere public affairs forum. I
11 also operate my own public affairs firm. I was born in
12 McHenry County, in McHenry, the second of 10 children. My
13 eight sisters and my brother still live in McHenry County.
14 My father, 85 years young, served as Mayor of McHenry for
15 12 years and then on the County Board for 20 years. Both
16 of my aunts, Beatrice Newkirk and Virginia Williams, served
17 on the Hospital Board of McHenry Hospital. My cousin,
18 Chris Newkirk, served on the Centegra Board for 15 years.
19 I am a board member of Misericordia Hope and have served on
20 that board over 10 years. I was honored last year to
21 receive the for Special Olympics, Chicago's highest honor,
22 the Supreme Court Justice Anne M. Burke Award.

23 When Sister Rosemary, a Sister of Mercy nun,
24 who has run Misericordia for 43 years, asked me to

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1 represent the children and adults with special needs on the
2 Illinois Task Force for Health Planning Reform, I agreed on
3 the spot. Anyone who knows Sister Rosemary knows you
4 always agree with her immediately.

5 We all know why that Task Force was created.
6 Number one, it was illegal activity in 2004 involving a
7 corrupt board member; number two, influence peddling;
8 three, kickbacks; and on and on and on.

9 MR. MORADO: Thirty seconds.

10 MR. DOHERTY: Coincidentally, as our former
11 governor is being sentenced for what the U.S. Attorney
12 described as pay to play on this very day on this very
13 hour, the same people who were at ground zero of that 2000
14 project are coming back with the identical project, a
15 70-bed Mercy Crystal Lake hospital. I know McHenry County.
16 The need for new hospital beds is not in Crystal Lake.

17 Finally, I'm a graduate of St. Patrick in
18 McHenry, 1967, educated by the Sisters of Mercy. Our
19 principal was Sister Paulina, a close friend of Sister
20 Rosemary at Misericordia and also a friend of Sister Sheila
21 Lyne at the real Mercy Hospital at 2500 South Michigan
22 Avenue in Chicago. One thing I learned about growing up in
23 McHenry County, I know who the Sisters of Mercy are, and I
24 learned who they are, and the Mercy Alliance is not the

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1 Sisters of Mercy. You can be sure that if it were the
2 Sisters of Mercy running the organization, it's Chief
3 Executive Officer would not be pulling down \$4.2 million a
4 year.

5 I hope we will not see that replay of 2004 and
6 that this time the Mercy Crystal Lake project is denied.

7 Thank you very much.

8 CHAIRMAN GALASSIE: Thank you, Mr. Doherty.
9 Mr. Mulay.

10 MR. MULAY: Good morning. My name is Mike
11 Mulay. I'm the Controller for Sherman Hospital at Elgin.
12 I'm here in opposition of the establishment of the proposed
13 Mercy Crystal Lake hospital and medical center. We simply
14 cannot afford a new hospital at this time, particularly in
15 an area like McHenry County, which is already well served
16 by the existing hospitals.

17 Healthcare in its present form is
18 unsustainable, representing 17 percent of this nation's
19 GDP. The question now becomes how do we get ourselves out
20 of this issue without assailing future generations with
21 more debt? The answer is not to build more hospitals, but
22 to ensure existing hospitals are strong and provide high
23 quality, cost-effective healthcare to those in need,
24 particularly the most vulnerable in our society.

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1 Sherman is a Regional Safety Net Provider. In
2 2010, we provided approximately 45 million in community
3 benefits to residents, which included nearly 3 million in
4 charity care and 41 million unreimbursed care to Medicaid
5 and Medicare beneficiaries.

6 As I'm sure this Board is aware, all levels of
7 government are under extreme pressure to slash projects,
8 and healthcare is in the crosshairs. Just two weeks ago,
9 the U.S. Congressional Joint Select Committee on Deficit
10 Direction, otherwise known as the Super Committee,
11 announced it was unable to come to an agreement on a
12 deficit reduction strategy. As a result, an automatic two
13 percent cut in Medicare payments to providers over 9 years
14 will go into effect, starting in January of 2013.
15 Furthermore, uncontained Medicaid spending has contributed
16 to the State's budget deficit and has resulted in uncertain
17 reimbursement and longer payment delays. As such, faced
18 with increasing demand for safety net services --

19 MR. MORADO: Thirty seconds.

20 MR. MULAY: -- existing providers are under
21 constant pressure to continue to do more with less. A new
22 hospital will impair the ability of existing hospitals,
23 such as Sherman, to provide vital safety net services to
24 the region's most vulnerable residents. The proposed

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1 hospital will be located in an affluent area of McHenry
2 County and will draw higher paying Medicare and commercial
3 patients away from existing hospitals. Hospitals like
4 Sherman need these patients to subsidize the safety net
5 services we provide to the region. Without them, we will
6 be forced to scale back or eliminate many critical
7 programs.

8 Ensuring the strength and ongoing viability of
9 existing hospitals which provide a crucial role in the
10 health of the region is more important than establishing a
11 new hospital closer to residents. I urge this Board to
12 deny the application for the proposed Mercy Crystal Lake
13 hospital. Thank you for your time.

14 CHAIRMAN GALASSIE: Thank you, Mr. Mulay.

15 (Upcoming speakers identified.)

16 CHAIRMAN GALASSIE: Good morning, folks.

17 Ms. Glosson.

18 MS. GLOSSON: Good morning. My name is Dr.
19 Frances Glosson. I'm currently the Director of Community
20 Learning Strategies and Integration for Centegra Health
21 System. I'm here today though to talk to you about the
22 Healthy Community Study and the MAPP Initiatives, because I
23 was involved with that process and that project. I am one
24 of the Centegra associates who worked on it. I interviewed

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1 key informants and matched key informants to the
2 interviewers. I can talk about it with first-hand
3 knowledge.

4 So, we, Centegra, we were one of the five core
5 members, and we helped fund the 2010 Healthy Community
6 Study. We led the planning and participated in all aspects
7 of the study, just as we did in 2006. Remember, MAPP
8 stands for Mobilizing for Action through Planning and
9 Partnership, and it takes dedication and commitment.

10 Out of the 2006 Health Community Study, the
11 MAPP group was formed as a way to address what we are
12 learning from the study. So, you probably are familiar
13 with this model through the National Association of County
14 and City Health Officials. It's community-driven.

15 I want to make it very clear to you that Mercy
16 made the choice not to continue to work with the MAPP
17 group. They did not fund nor did they task the project.
18 They also made the choice not to participate with the
19 initiatives that were identified. In the public hearing on
20 the project in October, Mr. Richard Gruber stated that "I
21 am here to represent the fact" --

22 MR. MORADO: Thirty seconds.

23 MS. GLOSSON: " -- that we're here to serve
24 the communities that we represent in our application." He

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1 continued to say, and I quote, "We carefully reviewed the
2 study." Reviewing the study is not the same as funding the
3 study, partnering with the study, commitment and dedication
4 and tasking the results of the study. So, I don't need to
5 tell this Board that it takes more than just a review.

6 I am here to say that Centegra has served this
7 community for 98 years. They are committed. They are
8 dedicated, and I'm counting on you to make the right
9 decision for our community, McHenry County.

10 Thank you for your time.

11 CHAIRMAN GALASSIE: Thank you, Dr. Glosson.

12 Kelly Clancy.

13 MS. CLANCY: Good morning. I'm Kelly Clancy,
14 and I'm the Vice-President of External Affairs for Alexian
15 Brothers Health System.

16 Our hospital, St. Alexius Medical Center, is
17 one of several regional medical centers that provide
18 outstanding care for southeastern McHenry County residents.
19 I'd like to start off by recognizing the vital role that
20 the Review Board has played in determining the healthcare
21 needs of the McHenry County area.

22 Just a few months ago, Review Board members
23 decided, by an eight-to-one vote, to deny this Mercy
24 application, essentially saying that there is no need for a

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1 new hospital. The Review Board is considering this
2 proposal again, and despite the fact that this revised
3 application asks for fewer beds, in reality nothing has
4 changed. Just as the Review Board heard in June when it
5 voted to deny this application, this hospital would cause a
6 needless duplication of services, hurt nearby medical
7 providers, and increase medical costs for everyone. Right
8 now there are, on average, more than 300 empty hospital
9 beds available every day at hospitals in the southeastern
10 McHenry County area, more than 300 per day, enough to fill
11 a couple of community hospitals. It's obvious that this
12 new project does not fulfill a need. There is no need.

13 It is never a good time to approve a hospital
14 that is destined to be under utilized. It's especially bad
15 today. Like most people in this room, I've seen firsthand
16 how brutal the financial environment is for hospitals.
17 Federal, state and local governmental entities are broke,
18 and that means cuts are on the way, such as the two percent
19 slash in Medicare payments announced just last month.

20 MR. MORADO: Thirty seconds.

21 MS. CLANCY: Those cuts by the Federal
22 government, with the uptick in charity care and more people
23 on Medicaid because of the economy, are a recipe for
24 disaster. A new hospital in McHenry County would result in

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1 too few patients spread among too many hospitals, and the
2 healthcare trend is for more patients to receive care
3 outside of a hospital, which will create even more empty
4 beds.

5 I'd like to ask the review Board to take these
6 factors into consideration and once again deny this
7 hospital application.

8 Thank you.

9 CHAIRMAN GALASSIE: Thank you, Ms. Clancy.
10 Mr. Michael Splitt.

11 MR. SPLITT: Good morning. My name is Mike
12 Splitt. I'm a resident of McHenry County. I want to take
13 this opportunity to thank you all for being here today and
14 hearing everybody.

15 McHenry County is a booming area, and I don't
16 think you guys need to be told that so many times, but it
17 has changed from miles of farmland with two-lane roads off
18 of Randall Road, and now Randall Road, most of it is four
19 lanes and up to eight lanes in some places. The farthest
20 exit to McHenry County off the expressway, which would be
21 Route 47, getting to the edge of McHenry County is now
22 being expanded because of a phenomenal growth in the
23 County, with a \$69 million project that is set to start in
24 a year or two because of the extensive growth out that way.

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1 Route 47 and I-90 into Huntley is currently being widened
2 because of this increased traffic need. This is exactly
3 where the future is going to be in this county.

4 Speaking of growth, McHenry County is a
5 community that has nearly doubled in population since 1980.
6 As your bed-need projections show, our community needs have
7 increased in access to inpatient care. There are already
8 three acute care hospitals in the county, and all three are
9 located in the north or central portion of the county.
10 Mercy's proposed hospital in Crystal Lake is located in an
11 area that does not need any additional services. In fact,
12 placing a hospital there would put it within 10 miles of
13 three other hospitals. McHenry County is over 600 square
14 miles of space. Approving a hospital that is so close to
15 the other facilities would not only jeopardize the
16 utilization of existing facilities, but also deny the
17 residents in the growing southern portion of the county
18 close access to healthcare.

19 MR. MORADO: Thirty seconds.

20 MR. SPLITT: Centegra is the largest employer
21 in the county with close to 4,000 associates. One of the
22 examples of the second largest employer is Wal-Mart, who
23 does a lot of studies on demographics. They have put a
24 Super Wal-Mart there in Huntley, and they usually know

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1 where all of the growth is, and we would like to copy that
2 mindset.

3 The Crystal Lake Zoning Board of Appeals spoke
4 to Mercy in 2003 about their plans for the hospital. Two
5 of the existing Board members of the Zoning Board expressed
6 concerns about Mercy's proposed site, which remains the
7 same, the site being the same as it was before.

8 MR. MORADO: Please conclude your comments.

9 MR. SPLITT: Thank you. I would like to thank
10 you in advance for accepting and approving the Huntley
11 site, and thank you very much.

12 CHAIRMAN GALASSIE: Thank you, Mr. Splitt.

13 Mr. Ploszek.

14 MR. PLOSZEK: Hi. Good morning, everyone. My
15 name is Mike Ploszek. I am the Vice-President for
16 Ambulatory Services and Community Strategy at Advocate Good
17 Shepherd Hospital.

18 Back in June, you as a Board approved the
19 construction of the new 94-bed Shiloh Hospital in St. Clair
20 County. The applicants for the new McHenry County
21 hospitals will tell you that the application for the Shiloh
22 Hospital in St. Clair County and the one here in McHenry
23 County is the same. Folks, the applications could not be
24 more different.

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1 Dr. Burden, I know you were especially
2 concerned that day about denying two new hospitals earlier
3 in the day and then approving Shiloh, but please know that
4 the applications could not be more different, and your vote
5 back in June was not inconsistent in any manner.

6 First, approval of Shiloh Hospital reduced 100
7 beds at a nearby hospital, resulting in a net decrease for
8 the Planning Area. In contrast, a new McHenry County
9 hospital will create a significant increase in beds.

10 Second, St. Clair County, home for the new
11 Shiloh Hospital, has more substantial needs than McHenry
12 County. I just ask you to reference the board I just put
13 up. Recently completed study by the well-respected and
14 nationally renown Robert Wood Johnson Foundation ranked
15 Illinois and looked at the overall health status of 102
16 counties in the state of Illinois. Their study shows, as
17 you can see here graphically represented, McHenry County
18 has a very high health status, ranked fourth highest in the
19 state on health outcomes, seventh highest on health
20 factors.

21 MR. MORADO: Thirty seconds.

22 MR. PLOSZEK: In contrast, St. Clair, as you
23 can see, ranked 94th in health outcomes and 100th on health
24 factors. As well, economically-advantaged McHenry County,

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1 7th highest county in Illinois versus 99th for St. Clair.

2 One last very important point that I'd like to
3 bring up about the relative need for a new hospital in
4 McHenry County. As you have heard before, Good Shepherd
5 Hospital is located less than 4,200 feet from the McHenry
6 County planning border. If the border were located less
7 than one mile to the east, Good Shepherd would be located
8 in the same planning area of the new hospital. The beds at
9 Good Shepherd meet all of the beds needed to meet the
10 State's recently-adjusted bed-need calculation. So, what
11 I'm saying is that if the border were located just 4,200
12 feet to the east, the bed need in McHenry County would be
13 nonexistent for med/surg, for OB, and for ICU beds. And so
14 is the location of an arbitrary County Board planning
15 border the basis for saying we should conclude we should
16 have another hospital? I would argue not. I believe there
17 is no need for another hospital in McHenry County, both
18 based on health status and prosperity and particularly
19 considering that the State bed need would be nonexistent if
20 the county border planning border were simply 4,200 feet
21 further east.

22 Thank you, and I ask you to affirm the no vote
23 that you made earlier this year. Thank you very much.

24 CHAIRMAN GALASSIE: Thank you, Mr. Ploszek.

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1 (Upcoming speakers identified.)

2 CHAIRMAN GALASSIE: Good morning, sir.

3 MR. ZANCK: Thank you. My name is Tom Zanck.

4 Thanks for the opportunity to visit with you today.

5 I'm a life-long resident of McHenry County,
6 Illinois. I've had a business in downtown Crystal Lake for
7 more than 35 years, employ more than 25 people there, and
8 have for more than 15 years.

9 I have followed the application process of
10 these hospitals through the years. I'm familiar, as we all
11 are, with the flawed application of Mercy in 2003. I
12 opposed that application at that time. I oppose the
13 application at this time.

14 As we know, in 2003 that application was
15 thrown out by Judge Maureen McIntyre. The next application
16 occurred nine days after Centegra made a large press
17 release that was covered all over McHenry County,
18 indicating they were going to file an application with you
19 ladies and gentlemen for a 128-bed hospital in Huntley,
20 Illinois. Nine days later Mercy filed an application for a
21 similar number, a 128-bed hospital. In June, you turned
22 that application down. Okay. What did Mercy do? Mercy
23 went back and contrived their numbers, went back to their
24 old application, which was thrown out by Judge McIntyre in

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1 '03. Basically, Mercy is in a position where they're
2 either pandering to the Board or they're just saying
3 whatever needs to be said to attempt to get an application.

4 We all know in McHenry County, in Crystal
5 Lake, that this is the same application that was thrown out
6 in '03. It's the same people. It's the same location. In
7 fact, even Chicago, Illinois, through the Tribune, wrote an
8 article the other day linking the '03 application to this
9 application.

10 MR. MORADO: Thirty seconds.

11 MR. ZANCK: Okay. Bottom line, when we have
12 medical concerns in downtown Crystal Lake, my employees or
13 I, we go north a few minutes to Centegra in Crystal Lake or
14 we go west a few minutes to Centegra in Woodstock or we go
15 east to Good Shepherd Hospital. We're adequately served in
16 Crystal Lake, Illinois. The people who don't have hospital
17 care, who are removed from it, are the people in
18 southwestern Crystal Lake, the people in Huntley, western
19 Lake in the Hills and Algonquin. I oppose this project. I
20 urge you to approve the Centegra Hospital in Huntley.

21 Thank you very much.

22 CHAIRMAN GALASSIE: Thank you, Mr. Zanck. We
23 appreciate your comments.

24 Ms. Angela Felton.

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1 MS. FELTON: Can I have my daughter pass out
2 something to each of you?

3 CHAIRMAN GALASSIE: Sure.

4 (Pause)

5 CHAIRMAN GALASSIE: Feel free to begin while
6 she's passing those out.

7 MS. FELTON: My name is Angela Felton. I'm a
8 resident of Huntley. I'm here to strongly oppose a Mercy
9 Hospital in Crystal Lake. This is personal for me and my
10 family.

11 On February 15th, 2011, my husband Tom Felton
12 died because he did not have immediate access to a hospital
13 in Huntley. That day he picked up our kindergartner from
14 the bus stop, came home and collapsed on the floor. Tom
15 was a big, strong construction worker, and when he fell, it
16 was scary for me and my daughter and my daycare children.
17 I immediately called 911, and when the ambulance arrived to
18 assess Tom, they took him to Sherman, the closest hospital
19 to our home. It took 20 minutes to get to Sherman.

20 When my daughter and I arrived at Sherman, Tom
21 was sitting on a gurney in the hallway. I won't share the
22 horrible details with you, but we were terrified by his
23 condition. He received an x-ray and was rushed to CAT
24 scan, where he coded. I watched the staff do CPR on my

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1 husband. They worked on him for 30 minutes, but nothing
2 could be done. Tom was pronounced at 6:32 p.m. He was 36
3 years old. My daughter did not have a chance to say
4 good-bye to her daddy.

5 I strongly believe Tom would be alive today if
6 there would be a faster access to a hospital. I think
7 about it every day. What I hear people talk about the
8 available beds in our region, I wonder if they know how
9 often ER's that serve Huntley are overcrowded. If Centegra
10 Huntley Hospital were in the community last February, I
11 would still have my husband, and my daughter would still
12 have her daddy. We had wonderful plans for our future that
13 included making Kayla a big sister and growing old
14 together. I don't want another woman to have to go through
15 the pain I've suffered in the past year.

16 So many people are making this about big
17 business, and I understand that it's not simple to propose
18 a hospital and have it approved. Still, I want you to
19 remember the real people this hospital will help, like my
20 husband, like me, and like my daughter. I think people
21 like us are the real reason my community deserves better
22 access to a hospital.

23 I do not understand why the Board would
24 consider putting a new hospital in a city that is already

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1 currently served by three others within eight miles. The
2 new hospital needs to be in Huntley, not Crystal Lake.

3 Thank you.

4 CHAIRMAN GALASSIE: Thank you, Ms. Felton.

5 We appreciate your comments, and we certainly share in your
6 loss. Good luck to you. Thank you.

7 Mr. Piekarz.

8 MR. PIEKARZ: My name is Lee Piekarz. I'm
9 Senior Manager with Deloitte Financial Advisory Services.
10 I've been asked by Centegra Health system to comment on the
11 Mercy modified application.

12 Centegra's existing hospitals are located
13 within eight miles from Mercy's proposed site. Based on
14 Mercy's CON application and physician referral letters, the
15 project is dependent upon large volumes of patients being
16 taken from the two nearest hospitals, Centegra Hospital
17 Woodstock and Centegra Hospital McHenry. In fact, 88
18 percent of the new hospital's inpatients would come from
19 Centegra facilities. This is a significant majority of
20 Mercy Crystal Lake's proposed patient base. Even though
21 they downsized their proposal, their second proposal,
22 physician letters and the resulting referral were not
23 reduced. The loss in inpatient volume alone would have a
24 material impact on Centegra and would reduce the system's

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1 financial standing by approximately \$11.7 million. To put
2 that number into context, Centegra Health System's net
3 income for 2010 was \$3 million. Mercy Crystal Lake
4 hospital would put Centegra in the red. Such a loss could
5 jeopardize the current healthcare services they provide.

6 It is also important to note that the
7 anticipated impact that Mercy Crystal Lake hospital would
8 have on Centegra is not based on projections as much as it
9 is based on the promise of Mercy physicians to divert their
10 patients to their proposed facilities. Worse, many of the
11 patients they claim will use the facility will have to
12 drive past at least one existing hospital to get there.

13 MR. MORADO: Thirty seconds.

14 MR. PIEKARZ: I ask this Board to consider the
15 impact of a new hospital in Crystal Lake, what it would
16 have on Centegra Health System and the community at large.

17 Thank you.

18 CHAIRMAN GALASSIE: Thank you, Mr. Piekarz.
19 Are you the auditing firm for Centegra?

20 MR. PIEKARZ: No.

21 CHAIRMAN GALASSIE: And you were asked to
22 present here by whom?

23 MR. PIEKARZ: Centegra.

24 CHAIRMAN GALASSIE: Thank you.

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1 MR. PIEKARZ: That was in my first sentence,
2 too.

3 CHAIRMAN GALASSIE: I'm sure. I didn't hear
4 it. I just need to know how many people are representing
5 the organization.

6 Good morning, Ms. Mitchell.

7 MS. MITCHELL: Good morning. My name is Sara
8 Mitchell. I'm a proud and active resident of Huntley, a
9 mother of six, as well as one of the top real estate agents
10 in McHenry County and a Director and Past President of the
11 Huntley Area Chamber of Commerce.

12 I'm sure you are aware Huntley has been one of
13 the fastest growing municipalities in the Chicagoland area
14 for several years. In recent years, we were considered the
15 fastest growing school district in the state. I'm here
16 today because I understand McHenry County and more
17 specifically Huntley and the Del Webb Sun City community.
18 I understand what it's like to work in local real estate,
19 and more so than any other agent in the county, I
20 understand the tremendous growth that in the area of
21 Huntley and the surrounding communities, such as Lake in
22 the Hills, Algonquin, southern Crystal Lake and Lakewood,
23 as well as northern Kane County. I have sold nearly 800
24 homes in the last 11 years, and the majority of these homes

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1 were in these communities. I see the growth in Huntley
2 because it's my job to be heavily involved in the
3 residential housing market.

4 Last year, despite the lackluster economy, the
5 Village of Huntley issued a whopping 107 permits. Through
6 just May of this year, they issued another 175 residential
7 permits, not to mention the increase we've seen in recent
8 resale home sales.

9 The Village officials have also worked with
10 the Illinois Department of Transportation on plans for new
11 and widened roads in our village. Right now they're
12 completing a major project to widen Route 47, which runs
13 through the heart of town, and in case you haven't heard,
14 IDOT is now set to begin construction this spring on a
15 interchange project at I-90 and Huntley.

16 MR. MORADO: Thirty seconds.

17 MS. MITCHELL: This massive project is not
18 just a means of improving our roadway infrastructure, it's
19 a catalyst for the future. It has never been clearer that
20 the growth we've been seeing in Huntley is for the
21 long-term.

22 Crystal Lake is already an established city,
23 and it's already receiving quality healthcare. I ask the
24 Board to bring a new hospital where it's needed most.

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1 That's in Huntley, which will serve the people of southern
2 McHenry County and northern Kane County. I strongly
3 believe it's critical to the health and well-being of our
4 community, especially considering the medical needs of Del
5 Webb Sun City residents. This community has supported and
6 financially helped the Village of Huntley and our school
7 district, so I would love to see us help them in return.

8 Over the years, I've had hundreds of potential
9 Del Webb buyers ask where is the nearest hospital. I look
10 forward to the day that I can say, "It's right up the
11 road." Please do not approve the Mercy Crystal Lake.

12 Thank you.

13 CHAIRMAN GALASSIE: Thank you, Ms. Mitchell.

14 (Upcoming speakers identified.)

15 CHAIRMAN GALASSIE: Folks, as you speak,
16 could you please pull the mic close. We have some
17 technical issues. We can't turn it up any farther. Thank
18 you.

19 MR. QUIGLEY: My name is John Quigley. I'm a
20 25-year construction management professional with about 15
21 years in the healthcare industry, and I'm going to speak
22 about why the schedule that's currently proposed is not
23 feasible.

24 I've reviewed the available information in the

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1 applications and, as proposed, Mercy has -- I think they're
2 substantially understated for their schedule time frame.
3 They've represented a 30-month time frame from the issuance
4 of the CON to project completion. We perceive that Mercy
5 would be back to the Board, looking for a schedule
6 extension, and I'll explain a few reasons why.

7 For clarity, project completion would be all
8 the components fulfilled as stated in the permit and
9 exemptions. First of all, the front end due diligence that
10 is required is significant at both the local, county, and
11 state levels between zoning and planning, storm work
12 management, Department of Transportation, IDPH, and the
13 Building Department. This is a prescribed process with the
14 County, that they are sequential and not concurrent events,
15 and with the large implications for the already congested
16 roadways and a major departure from the residentially-zoned
17 property to now a special use property, it would be at
18 least twelve months to submit and review and publicly
19 submit.

20 There's a traffic study that will certainly be
21 required on two State roads. Again, they're already
22 congested. The traffic study could not be completed until
23 next year. It would need to be executed, negotiated, and
24 the implications brought into the documents.

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1 MR. MORADO: Thirty seconds.

2 MR. QUIGLEY: Document preparation would take
3 from 12 to 14 months for a project of this size, based on
4 recent healthcare projects and similar healthcare projects
5 completed. The construction alone would take 24 to 30
6 months, with three or four more months for owner
7 furnishings and medical equipment installation.

8 So, as presented, we don't believe that there
9 is adequate time for delays in public approval,
10 construction time, the inspections and the move-in, and if
11 approved as it is, will not achieve the goals and will be
12 unable to provide the needs for the community as the time
13 table allowed.

14 CHAIRMAN GALASSIE: Thank you, Mr. Quigley.
15 Dr. Alissa.

16 MS. EROGBOGBO: Good morning. My name is Dr.
17 Alissa Erogbogbo, and I'm an OB/GYN with Centegra Physician
18 Care in Huntley and in Woodstock. I oppose Mercy's
19 proposed Crystal Lake hospital on the grounds that it will
20 not meet the healthcare needs of my patients and others in
21 the area.

22 Because Mercy has said it will employ most of
23 its physicians at Mercy Crystal Lake hospital, the facility
24 would only serve inpatients who see a Mercy physician.

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1 Local residents who now see Centegra or Advocate
2 independent physicians and want to continue to do so will
3 not be able to use the hospital. If a local resident
4 currently sees a Mercy doctor, that patient would be forced
5 to use either Mercy Crystal Lake hospital or Mercy Harvard
6 hospital. That eliminates a patient's opportunity to
7 choose a hospital based on quality outcomes and patient
8 experience.

9 Centegra Physicians Care's model puts the
10 needs of our patients first. My patients can choose a
11 hospital that is convenient to them and provides the level
12 of services they need. That is and should always be the
13 top priority of a health system. In contrast to Mercy's
14 proposal, medical staff at Centegra Hospital McHenry and
15 Centegra Woodstock include a number of physicians who are
16 employed by Mercy. My patients from the Huntley area are
17 those who need nearby access to a hospital, not those who
18 are currently served by my colleagues at Centegra Physician
19 Care in Crystal Lake.

20 MR. MORADO: Thirty seconds.

21 MS. EROGBOGBO: The women of southern McHenry
22 County and northern Kane County need improved access to
23 obstetric and gynecological services. Just as it mindfully
24 considers its patients' needs, Centegra has carefully

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1 reviewed and planned for the new hospital that best meets
2 the needs of the region.

3 Please reject Mercy's proposal for a hospital.
4 Thank you.

5 CHAIRMAN GALASSIE: Thank you, Dr. Erogbogbo.
6 Mr. Marston.

7 MR. MARSTON: Good morning. My name is Greg
8 Marston. I'm the Village President of Pingree Grove. I'm
9 proud to be here today as Village President of Pingree
10 Grove in northern Kane County. Our population was 124
11 people in 2000. However, rapid development in recent years
12 has resulted in explosive growth, and a recent census
13 conducted in 2010 reports we're now approaching 5,000. The
14 next decade, the population is expected to reach 15,000
15 people in Pingree Grove alone, which is directly south of
16 Huntley.

17 There is a misconception that growth has come
18 to a halt recently, and this is not true in Huntley or in
19 Pingree Grove. In fact, in Pingree Grove alone, we've
20 issued over 80 building permits in the last three
21 consecutive years. We'll likely conduct another special
22 census in the next couple of years to capture the recent
23 growth.

24 As I had recently stated, the Village of

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1 Pingree Grove is located just south of Huntley, just east
2 of Hampshire. The village understands and respects the
3 need to promote commercial and business activity in the
4 village to balance the tax base of our beautiful
5 residential community. To that end, the village is in the
6 process of creating new businesses along Route 20 and 47.

7 I'd like to state that Crystal Lake is not the
8 right place for a new hospital. It will not help my
9 constituents. Please consider the residents of Pingree
10 Grove in northern Kane County and vote no.

11 I support the Huntley hospital, the Centegra
12 Huntley hospital. I'd like to add two quick things. I
13 think that the Board -- I appreciate all of your efforts
14 and your time today. I think that you have a great
15 opportunity to support the Centegra Huntley hospital, which
16 accomplishes two major opportunities. One, you have the
17 opportunity to save lives. That's been mentioned earlier
18 today. And, number two, you have the opportunity to create
19 jobs. Jobs is something that the state of Illinois
20 desperately needs.

21 Thank you very much.

22 CHAIRMAN GALASSIE: Thank you, President
23 Marston.

24 Ms. Linda Deering.

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1 MS. DEERING: Good morning. My name is Linda
2 Deering, and I'm the Executive Vice-President and Chief
3 Operating Officer for Sherman Hospital in Elgin, and I'm
4 here again in opposition of the proposed Mercy Crystal Lake
5 hospital and medical center.

6 While we certainly empathize with those who
7 support the project -- everyone wants to have the
8 convenience of a hospital in their back yard -- but we must
9 consider at what cost that decision would be made, because
10 the more we as taxpayers are supporting the duplicatives
11 and unnecessary costs of hospitals, the less money there is
12 available to fund other vital services, such as education,
13 public transportation, and senior services. We all agree
14 that this decision must be made based on need for this
15 region and not based on public opinion. So, let's look at
16 a local example of what can happen when we allow
17 unnecessary duplication of services.

18 We sit right now just four miles from the last
19 new hospital that the Board approved, which is the
20 Bolingbrook Hospital. It was the first one approved in the
21 state of Illinois in over 25 years and is an example of
22 performance that did not live up to promised expectations
23 and targets. In fact, Bolingbrook was approved in 2004,
24 and since that time, the utilization has been trending

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1 downward ever since they opened in 2010, three years after
2 completion. Three years after completion the Bolingbrook's
3 medical/surgical operations --

4 MR. MORADO: Thirty seconds.

5 MS. DEERING: -- are only at 44 percent
6 utilization. They promised 139 percent utilization of OB.
7 It's functioning at 38. They promised 68 percent
8 utilization of ICU. Functioning at 55 percent. In fact,
9 it's important to know that there were three hospitals
10 within 30 minutes of the Bolingbrook Hospital, all of whom
11 had reduced utilization. Within the Mercy Hospital, there
12 are six hospitals who would very likely follow the same
13 course of decreased utilization. We know that even the
14 Bolingbrook hospital itself didn't meet the expectations
15 and negatively impacted all of the surrounding hospitals.

16 MR. MORADO: Please wrap up your comments.

17 MS. DEERING: We believe that now is
18 definitely not the right time to approve this Mercy Crystal
19 Lake hospital project.

20 CHAIRMAN GALASSIE: Thank you, Ms. Deering.

21 (Upcoming speakers identified.)

22 CHAIRMAN GALASSIE: Mr. Ryder.

23 MR. RYDER: Hi. I believe it's now time to
24 say good afternoon.

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1 So, my name is Doug Ryder, and I'm
2 Vice-President of Operations and Service Lines at Advocate
3 Good Shepherd. Thank you for your time today.

4 Our focus at Advocate is to continually
5 improve the value of our patient care, enhancing quality
6 while reducing costs. Most hospitals have been managing
7 costs by decreasing labor and supply expenses. By now most
8 hospitals have reduced expenses in these areas to the
9 extent possible.

10 To lower healthcare costs, we need to be
11 innovative and identify other avenues to improve value. A
12 key strategy at Advocate is to provide patients with
13 resources to stay in their home safely and avoid inpatient
14 admission. I would like to share with you a few of our
15 recently-adopted, innovative initiatives to keep patients
16 out of the hospital, reducing costly inpatient utilization.
17 This past year, Advocate hired 60 nurses to partner with
18 primary care physicians. These nurses help both employed
19 and independent physicians manage the care of our sickest
20 patients to prevent hospitalizations and unnecessary ER
21 visits. In today's world, physicians simply cannot
22 dedicate the time to do this important work, because there
23 is little reimbursement associated with such activities.
24 Most of these nurses are embedded in physician offices,

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1 serving as liaisons between these challenging to manage
2 patients primary care physicians. These nurse can dedicate
3 the time and effort to help these patients manage their
4 illnesses, such as diabetes and high blood pressure. The
5 nurses conduct activities such as arranging for
6 transportation to appointments and ensuring that patients
7 have their medications.

8 Also, most importantly, they regularly monitor
9 the health status of these patients so problems can be
10 addressed at the first sign of trouble, before a
11 hospitalization becomes necessary. Also, another major --

12 MR. MORADO: Thirty seconds.

13 MR. RYDER: Another major source of hospital
14 admissions is nursing home patients, and we have developed
15 a structured approach to coordinating with our nearby
16 nursing homes to keep patients in the nursing home versus
17 getting admitted to the hospital.

18 As hospital leaders who have historically
19 focused on inpatient care, we may wish that inpatient
20 utilization rates would remain the same. But constant
21 inpatient utilization rates are not reality and are not in
22 the best interests of our patients in the communities that
23 we serve.

24 Thank you for your time and consideration.

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1 CHAIRMAN GALASSIE: Thank you, Mr. Ryder.

2 Appreciate your comments.

3 Mr. Goldberg.

4 MR. GOLDBERG: Thank you. My name is Edward

5 M. Goldberg. I'm the President and CEO of St. Alexius

6 Medical Center in Hoffman Estates, Illinois.

7 St. Alexius is the primary provider of both

8 Medicaid and charity care services to the less-advantaged

9 residents of the far northwest suburbs. Last year 20

10 percent of the patients admitted to St. Alexius, one in

11 five, were Medicaid, and nearly 3.5 percent were without

12 any medical coverage whatsoever. We provided care to them

13 for no charge.

14 The proposed Mercy Hospital would make it much

15 tougher for us to attract the kind of patients who make it

16 possible to subsidize charity care services to the truly

17 needed. Mercy knows this, and what is interesting is Mercy

18 faced a similar situation several years ago when it opposed

19 a competing hospital's bid to build a location close to

20 Mercy Hospital in Janesville. Mercy's CEO was quoted in

21 the local paper as saying the new hospital would be a

22 significant hit to Mercy's bottom line. The story also

23 reported that Mercy was starting to cut non-traditional

24 health services because of the expected financial hit.

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1 Remember what the Mercy CEO said and think about how
2 significant the financial hit for Mercy's Crystal Lake
3 Hospital would be to the Alexian Brothers and the other
4 providers for McHenry County residents.

5 At St. Alexius Medical Center, we serve the
6 most vulnerable, whether or not they're in our primary
7 service area. For example, we have Bonaventure House in
8 Chicago's Lakeview neighborhood, offering housing for AIDS
9 patients for more than 20 years. The Harbor is the only
10 licensed recovery home for people with HIV/AIDS in Lake
11 County. Bettendorf Place recently opened on the south side
12 of Chicago as a supportive facility for people with AIDS/
13 HIV, offering housing as well as job training.

14 MR. MORADO: Thirty seconds.

15 MR. GOLDBERG: All of those programs would be
16 affected by the significant negative financial impact of
17 the Mercy Hospital project. The same could be said for our
18 building to serve patients at Alexian's new Children's
19 Hospital, which will open in 2013, approved by this Board.
20 More than half of the patients we serve will be dependent
21 on Medicaid.

22 I ask that you, the Members of the Review
23 Board, consider the negative ramifications of a new Mercy
24 hospital and reject this Certificate of Need request.

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1 Thank you.

2 CHAIRMAN GALASSIE: Thank you, Mr. Goldberg.

3 Mr. Newkirk.

4 MR. NEWKIRK: Thank you, Mr. Chairman. Good

5 afternoon, Board. My name is Chris Newkirk. I'm a

6 businessman in McHenry County and a fourth generation

7 resident of the county. My family has been involved in

8 wellness and healthcare in the county as long as I can

9 remember.

10 One of the most important aspects of a

11 healthcare organization is that its culture and purpose are

12 to serve the needs of the community. My observation of

13 some of the decisions of Mercy's system indicate that they

14 are more concerned about profitability of their

15 organization rather than the welfare of the community. For

16 example, Mercy has a hospital in Harvard. Even though they

17 employ many OB doctors, they have refused to reopen the OB

18 service in their facility, forcing patients who live in the

19 Harvard area to travel elsewhere for these critical

20 services. In my opinion, this was a decision for monetary

21 reasons and not a community service decision.

22 I understand that they've had their doctors

23 send you letters stating they would move all of their

24 inpatient services from Centegra to the new proposed Mercy

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1 Hospital. How can this possibly be a benefit to the
2 community that these doctors serve? It can only be a
3 detriment to the existing hospitals. We are a close-knit
4 community. When we believe in a worthy cause, we do
5 everything to ensure its success. As a local business
6 owner, I understand how your vote today will determine an
7 important component of our community's culture and identity
8 for years to come.

9 In closing, I would like to see the people of
10 Huntley have the care from a great organization such as
11 Centegra, that cares about its community, and I
12 respectfully ask you to deny the Mercy application.

13 Thank you.

14 CHAIRMAN GALASSIE: Thank you, Mr. Newkirk.
15 Gary Overbay.

16 MR. OVERBAY: That's right. Good afternoon.
17 My name is Gary Overbay. I'm the current Board Chairman of
18 the McHenry County Economic Development Corporation and a
19 25-year resident of Crystal Lake. I also have a number of
20 other affiliations and experiences that I believe give me a
21 unique perspective related to the Mercy System's proposal
22 for the new hospital in Crystal Lake.

23 In my professional life, I'm a principal at
24 Civil Tech Engineering, a traffic and transportation firm,

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1 and in that role, I've been the Village of Huntley's
2 Traffic Engineer for the last 14 years. Our firm is also
3 one of six traffic engineering consultants pre-qualified by
4 the City of Crystal Lake to perform traffic studies for
5 both retention of development and property within the city
6 and also for the city itself. In addition, my firm has
7 prepared travel time studies for both Mercy Hospital and
8 Centegra on previous CON applications.

9 I also served as the -- on the Crystal Lake
10 Planning Commission for eight years during the 90's, ending
11 my tenure as Chairman.

12 Realistically it would be very difficult, if
13 not impossible, for southeastern McHenry County and
14 northern Kane County to absorb all of the additional
15 healthcare capacity being proposed by both Mercy and
16 Centegra if both of these proposals were approved.

17 Understanding that to be the case, McHenry County Economic
18 Development Corporation found itself in the uncomfortable
19 position of having to take sides between two of our
20 investors, Mercy and Centegra, both of whom had members on
21 our Board. I believe this commission will ultimately find
22 itself in that same unenviable position.

23 I'm here today to speak against the plans --

24 MR. MORADO: Thirty seconds.

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1 MR. OVERBAY: -- for the proposed Mercy Health
2 System to construct a hospital in Crystal Lake. My
3 position speaks more to the desirability of the Centegra
4 proposal rather than any shortcoming in the Mercy proposal.
5 For me the major issue that makes the Mercy proposal less
6 desirable than Centegra is simply its location. The
7 proposed Mercy site is directly in the center of a circle
8 of four hospitals, including NIMC, Centegra Woodstock, Good
9 Shepherd and Sherman, and I don't believe many of the
10 people living within this circle -- which has seen little
11 population growth in the past 10 years, with little
12 available land -- would consider themselves to be too far
13 from a hospital.

14 Conversely, the Centegra facility proposed in
15 Huntley serves an area that has seen explosive growth in
16 the past 15 years and is poised for additional growth. It
17 would also serve the area to the west of Route 47 along the
18 I-90 corridor, and Toll Highway Authority has just
19 announced plans for over a billion dollars of improvement
20 to the I-90 corridor, 460 million of which are west of
21 Route 47.

22 MR. MORADO: Please conclude your comments.

23 MR. OVERBAY: Thank you for your time, and
24 good luck with your very difficult decision.

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1 CHAIRMAN GALASSIE: Thank you, Mr. Overbay.

2 We appreciate your comments as well.

3 (Upcoming speakers identified.)

4 MR. ANDERSON: Good afternoon. My name is
5 Jim Anderson. I'm the Director of Risk for Centegra Health
6 System. I have the privilege of supporting their clinical
7 care providers, and they continually amaze me every day
8 with the compassion and caring that they provide to our
9 patients.

10 As a result of that, it has been rather
11 discouraging to sit through these hearings and hear very
12 unsubstantiated attacks leveled against Centegra, but I'm
13 really here to talk about some of the unsubstantiated
14 claims and facts that have been made in Mercy's
15 application, as well as here. In point of fact,
16 unsubstantiated pronouncements describe Mercy's application
17 and its leaders' testimony.

18 In June of 2011, Mercy's CEO, Javon Bea, sat
19 before you and gave sworn testimony that Crystal Lake is a
20 community of 160,000 people without a hospital and
21 emergency services. He claimed he was not aware of any
22 other community in the state of Illinois that large who did
23 not have their own hospital and emergency services. He may
24 not have been aware of that fact, because there is no such

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1 community. Crystal Lake has a population of 40,000. It is
2 readily served by three hospitals, all providing emergency
3 services, as you all know and are well aware.

4 Next Mr. Bea claimed the location of Mercy's
5 hospital on the southeast side of Crystal Lake would be in
6 the highest concentration of low income and elderly people
7 in all of McHenry County. Dan Colby, also a Mercy
8 executive, stood before you and said the exact same thing.
9 However, the claim is simply not true. According to the
10 2010 census data, a percentage of Crystal Lake residents in
11 poverty is well below the McHenry County average.

12 MR. MORADO: Thirty seconds.

13 MR. ANDERSON: In fact, the community in
14 McHenry County that has the greatest number of people in
15 poverty is Woodstock.

16 Even more egregious is Mr. Bea and Mr. Colby's
17 claim that Crystal Lake has one of highest concentrations
18 of elderly people in the county. Nothing could be further
19 from the truth. The highest concentration of people over
20 age 65 can be found in Huntley, where it's 29 percent.
21 Crystal Lake is 10 percent.

22 At the end of the day, it comes down to
23 believability. Mercy's claims in their applications and at
24 these public hearings are simply not believable. As you

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1 listen to the comments and the testimony supporting Mercy's
2 project today, I ask that you approach them critically and
3 remember these few examples I have provided to you today in
4 judging that credibility.

5 Thank you for your time.

6 CHAIRMAN GALASSIE: Thank you, Mr. Anderson.

7 That now concludes the portion of public
8 comment for and against this application, and I will now be
9 asking the applicants -- we will be calling Item No.
10 10-089, Mercy Crystal Lake Hospital, wishing to establish a
11 70-bed acute care hospital, to the table.

12 MR. CONSTANTINO: Mr. Chairman, we had three
13 comments on the State Agency Report we need to pass out to
14 the Board members. These had been previously e-mailed to
15 all of the Board Members last week. I believe they're all
16 relevant comments and should be approved to be put in the
17 record.

18 CHAIRMAN GALASSIE: Would you want to give us
19 a -- could you give us a synopsis of those comments,
20 Michael?

21 MR. CONSTANTINO: Sure. Do you want me to do
22 that now or after I --

23 CHAIRMAN GALASSIE: Let's let these folks
24 introduce themselves and be sworn in, and we'll come to

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1 Staff report.

2 So the Board knows, we're hoping to deal with
3 the application on this issue at this point in time, and
4 we're anticipating breaking about one o'clock. So we'll
5 see where we are.

6 Gentlemen, if you could please introduce
7 yourselves and spell your name for the record, and we will
8 then have you sworn in.

9 MR. BEA: Javon Bea.

10 MR. GRUBER: Richard Gruber.

11 MR. KNIERY: John Kniery.

12 MR. GRIKIS: Linas Grikis.

13 MR. STEIN: Sanford Stein.

14 CHAIRMAN GALASSIE: Good morning, gentlemen.

15 If we could please swear them in.

16 MR. KNIERY: Excuse me, Mr. Chair. There are
17 other members with us today. Sue Ripsch, VP of Mercy; Dan
18 Colby, Mercy.

19 CHAIRMAN GALASSIE: Can we just see a show of
20 hands, where these people are?

21 MR. KNIERY: Charles Foley, Tom Jensen, David
22 Kurtz, John Cook, and Barb Bortner, and Ralph Topinka.

23 CHAIRMAN GALASSIE: We'll assume the people
24 at the table will be representing you today.

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1 (Oath given)

2 CHAIRMAN GALASSIE: I think we're prepared
3 for Staff report, Mr. Constantino.

4 MR. CONSTANTINO: Okay. Thank you,
5 Mr. Chairman.

6 The applicants are proposing to establish a
7 70-bed hospital in Crystal Lake, Illinois. The applicants
8 received an Intent to Deny at the June 2011 State Board
9 meeting. Subsequently, the applicants modified the
10 project. They reduced the number of beds originally
11 proposed from 128 to 70 beds. They also reduced the costs
12 of the project from approximately 199 million to 115
13 million.

14 CHAIRMAN GALASSIE: Mike, I apologize. So
15 Board members know, the three items that were just passed
16 out to you, when Mike is done with his presentation he's
17 going to give us a synopsis of that, so we can follow this
18 presentation.

19 MR. CONSTANTINO: They've also reduced the
20 gross square foot from approximately 265,000 to
21 approximately 163,000.

22 We also -- the State Board Staff also
23 conducted two public hearings regarding this project. A
24 public hearing was held in Crystal Lake on March 18th,

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1 2011. 83 individuals were in attendance but did not
2 provide testimony at that hearing. 52 individuals provided
3 supporting testimony, and 68 individuals provided
4 opposition testimony.

5 A second public hearing was held in Crystal
6 Lake on October 7th, 2011. 56 individuals were in
7 attendance but provided no testimony at that October 7th
8 hearing. 36 individuals provided supporting testimony. 20
9 individuals provided testimony in support, and 4
10 individuals provided written opposition testimony.

11 At that June meeting, the State Board asked
12 the applicants to respond to three items, which we provided
13 to you as a separate Appendix to your State Agency Report.
14 You asked for three things. You asked for a response from
15 the applicants regarding the concerned hospitals, who are
16 Sherman, Advocate Good Shepherd, and St. Alexius Medical
17 Center's response to the initial safety net impact of the
18 proposed new hospital on their hospitals. McHenry (sic)
19 provided that response, and that is in that Appendix.

20 The second thing you asked for was you asked
21 them to comment on the slow-down in growth in McHenry
22 County. That is also included in that Appendix that is
23 attached.

24 The last thing you asked for was for their

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1 comments on the 2010 McHenry County Community Health
2 Report. That is also included in that Appendix.

3 The State Board Staff notes in regards to this
4 application that the applicants do not meet the
5 requirements. There are existing facilities within 30 and
6 45 minutes of the applicant's proposed facility operating
7 below the State Board's target occupancy. They do not meet
8 the performance requirements of 100 med/surg beds in an
9 MSA.

10 Thank you, Mr. Chairman.

11 CHAIRMAN GALASSIE: Thank you, Michael.

12 Who would like to address the Board?

13 MR. STEIN: Thank you, Mr. Chairman. Good
14 morning, Members of the Board. Once again, my name is
15 Sanford Stein. I'm an attorney from the Chicago office of
16 Quarles & Brady, representing Mercy.

17 CHAIRMAN GALASSIE: Sir, I apologize for
18 interrupting. I forgot we have three comments that need to
19 be incorporated in.

20 MR. CONSTANTINO: I've labeled this as Item 1.
21 That is the first comment. I really don't know what to say
22 to this comment. Unfortunately, the applicants feel that I
23 was not consistent in my analysis of this application and
24 the analysis of the Centegra application. I want to assure

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1 the Board that we attempt to treat all of the applicants
2 the same. I know, as can be seen by the number of the
3 people in this room, we have hundreds of supervisors,
4 George and I, and we get comments every day explaining to
5 us what we do wrong. I can assure everyone in this room
6 that the Chairman, Courtney, David, and Bill have all made
7 it a top priority for George and I to make the reports,
8 improve the reports, and make them as consistent as
9 possible.

10 CHAIRMAN GALASSIE: Thank you, Mike.
11 Appreciate that.

12 MR. CONSTANTINO: The second comment we
13 provided -- this is labeled Item 2. We provided you with
14 the applicant's comment in regards to the Safety Net Impact
15 Statement as Appendix 1. You've all had an opportunity to
16 review that. I cannot quantify the impact this hospital
17 will have on hospitals within that planning area or within
18 30 or 45 minutes. The statute asks if the proposed project
19 will have a material impact on safety net services, if
20 reasonably known by the applicant, and whether the proposed
21 hospital will have an impact on the ability of other
22 providers to cross-subsidize safety net services, if
23 reasonably known by the applicant. The applicants, in my
24 estimation, responded to that criterion in the statute.

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1 They also note in that Item 2 -- made comments
2 regarding past SARS is important information that the
3 Board's current rules do not require the Staff to consider
4 in our assessment for a need for a new hospital.

5 The third item, Item 3, the proposed project
6 does not meet the criteria in 1110.3030, Clinical Service
7 Areas, other than Category of Service, and the number of
8 beds proposed is 70 beds and 56, which are medical/surgical
9 beds. The State Board Staff did not think these changes
10 warranted the need to republish this report.

11 Our current rules require the applicant
12 provide their charity care information, and I believe they
13 did this.

14 The third point, we did not consider a
15 decision made seven or eight years ago in our evaluation on
16 this establishment of a hospital.

17 Thank you very much.

18 CHAIRMAN GALASSIE: Thank you, Michael.

19 Back to you, sir.

20 MR. STEIN: Thank you, Mr. Chairman, once
21 again, Members of the Board.

22 CHAIRMAN GALASSIE: The Board has a decision
23 the make with these three comments. We can accept them,
24 incorporate them into the record, or not.

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1 MR. SEWELL: Mr. Chairman, I move they be
2 incorporated.

3 CHAIRMAN GALASSIE: Motion to incorporate
4 them into the record.

5 MS. OLSON: Second.

6 CHAIRMAN GALASSIE: Roll call, please.

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

9 Dr. Burden?

10 MR. BURDEN: Yes.

11 MR. ROATE: Mr. Eaker?

12 MR. EAKER: Yes.

13 MR. ROATE: Justice Greiman?

14 MR. GREIMAN: Aye.

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. Sewell?

22 MR. SEWELL: Yes.

23 MR. ROATE: Chairman GALASSIE?

24 CHAIRMAN GALASSIE: Yes.

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1 MR. ROATE: That's eight votes in the
2 affirmative.

3 CHAIRMAN GALASSIE: This was my concern about
4 efficiency when the Senator was here. Thank you for your
5 indulgence.

6 MR. STEIN: Thank you very much. You're sure
7 now?

8 CHAIRMAN GALASSIE: Now we hope so.

9 MR. STEIN: Once again, we'll try again. My
10 name is Sanford Stein. You've got that part, I think.
11 Representing the applicant, Mercy Crystal Lake hospital.
12 At the outset, we want to start by saying we are pleased
13 that Senator Althoff addressed some important procedural
14 matters by her remarks at the outset of today's public
15 comment section, and we endorse those comments regarding
16 consistent, predictable, and transparent procedures. We
17 think that's important, obviously, for this board and every
18 board.

19 Of course, the substance of your decisions is
20 yours and only yours. It's based -- of course, based on
21 the facts and the record before you. Senator Althoff's
22 comments do not and should not address the substance of
23 your decision making. That is a matter left in your hands.

24 As you well know persistent -- consistent with

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1 your rules, the failure of a project to meet one or more
2 review criteria shall not prohibit the issuance of a permit
3 and, also, your rules unambiguously state that the failure
4 to satisfy one or more of the criteria shall not prevent
5 issuance of the permit. In sum, there is no single rule
6 that is or ought to be a determinative factor, and the need
7 for beds locally is and ought to be paramount to your
8 decision.

9 MR. KNIERY: I'd like to add quickly, if I
10 may, Mr. Chairman, Members of the Board, specifically I
11 think there's an issue of competing rules. You have the
12 100-bed med/surg bed rule, but you also have the issue of
13 need, which one ex-officio member questioned at the last
14 meeting. Furthermore, you will hear in more detail that
15 there are use rates that are not current. Currently, the
16 bed need in place is using 2008 data, a three-year average,
17 when, in fact, 2010 data is out and the three-year average
18 is approximately six percent lower. That's not -- does not
19 take into effect the current bed need.

20 So, we must be also consistent and transparent
21 to the foremost indicator, in my mind, of need, which is
22 your bed need.

23 With that, I'd like to -- on behalf of Mercy,
24 we appreciate the opportunity to be here once again.

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1 Although we are back from an Intent to Deny, we felt the
2 last presentation and exchange with this Board was
3 overwhelmingly positive, and we look forward to continuing
4 this dialogue.

5 So, I'd like to have Mr. Bea make some initial
6 comments and then Mr. Gruber address the substance of the
7 application.

8 CHAIRMAN GALASSIE: Thank you.

9 MR. BEA: Thank you. Good morning.

10 CHAIRMAN GALASSIE: Good afternoon.

11 MR. BEA: Good to see you again.

12 December 29th, almost a year ago, we filed our
13 Certificate of Need application for a \$200 million project
14 in Crystal Lake, Illinois. I remember this date, because
15 it was near that time that Sister Sheila, CEO of Mercy of
16 Chicago, came up to give the keynote address at Mercy, as
17 we were naming a new hospital building after Sister Michael
18 Berry, a Sister of Mercy that I replaced, and Sister Sheila
19 was very pleased with the 100-year history, pictorial
20 history that we had of the Sisters of Mercy involved
21 throughout southern Wisconsin and Illinois.

22 At our hearing in June, as John said, we
23 listened closely to all of you and what you shared with us
24 as your reasoning for the Intent to Deny, and as a result

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1 from what we learned from you, we actually responded to
2 this. We went back and modified our application, and
3 that's why our modified project is reflecting 70 beds and a
4 45 multi-specialty physician office building in Crystal
5 Lake.

6 We had three critical reasons for doing this.
7 First, it reduces the cost of the project by \$85 million,
8 which is clearly one of the stated intents of the Illinois
9 Planning Act, which is to reduce the cost of healthcare to
10 consumers. Secondly, the 70-bed hospital proposal was in
11 line at the time with this submission, and we submitted it
12 with the Bed Need Inventory as reported by the Illinois
13 Department of Public Health, and subsequently that has
14 changed, but our proposal remains -- which Mr. Gruber will
15 address -- prudent and conservative to serve the 160,000
16 residents in the Crystal Lake area, which includes
17 Algonquin, Lake in the Hills and Cary. These 160,000
18 people really only have one choice right now, and that's
19 Centegra, because they control and dominate all hospital
20 beds in the whole McHenry County and can dictate pricing as
21 a result.

22 Further, it reduces, arguably, the overstated
23 impact that this project will have on competing facilities,
24 because we have reduced the size of the project, as was

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1 addressed in some of the comments. The last time we came
2 before you, we shared with you that we don't back away from
3 those that are in need. At our Mercy Hospital in Harvard,
4 Illinois, in 2000 -- fiscal year 2010, we provided \$6
5 million in charity care. We also took care of 32,893
6 Medicaid patients. Across the entire Mercy System, we
7 provided in 2010 almost \$30 million in charity care, which
8 represents two and a half percent of our net bottom line,
9 and we anticipate this and plan for this concentration of
10 charity care growing because of the needs that we've been
11 able to identify in the Crystal Lake area, which I'll
12 address in a moment. But our percentage right now that we
13 provide in charity care is 150 percent greater than one of
14 the opponents that spoke here, who happens to be the
15 largest healthcare provider in the state of Illinois. 150
16 percent greater is the percentage of net revenue.

17 Seven years ago, when we looked at trying to
18 fulfill the unmet needs in Crystal Lake, we calculated that
19 there was a need, and it was interesting to hear some of
20 the public comments that the need goes back, by the
21 citizens, all the way back to the early 60's. That need
22 has just increased over the last seven years, and it's been
23 exemplified by the growth of our Mercy Harvard Hospital,
24 the fact that we now have had to add 20 multi-specialty

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1 clinics with 84 physicians in 12 Illinois communities over
2 these last years.

3 Our plan meets the needs of the community in
4 addressing acute care needs, hospital bed needs. We've
5 chosen to locate our hospital on the intersection of Route
6 31 and 14, because it is the most densely-populated area in
7 McHenry County that suffers from excessive traffic
8 congestion. Everyone knows that the road infrastructure
9 did not keep up with the population growth, so it's very,
10 very difficult. We've had a lot of public testimony about
11 people delivering babies in ambulances and other common
12 things that have happened because of the congestion on
13 Highway 14 and not being able to get to the outer area
14 hospitals.

15 Crystal Lake is the home of the most diverse
16 population in McHenry County, and it does have a growing
17 geriatric population -- which we can demonstrate
18 factually -- in need of easier access to healthcare
19 services. In addition, the emergency medical responders
20 currently face uncertainty about hospital bed availability
21 because of the shortage of beds in the area and the
22 roadblockage due to the inadequate road infrastructure as I
23 just stated.

24 I think this project has faced over the last

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1 eight years what I term the trifecta barriers, and that's
2 the 100-bed guideline, the 30-minute service guideline, and
3 the 20 OB-bed guideline. Historically, this trifecta has
4 been a very effective barrier at protecting existing
5 providers, to protect their turf, but it does deny
6 consumers choice, no matter how hard it is for them to get
7 to services, and I can say that we've had a lot of public
8 testimony that if you're not feeling well, if you're the
9 elderly or the low income, it's very difficult to get to
10 the outer area hospitals. Moreover, frankly, it is a goal
11 I think of the Health Planning Act to try to increase
12 accessibility, and it's because of these trifecta barriers,
13 the good residents of Crystal Lake, Algonquin, Lake in the
14 Hills, and Cary have not had reasonable access to hospital
15 services and emergency services. However, the fact is that
16 none of these hospitals -- the opponents have stated here,
17 "Boy, there's a lot of hospitals in the area." Well, none
18 of these hospitals are readily accessible, if you talk to
19 the people in Crystal Lake, especially those who don't have
20 transportation.

21 The Mercy Crystal Lake project, we've tried --
22 based on what you told us in June and working with the
23 Staff, we have really worked hard in making it the right
24 sized project to serve the unmet needs of this area, and we

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1 really hope that the Board will really consider the needs
2 in the area and not get hung up on what has really been
3 some old rules, the 100-bed rule, et cetera, that has
4 really just served as a turf protector and denied consumers
5 choice and cost competitiveness.

6 Thank you.

7 CHAIRMAN GALASSIE: Thank you.

8 MR. GREIMAN: Mr. Chairman, can we ask
9 questions of them individually?

10 CHAIRMAN GALASSIE: Why don't we let them
11 make their presentation, Judge, and then we'll open it up
12 for questions.

13 MR. GRUBER: Thank you, Mr. Chairman, Members.
14 Good afternoon.

15 Our project to build a hospital in Crystal
16 Lake has really been a true testament, in my mind's eye, to
17 the planning process. Before you, you have a project
18 that's evolved into one that is in line with the Board's
19 intent of the rule and the Act as any project that you've
20 seen previously. It should be known that since the
21 original State Agency Report was issued for this project,
22 what was considered at the June meeting, the modified
23 project before you now is in compliance with two additional
24 review criteria: The size of the project under the general

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1 view criteria, and the reasonableness of the project cost
2 for a single line item. The project before you now is in
3 total compliance, total compliance of Part 1120, Financial
4 and Economic Review Criteria.

5 The trade-off, however, in the current State
6 Agency Report was the new negative finding that this
7 project did not meet the performance requirements of having
8 a minimum 100-beds for medical and surgical purposes. This
9 finding is the result of Mercy doing its modification of
10 the project scope, which stems primarily from the
11 uncertainty of the population model to be used and the
12 lower average utilization that is shown in the 2010
13 three-year average, per the Board's rules. It is within
14 this Board's purview to give one review criteria more or
15 less credence, depending on the totality of the
16 circumstances, as it did when the Board approved another
17 hospital project located in a metropolitan statistical area
18 that had less than a hundred med/surg bed complement, and
19 was in worse shape both in terms of area, low average
20 utilization, and excess beds that existed within that
21 particular planning area.

22 However, to stay on point, 16 out of the 20
23 review criteria were found to be in conformance, 16 of 20
24 were found to be in conformance with the Board's rules.

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1 So, I will limit my comments for the next few minutes to
2 those potential findings.

3 Number one, Section 1110.530(b), Planning Area
4 Need. If you look carefully at the criteria, you'll notice
5 there are several indicators of need embedded within that
6 review criteria. It appears that the Mercy project is
7 overwhelmingly in compliance with these indicators. The
8 State Agency Report concluded that Mercy met four of the
9 five need indicators, holding that Mercy only did not meet
10 the criterion that requires the applicant to look at the
11 utilization of other area service providers within 45
12 minutes of the proposed project. No one in need of
13 emergent hospital services, frankly, should have to travel
14 that long or that far for medical care.

15 As we pointed out in our CON application and
16 public hearing testimony, this project will provide access
17 to a large and growing area that is under served by
18 physicians, emergency and hospital services. This is
19 demonstrated by several facts. First, the project will
20 serve the largest concentration of existing population and
21 patients. Second, the project will address the extensive
22 out-migration of patients from Planning Area A-10. Third,
23 the project will address the undocumented need for
24 physicians in Planning Area A-10. Fourth, the project will

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1 help address the under supply of hospital beds within the
2 Planning Area, which is highlighted by the Board's revised
3 hospital bed inventory numbers and the 2009 Henry J. Kaiser
4 Family Foundation study, which states that McHenry County
5 is 174 percent below state and national averages for
6 hospital beds. By the State's own numbers, Planning Area
7 A-10 has beds per thousand population of 1.0, as compared
8 to the State, which has an average of bed per thousand of
9 2.6. Also, the U.S. average is 1.0.

10 Most importantly, however, this project will
11 address the lack of emergency services for the density of
12 the population that we're proposing to serve. Finally, the
13 subsection of that review criterion at issue, Access to
14 Care, can be satisfied if an applicant can demonstrate that
15 there are access limitations due to payor status of
16 patient; for example, Medicare, Medicaid, or charity care
17 programs. As we have noted previously, in the 2010 McHenry
18 County Healthy Community Analysis, cited by some of our
19 competitors, the rapidly expanding number of Medicaid
20 recipients in the county appear to be residing within the
21 service area that we propose to serve. For example, in the
22 year 2000, there were 6,293 residents in McHenry County on
23 Medicaid, or 2.4 percent of the total population. By 2009,
24 that number grew to 8 percent of the total population, or

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1 25,623 residents. Most of that growth, we have documented
2 to show, has occurred within the service area we propose
3 for the Mercy Crystal Lake project.

4 The second criterion, 1110.530(c), Unnecessary
5 Duplication of Services/Maldistribution. The Staff
6 assessment of this criterion is similar to the assessment
7 of the Planning Area need criteria; namely, all but one
8 sub-criterion was found to be in conformance with the State
9 norms and rules. Only one indicator of maldistribution --
10 utilization of area facilities -- is not in compliance with
11 the State norms.

12 To address this issue of unnecessary
13 duplication of services, Mercy has reduced the size and
14 scope of our project to a point where it least impacts area
15 providers and best addresses the lower projected population
16 and nearly six percent reduction in hospital utilization
17 that was reported for 2008, all according to your own
18 State-released data. Based on Nielsen Claritas, Inc.,
19 McHenry County population estimates for 2010 and
20 projections for 2015 and inpatient admissions for the
21 period October 1, 2009 through September 30th, 2010, the
22 largest number of McHenry County residents and hospital
23 admissions are concentrated in the southeast area of the
24 county. That's where our proposed hospital is going to be

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1 located.

2 Additionally, this proposed project is a
3 general, acute care hospital, offering community-based
4 services to the local service area surrounding the
5 facility. The proposed project will not provide tertiary
6 care services. Thus, this project will not impact other
7 area hospitals' ability to provide those tertiary care
8 services. Mercy will work with the area tertiary providers
9 to coordinate transfer of patients required for that level
10 of service, and that's our commitment.

11 The project will also address the extensive
12 out-migration of patients from the A-10 Planning Area.
13 From the period July 1, 2009 to the period June 30, 2010,
14 53 percent of McHenry County residents received inpatient
15 care outside of the county and 22 percent at hospitals
16 outside the Defined Service Area. During the same period,
17 70 percent of the residents from the immediate service
18 area -- that's Crystal Lake, Algonquin, Lake in the Hills
19 and Cary -- received inpatient care outside of the county,
20 and 21 percent at hospitals outside of our Defined Service
21 Area.

22 The population growth of southern McHenry
23 County will continue to drive the need for additional
24 facilities. Mercy's proven track record of providing

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1 higher quality care, lower cost healthcare services, via an
2 integrated service delivery system will greatly reduce the
3 out-migration from McHenry County.

4 The project will also address the demonstrated
5 need for new physicians in McHenry County. The shortage of
6 specialty physicians is one of the primary reasons that
7 residents of McHenry County are leaving the county in order
8 to seek medical care. McHenry County has a deficit of
9 physicians. This is consistent with the national
10 experience. Both the Council of Graduate Medical Education
11 and the American Medical Association recognize a current
12 physician shortage in the U.S. that will, frankly, only
13 worsen in the years to come. As of January 1, 2011, Mercy
14 Health System employed 76 full-time and 11 part-time
15 physicians in northern Illinois, a major contribution of
16 physician providers in the area. Mercy plans to add 45 new
17 physicians in the Crystal Lake facility, which will assist
18 in addressing the calculated need in McHenry County of
19 nearly 50 physicians as of March 2010. These physicians
20 will play a vital role in the future health of residents of
21 McHenry County and, further, the operational model utilized
22 by Mercy has been implemented effectively to recruit and
23 retain needed physicians, thus helping the -- helping to
24 reduce the out-migration of McHenry County.

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1 I want to pause for just a second to make a
2 point that needs to be made. It was stated by a number of
3 individuals -- or at least two -- during this public
4 comment process and several more during the public hearing
5 process that Mercy would have a closed medical staff of
6 Mercy Crystal Lake and Medical Center. That's totally
7 contrary to fact and reality. Mercy will have an open
8 medical staff. It's always been our practice and will
9 continue to be our practice and that's always been our plan
10 at Mercy Crystal Lake and will continue to be our plan at
11 Mercy Crystal Lake.

12 Further, one has to consider the impact of
13 health reform, which is somewhat unknown but at least
14 somewhat predictable at the same time. For example,
15 decreased inpatient admissions achieved because of an
16 increased focus on outpatient treatments and preventative
17 care could be offset, believe it or not, and even eclipsed
18 by the increased inpatient population that has insurance
19 coverage of some sort now and in the future because of
20 healthcare reform. We projected that, notwithstanding the
21 increased admissions currently occurring as a result of
22 health reform in years one and two of operations of the
23 project, admissions will be further impacted at a rate of
24 five percent the first year and three percent the second

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1 year over current rates because of the change in the total
2 number of individuals who will be insured under the Health
3 Reform Act. Mercy projects that other planning market --
4 other planning facilities within the area will see a
5 similar impact.

6 It's because, in part, of the uncertainty
7 surrounding the health reform and the fluctuating bed-need
8 calculation for Planning Area A-10 that Mercy decided to
9 modify our project and to modify the size downward. The
10 conservative approach, we believe, will allow Mercy to meet
11 the current demonstrated bed need in McHenry County. In
12 addition, as additional need materializes in Planning Area
13 A-10, Mercy is prepared to come back before this Board and
14 propose expanding its Crystal Lake facility or, for that
15 matter, work with other area providers to come up with a
16 less costly alternative to meet those new needs as they
17 arise.

18 Finally, as previously stated, the 2010
19 McHenry County Healthy Community Analysis sites expanding
20 numbers of Medicaid residents in the county. In 2010, 30
21 percent of all Medicaid residents hospitalized in McHenry
22 County lived in the southeast Planning Area, the southeast
23 sub area. All of these residents, many without access to
24 good transportation, must travel outside the area for

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1 hospital services because they do not have a local hospital
2 facility available. Mercy proposes to fill and serve that
3 need and serve that population. In combination of these
4 factors, it's our belief that in the long run, the area
5 facilities will not be adversely affected by our project.

6 The third criteria, Section 1110.530(f),
7 Performance Requirements. This is the criterion that was
8 the trade-off to adhere more closely with the intent of the
9 Planning Act instead of meeting the minimum bed criteria.
10 Mercy feels that this criterion, while a good standard, may
11 not be applicable today and certainly is not going to be
12 applicable in the future. As we mentioned in our
13 application, the review criterion originally appeared in
14 the early 1980's and, in fact, it did show up in rules that
15 we were able to research and find back in the 1970's.
16 Since that time, as all of us hopefully are aware, the
17 manner in which healthcare services has been delivered has
18 changed dramatically and has resulted in smaller facilities
19 being able to treat the same patient volume as some larger
20 facilities that were required in the past. Specifically,
21 environmental factors, such as the dramatically reduced or
22 declining average lengths of stay, private rooms versus
23 semi-private rooms, and the increased financial liability
24 of smaller hospitals, have resulted in the fact that the

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1 same number of patients can be served adequately by smaller
2 facilities with fewer beds. The average length of stay for
3 hospital inpatients has declined dramatically over the past
4 35 years, primarily due to advancement of technology and
5 increase in outpatient procedures, and Medicare's
6 implementation of respective reimbursement systems based
7 upon Diagnosis Related Groups or DRG's that came back in
8 October of 1983, and, finally, pressures of managed care
9 reimbursements. As a result, a 70-bed hospital constructed
10 in 2011 can adequately treat the same number of patients as
11 a 100-bed hospital constructed in 1980. This point is
12 further demonstrated when one compares the size of
13 hospitals constructed in Illinois and four adjacent states,
14 including Wisconsin, Indiana, Missouri, and Iowa, since the
15 year 2000. Fifteen new general, medical/surgical, suburban
16 hospitals have been built during this time period. You
17 need to note that Wisconsin and Indiana do not have a
18 Certificate of Need law, while Missouri and Iowa do. Those
19 fifteen new general medical/surgical, suburban hospitals
20 ranged in size from 32 beds to 143 beds, with the overall
21 average size being 90 beds. Nine were built with less than
22 100 beds, while 6 were established with more than 100 beds.

23 Following the June 28th Board meeting, the
24 Mercy leadership team really re-examined all of the facets

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1 of our project. When we did that, more importantly, our
2 reexamination took into account what we heard from you, the
3 concerns that you raised. We listened very closely to what
4 you had to say, and we've attempted to do, within this
5 revised modified application, what we thought you
6 indicated, be much more responsive to the needs that are
7 there.

8 Also at the June meeting, this Board approved
9 a hospital project at Shiloh that is also not in compliance
10 with the State norms for the number of med/surg beds or OB
11 beds for the project. Unlike Planning Area A-10, which has
12 a calculated bed need, the other project's Planning Area
13 had a tremendous bed surplus. In addition, a Board member
14 even commented that many of the existing facilities in the
15 service area had extremely low utilization rates. It
16 appears --

17 CHAIRMAN GALASSIE: Sir, I'm sorry. I'm
18 going to interrupt you. This Board has been instructed
19 very closely not to do a comparative analysis. As you
20 know, we have two hospitals in front of us today. So, the
21 continued reference to Shiloh, truthfully, I find counter
22 productive and, frankly, inappropriate.

23 MR. GRUBER: I apologize. I will not mention
24 it again.

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1 CHAIRMAN GALASSIE: Let's refrain from
2 comparing Shiloh.

3 MR. GRUBER: I will not mention it anymore.

4 The fourth criterion I will address briefly is
5 Section 1110.3030(a), Clinical Services Other Than
6 Categories of Services. This criterion uses past physician
7 referrals to project the ability to meet future
8 utilization. The State Staff determined that since
9 historic referrals were derived from the Planning Area,
10 that the utilization of the proposed hospital will have a
11 negative effect on existing hospitals. What this criterion
12 does not look at is the ability of the applicant's capacity
13 to bring in new physicians to the area, which will allow
14 the residents of McHenry County the choice to stay at home
15 to receive their healthcare as opposed to leaving the area.
16 Mercy has a plan to recruit physicians and provide much
17 needed services to the area, thus addressing the issue of
18 out-migration and to further reduce the potential impact on
19 other area hospitals.

20 Additionally, the population projections
21 supporting the project reflect an expanded population for
22 the service area, and we've gone through those numbers
23 previously, but we do believe that that service area will
24 continue to grow, and we are the right hospital at the

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1 right location at the right time to serve that particular
2 facility. In combination of all of these factors, it's our
3 belief that in the long run, the area facilities will not
4 be adversely affected by this proposed project.

5 Let me conclude. The Certificate of Need
6 process has many indicators of need. There's the
7 utilization of area facilities, the ratio of beds to
8 population, and the only forward-looking indicator of need,
9 your bed-need calculation. When applying the Board's
10 rules, other indicators of need become apparent, such as
11 the area of heavy patient out-migration and beds per
12 thousand for this Planning Area compared to that of the
13 state of Illinois and the nation as a whole. 113
14 potentially under utilized beds out of 829 licensed beds
15 are negligible in this particular area. 13.6 percent, I
16 believe, is the calculation. Therefore, in our mind's eye,
17 it appears that the area facilities are near appropriately
18 utilized.

19 Second, another area that appears to present
20 conflicting rules is the need to serve the Planning Area
21 and the 30-minute travel time corridor. State Staff noted
22 on page 20 of the State Agency Report that 83 percent of
23 the expected patient volume is anticipated to come from the
24 Planning Area. Furthermore, patient migration is normally

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1 to a degree, as all county borders -- as all counties share
2 borders. However, McHenry County has the highest
3 outpatient migration rate as anywhere in the state, and we
4 intend to address that issue and address it in a positive
5 fashion.

6 When all of the criteria are viewed together,
7 they illustrate, I think, a formidable picture of need for
8 this project, a need that we hope you recognize. And with
9 those comments we certainly are happy to address any
10 comments you might have.

11 CHAIRMAN GALASSIE: Thank you very much. We
12 appreciate your comments.

13 And I will now open it up to the Board, and I
14 believe, Judge, you wanted to begin with a question or
15 questions.

16 MR. GREIMAN: Yeah. You gave us a lot of
17 statistics about what Mercy is doing, and one of the things
18 that is curious to me is that there's been a 65 percent
19 reduction of charity care patients from the year '08 to
20 '10, 65 percent less, although it was a 30 percent increase
21 in the cost of the 35 percent. So, the money went up that
22 you spent, but the number of patients was reduced by 65
23 percent.

24 MR. KNIERY: If I may, Judge Greiman, one

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1 issue is the reporting requirements. The way Mercy
2 calculated that need is what drove the change. Also, you
3 need to look at your own State's data profile for the
4 Planning Area. It shows that the area net revenue for
5 charity care is something less than 2 percent, where this
6 project is proposing a charity care of -- committing to two
7 and a half percent.

8 MR. GREIMAN: Well, yes, I understand that.
9 My question is whether the reduction from 1,000 patients to
10 370 patients was a policy matter, or just you had less poor
11 people walk in the door.

12 MR. GRUBER: To address that very
13 specifically, Your Honor, there was a change in how we were
14 required to report. Previously, we reported all applicants
15 for community care, charity care, as well as those who were
16 ultimate recipients. Under the new rules, we are now
17 reporting those inpatients and outpatients that are
18 actually receiving community care. So the number change,
19 in terms of sheer patient numbers, is deceiving. Some
20 people will apply and will not qualify, and how we
21 calculate -- we were using the whole sum as opposed to
22 those that qualify.

23 MR. GREIMAN: So does that explain why 1000
24 patients, possible patients costs four million six and 377

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1 cost six million two? Is that --

2 MR. GRUBER: Again, you skew that denominator
3 by virtue of having everyone who applied and then divide
4 that against the total amount of charity care. If you
5 reduce it to those who received the care, you have a much
6 more accurate mathematical calculation.

7 MR. GREIMAN: Okay. Thank you.

8 CHAIRMAN GALASSIE: Other questions by Board
9 members?

10 MS. OLSON: I have just a couple of questions.
11 I wondered if you could respond to the gentleman who said
12 that he does not believe that your time line is reasonable
13 or feasible.

14 CHAIRMAN GALASSIE: Construction time line?

15 MR. SEWELL: Yeah.

16 MR. KNIERY: If I could make a comment first,
17 I believe Rich can elaborate on it, but your process does
18 allow for -- if we do see that we are running into
19 problems, to come back before this Board to address those.

20 But, Rich, do you want to comment on the time
21 line?

22 MR. GRUBER: At the same time, we put together
23 a time line that calls for a completion of the project 30
24 months down the road, post your approval. We're confident

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1 that we will be able to get through all of the necessary
2 local and state regulatory approvals as it relates to
3 planning and zoning. We have the planning in place, I
4 believe. We have an excellent relationship with the
5 communities, and we're confident we can address that in
6 less than the 12 months that was suggested by the
7 construction manager person. And, frankly, we are known to
8 be very aggressive in our construction time lines, and we
9 do that for a whole host of reasons, but the most important
10 reason of all is we recognize that there is a grave need
11 for additional access to quality healthcare services and
12 the sooner we can become operational, the sooner we can
13 address that need. We're confident, ma'am, that we can
14 meet that construction time line.

15 MS. OLSON: Thank you. I think I heard you
16 say that it's your belief that healthcare reform will
17 increase inpatient utilization?

18 MR. GRUBER: It is. It is my belief that
19 healthcare reform will ultimately increase inpatient
20 utilization, and in a broad sense, the formula works like
21 this: If you add approximately 32 million individuals to
22 the insured ranks, those 32 million individuals now will
23 have, with the insurance benefit available to them, greater
24 opportunity to receive care within the inpatient setting or

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1 even an outpatient setting. Consequently, when you add
2 that additional number of persons into the mix, you will
3 see a greater number of inpatient admissions occur across
4 the board.

5 MS. OLSON: Just one other quick question.
6 You alluded to the physician shortage. Do you not have any
7 concerns that the building of a new hospital in the area
8 will further dilute already the existing -- I mean, you
9 can't just fabricate 45 doctors out of the air. Is there a
10 concern?

11 MR. GRUBER: Our expertise, quite honestly, as
12 a health system lies in our ability to work with physicians
13 and recruit and retain physicians. We employ many
14 physicians, nearly 400 physicians, across the System, and
15 we employ them very successfully as a W-2 partner. We
16 successfully built that particular network of physicians,
17 and what it does is two things, in particular. One, it
18 creates an environment where there's absolutely seamless
19 ability for our physicians, whether it be entry point
20 physicians, M.D.'s, I.M.'s, to work very closely with our
21 specialists and provide the care that is needed in a
22 continuity of care setting that ensures our docs, our
23 hospitals, our managed care programs are in line.

24 The second thing, though, it does is, because

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1 of the exceptionally sound relationships that we have in
2 the process of making our physicians W-2 partners,
3 physicians tend to talk, and as new physicians are coming
4 into the area, they want to align with physicians that,
5 frankly, they are happy -- that are happy physicians, and
6 our system has proven to be one of those that has been
7 successful in that point of integration, and the levels of
8 satisfaction of our physicians is exceptionally high.

9 MS. OLSON: Thank you.

10 MR. GRUBER: And, by the way, I do want to
11 comment that it is an open medical staff, as well. So,
12 you'll have both Mercy physicians and other physicians
13 within the area. If they want to apply for hospital
14 privileges, we'll certainly consider them and hopefully
15 admit as many as possible.

16 CHAIRMAN GALASSIE: Thank you.

17 Mr. Sewell?

18 MR. SEWELL: Yes. You have a small obstetrics
19 unit at the proposed facility. Do you plan to do
20 deliveries?

21 MR. GRUBER: Yes.

22 MR. SEWELL: Okay. What are you projecting,
23 once you're operational, as to the volume of annual
24 deliveries?

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1 MR. GRUBER: I can pull that number for you.

2 I don't have that immediately in front of me.

3 MR. SEWELL: Because it's a 10-bed unit.

4 MR. GRUBER: It is a 10-bed unit.

5 MR. SEWELL: At one time, the American College
6 of Obstetrics and Gynecology had a recommended standard
7 that if you're going to have a maternity unit, you have a
8 minimum of 500 annual deliveries. Do you see yourself at
9 that volume with a 10-bed unit?

10 MR. GRUBER: As I recall off the top of my
11 head -- we're pulling the application as we speak. We did
12 projections that do demonstrate that we will be, within a
13 reasonable time frame, meeting the minimum standards for
14 deliveries within the area. But give us a moment. We can
15 pull that number. We have successfully operated smaller
16 maternity operations in our critical access hospital in
17 Lake Geneva, Walworth, and operated quite successfully
18 there. But let me get the projection so I can address your
19 question specifically.

20 CHAIRMAN GALASSIE: We'll take another
21 question while the gentlemen are looking for the response
22 to that.

23 MR. GRUBER: I have the response, if you're
24 ready. On page 106 of the application, labor, delivery,

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1 recovery, we're proposing to meet the State standard
2 minimum -- the State standard minimum is 400 births per
3 year, and we have met that standard. We'll have -- we are
4 proposing 810 births. So, we've more than met the
5 standards set up by the State and more than meet, by the
6 way, that 500 number. It does reflect the shorter length
7 of stay that exists today than what existed several years
8 ago.

9 MR. CONSTANTINO: Mr. Sewell, they're required
10 to document they'll meet the 60 percent target occupancy,
11 and they did that.

12 CHAIRMAN GALASSIE: Thanks, Michael.

13 MR. GRUBER: Thank you, Mike.

14 CHAIRMAN GALASSIE: We are going to take a
15 one-minute stretch.

16 (Recess)

17 CHAIRMAN GALASSIE: Thank you very much. We
18 appreciate your indulgence. Our reporter needed a stretch.
19 It's understandable.

20 I'm going to bring it back to additional
21 questions from members of the Board for these folks. We
22 have one member of the Board who stepped out and will be
23 back very quickly. Any other questions?

24 MR. CARVALHO: There's both generic and

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1 specific deja vu for me on this, because a few years back,
2 you did have quite a few new hospital applications before
3 you, and many of the same issues persist; in particular,
4 the analysis of what is need. I think it's important for
5 the Board to recall that there is no paramount standard for
6 need. One of the speakers said that your rules are in
7 conflict with each other and they are competing with each
8 other. They are not. There are multiple perspectives on
9 need, and none of them is paramount, and, in particular,
10 the ratio of beds per population isn't even one of the
11 criteria. But, oddly enough, that is one that keeps coming
12 up in these applications, I guess in those applications.

13 MR. GRUBER: Mr. Chair, I'm prepared to answer
14 a question when you have a question.

15 MR. CARVALHO: No, I don't have a question.

16 MR. GRUBER: You don't have a question?

17 CHAIRMAN GALASSIE: Mr. Carvalho is making a
18 statement.

19 MR. CARVALHO: I'm here as an ex-officio
20 representative for the Department of Public Health to offer
21 perspectives on health policy. That's what I do. Okay?
22 So, bear with me, because that's what I do.

23 I do have a question that -- well, let me just
24 first offer the two perspectives on health policy. The --

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1 you have several criterias on need. One of them is the
2 inventory, as has been mentioned, but it is not your
3 procedure nor your practice to treat the inventory as
4 something where, bingo-bango, an application is turned down
5 or accepted. You have other criteria relating to
6 utilization of hospitals in the area and, as Mike indicated
7 in the State Agency Report, by those two measures these
8 projects fail. But, again, you look at all of them
9 together. However, we know that inventory is somewhat
10 artificially constructed. We know that the projections are
11 off. They were antiquated in 2005. They projected
12 population in 2010 that, in fact, hasn't been there. But,
13 nonetheless, those are the projections that we continue to
14 use. So, we know that one is off.

15 When there were multiple applications for
16 hospitals many years back, one of the things I and others
17 ended up saying over and over again is that this is a
18 Certificate of Need process, not a certificate of want
19 process. In every instance an application wants the
20 project they bring before us. No one comes and says,
21 "Please stop me before I build this project." But you
22 aren't looking at what people across the street need or
23 want, what the people down a few blocks from the site need
24 or want, or people within miles need or want. You're

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1 looking at what is necessary for the Planning Area and the
2 healthcare system in the Planning Area.

3 It was suggested that some of these rules are
4 designed to protect other hospitals, but I'd say they're
5 not designed to protect them as hospitals for their own
6 sake. They're designed to protect the healthcare system,
7 which, of necessity, consists of other hospitals. So,
8 these rules don't care about the hospitals as competitors
9 or not. They care about whether the hospitals will
10 continue to be viable within the healthcare system and
11 provides the protection.

12 So, one of the roles that I often play is in
13 defense of the rules. I just played that. The other one
14 is, the reason I'm on the Board is to provide a policy
15 perspective from Public Health. I, too, have been involved
16 over the last several years on a lot of thinking about and
17 actions relating to the Affordable Care Act, and I think
18 there is a consensus developing that whatever the Supreme
19 Court does or Congress does, the market will drive
20 healthcare in many of the same directions that the
21 Affordable Care Act seeks to; namely, increasing prevention
22 and decreasing hospitalizations and redundancies in the
23 healthcare system. I do think, from what I've seen and
24 what I've seen from the Advisory Board and other respected

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1 organizations, there will be a trend of fewer hospital
2 beds, not more.

3 Again, there's one thing about averages.
4 Maybe I've said it before, but you put one foot in hot
5 water and one foot in cold water and on average you're
6 comfortable. While on average you may see, especially in
7 the short-term, an increase in hospitalization because of
8 increase in people who are uninsured, you have to ask
9 yourselves where will that occur? Where it will occur is
10 where you have large numbers of uninsured persons who will
11 be covered by the Affordable Care Act. Please recall that
12 the Affordable Care Act will only cover citizens. So,
13 where your uninsured populations are non citizens, the
14 Affordable Care Act is not going to provide increased
15 insurance, and while that may be a tragedy of the way the
16 Act is written, it's also a reality.

17 Over the years, the Board has had a number of
18 applicants for new green space hospitals in the greater
19 Chicago region. None of them have met the criteria for
20 need, and in every case, the Board has turned down the
21 application, except one. Ironically, it was here in
22 Bolingbrook, and the occupancy figures for that hospital
23 for the last several years have been 30 percent, 39
24 percent, 44 percent. So, the impact on hospitals in the

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1 region has been negative.

2 CHAIRMAN GALASSIE: We want to stay away from
3 comparing, David.

4 MR. CARVALHO: These aren't comparing
5 applications, Chairman. These are looking at the data.
6 The data show that your need criteria, when looked at in
7 totality, are pretty good at predicting whether something
8 is going to be needed. That's the only reason I mention
9 it.

10 MR. KNIERY: Can I address that?

11 CHAIRMAN GALASSIE: Briefly.

12 MR. KNIERY: I agree, Mr. Carvalho. I many
13 times side with you in defending the rules. Your need has
14 two major components: Use rates, which currently they're
15 using the three-year average, so it would be 6, 7 and 8
16 from your data. You have up to year 10. Those show -- the
17 three-year rate ending in 9, the three-year rate ending in
18 10 each show a decrease in use rates. I think also you had
19 questioned --

20 CHAIRMAN GALASSIE: I'm going to stop you at
21 this point. I'd rather let Mr. Carvalho continue -- he is
22 counsel -- with his recommendations to the Board. Let him
23 finish that.

24 MR. CARVALHO: I'll call myself done.

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1 CHAIRMAN GALASSIE: Thank you very much.

2 I'm going to ask if there are any other
3 questions on the part of the Board.

4 Did you want to finish that comment or are you
5 comfortable?

6 MR. HAYES: I just had a brief comment. There
7 appears to be a need for a project for hospitals. I'm
8 hoping we can take -- learn from maybe two other hospitals
9 that are recently approved in this area that were built and
10 met the 100-bed standard and not -- I think those
11 facilities are needed, but were 100 beds needed, is the
12 question, and we have seen that they haven't been.

13 MR. GRUBER: And if I might, one last comment.
14 In order for you to get the full picture of what this
15 project represents and what it's all about, I'm not sure
16 how many of you have taken the time to go up to Planning
17 Area A-10 and look at it. What you see down here at the
18 end of the table is a map that depicts the population
19 concentration that exists within McHenry County, Planning
20 Area A-10, and if you look to the southeast corner, the
21 southeast quadrant of that particular map, you'll see it is
22 nearly black, because that is where the concentration of
23 people reside, is in that part of the county. As some
24 people have characterized it, 160,000 people surrounded by

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1 hospitals that are not easily accessible.

2 And I think in concluding, that gives you a
3 better sense of what the community is looking for, what the
4 community really truly needs. The growing area is there.

5 CHAIRMAN GALASSIE: Thank you.

6 Hearing no other questions from Board members,
7 I'm going to propose a motion on Item 10-089, Mercy Crystal
8 Lake hospital. The motion is -- I will be asking for the
9 motion to approve Project 10-089 for the establishment of a
10 70-bed acute care hospital in Crystal Lake. Understand, a
11 vote of yes is in support of this project, and a vote of no
12 is in opposition of this project. Can I have a motion,
13 please?

14 MR. SEWELL: So moved.

15 MR. BURDEN: Seconded.

16 CHAIRMAN GALASSIE: Moved by Member Sewell,
17 seconded by Dr. Burden. Roll call, please.

18 MR. ROATE: Dr. Burden?

19 MR. BURDEN: Yes, I have purposely tried to
20 refrain from saying too much, but now is my chance. It's
21 now two and a half hours. I started off in a good mood,
22 and I was dealt a little minor blow. I felt I was back in
23 grammar school and the principal called me in for being a
24 bad boy. I got a lecture of sorts.

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1 I'm going to point out that I've been on this
2 Board now for five years, and the guy who appointed me to
3 this Board just got sent to prison for 14 years today. In
4 his office were several lawyers who were patients of mine,
5 who called me up and said, "We need a doctor on this Board;
6 we've got a real problem and need somebody who has got
7 business experience." My medical partner and I had the
8 biggest beer distributor in the area you've been talking
9 about. I'm no longer in it. He bought me out.

10 But for 14 years, I had a farm on 7924 Old
11 Valley Road in the heart of Old Valley. I certainly know
12 your community out there, maybe better than you do. I
13 lived there, stayed there, saw the hospitals go up,
14 encouraged facilities to come out to work at Northern
15 Illinois down the street from me where my farm was, and I
16 drive down 47. Now I don't even recognize it. Huntley has
17 changed dramatically. Now, this is in my own personal
18 background.

19 I'm inundated with data, details. I don't
20 know whether the other Board members feel it, but I'm
21 getting dizzy from listening to, shall we say, opinions
22 that are not really in sync. So, I'm going to react to
23 what I think I believe in, which is being truthful.

24 Three hospitals that are in front of us in the

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1 last year are now combined, according to Crain's, and you
2 can question the voracity of that news organization. I
3 have several old patients of mine still claiming that they
4 try to tell the truth. 1.3 billion dollars in long-term
5 debt. And I'm well aware of the institutions that we
6 thought we were supporting in a positive way, Sherman,
7 Elmhurst and Silver Cross. I'm looking down the line, and
8 I've heard comments about what might happen with Obama
9 Care. No one really knows. The Supreme Court is going to
10 tell us what is going to happen, and, indeed, if we do have
11 what is built now, it's going to be a different landscape,
12 no doubt about it.

13 But right now my attitude is need versus want.
14 We have -- in this Board, I have seen numerous attempts to
15 build, and now we're faced with mergers, major
16 consolidations going on from large medical groups that have
17 anxiety via what's coming ahead.

18 I am not convinced that the Mercy Hospital
19 plan that you started with back in what was before I got on
20 the Board. I am impressed with your perseverance. I'm
21 certainly impressed with the amount of time you put up, the
22 amount of data you present, the amount of detail. I lived
23 in the area.

24 I remember going into the Squire down in the

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1 middle -- on the rainy days and taking my five kids to get
2 popcorn and a sandwich and go to a movie. So, I've
3 traveled up and down. I remember the little nine-hole golf
4 course across the street. I know where you're planning on
5 building this, and I think it's a pretty dense area. A lot
6 of people in real estate there remain friends of mine.
7 This is all personal. Some of it is unfortunate that it's
8 coming at the end of probably the third session we've had
9 with this, and I'm not convinced, so I'm not going to vote
10 for the Mercy Hospital plan, period.

11 CHAIRMAN GALASSIE: The record will show
12 Dr. Burden a vote of no, in opposition.

13 MR. ROATE: Mr. Eaker?

14 MR. EAKER: I'll preface my vote by saying
15 that it's a very difficult and almost impossible job to
16 sift through all of the information that has been brought
17 to our attention, so much of it in conflict, so much of it
18 that tends to want to compare apples to oranges. I'm going
19 to simply say that I cannot support your project from the
20 consumer standpoint. I applaud the fact that you reduced
21 the size of the hospital to save costs. I don't see where,
22 though, it's going to really reduce healthcare costs. So I
23 vote no.

24 MR. ROATE: Justice Greiman?

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1 MR. GREIMAN: Well, frankly, I'm sort of
2 disturbed by the response you gave relating to my question
3 on the reduction of 65 percent reduction in charitable care
4 and the answer -- I looked at the table of the other case,
5 and they went from 1,500 to 2,200. So, they increased
6 themselves by about 30, 40 percent where you decreased --
7 increased the cost but decreased the aid, and I'm a little
8 disturbed by your answer. However, sitting on this Board,
9 I've become a Libertarian, sort of, and I think you have
10 presented some positions. I don't think the world is going
11 to come to an end if you put \$100 million into the commerce
12 of the county and these two programs put almost \$400
13 million at a time when we have critical economic problems.
14 So, I'm going to vote aye.

15 MR. ROATE: Mr. Hayes?

16 MR. HAYES: My concerns here is that basically
17 that the -- there does seem to be some competitive
18 advantages here as well as some economic development
19 possibilities here as well. I feel that these projects at
20 about \$400 million are important to the State of Illinois
21 at this time, and I am willing to vote yes, to be able to
22 put this project into the pipeline and to see how it goes
23 in the future.

24 MR. ROATE: Mr. Hilgenbrink?

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1 MR. HILGENBRINK: I don't believe that you've
2 met all of the -- some of the conformance requirements of
3 the review criteria, and I haven't really heard a
4 compelling argument that would persuade me there should be
5 any exceptions or variance, so I vote no.

6 MR. ROATE: Ms. Olson?

7 MS. OLSON: I would first like to say I have
8 read everything that I've gotten my hands on. I spent a
9 lot of time on this. I feel as though I've done my due
10 diligence. I was at the hearing in Crystal Lake. I've
11 listened. The one thing that I think I found most
12 interesting was last Friday afternoon, when I picked up the
13 Circuit Court of the 19th Judicial District, McHenry County
14 ruling from prior applications, and because of that ruling
15 and because I'm concerned for the other area hospitals that
16 are below utilization, I have to vote no.

17 MR. ROATE: Mr. Sewell?

18 MR. SEWELL: I vote no. I don't think the
19 project is needed. I'm concerned about the performance
20 requirement on the size, and I would take issue with the
21 lecture we received and the -- a little bit of the
22 testimony of Mr. Stein. In the 80's, I was CEO of a local
23 health planning organization in Illinois for HSA VII, and
24 we made recommendations to this Board, the predecessors to

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1 this Board. This Board makes findings. My board of my
2 local group, many times when they recommended no and the
3 State said yes, they pursued judicial review, and when they
4 did, time after time the ruling by the judge was that the
5 State may not violate a clear, unambiguous rule. Now, some
6 of the things Mr. Carvalho mentioned add to ambiguity, such
7 as the data of the need formula and those kinds of things.
8 But there can be a single, clear, unambiguous rule that
9 causes you to have a finding one way or the other. So I
10 just wanted to put that out there, because it happened over
11 and over again. It's in the record of the Cook County
12 Circuit Courts.

13 MR. ROATE: Chairman GALASSIE?

14 CHAIRMAN GALASSIE: The Chairman is voting no,
15 and for reasons -- rather than being redundant, I will say
16 this: I think at another point in time in another
17 location, this application could make great sense. I don't
18 think at this point in time it meets the issues that I
19 found, nor the community's desire. As a result of that,
20 again I will be voting no.

21 MR. ROATE: That's six votes in the negative,
22 two votes in the positive.

23 CHAIRMAN GALASSIE: Motion fails.

24 MR. GRUBER: Thank you very much for your

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1 time.

2 CHAIRMAN GALASSIE: Thank you. Good luck to
3 you.

4 We are going to recess for lunch. One can
5 never predict the length of the meetings. We apologize to
6 all, especially Board members. We will attempt to be back
7 here at 2:30.

8 (lunch recess)

9 CHAIRMAN GALASSIE: Good afternoon. Thank
10 you very much. We will bring this meeting back to order
11 from a luncheon recess. Again, for those standing around,
12 there are some empty seats up front in different areas, if
13 you'd like to find them.

14 Again, out of respect to everyone here, we try
15 to manage this process as well as we can and certainly for
16 proper transparency purposes. We were under the impression
17 when we broke for lunch that we had about 16 requests to
18 speak. It turns out that there were additional requests to
19 speak, totaling now of about 30. So we had to make a
20 decision of which way to go, and the way we are going is we
21 are going to allow for and against to speak. We are going
22 to limit you to one minute. One minute is not a long time,
23 so let me counsel you up front. For those of you who have
24 got your three-page prepared statements, while you're

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1 sitting there, go through your statements and see what it
2 is you want to say to the Board. We don't need three pages
3 of demographics, and I say that respectfully. We're hoping
4 to hear what is new. We are hoping to hear who you are and
5 what is your feeling on this project and why.

6 Again, when we give you timing, we will try to
7 do it respectfully. I do apologize if we're cutting you
8 off. The alternative is not allowing other people to
9 speak, so we felt this was a reasonable approach to
10 maintain transparency to this application.

11 We will move forward at this point in time.
12 We will first start with public comment before we bring the
13 applicants to the table. We will call off about four
14 names, and we would ask that you cue up. The microphones
15 are at the table. If I mispronounce names, I apologize up
16 front, and when you do come to the table and you begin to
17 speak, if you would simply spell your name for our
18 recorder, please. There is no need to swear you in,
19 because it's a public comment.

20 That having been said, we will start with
21 opposition to the No. 10-090, Centegra Hospital Huntley, to
22 establish 128-bed acute care hospital.

23 (Upcoming speakers identified.)

24 CHAIRMAN GALASSIE: Mr. Brodine.

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1 MR. BRODINE: Good afternoon, Mr. Chairman.
2 Thank you for this opportunity. Warren Brodine, CEO of
3 Chicago Family Health Center, which operates five FQHC
4 sites in the south side of Chicago. We take care of about
5 27,000 patients. Most are on Medicaid. 39 percent are
6 uninsured.

7 We work with Advocate Trinity and the whole
8 Advocate System to care for these patients, and what would
9 it mean for us if the Advocate System had to cut back on
10 its care? It's our very life blood and survival. We
11 deliver more than 800 babies a year on the south side of
12 Chicago, the only reasonable L&D facility serving that
13 community.

14 Why is this story important to McHenry County
15 application? Advocate loses money every year providing
16 this care on the south side.

17 MR. MORADO: Thirty seconds.

18 MR. BRODINE: And they rely on the entire
19 network that they operate in order to subsidize that care.

20 I notice Centegra had an issue with Trinity
21 testifying against this proposal. They said that, quote,
22 "Advocate specifically contends it uses revenue from
23 McHenry County to subsidize two of its hospitals in
24 Chicago, and this is an absurd interpretation of the

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1 Planning Act." The absurdity is to think that healthcare
2 stops at a county line. Healthcare runs state-wide, and
3 it's your job to ensure healthcare is available to all of
4 Illinois.

5 Please disapprove the application. Thank you,
6 Mr. Chairman.

7 CHAIRMAN GALASSIE: Thank you. We appreciate
8 your comments. Thank you, Mr. Brodine.

9 Mr. Trent Gordon.

10 MR. GORDON: Good afternoon. My name is Trent
11 Gordon. I'm the Director of Strategy at Good Shepherd
12 Hospital.

13 Behind me you see three graphs. This first
14 graph from Claritas shows the annual rate of population
15 growth in McHenry County from 2000 to 2010. As you can
16 see, the rate drops significantly and, in fact, the graph
17 shows a decline in the actual population of the county from
18 2010 to 2011, which is supported by the submitted analysis
19 of noted demographer and health planner Jules Cohen
20 (phonetic).

21 Inpatient utilization has also been on
22 decline, and this graph shows the decline of the three
23 McHenry County hospitals. The newly-calculated bed need is
24 still based on old rates, as was mentioned later --

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1 earlier. If the 2010 use rates were used, far fewer beds
2 would be required, and these downward trends are consistent
3 with expert forecasts. The graph presented to IHA, based
4 on the research of health actuarial firms, show that
5 inpatient utilization rates would decline over the next
6 decade by at least 20 percent, and these changes are due to
7 a fundamental change in healthcare delivery.

8 In conclusion, given all of the forecast
9 declines in inpatient use rates, volumes, and population, I
10 ask you, does it make sense to add beds in an area with 347
11 available beds?

12 Thank you.

13 CHAIRMAN GALASSIE: Thank you, Mr. Gordon.
14 Appreciate your comments and your staff's excellent
15 assistance holding up the boards.

16 (Laughter)

17 CHAIRMAN GALASSIE: Ms. Eileen Steiner.

18 MS. STEINER: Hi. I'm Eileen Steiner. I'm
19 the Planning Manager of Good Shepherd.

20 You've heard about the population and
21 utilization inputs to the bed need, and I'd now like to
22 talk a little bit about another input for medical/surgical
23 bed need, which is the recapture of out-migration. Most of
24 the State's calculated bed need for McHenry County is to

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1 recapture patients leaving the Planning Area. An
2 out-migration adjustment makes sense when patients must
3 leave the Planning Area due to a lack of availability beds.
4 But this isn't the case in McHenry County. As you've
5 heard, there are plenty of available beds in the county.

6 MR. MORADO: Thirty seconds.

7 MS. STEINER: Many travel one mile across the
8 border to Good Shepherd, and, in fact, many residents in
9 the Planning Area live closer to Good Shepherd than to the
10 Centegra Huntley site. Adding 75 beds to the bed-need
11 calculation for out-migration will simply duplicate the
12 beds being used outside of the Planning Area.
13 Out-migration is not bad when it's due to patient choice,
14 which is the case in McHenry County. In fact, applicant's
15 own volume forecast is dependent on patients out-migrating
16 from Kane and Lake Counties.

17 Most importantly, without the adjustment for
18 out-migration, the bed need would be 75 beds fewer. To
19 summarize, prudent planning suggestions that out-migration
20 adjustment should be applied when residents have to leave
21 the area due to lack of available beds. Since this is not
22 the case in McHenry, the medical/surgical bed need of 114
23 is well overstated.

24 MR. MORADO: Please conclude your comments.

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1 MS. STEINER: You've heard the bed need is
2 overstated due to out-migration and high, outdated
3 population growth rates and utilization rates. So, for
4 these reasons, I suggest that these observations may help
5 you reconcile the bed need based on the State forecast, in
6 comparison with the actual 347 beds that are available in
7 the area.

8 Thank you.

9 CHAIRMAN GALASSIE: Thank you, Ms. Steiner.

10 Again, we know we're rushing, folks. We
11 appreciate your cooperation with this as well.

12 Mr. Richard Gruber.

13 MR. GRUBER: Thank you, Mr. Chairman and
14 Members. While speed talking is not my forte, I'll try and
15 go as quickly as I possibly can.

16 While we disagree with the Board's conclusion
17 of the Mercy project, nonetheless the same standards and
18 logic you used in denying the Mercy project should apply
19 equally to the Centegra project. Accordingly, for the same
20 reasons you denied the Mercy application, you should also
21 deny the Centegra application.

22 Additionally, we first note that Centegra
23 submitted no new information to justify overturning the
24 Board's Intent to Deny. Normally at this stage in your

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1 review, the Board should be focusing on what further
2 evidence an applicant has put forward since the original
3 Intent to Deny action, to justify approval of the
4 application as being considered.

5 Second, the central argument made by Centegra
6 to justify approval of this project, the new hospital, has
7 been the population is growing so fast that there will soon
8 be a need for additional beds in McHenry County.

9 MR. MORADO: Thirty seconds.

10 MR. GRUBER: At the same time, Centegra has
11 argued that Mercy's Crystal Lake hospital proposal, which
12 you just denied on the basis that there are no need for
13 additional beds in McHenry County -- I just don't think
14 that you can have that both ways, and that's what I would
15 contend.

16 Finally, Centegra has provided extensive
17 public hearing testimony that the Mercy Crystal Lake
18 hospital project would have a catastrophic impact, to use
19 their words, on its own hospitals. Centegra's officers
20 testified at length at the October 7th Mercy public hearing
21 about the devastating impact a new Crystal Lake hospital
22 would have on their facilities, stating that the new
23 hospital is, quote, "only viable at the expense of our
24 existing hospitals," end quote. Doesn't that same argument

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1 apply to Centegra Huntley?

2 MR. MORADO: Please conclude.

3 MR. GRUBER: In fact, their application shows
4 a significant number of procedures being diverted from
5 their Centegra facilities in order to justify the Huntley
6 proposal. This whole argument, frankly, seems to me to be
7 rather self-serving and certainly disingenuous.

8 Thank you for the opportunity to share some
9 remarks.

10 CHAIRMAN GALASSIE: Thank you, Mr. Gruber.
11 Joe Ourth.

12 MR. OURTH: Yes, I'm Joe Ourth. I've got the
13 privilege of representing Sherman Hospital, St. Alexius,
14 and Advocate Good Shepherd today.

15 One of the things that you've been looking at
16 on this is whether there's a negative impact on the
17 existing hospitals. Judging from the debate that you had
18 in June, I think what you'll appreciate is that you
19 understand there is negative impact. The question that's
20 difficult for you is to quantify that. How much negative
21 impact is there? Fortunately, your rules provide for a
22 basis for having to decide how much impact there is, and
23 one of those bases is that your rules say that if there is
24 an applicant for a new hospital, they shall provide

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1 physician referral letters. Your rules say that, and it's
2 information, quite frankly, that you're entitled to and
3 that you should have. Even if you decide to ignore it, you
4 should at least request and get that information.

5 While it's unusual to be sitting by Rich and
6 agreeing with him on this, Mercy Hospital provided that,
7 and what happened when they did is you saw that Centegra,
8 as well as we, said, "Look at what the negative impact is."
9 You can quantify it. While we may not agree on that, you
10 can quantify it. 4,000 cases have been taken from existing
11 hospitals. The Centegra application did not provide that.
12 We think that it's clear that those regulations do require
13 that, and while we acknowledge there may have been an
14 exception for rapid population growth, what we did is after
15 this argument did not get the attention that we think it
16 merited, we had an independent population growth study done
17 that said it does not meet the definition of your rules of
18 rapid population growth. Maybe the population is growing
19 up, but it doesn't meet that definition, and, consequently,
20 there's no reason that there shouldn't be physician
21 referral letters as part of that.

22 MR. MORADO: Please conclude.

23 MR. OURTH: Why does Centegra not want to
24 supply those? It's fairly clear. If they supply those, it

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1 would be very obvious what the outcome would be. Either
2 they would not have enough letters to fill up their
3 hospital, like they say they would, or they could do so
4 only by decimating the volume of existing hospitals. We
5 think that you need that information. You deserve it, and
6 you should require that.

7 Thank you.

8 CHAIRMAN GALASSIE: Thank you, Mr. Ourth.

9 (Upcoming speakers identified)

10 CHAIRMAN GALASSIE: Moving forward, Nancy
11 Griffith.

12 MS. GRIFFITH: Good afternoon. I'm Nancy
13 Griffith, and I've lived in Sun City Huntley for about six
14 years. Thank you for giving me this opportunity.

15 I personally experienced the quality care at
16 Sherman Hospital this summer when my husband had a
17 pacemaker implanted. We could not have asked for better
18 service. I am amazed that some of the residents of Sun
19 City Huntley think it's an inconvenience to drive to
20 Sherman, but they are willing to drive to Randall Road to
21 save a few pennies in gasoline and groceries.

22 We have four or five convenient care
23 facilities in the area, including --

24 MR. MORADO: Thirty seconds.

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1 MS. GRIFFITH: -- outpatient services at the
2 proposed Centegra hospital site. Do we really need a new
3 small hospital? I would not want to use a small hospital
4 when a larger hospital with more expertise is just a few
5 minutes further. Since a smaller hospital would not have
6 all services, such as open heart, I would not want to go
7 there and then be transferred to another facility. That's
8 really hard on the patient and the families.

9 MR. MORADO: Please wrap up your comments.

10 MS. GRIFFITH: Why would we senior citizens
11 support a hospital that's going to create even more empty
12 beds in the area?

13 I hope that the members of the Review Board
14 will once again reject this proposal. Thank you.

15 CHAIRMAN GALASSIE: Thank you, Ms. Griffith.
16 I appreciate your comments.

17 Linda Deering.

18 Can I just remind Board members, in case there
19 is any confusion, we're seeing some of the same faces we
20 saw before today. This is a new project, thus individuals
21 have a right for public comment.

22 Ms. Deering.

23 MS. DEERING: Thank you. My name is Linda
24 Deering, and I'm the Chief Operating Officer of Sherman

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1 Health.

2 I'm just wondering how many of us had heard of
3 the Village of Huntley prior to this proposal being
4 introduced, and I think it's a germane question, because
5 the population of that community is just 25,000, and we
6 need to pay attention to the fact that there are at least
7 95 other communities in the state of Illinois that don't
8 have hospitals, and they're much larger than the population
9 of Huntley. So, it is not just because we want warrants
10 the need.

11 I also want to point out in the state of
12 Illinois, we spend as much money on healthcare expenses as
13 we do education services, and so I beg us to consider --

14 MR. MORADO: Thirty seconds.

15 MS. DEERING: -- can we really afford to
16 continue spending money on healthcare services which we
17 think are largely duplicative of services already present.

18 Another crucial consideration is that
19 healthcare reform is requiring that we decrease inpatient
20 utilization and increase outpatient utilization. Why is it
21 at this time of decreased utilization across our regional
22 hospitals, we're looking to add more beds with healthcare
23 reform is urging us to go in the complete opposite
24 direction?

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1 MR. MORADO: Please wrap up are comments.

2 MS. DEERING: In fact, nationally, inpatient
3 hospitals have decreased 15 percent in the last 10 years,
4 Illinois 5 percent, in Elgin 3 percent, and in McHenry down
5 10 percent. Those are facts.

6 Lastly, as I stated earlier, Bolingbrook is an
7 example of unnecessary duplication, and I want to point out
8 that their population is three times that of the area we're
9 talking about today and they couldn't make their
10 projections. What makes us believe that this one could?
11 Clearly, now is not the time for another hospital in this
12 region. We can always revisit this in the future, if and
13 when there is a need and populations warrant.

14 Thank you.

15 CHAIRMAN GALASSIE: Thank you, Ms. Deering.
16 Karen Lambert.

17 MS. LAMBERT: Good afternoon again. Karen
18 Lambert, President of Advocate Good Shepherd Hospital.

19 I know later this afternoon you're going to
20 hear from many residents and community members in support
21 of this project. I'd also like to acknowledge the many
22 residents in the same community who are in opposition about
23 this project and very concerned about the impact other
24 hospitals. Due to the timing, they're not going to speak

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1 today, but I would like to acknowledge those who are here
2 today.

3 A new hospital project cannot be approved
4 without adverse impact. You cannot just approve a new
5 hospital and hope it doesn't have a negative one. In
6 today's hospital environment, there will be harm, and I
7 think --

8 MR. MORADO: Thirty seconds.

9 MS. LAMBERT: -- we all know that, despite
10 what you may hear. If this hospital is approved, one of
11 two things will happen: Centegra will have a struggling,
12 half-empty new hospital; or will fill up and all existing
13 hospitals will struggle with greater lack of resources.
14 And very likely both will occur. There's not enough need
15 for any other outcome. Creating more but weaker hospitals
16 is not good health planning and not the reason the Board
17 exists.

18 If, as you heard from Linda, there is a surge
19 in inpatient utilization, Centegra can come back for a CON
20 at that time. If, however, you decide to approve a new
21 hospital and Centegra's forecasting is wrong, our area will
22 be left with a \$238 million half-empty hospital and several
23 weaker hospitals. The damage is permanent.

24 Chairman GALASSIE, I agree with your earlier

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1 comment.

2 MR. MORADO: Please wrap up your comments.

3 MS. LAMBERT: Now isn't the time.

4 Thank you. I hope you vote no on this
5 project.

6 CHAIRMAN GALASSIE: Thanks, Ms. Lambert. And
7 to those members of the community that came along as well
8 and voiced your concern by standing rather than speaking,
9 we appreciate that very much.

10 (Laughter)

11 CHAIRMAN GALASSIE: Mr. Floyd?

12 MR. FLOYD: Good afternoon. My name is Rick
13 Floyd. I'm President and CEO of Sherman Health in Elgin,
14 and as requested by Chairman GALASSIE, I'll just drop my
15 prepared remarks and make two points from the heart.

16 The first is, make no mistake that a new
17 hospital in Huntley will have a significant, damaging
18 impact on all the surrounding hospitals, including
19 Centegra's own Woodstock Hospital. And, secondly -- and
20 this is to the concern that Dr. Burden made earlier --
21 Sherman is proud to have been an independent hospital for
22 123 years, community-governed, community-owned. A new
23 hospital ten miles away from Sherman makes it much more
24 difficult, possibly even impossible, to remain independent

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1 as a result of the damaging impact.

2 That's all I need to say.

3 CHAIRMAN GALASSIE: Thank you, Mr. Floyd.

4 Appreciate your comments.

5 MS. CLANCY: Thank you. Good afternoon. My
6 name is Kelly Clancy with Alexian Brothers Health System.

7 I've seen many projects brought before this
8 Board over the years, and recently quite a few of them have
9 been mergers and acquisitions. I heard Dr. Burden say
10 yesterday that this is a frightening time, and it is a
11 frightening time for all of us, for providers and
12 consumers. Everyone who is in healthcare planning really
13 needs to strive for physical improvements and long-term
14 strategic plans that emphasize efficiency and quality and
15 avoid duplication. That job is even more difficult right
16 now in the middle of an economic recession and a long-term
17 slowdown in the housing market.

18 MR. MORADO: Thirty seconds.

19 MS. CLANCY: In short, this is no time to
20 borrow hundreds of millions of dollars to build a new
21 hospital in the middle of a well-served region, put
22 existing hospitals at more risk, and reduce all hospitals'
23 ability to serve the rapidly-growing under and uninsured
24 population.

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1 So, in closing, Centegra's proposed hospital
2 for Huntley is unnecessary and an example of inefficient
3 health planning. I urge you to not approve this project.
4 Thank you.

5 CHAIRMAN GALASSIE: Thank you Ms. Clancy. I
6 appreciate your comments, all of you.

7 (Upcoming speakers identified.)

8 CHAIRMAN GALASSIE: Mr. Goldberg.

9 MR. GOLDBERG: My name is Ed Goldberg, and I'm
10 President and CEO of St. Alexius Medical Center.

11 In his testimony against Mercy, Centegra's CFO
12 said, "It's unacceptable to allow Mercy Crystal Lake
13 hospital to enter the market simply to cannibalize Centegra
14 patients, and that's exactly what would happen."
15 Cannibalizing patients simply earn market share. That's
16 exactly what Centegra Huntley hospital would do to other
17 hospitals in the area.

18 Considering a project that would take
19 thousands of patients every year from St. Alexius, Sherman,
20 Advocate Good Shepherd, Provena, St. Joe would have a
21 devastating effect on our ability to offer safety net and
22 other services in the community. In McHenry County all
23 hospitals are currently under --

24 MR. MORADO: Thirty seconds.

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1 MR. GOLDBERG: -- utilized, according to state
2 standards. National healthcare trends show that there will
3 be fewer inpatient hospital stays in the coming year. In
4 June, the Review Board members voted eight-to-one to reject
5 the Centegra Huntley project. Nothing has changed. Please
6 reject this application for a new hospital by Centegra.

7 Thank you.

8 CHAIRMAN GALASSIE: Thank you, Mr. Goldberg.

9 MR. MULAY: Good afternoon. My name is Mike
10 Mulay. I am the Controller for Sherman Hospital in Elgin.
11 I'm here to oppose Centegra's plans for a hospital in
12 Huntley.

13 Centegra Hospital Huntley should also be
14 denied because it would endanger the region's vital safety
15 net. In addition, Centegra cannot afford this new
16 hospital. If it's built, it would jeopardize Centegra's
17 financial viability. Centegra technically met the
18 financial viability criteria per the CON when it provided
19 evidence of an A bond rating from S&P, but that alone does
20 not prove Centegra is fiscally fit. In fact, in August of
21 2011, S&P changed its outlook for Centegra from stable to
22 negative, given S&P's concern about Centegra's high debt
23 levels and decreasing operating margins.

24 MR. MORADO: Thirty seconds.

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1 MR. MULAY: We can find more accurate
2 indicators of Centegra's financial health through the
3 Board's financial viability ratios. Based upon its 2010
4 audited financial statements, Centegra fails to meet four
5 of these financial viability criteria, and it barely meets
6 the remaining criteria. Centegra would be expected to fall
7 below the Board's standards if the proposed hospital is
8 built.

9 For more perspective, let's consider Morgan
10 Stanley's recent analysis of several Chicago metropolitan
11 health systems.

12 MR. MORADO: Please conclude your remarks.

13 MR. MULAY: Morgan Stanley found that Centegra
14 ranked among and the least profitable and weakest health
15 systems in the region, based upon operating margins,
16 operating cash flow margin, cash on hand and cash at debt.
17 Based on Centegra's current relatively weak financial
18 position and proposed debt structure, Centegra's proposal
19 makes no sense, except in the context of positioning for
20 sale to a larger health system. It also clearly paves the
21 way for the closing of the Woodstock Hospital.

22 I urge the Board to deny the application for
23 the proposed Centegra hospital in Huntley. Thank you for
24 your time.

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1 CHAIRMAN GALASSIE: Thank you, Mr. Mulay.

2 That concludes twelve public statements
3 regarding opposition to the Centegra hospital Huntley
4 issue, and let the record show there was also approximately
5 another 20 people who were here representing themselves in
6 opposition, though they did not speak to the issue.

7 We will now be cueing up individuals who are
8 in support of this application.

9 (Upcoming speakers identified.)

10 CHAIRMAN GALASSIE: Mr. Sass.

11 MR. SASS: I'd like to thank you for the
12 opportunity to speak once again in support of Centegra's
13 request to build a new hospital in Huntley. I'm Chuck
14 Sass, the Mayor of Huntley.

15 As I sit here today, six months later, that
16 need has not changed. I believe Centegra has worked very
17 hard to address the concerns you have expressed at your
18 last meeting. Huntley has continued to grow, as has local
19 support for the hospital. I've heard from area residents
20 and businesses who are excited about the plans. Our
21 community needs improved access to healthcare and, Centegra
22 has the right location and vision to provide this to
23 Huntley and the surrounding region. We stand strongly
24 behind the proposal for Centegra Hospital Huntley.

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1 MR. MORADO: Thirty seconds.

2 MR. SASS: We ask that those who claim a
3 hospital isn't needed to look around in this room at the
4 supporters -- if you want to stand up -- who aren't going
5 to talk, and look at the population of our communities and
6 look at the needs outlined clearly by the State health
7 officials. Now is the right time. Huntley is the right
8 place for a new, full-service, acute care hospital in
9 McHenry County.

10 Thank you.

11 CHAIRMAN GALASSIE: Thank you Mayor. We
12 appreciate your comments.

13 Mr. Gary Kaatz.

14 MR. KAATZ: Thank you, Mr. Chairman, Members
15 of the Board Staff. My name is Gary Kaatz, and I'm
16 President, CEO of Rockford Health System in Rockford,
17 Illinois. I'm also the current Chair of the Illinois
18 Hospital Associations Board of Trustees. I have served on
19 the IHA Board with Centegra CEO Mike Eesley, and I support
20 Centegra Hospital Huntley.

21 I commend Centegra for its sincere commitment
22 to the people of greater McHenry County and northern Kane
23 County. The process of building a new hospital, as you
24 have seen today, is not necessarily for the faint of heart.

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1 But Centegra's leaders have moved forward out of their
2 dedication to the communities they serve. Although no one
3 is certain exactly how healthcare reform will affect --

4 MR. MORADO: Thirty seconds.

5 MR. KAATZ: -- Illinois hospitals, we are left
6 to predict the most appropriate ways to prepare for the
7 future. To fully understand the needs of a community, the
8 health system must have deep and far reaching roots.
9 Centegra does more than care for the ill and injured in its
10 region. It is a community partner that seeks to educate
11 and to provide wellness, preventative health services to
12 the people it serves. Centegra is the safety net services
13 provider for Planning Area A-10. As an integrated health
14 system, Centegra has developed the complete continuum of
15 services to provide its patients seamless, high quality
16 care.

17 I urge the Board to approve Centegra Hospital
18 Huntley. Thank you very much.

19 CHAIRMAN GALASSIE: Thank you, Mr. Kaatz.
20 Mr. David Johnson.

21 MR. JOHNSON: Thank you. Good afternoon. My
22 name is Dave Johnson. I'm the Village Manager for the
23 Village of Huntley.

24 Over the course of the last year, I've sat

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1 quietly through the public hearing process, listening to
2 CEO's and CFO's, and now I can add COO's, and some of the
3 best hired guns that money can buy speak in derogatory
4 terms about our community. At times I found these comments
5 to be insulting, and let me tell you why. Because we are a
6 progressive community that is moving forward with the best
7 planning practices. Huntley is one of only six communities
8 in the state of Illinois that have
9 internationally-accredited both police and fire services,
10 and you'll hear from fire district representatives later.
11 The other --

12 MR. MORADO: Thirty seconds.

13 MR. JOHNSON: -- communities include
14 Naperville, Highland Park, and Wilmette.

15 During the last decade, Huntley was the fourth
16 fastest growing municipality in the state of Illinois. In
17 this year the US Census Bureau puts us only second to
18 Naperville in the number of new residential permits issued
19 so far in 2011. The State of Illinois has seen it fit to
20 invest over \$100 million in our community over the course
21 of the last year in significant road projects that you've
22 heard about.

23 Centegra is the healthcare provider that has
24 invested millions in our community. We stand strongly and

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1 passionately in support of the Centegra Hospital Huntley
2 project, and I urge you to put the opponent's financial --
3 to not put the opponent's financial needs in front of the
4 needs of the under served residents of our community.

5 Thank you.

6 CHAIRMAN GALASSIE: Thank you, Mr. Johnson.

7 Mr. Brining, John Brining.

8 MR. BRINING: Thank you, Mr. Chairman and
9 Board members, for the opportunity to be here today in
10 support of the Centegra hospital proposal. I am the
11 Executive Director of the Construction Industry Service
12 Cooperation, and we represent all of the building and
13 trades in the Chicagoland area, 140,000, and 8,000
14 contractors, many of whom are from McHenry County and from
15 this region.

16 We look at this from a jobs perspective. I
17 know you look at it from a needs perspective. But from a
18 jobs perspective, we see the creation of 800 jobs during
19 the construction process, 1,100 jobs after the project is
20 complete and --,

21 MR. MORADO: Thirty seconds.

22 MR. BRINING: -- with 30 percent unemployment
23 in our industry, this is huge.

24 We look at the geography, we look at the

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1 approval of the 90 interchange at 47 and the 90
2 improvements that only adds to why this is a viable
3 project.

4 Centegra is ready to turn on the switch, ready
5 to build, and we're ready to support those efforts. Thank
6 you.

7 CHAIRMAN GALASSIE: Thank you, Mr. Brining.
8 We appreciate your comments as well.

9 Mr. Gene Furey.

10 MR. FUREY: Good afternoon. Thank you,
11 Mr. Chairman. My name is Gene Furey. I'm a Trustee in the
12 Village of Lakewood. We are a residential community of
13 1,200 homes and about 3,500 residents, located in the
14 population center of McHenry County.

15 When the initial proposals for the new medical
16 facilities were announced, our board discussed the pros and
17 cons of each at our meeting. We all agreed that the
18 greater benefit to our village and its residents would come
19 from the proposed Centegra site in the Village of Huntley,
20 and passed a unanimous resolution to support that.
21 Huntley, Lake in the Hills, Woodstock, and Crystal Lake
22 share boundaries with our community. We recently annexed
23 the areas adjacent to the intersections of Illinois 47 and
24 176 --

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1 MR. MORADO: Thirty seconds.

2 MR. FUREY: -- and anticipate a great deal of
3 future commercial and residential development in that area,
4 which will increase our need for hospital services. The
5 Centegra site is planned to be less than two miles from our
6 Village limits.

7 If I may, I would like to tell you one aspect
8 that is important to me. Some years ago I served as a
9 firefighter in Newark, New Jersey and learned the value
10 firsthand of emergency medical care. I learned how
11 important the miracle hour is and in dire medical
12 emergencies, life can hinge on a matter of minutes. Our
13 village today has trained firefighters and EMT's, and many
14 are paramedics. Our ambulance crews are staffed by
15 paramedics and our police officers all carry
16 defibrillators. In the last year, our fire crews have made
17 140 hospital runs, for a small village, and our Police
18 Department was able to save two lives with the use of
19 defibrillators.

20 MR. MORADO: Please conclude.

21 MR. FUREY: We need a hospital within minutes
22 to ensure that the first responses continue as quickly as
23 possible. As much as a hospital is a place for healing and
24 delivering new life, the board believes that public safety

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1 is an important responsibility and strongly recommend you
2 support the Centegra proposal.

3 Thank you.

4 CHAIRMAN GALASSIE: Thank you, Mr. Furey. We
5 appreciate your comments as well.

6 (Upcoming speakers identified.)

7 CHAIRMAN GALASSIE: Good afternoon, folks.

8 MR. GHERAN: Hello. My name is Michael
9 Gheran. I'm a Junior at Huntley High School, and I support
10 Centegra Hospital Huntley.

11 My family is deeply affected by this decision.
12 My adopted brother, Charlie, who is six years old, was born
13 addicted to drugs when his birth mother gave birth to him
14 and DCFS took him into their care. He has 95 percent brain
15 damage, cerebral palsy, a tracheotomy, a feeding tube and
16 is cortically blind. Having a tracheotomy is extremely
17 dangerous. If something were to go wrong, he only has
18 minutes to live without oxygen. That is his life source.
19 It scares me to death that the nearest hospital to my house
20 is 25 to 30 minutes away. Not many people could hold their
21 breath for 25 minutes.

22 On top of that, my mother has Type I diabetes
23 that she has had since her childhood. As a complication
24 for diabetes, she has developed gastroparesis. Basically

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1 the nerves in her stomach don't work and she can no longer
2 eat. She has a feeding tube, gastric pacemaker, a PICC
3 line, and a ton of medicine.

4 She has gone to the Centegra Hospital
5 Woodstock three to four times a week. It's my job to drive
6 her there, and I have --

7 MR. MORADO: Thirty seconds.

8 MR. GHERAN: -- two jobs to support that, and
9 I've had to quit them both to help my family.

10 Please vote yes to Centegra Hospital Huntley
11 and know you are saving lives by doing so.

12 CHAIRMAN GALASSIE: Thank you, Mr. Gheran,
13 and we certainly wish you well with those challenges you
14 have in your home, and your hospital and community should
15 be proud of you representing them here today.

16 Mr. Bernardi.

17 MR. BERNARDI: My name Dr. Pasquale Bernardi.
18 Thank you, Mr. Chairman. I'm the Vice-President of
19 Physician Services for Centegra Physician Care.

20 In March of this year, I came to McHenry
21 County from Baltimore, where I was the Chief of Pediatrics
22 for John Hopkins Community Physicians. I came because, as
23 an integrated healthcare system with a strong mission to
24 serve its community, Centegra was well positioned to be

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1 successful in its efforts to navigate healthcare reform,
2 and I wanted to be part of that. As challenging as
3 healthcare reform is -- and that may be the one statement
4 we all agree upon -- it is going to be a very good thing
5 for our patients.

6 In this new model, healthcare providers are
7 going to be competing against themselves and against
8 national benchmarks to increase wellness and improve
9 quality of care, patient satisfaction, all while using
10 their general resources --

11 MR. MORADO: Thirty seconds.

12 MR. BERNARDI: -- in a more responsible
13 manner. Centegra already offers a full continuum of
14 services. In addition, the incentives for Centegra's
15 primary care and specialty providers are aligned with
16 Centegra's values and goals. A simple example of that, we
17 are -- providers' compensation is integrating patient
18 satisfaction scores, quality scores.

19 The growth projections tell us that southern
20 McHenry County needs a hospital. Healthcare reform tells
21 us that this hospital must be integrated in a system that
22 is community-focused and able to manage all of its patient
23 wellness and healthcare needs. This describe Centegra
24 Health System.

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1 Thank you.

2 CHAIRMAN GALASSIE: Thank you, Doctor.

3 Appreciate your comments.

4 Mr. Chuck Ruth.

5 MR. RUTH: My name is Chuck Ruth. My
6 grandkids are the sixth generation of our family that are
7 proud to call Huntley home.

8 In the early 50's, a group of local farmers
9 and Huntley businessmen pooled their money to build a small
10 medical building for the sole purpose of luring a doctor to
11 town. Today we join together to support a full-service
12 hospital and hopefully make Centegra Huntley a reality.
13 Centegra has long been a strong support of healthcare in
14 the greater Huntley community. We need a full-service
15 facility in Huntley.

16 I remind you of the current travel times to
17 other facilities. It only seems logical that the Board
18 would support a hospital that is needed and welcomed by a
19 community, especially one that is home to the largest
20 senior living community in the state of Illinois. Huntley
21 Centegra would be governed by local community members --

22 MR. MORADO: Thirty seconds.

23 MR. RUTH: -- an executive team that lives
24 nearby. To me this is of utmost importance.

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1 Huntley needs, Huntley wants, Huntley deserves
2 Centegra. I strongly urge this Board to vote yes.

3 CHAIRMAN GALASSIE: Thank you, Mr. Ruth.
4 Appreciate those comments.

5 Dr. Goldrath.

6 MR. GOLDRATH: My name is Dr. David Goldrath.
7 I'm an independent urologist on the medical staffs at
8 Centegra Health System, Advocate Good Shepherd Hospital,
9 and Sherman Hospital. I have many patients in the area
10 that would be served by Centegra Hospital Huntley, and I
11 fully support this project. I work closely with Centegra
12 Health System on many projects, most recently developing a
13 robotic surgery program, and I appreciated the support of
14 my ideas and willingness to work with my practice.

15 Centegra's leaders approached this new program
16 with the goal of answering one question: How can we best
17 meet the needs of our patients and the community?

18 MR. MORADO: Thirty seconds.

19 MR. GOLDRATH: They've been passionate about
20 developing a state-of-the-art service so that patients have
21 access to the latest surgeries close to their homes. I've
22 always found Centegra Health System to be approachable,
23 easy to work with, and honest. While being fiscally
24 responsible, the primary agenda has always been what's best

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1 for the patients in the communities they serve. Centegra's
2 team is also dedicated to continuous improvements so the
3 community has access to not just a hospital but a hospital
4 that's unmatched in commitment to excellence.

5 Because of my experience working with
6 Centegra, I fully support its proposal to build a new
7 hospital to care for my patients in southern McHenry County
8 and northern Kane County. I recommend you approve this
9 hospital today.

10 CHAIRMAN GALASSIE: Thank you, Dr. Goldrath.
11 Appreciate that.

12 Mr. Ryan Farrell.

13 MR. FARRELL: Thank you. My name is Ryan
14 Farrell. I'm a resident of the Village of Lakewood. I'm
15 here today as a concerned citizen, but I think a little
16 background would be helpful to explain my perspective.

17 I'm a lifelong resident of McHenry County;
18 also work in Crystal Lake as a partner in a law firm,
19 employing over 40 people. I'm an active member of the
20 community. I serve as Chairman of the Crystal Lake Chamber
21 of Commerce; I'm on the School Board for Crystal Lake; and
22 I'm a Trustee for Leadership Greater McHenry County, an
23 organization spearheaded by Centegra.

24 Everywhere I go, I see Centegra's footprint.

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1 Their support of the community has been instrumental --

2 MR. MORADO: Thirty seconds.

3 MR. FARRELL: -- in making McHenry County what
4 it is today. Centegra participated in over 500 events in
5 the last year, as people won awards throughout the county,
6 and has encouraged a culture of leadership.

7 My wife and I are raising two healthy sons in
8 the Village of Lakewood, but I understand we can't take
9 that for granted. Growing up in the southern end of
10 Crystal Lake, my sister suffered from chronic renal
11 failure. Two times that I can vividly remember she was
12 rushed to the hospital, once for peritonitis and once for
13 heart failure, and the doctors told her that if she was
14 there minutes later, she would not have survived. Minutes
15 matter in healthcare, and I don't believe that we have
16 those minutes with the congestion in Crystal Lake anymore.

17 MR. MORADO: Please conclude your comments.

18 MR. FARRELL: I urge you to support this
19 program.

20 CHAIRMAN GALASSIE: Thank you, Mr. Farrell.
21 We appreciate your comments and your community support.

22 (Upcoming speakers identified.)

23 CHAIRMAN GALASSIE: Welcome, Dr. Gerolimos.

24 MR. GEROLIMATOS: Hello. Thank you for

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1 listening to me. I am Dr. Spiridon Gerolimatos. I'm the
2 Medical Director of Medical Imaging at Centegra, and I'm a
3 very biased person. I am strongly biased towards this
4 hospital, but I am biased in many things. I am biased
5 towards the state of Illinois that received me when I came
6 from my mother land. I am heavily biased towards the
7 University of Illinois that gave me a degree in biology and
8 chemistry. I am biased to being favored by the University
9 of Illinois that gave me a degree in medicine and
10 Presbyterian St. Luke's that gave me a degree in radiology.

11 MR. MORADO: Thirty seconds.

12 MR. GEROLIMATOS: My bias towards supporting
13 Centegra is from my practice of patients, due to my
14 position, and to the board in the ability to take a small
15 hospital and develop it through the years to a very
16 comprehensive, quality examination with leadership, courage
17 and direction. I have already been present -- I am
18 physically present in this community. We have an imaging
19 center at Huntley with the imaging technology. We have
20 provided a health center for the community, and now we are
21 ready to address their deeper needs. I have personally
22 given a number of lectures at Del Webb.

23 MR. MORADO: Please conclude your comments.

24 MR. GEROLIMATOS: I understand the education

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1 and the intellect and the needs of the population, and I
2 think we are uniquely qualified to deliver them, and
3 Centegra has what it takes to make the so-called small
4 hospital grow, as they have done with the other two
5 facilities.

6 Thank you.

7 CHAIRMAN GALASSIE: Thank you, Doctor.

8 Appreciate those comments.

9 Miss Hill.

10 MS. HILL: Hi. My name is Clare Hill. I am a
11 community member here in McHenry County, and my family all
12 moved here so we could be a part of a growing community.
13 So, not only me and my brothers and siblings and their
14 spouses, but my parents also.

15 January 21st of this year, my father suffered
16 a heart attack in his home in Algonquin. It was 3.5 miles
17 to the nearest EMT to get to him, get him, take him another
18 9.5 miles to Sherman Hospital. He did not make it. Had
19 there been another hospital closer, the outcome may or may
20 not have been different. We don't know.

21 MR. MORADO: Thirty seconds.

22 MS. HILL: But we did not just lose a father,
23 we lost a community member who supported his community
24 wholeheartedly, services, businesses. He kept his business

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1 in this county. Not only did they lose but the neighbors
2 lost, too, as we had to quickly get rid of a house that we
3 could no longer keep or afford. When somebody dies
4 unexpectedly when there could be a solution, it costs
5 everybody in the community money.

6 A lot of these beds are empty in hospitals
7 right now because people are out of work and they do not
8 have insurance. We do need a closer facility for the
9 people in southern McHenry County.

10 Thank you for hearing me.

11 CHAIRMAN GALASSIE: Thank you for your
12 comments. We certainly are sorry for your loss.

13 Dr. John Burkey.

14 MR. BURKEY: Good afternoon. I'm John Burkey,
15 and I'm the Superintendent of School District 158 in
16 Huntley. Back in the 1980's, there was a really good movie
17 called "Back to the Future," and at the end of the movie,
18 the DeLorean rises off the street and goes off into the
19 future and Doc Brown says, "Roads? Where we're going we
20 don't need roads." And that's very true today, because as
21 we move into the future, if we're going to be visionaries,
22 we can't take roads; we have to design the map. That's
23 something that we as a school district and Centegra have
24 begun to partner on doing.

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1 We're starting a medical academy in our high
2 school, which currently has approximately 125 students.

3 MR. MORADO: Thirty seconds.

4 MR. BURKEY: This academy is going to open
5 next fall. It's going to be a school within a school, and
6 Centegra is a full partner with us in this. Our goal is,
7 we want to provide a work force for the future that will be
8 able to staff all of the medical needs. You know, there's
9 no greater need in this country or no greater challenges
10 than education and healthcare, and both of those areas take
11 organizations that are leaders, that can map our way to the
12 future, and in Huntley, we are doing that between our
13 school district and Centegra, and together we are going to
14 have a medical academy like nothing in the entire state of
15 Illinois. We will be using "Project: Lead the Way"
16 curriculum, which has already been approved, which is a
17 nationally-rigorous medical curriculum. In the state of
18 Illinois it is led by the University of Illinois in
19 Champaign.

20 MR. MORADO: Please conclude your comments.

21 MR. BURKEY: In closing, I would just like to
22 say that between us and the partnership we have in Huntley,
23 we are truly, truly doing something that is going to be a
24 model for the state of Illinois and, I believe, a model for

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1 the entire nation.

2 CHAIRMAN GALASSIE: Thank you, Dr. Burkey. I
3 suspect Board Members appreciate the reference to "Back to
4 the Future" at 3:30, rather than more HSA statistics right
5 now.

6 (Laughter)

7 CHAIRMAN GALASSIE: Ellen Ebann.

8 MS. EBANN: Good afternoon. My name is Ellen
9 Ebann, and I am a Board member of the Family Health
10 Partnership Clinic in Woodstock and McHenry. Our clinic's
11 mission is to provide healthcare for the uninsured and the
12 under insured of the area. We do not receive State or
13 Federal dollars for our work, and we are dependent on our
14 community to help us provide primary care that is so
15 critical to the health of our area.

16 MR. MORADO: Thirty seconds.

17 MS. EBANN: Because we do not -- because we
18 are not government-funded we must partnership with other
19 people in our community. One of our strongest partners is
20 Centegra Health System. They have been leaders in
21 demonstrating their commitment to the community. They've
22 always made a very strong effort to incorporate the
23 clinic's well-being into their community mission. I could
24 go on and on.

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1 We are pleased with Centegra's plan to bring
2 high quality healthcare to the southern portion of McHenry
3 County. This attention to need over profit has been
4 consistently demonstrated by Centegra through their
5 involvement with our clinic, as well as the many other
6 activities they foster, which are not profit-centered but
7 instead address community concerns. This is the true
8 definition of community-centered healthcare, and we are
9 proud to support Centegra in its effort to deliver that.

10 MR. MORADO: Please conclude your comments.

11 MS. EBANN: Please approve Centegra Hospital
12 Huntley. Thank you.

13 CHAIRMAN GALASSIE: Thank you, Ms. Ebann.

14 And I believe we have Chief Jim Saletta.

15 MR. SALETTA: Good afternoon. My name is Jim
16 Saletta. I'm Fire Chief of the Huntley Fire Protection
17 District, and I'm here representing the Fire District.

18 I'd like to state that we are in full support
19 of Centegra Health System's proposal to build a hospital in
20 Huntley. I'd like to make a few key points.

21 A lot has been said about travel time.
22 Statistically what I can tell you is our current travel
23 time to Woodstock Hospital is 15 minutes and our current
24 travel time to Sherman Hospital is 16 minutes. If we had a

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1 local hospital we could cut that time in half. We can have
2 a travel time of six minutes or less in most cases, and it
3 will be significant for us.

4 I'd like to talk about turnaround time.

5 MR. MORADO: Thirty seconds.

6 MR. SALETTA: Turnaround time is the time that
7 an ambulance is out of service while it's on a call. If we
8 transport somebody to a hospital and it's outside of our
9 area, we're going to be out of service for at least an
10 hour. We could cut that time down to 30 or 40 minutes if
11 we have a local hospital, and that will also be
12 significant. It will put our ambulances back in service,
13 ready to service our communities.

14 Last thing I'd like to talk about is
15 statistics. In 2001, we had 1,291 ambulance calls. In
16 2010, we had 2,731 ambulance calls, a 211 percent increase.
17 Every year we see an increase in the number of ambulance
18 calls, and we will see that same thing happen this year.
19 Of special note is the population that we serve in the Del
20 Webb community. There are over 9,000 senior adults in that
21 community. Five years ago they represented 21 percent of
22 our calls. This year they're going to represent 40 percent
23 of our calls. As our population grows older, as we all
24 know, we're going to require more medical attention and

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1 more emergency medical attention. I think that's
2 justification for a hospital in our area.

3 In summary, Centegra's proposed hospital in
4 Huntley will provide improved emergency medical services as
5 well as general medical services to the fastest-growing
6 population center in McHenry County and northern Kane
7 County. It will also provide needed medical care to a
8 significant number of higher risk senior adults. In a few
9 years, when this possibly goes into service, there will be
10 an even greater need than there is today, and we need this
11 medical facility today.

12 Thank you.

13 CHAIRMAN GALASSIE: Chief, thank you for your
14 comments, and congratulations on your National
15 Certification that your City Manager mentioned. I'm
16 somewhat familiar with it, and I give you a lot of credit.
17 Thank you, all of you.

18 (Upcoming speakers identified.)

19 CHAIRMAN GALASSIE: Good afternoon, folks.

20 Ms. Rivera, if you'd like to begin.

21 MS. RIVERA: Okay. My name is Maggie Rivera,
22 and I am a resident of Crystal Lake and the National
23 Vice-President of the League of United Latin American
24 Citizens in the Midwest region. LULAC is the oldest and

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1 largest Latino civil rights organization in the United
2 States. Our organization's main goal is to advance the
3 economic condition, educational attainment, political
4 influence, health, and civil rights of Hispanic Americans.
5 We have more than 800 community-based LULAC councils
6 nationwide. On the local level since our founding in 1968,
7 LULAC has been integrally involved in advocacy with regards
8 to healthcare.

9 The hospitals that became Centegra have been
10 cornerstones in McHenry County for nearly a 100 years.
11 Centegra has demonstrated its investment in the communities
12 it serves by providing quality healthcare to anyone who
13 needs it, without concern of ability to pay.

14 MR. MORADO: Thirty seconds.

15 MS. RIVERA: Centegra also provides key
16 support for a number of residents. Centegra has shown
17 foresight in involving the services in our community access
18 to those services. Its leaders continually assess our
19 region's needs and tailor the healthcare they provide to
20 make sure they stay on the leading edge of healthcare.

21 Centegra is rooted in our community,
22 supportive of local charities, and is the hospitals we
23 trust to provide healthcare services for the people of
24 McHenry County. Over the years, Centegra has been a strong

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1 support --

2 MR. MORADO: Please conclude your comments.

3 MS. RIVERA: -- and advocate for the health
4 and well-being of Latino residents in McHenry County. I
5 strongly ask you to support and vote yes for Centegra.

6 CHAIRMAN GALASSIE: Thank you, Ms. Rivera.
7 Appreciate your comments.

8 Ms. Wicks.

9 MS. WICKS: Hello. My name is Kim Wicks. My
10 story is not a sad one.

11 I, for the last month or so, have been making
12 cold calls regarding the decision here today. I've been
13 calling my fellow neighbors throughout Algonquin, Lake in
14 the Hills, Crystal Lake, and Huntley. I wondered how many
15 of these people are going to be rude to me, hang up in my
16 ear versus how many would really be interested. Boy, was I
17 surprised. These people were not rude at all. In fact, of
18 the hundreds of phone calls I made, I actually only had two
19 people hang up on me. These people were interested. They
20 asked questions, if they didn't know about the project, and
21 if they did, I almost immediately got a "Yes, I want a sign
22 in my yard. We need a hospital in Huntley."

23 MR. MORADO: Thirty seconds.

24 MS. WICKS: I left a lot of messages, too.

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1 People even called me back. This community took the time
2 to call back a telemarketer. I've never done that. Some
3 of them even came to our office when I told them it was
4 going to be a few days before we could have a volunteer out
5 there to put a sign in their yard. They came and picked
6 them up.

7 Finally, I hope that you will listen to the
8 communities of southern McHenry County. I have heard and
9 spoke to these residents firsthand, and I am overwhelmed at
10 how many people are in need of a hospital and want one in
11 Huntley. Please say yes to Centegra Huntley.

12 Thank you.

13 CHAIRMAN GALASSIE: Thank you, Ms. Wicks.
14 Appreciate your comments.

15 Marty Smith.

16 MR. SMITH: Good afternoon. I am Marty Smith.
17 I'm a Senior Vice-President of Investments for Raymond
18 James, as well as a certified financial planner. I'm also
19 an Eagle Scout and a Silver Beaver for Boy Scouts and have
20 been an active volunteer for the Boy Scouts for the last 30
21 years. I was born in a Centegra facility and lived in the
22 community my entire life.

23 My (unintelligible) for you today is that of
24 community service. Centegra provides vitality to our

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1 community unlike anything I've ever seen in my entire life.
2 There's a passion by employees, by the leadership, by the
3 staff that filters through the community. Bottom line --

4 MR. MORADO: Thirty seconds.

5 MR. SMITH: -- is our communities are far
6 better off because of the vision they have, the core values
7 they have, the leadership of the community involvement they
8 have.

9 Thank you very much.

10 CHAIRMAN GALASSIE: Thank you. We appreciate
11 your comments.

12 Mr. Doug Meyer.

13 MR. MEYER: Thank you, Mr. Chairman and Board
14 Members. Thank you for this opportunity to speak. I am
15 Doug Meyer. I live in Lake in the Hills. I'll start by
16 saying that I grew up in Crystal Lake, and I still have
17 family that lives in the area. I have a great affinity in
18 my heart for Crystal Lake, Twin Ponds Golf Course, Silver
19 Nugget Pizza.

20 But I believe that the plan and the proposed
21 site for Centegra Hospital Huntley is by far the best
22 option to serve the area's needs for healthcare. We have
23 seen explosive growth in the area. There was a period of
24 time when the school district in Huntley was taking in as

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1 many as 1,000 new students each year. At the same time,
2 Del Webb Sun City was being developed and brought in 10,000
3 senior citizens.

4 MR. MORADO: Thirty seconds.

5 MR. MEYER: So, the community came together.
6 It responded by building seven schools, new fire stations,
7 in addition to the improvements and road expansion going
8 on. So, I think if more of you lived or went through the
9 area, you'd see that the need is real and it is justified.
10 For me it's not a question of whether this is needed or
11 not. It is.

12 The community is coming together once again.
13 We had a gathering on the campus where the new hospital
14 would be built to rally for our common cause last week,
15 which is quality, full-service healthcare close to our
16 homes, and by that I mean immediate care, physician
17 facilities, a wellness center and a full-service hospital.
18 I was very excited to be part of this reality. We have
19 some pictures here. Kayla and Angela Felton were there, a
20 bunch of other people.

21 MR. MORADO: Please conclude your comments.

22 MR. MEYER: So, as you make your decision
23 today regarding these proposals, please consider that the
24 need is real, the undeniable fact that the southwestern

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1 McHenry County is where the most recent growth has been and
2 where it will continue to be, and that it is a very large
3 and diverse community, solidly behind Centegra Huntley.
4 Thank you for your consideration.

5 CHAIRMAN GALASSIE: Thank you, Mr. Meyer. We
6 appreciate your comments as well.

7 Mr. Pat Morehead.

8 MR. MOREHEAD: Hi. My name is Pat Morehead,
9 and I am here in support of Centegra Health System's
10 proposal of Centegra Hospital Huntley. By building
11 Centegra Hospital Huntley, created efficiencies will
12 benefit the people who are served, as well as Centegra, for
13 years to come. Centegra's success comes from the way the
14 organization is centralized. By operating as a unified
15 system with leadership that oversees all of its entities,
16 Centegra spreads fixed costs over a large patient
17 population. Adding another hospital to the system will
18 allow it to share costs even more, which will again
19 increase efficiency. In order to create these same
20 efficiencies --

21 MR. MORADO: Thirty seconds.

22 MR. MOREHEAD: -- many other Illinois health
23 systems are combining to share costs. Centegra Hospital
24 Huntley would do more than meet the healthcare needs of its

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1 patients. It would also help other hospitals carry the
2 financial burden of the Centegra system by providing care
3 to the people of the region. While many Illinois
4 healthcare systems are merging to improve efficiencies,
5 Centegra has to examine its own market. There are still
6 people living in our region who are under served, and that
7 is why southern McHenry County is the right location for a
8 new hospital. Centegra strives to bring high quality
9 healthcare --

10 MR. MORADO: Please conclude your comments.

11 MR. MOREHEAD: -- to our community, and they
12 have done the necessary research in order to execute this
13 project.

14 I ask you to approve Centegra Hospital Huntley
15 and give thousands of community members what they deserve.
16 Thank you.

17 CHAIRMAN GALASSIE: Thank you. We appreciate your
18 comments, ladies and gentlemen. Thank you very much.

19 (Upcoming speakers identified.)

20 CHAIRMAN GALASSIE: Dr. Campagna, if you
21 would like to begin.

22 MR. CAMPAGNA: Dr. Dan Campagna. I'm the
23 Associate Medical Director of the Department of Emergency
24 Medicine for Centegra Hospital McHenry. Been an emergency

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1 medical physician for approximately 15 years and, I joined
2 Centegra Health System in July of 2000. It is my
3 responsibility as an emergency medicine physician to
4 respond to any medical emergency that comes to the
5 Emergency Department. Centegra has provided me with all of
6 the necessary resources to do my job effectively once the
7 patient gets to our doors, but it is the responsibility of
8 the healthcare system to respond to the changing needs of
9 our community at large.

10 Our community in northern Illinois and
11 healthcare in general have dramatically changed over the
12 past 10 years. The population in southern McHenry and
13 northern Kane Counties are booming. Huntley alone, as we
14 have heard many times today, has tripled its population in
15 the last 10 years. Patients are living longer, their care
16 is becoming more complex, and primary care services are
17 vital to --

18 MR. MORADO: Thirty seconds.

19 MR. CAMPAGNA: -- keep up with the demand of
20 our communities as patients are looking for hospitals and
21 emergency departments for their care. Centegra Health
22 System is committed to our community and responding to its
23 needs in a number of ways. We have two comprehensive
24 hospitals with Level 2 trauma care. We have a Flight for

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1 Life program at Centegra Hospital McHenry. In the last 10
2 years we have added cardiac cath and cardiovascular surgery
3 programs, stroke and chest pain center designations,
4 increased our number of staff, redesigned and renovated two
5 Emergency Departments with state-of-the-art technology, and
6 added two immediate care centers in the community. But
7 where are we falling short?

8 MR. MORADO: Please conclude your comments.

9 MR. CAMPAGNA: We have a lack of
10 readily-accessible care in southwestern McHenry and
11 northern Kane Counties. In an emergency, time is critical.
12 Huntley rescue takes 15 minutes transport to either
13 Woodstock or Sherman, and it can easily take 30 minutes or
14 more in bad weather, traffic, et cetera.

15 As a major healthcare provider of McHenry
16 County, Centegra Health System is committed to our
17 community. Centegra Hospital Huntley will provide the
18 residents in our relatively under served regions the same
19 access to emergency care that is consistent with emergency
20 care in other areas of our county.

21 Thank you.

22 CHAIRMAN GALASSIE: Thank you, Dr. Campagna.

23 Mr. Francos.

24 MR. FRANCO: Good afternoon. I am Rick

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1 Francos. I am a McHenry County resident and local business
2 owner, and I do appreciate the chance to speak to the panel
3 today.

4 As we have seen from the stats, McHenry
5 County's growth has been tremendous. The growth in
6 southern McHenry County along the I-90 corridor, including
7 Huntley, has resulted in the need for additional
8 infrastructure and services. We have seen new and expanded
9 roads, new schools, new churches, new fire stations.

10 MR. MORADO: Thirty seconds.

11 MR. FRANCO: A newly approved I-90
12 interchange at Route 47 and now the need to serve the
13 residents with a new hospital in Huntley.

14 I'm here today taking time away from my work
15 to express to you that the time is now to say yes and
16 commit to build a hospital that will serve McHenry County
17 residents for decades to come. Need and now. As a
18 co-founder of a local employer who recognized the need to
19 expand our company's services to Huntley to serve an
20 ever-growing population, so too has Centegra. They've
21 analyzed the areas they serve and recognize the need for
22 improved medical care exists today. The ability to improve
23 service for that need relies on this Board approving the
24 project proposed by Centegra now.

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1 Concluding, not everyone from the local
2 community can be here to express their wishes, but for
3 someone who works and lives in McHenry County, I see the
4 tremendous support the local community has given to
5 Centegra to help in their efforts to expand and improve
6 medical care in our community. So, as a member of that
7 community, I ask you recognize the need and ask you to
8 approve the new Centegra hospital to advance medical care
9 in our community. Thank you.

10 CHAIRMAN GALASSIE: Thank you, Mr. Francos.
11 Mr. Harry Leopold.

12 MR. LEOPOLD: Thank you. My name is Harry
13 Leopold. I'm a 9-year Trustee of the Village of Huntley
14 and a 5-year member of the Sun City Community Association
15 Board of Directors. We are an active adult community.

16 I want to add my support as a representative
17 of the over 24,000 Huntley residents and nearly 10,000
18 residents of Huntley (sic) for the approval of Centegra
19 Hospital Huntley. While it was good for a few laughs, I
20 object to the stereotype earlier that people of Sun City
21 object to driving to medical -- to get medical service but
22 readily go to save two cents on gas.

23 For these reasons and many reasons --

24 MR. MORADO: Thirty seconds.

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1 MR. LEOPOLD: -- that have already been
2 stated, I want to add my support and urge you to support
3 the Centegra hospital in Huntley.

4 CHAIRMAN GALASSIE: Thank you, Mr. Leopold.
5 We'll let the record show folks at Sun City are willing to
6 drive.

7 (Laughter)

8 CHAIRMAN GALASSIE: Mr. Timothy O'Grady.

9 MR. O'GRADY: Thank you, Mr. Chairman, Board
10 Members. My name is Tim O'Grady, and I wanted to share how
11 Centegra Health System changed my life.

12 I was taken to Centegra's Behavioral Health
13 Department and received care that honestly and truly saved
14 my life. Without the access to the care that I received, I
15 don't think I'd be standing here today, telling you how
16 important behavioral health services are to McHenry County.
17 The series of events that brought me to Centegra Behavioral
18 need not be discussed in this venue, but the details were
19 pretty frightening.

20 I was diagnosed with Bipolar II disorder, a
21 diagnosis which, oddly enough, gave me a great sense of
22 relief, gave me a different perspective on myself, and
23 named my mental illness. That helped me begin a journey of
24 recovery. I have got to tell you that the team at Centegra

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1 took care of me. They made me see life is worth living
2 and, most importantly, they never gave up on me. Through
3 group sessions, activities, counseling, and the ability to
4 talk to other patients, I learned that my battle was not
5 unique to me, there were others like me, and I believed a
6 different way of living and recovery were possibilities --

7 MR. MORADO: Thirty seconds.

8 MR. O'GRADY: -- something I never conceived
9 prior to receiving care at Centegra. Many, many years I
10 just assumed that severe depression was always going to be
11 a part of my life, but with the coaching from Centegra
12 staff and their assistance in developing a wellness
13 recovery plan for me, I now know there is a solution and a
14 better way of living.

15 I understand how important any hospital is for
16 our communities, but providing mental health service is
17 beyond necessary, especially today. Looking around the
18 room, I know many of us know someone who has suffered from
19 or is currently living with a mental illness.

20 MR. MORADO: Please conclude your comments.

21 MR. O'GRADY: Not only genetics play and will
22 continue to play a role in mental health issues, but also
23 factors such as the economy are affecting many lives, as is
24 the recent influx of heroin and other life-affecting drugs

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1 in this county and region. For these kinds of illnesses
2 special care is needed. Our community needs services to
3 help the mentally ill.

4 I ask that you consider the snapshot of my
5 story and how Centegra services of compassion, competency
6 and determination saved my life. Build a hospital that can
7 save a life both physically and mentally. Please approve
8 Centegra's Hospital Huntley. Thank you.

9 CHAIRMAN GALASSIE: Thank you, Mr. O'Grady.
10 We appreciate your comments and your willingness to share
11 your journey to recovery. I commend you for that.

12 Mr. Terrence Egan.

13 MR. EGAN: Good afternoon. My name is Terry
14 Egan. I am President and CEO of Hearthstone Communities.
15 I support Centegra Hospital Huntley because of Centegra's
16 long-standing involvement in McHenry County.

17 Hearthstone Senior Living Community is a
18 Continuing Care Retirement Community that has been serving
19 the healthcare and residential needs of older adults since
20 1903. Our 200 residents include those living
21 independently, as well as seniors requiring assisted living
22 and skilled nursing care. Centegra has cared for our
23 patients with acute healthcare needs since 1914.

24 MR. MORADO: Thirty seconds.

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1 MR. EGAN: The long-term collaboration between
2 Centegra and Hearthstone continues to this day, not only
3 when our residents need emergency or acute care services,
4 but also when patients from the community are discharged
5 from the hospital and require post-acute care and nursing
6 facilities such as Hearthstone. The proposed Centegra
7 hospital is within Hearthstone's primary market area.

8 This I know. Now is the time for healthcare
9 providers to create services to meet the needs of the
10 dramatically increasing elderly population in our
11 community. Hearthstone Communities fully supports
12 Centegra's proposal for a new hospital in Huntley.

13 CHAIRMAN GALASSIE: Thank you, Mr. Egan. We
14 appreciate your comments, and all of you as well. Thank
15 you for your time.

16 This concludes the comments in support of this
17 Project No. 10-090. There is -- there are 25 people that
18 spoke in support of the project with a an additional 25 or
19 so standing in silence but noting support in the project.

20 That having been said, prior to calling the
21 applicants to the table, I am going to ask for a ten-minute
22 stretch, because we had two glasses of iced tea at lunch
23 rather than one. So we'll be back here in ten minutes.

24 (Recess)

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1 MR. SHEPLEY: Aaron Shepley.

2 MR. EESLEY: Mike Eesley.

3 MS. MILFORD: Susan Milford.

4 MR. SCIARRO: Jason Sciarro.

5 MS. STRENG: Hadley Streng.

6 CHAIRMAN GALASSIE: If you want to raise your
7 hands, we assume you'll be speaking for the organization.
8 They need to stand up and identify themselves.

9 MR. PIEKARZ: Lee Piekarz.

10 MR. ROSENBERGER: Robert Rosenberger.

11 MR. MURPHY: Neal Murphy.

12 MR. BERNARDI: Pasquale Bernardi.

13 MS. JOHNSON: Barb Johnson.

14 MR. LAWLER: Dan Lawler.

15 (Oath given)

16 CHAIRMAN GALASSIE: I think we might want to
17 make a note to consider a sliding fee based on the number
18 of people sworn.

19 (Laughter)

20 CHAIRMAN GALASSIE: We have two --

21 MR. CONSTANTINO: Two comments on the State
22 Agency Report.

23 CHAIRMAN GALASSIE: Two comments that have
24 been passed out to folks.

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1 MR. CONSTANTINO: These were e-mailed to the
2 Board members last week. I believe they're relevant and
3 should be approved and included in the project file.

4 The first -- Item 4 dealt with our failure to
5 put the opposition comments in the State Agency Report. We
6 try to give the Board members a sample of opposition
7 comments in our State Agency Report. We don't get every
8 one in that, especially on projects of this size and scope.

9 The second comment that the letter made was
10 regarding our bed inventory, and we're required by your
11 rules to use the approved bed inventory that was approved
12 by you in October 2011, and that's what we used for both
13 this, the Centegra report, and the Mercy applications.
14 That's what we're required to use, nothing else.

15 CHAIRMAN GALASSIE: And you're recommending
16 both be included into the record?

17 MR. CONSTANTINO: Yes. Then there's Item 5,
18 which I've also handed out. Again, this was also e-mailed
19 to you last week. They requested my analysis of the
20 service access issue. I believe the rule should be read as
21 access is the result of -- access is not an issue unless
22 all of the facilities are at target occupancy, and that's
23 the way I've done this report and the Mercy application,
24 and that's the way I considered it.

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1 We ask four things regarding need for a
2 project. Is there a calculated bed need? And in this area
3 there is, there's a calculated bed need of 178 beds. Will
4 the project serve the residents of the Planning Area? And
5 for this application, the applicants have stated that the
6 number of patients from this Planning Area will be about 60
7 percent; 40 percent will be outside this Planning Area.
8 That is what they have given us. Is there a demand for the
9 project? And this goes to the question of referral
10 letters. In this case, they relied upon our calculated
11 demand formula. That was approved at your meeting at the
12 October 2011 Board meeting. And then will the proposed
13 project Improve service access in the -- within 45 minutes
14 of the proposed project?

15 CHAIRMAN GALASSIE: So having heard those
16 three Staff recommendations, is there a motion to accept
17 these three items and include them in the record?

18 MR. EAKER: So moved.

19 MR. SEWELL: Seconded.

20 CHAIRMAN GALASSIE: Accept them in the record
21 and then proceed, two items. Motion and --

22 MR. ROATE: Motion made by Mr. Eaker and
23 seconded by Mr. Sewell.

24 Dr. Burden?

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1 MR. BURDEN: Yes.

2 MR. ROATE: Mr. Eaker?

3 MR. EAKER: Yes.

4 MR. ROATE: Mr. 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. Sewell?

13 MR. SEWELL: Yes.

14 MR. ROATE: Chairman GALASSIE?

15 CHAIRMAN GALASSIE: Yes.

16 MR. ROATE: That's eight votes in the

17 affirmative.

18 CHAIRMAN GALASSIE: Motion passes. Thank you

19 very much.

20 We will move directly to Staff report for Item

21 10-090, Centegra Hospital Huntley.

22 MR. CONSTANTINO: Thank you Mr. Chairman.

23 The applicants, Centegra Health System, are

24 proposing to establish a 128-bed acute care hospital in

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1 Huntley, Illinois. The total cost of the project is
2 approximately \$233 million. The anticipated project
3 completion date is September 30th, 2016.

4 At the June meeting, an Intent to Deny was
5 given by this Board. You asked for additional information.
6 That is included as a separate Appendix to the information
7 submitted to you. As part of that submittal, the
8 applicants addressed the response to Safety Net Impact
9 Statement submitted by the applicants. They addressed the
10 2010 McHenry County Community Health Study, and they
11 addressed the decrease, the slow down, in the population
12 growth in McHenry County. Once again, that was submitted
13 to you as a separate Appendix to the information.

14 There was a public hearing held on this
15 project. That hearing was February 16th, 2016 (sic), and
16 we received a number of letters in support and opposition.
17 When I say "we received," that means the State Board Staff
18 separately received a number of letters in support and
19 opposition. You were given over 7,000 pages of support and
20 opposition letters submitted with this application. We
21 tried to include a number of the excerpts from those
22 letters in the body of this report. Hopefully, you've read
23 them all.

24 The State Board Staff notes there are existing

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1 facilities within 45 minutes that are operating below the
2 target occupancy. There are existing facilities within 30
3 minutes, two of which are Centegra hospitals, operating
4 below the State Board's target occupancy, and then the
5 proposed clinical services, other than categories of
6 service, will impact other area providers.

7 Thank you, Mr. Chairman.

8 CHAIRMAN GALASSIE: Thank you.

9 MR. SEWELL: Mr. Chairman, that public hearing
10 was February of 2011.

11 MR. CONSTANTINO: February, yes.

12 MR. SEWELL: You said 2016.

13 MR. CONSTANTINO: I'm sorry. 2011.

14 CHAIRMAN GALASSIE: Thank you for the
15 correction.

16 And who will be speaking for the Board?

17 MR. EESLEY: I'll start it anyway.

18 CHAIRMAN GALASSIE: Thank you.

19 MR. EESLEY: Just -- I'm Mike Eesley. I
20 wanted to start off. I'm the CEO of the Health System,
21 been with the Health System about 13 years now, CEO about
22 10 of those years.

23 It's a health system rich, as you've seen, in
24 the fabric of the community. It's been a part of the

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1 community for almost a hundred years, 98 years now. It is
2 the essence of how healthcare delivery is in McHenry
3 County.

4 I know that you've got a lot of paper in front
5 of you, 7,000 pages. I assume you've read most of those.
6 We've been supported by over 16,000 letters of support by
7 our community, which I think is significant in respect to
8 their commitment to this project. You hear through the
9 public comments and through the discussion today a lot of
10 emotions. What we're going to try to do with the group I
11 have with me today is try to cut through some of those
12 emotions and give you some facts and information that we
13 think will minimize the gaps that you're hearing about and
14 the concerns you're hearing about, so that you can get a
15 better essence and feel for this project.

16 I will tell you that with our 100 years, that
17 organization really is a -- like you heard from Chuck Ruth,
18 for example, an individual within the community of five
19 generations. We have a lot of those individuals that are
20 part of Centegra Health System, part in the fact that --
21 they are part of a partnership or maybe they're on a board
22 or they're in some relationship with Centegra. They really
23 hold our feet to the fire to make sure that we provide
24 great access to our community, that we are the essence of

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1 safety net, and you'll hear about the safety net aspects of
2 that.

3 We don't take CON's lightly. I'll tell you a
4 little brief story about our CON journey, but the CON
5 process is considered within our organization, and it's a
6 very diligent process that we go through. It's a process
7 where we've seen open heart approved, we've seen our
8 ambulatory care services approved at the Huntley campus, we
9 have seen ambulatory services approved for CON at each one
10 of the campuses. We've been involved in a variety of
11 CON's. All of them go through just as much scrutiny with
12 you as they do with the board. The board is just as
13 anxious about making sure that we don't step on any land
14 mines or do anything inappropriate, because they don't want
15 to throw the balance off of the delivery of healthcare in
16 our local community. So, we really take that to heart.

17 It is difficult, though, when I hear some of
18 my peers here talking about the impact and talking about
19 how we're going to impact them. It is interesting when I
20 go back and I take a look at. I'll give you one good
21 example. Being new in my role a few years ago, I go to the
22 board with an idea that we ought to move into open heart,
23 and I thought, well, we have a cath -- a couple cath labs
24 at our McHenry campus, and we do a number of cath

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1 procedures. Coming from a university hospital, I thought,
2 well, we should probably do open heart, because we don't
3 have it in our community. The board, our board, says to
4 me, "Well, what's the criteria?" So, I walk through the
5 criteria, and they say, "Well, it sounds like you're a
6 little short on the procedures of catheterization. Sounds
7 like you have to be over a certain number," which I think
8 at the time was about 1,100, and we were far short of that,
9 about 700. They said, "You can't apply for that unless you
10 meet those numbers. So continue the work, but really make
11 sure that you're meeting the expectations before you bring
12 it to the board." A little chastised by the Board, I still
13 moved. And they're sitting back there saying, "God, he
14 stills remembers?"

15 But why I tell you that is it wasn't a year
16 later that I'm reading the CON agenda and there's Good
17 Shepherd Advocate applying for open heart, and I'm
18 thinking, well, maybe it's because they've got a more
19 mature market; they're a little east of us; the transition
20 from Chicago has occurred there before it's occurred in our
21 location, and now we've seen that change occur within our
22 location as well. As I walked through it, they didn't even
23 have a cath lab. They were approved in that project
24 without even a cath lab. Here my board held me to an

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1 accountability of having over 1,200 caths.

2 Then this year -- and I will get to a point
3 here. But this year I looked and they closed down the
4 behavioral health area, and then they came to the Board for
5 approval to close it down. Well, that's kind of
6 interesting, because I'm trying to play by all of the rules
7 and align myself with the community, and as you can see,
8 we've got a lot of people behind us here that are counting
9 on this table to represent the community, and it's really
10 kind of an overwhelming issue when we consider it, because
11 we've got all of these responsibilities of making sure that
12 we provide great healthcare.

13 And you heard a gentleman say, opposing the
14 project, says, "Why would you need a hospital? You're
15 rated fourth healthiest area in the state." Why do you
16 think that is? Because we take care of our state. We take
17 care of our county. We take care of our people. And this
18 isn't about a structure or a building. This is about
19 making sure that we have the ability to provide healthcare
20 in the best economical way possible, and we follow the
21 rules. So it's real important that we do that.

22 The last note is real interesting, that I've
23 been in discussion with Advocate four times over the last
24 three years, and the desire is what? To buy me. You hear

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1 the comment about eventually Centegra will be owned by a
2 bigger organization. I don't think so, and why I don't
3 think so is because we're a community organization that
4 takes care of our community. We're in deep roots with our
5 community. But Advocate is very interested in buying us,
6 constantly, constantly trying to buy us. When they were
7 eventually brought to the Huntley campus and we sat in our
8 new building our Inventory Care Building, I showed them
9 what our intent was and a very, very unique campus -- I
10 think a gentleman referred to as we have a wellness -- we
11 have a fitness facility that is 110,000 square feet. We
12 have ambulatory services. We have immediate care. We have
13 physician office practices. We have specialty physician
14 practices, and now we're trying to bring a hospital to that
15 land. When I showed them what we were thinking about doing
16 and how it looked, they were gleeful, they were excited.
17 The day I told them that I wasn't interested in being
18 bought by them, that was the day everything dropped.
19 That's the day everything happened.

20 And so I thought it real unusual, because I
21 saw Legislators, I saw business owners, I saw in my local
22 area theater groups being approached to not support our
23 project. So kind of an atmosphere of what I would call a
24 bully, that I like the way things go as long as they go my

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1 way. So, very unique. So, I kind of discount how they
2 view things. And as we see in the local paper, they're
3 going to be bought, eventually buying into Sherman
4 Hospital. So the linkage between Sherman and Advocate, no
5 surprise here. So, kind of things that really gets the
6 emotions going, no doubt.

7 I think the project -- Aaron will to touch
8 base in a little bit on these gaps. It's our first attempt
9 ever at trying to build a new hospital. We've really
10 followed the rules. It's a 138-bed need, and we're
11 requesting 100. It's a 22-bed need for obstetrics. We're
12 requesting 20. It's an 18-bed need in ICU. We're
13 requesting 8. It allows us to expand our safety net
14 services. We're the primary provider of safety net. It
15 gives a place for people to receive care locally. It's one
16 of the fastest growing areas in Illinois, and it is the
17 fastest growing area in McHenry County. We have 16,000
18 letters of support, and we're also supported by a number of
19 Senators and State Representatives.

20 So, it is a project that we're very excited
21 about, very passionate about, as you can see, and at this
22 point, I'm going to turn it over to Aaron to talk to you
23 about the findings from the Staff.

24 MR. SHEPLEY: Thank you, Mr. Eesley. And

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1 thank you, Members of the Board, for your service here
2 today. We recognize that you're all volunteers and that it
3 has been quite a long day, and I'll try to be succinct in
4 the points that I make.

5 It has been assigned to me to address the
6 negative findings of the State Agency Report, and I suppose
7 if you were looking at it as a good news/bad news scenario,
8 the good news is -- and I think this weighs in favor of
9 succinct comments -- is that there are only three negative
10 findings, and that of those three negative findings, they
11 all really surround one topic, and it's a topic that this
12 Board is quite familiar with, not only based on what you've
13 heard today, but some of the things that you've seen over
14 the course of the last several months in your other
15 projects, like dialysis centers. And that's utilization,
16 the utilization of other area providers, and we respect
17 that that issue is a big issue and one that we really do
18 need to address, because, remember, our goal for our
19 community is to secure your approval of our project, and we
20 want to make sure -- we know that in order to do that, we
21 have to address any concerns that you may have about our
22 compliance and any variances between our project and the
23 rules. So, my goal here is to assure you and to help you
24 understand why we believe we're really not at variance with

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1 the State standards and we're in substantial compliance
2 with the rules, and we are hoping to get your approval at
3 the end of the day.

4 On the utilization issue, the findings that
5 have been made by the State Agency, State Staff -- and
6 they've done a very thorough job on this report, as they
7 have on many others. The findings do not require denial of
8 our project for four very salient reasons. The first one
9 is -- and I'm not going -- we don't want to argue this
10 today, but, arguably, each of those three negative findings
11 could, depending upon how you read the standards, be
12 considered positive findings, and I recognize that it is
13 certainly a topic upon which reasonable minds could differ,
14 and I'll talk about that a little bit.

15 Second, your Board rules, that we so carefully
16 try to follow, expressly allow projects to be approved even
17 when other area facilities are not operating at target
18 utilization rates. It does. It was mentioned earlier. We
19 talked about that a little bit.

20 Number three -- and I think this is really at
21 the heart of it. Three and four are at the heart of the
22 issue. Based on the nature of this Board's important work,
23 if unnecessary weight were given to the topic of
24 utilization, it would transform this body's primary focus

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1 from a planning focus to a reacting focus, and I'll talk to
2 you about that in a minute.

3 And then, finally, the State bed-need formula
4 is actually based on the assumption that at the end of the
5 day, at the projected time period, all providers will be
6 operating at 90 percent occupancy, and we'll talk a little
7 bit about that.

8 So, let's just talk briefly about the first
9 point, that depending upon how you read the State
10 standard -- and, as I said, I recognize that there may be
11 more than one -- I'm a lawyer by training. This may cause
12 flashbacks for Justice Greiman, making these highly legal
13 arguments. But our point is that at page 21 of the State
14 Agency Report -- and this is on the Service Accessibility
15 Criteria that Mr. Constantino referenced in his earlier
16 report -- there is a provision that says that "the
17 applicant shall document that at least one of the following
18 factors exist in the Planning Area." I think
19 Mr. Constantino would agree that we do document at least
20 one. The way the standard is being interpreted is that you
21 have to establish more than one. That's why we believe
22 we've met the minimal criteria of that standard, and that's
23 our position, and we believe that that should be a positive
24 finding rather than a negative one.

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1 I think you can make similar arguments about
2 the other two negative findings, but I think the other
3 points are far more salient and direct to some of the
4 questions that you had as a board, so I want to talk about
5 those first.

6 Your Board rules do contemplate the approval
7 of projects even when other area providers are below target
8 utilization. How do we know that? Because in a few
9 different places within the State criteria, there is that
10 standard that requires us, as an applicant, and other
11 applicants for that matter, to document that within 24
12 months subsequent to completion of our project, we will not
13 bring existing providers who are at target occupancy below
14 target occupancy. And the second and more critical aspect
15 of it is that we will not bring those who are currently
16 below target occupancy lower. We have submitted the
17 documentation to establish that we will do neither of those
18 things, and when you read that, though, the second part, it
19 expressly contemplates that. Why would I need to provide
20 that attestation if you had a prohibition on approving
21 projects when somebody is at below utilization? So that's
22 the point of that.

23 I think another point -- and this is where we
24 start talking about things that we've heard. The question

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1 is how can a positive bed need of 138 beds really co-exist
2 with other area providers that are below target
3 utilization? And I think the answer is actually more
4 simple than what we all want to make it. I think there is
5 a tendency to want to over-complicate things. Utilization
6 is a retrospective figure. It by definition is not a
7 planning figure. It's a reacting figure, because our
8 utilization numbers are what they were yesterday and the
9 day before and the year before.

10 The bed need is projected out 10 years. We've
11 got bed-need formula from 2008 to 2018, and so that is the
12 real forward-looking planning tool, and if we gave undue
13 weight to utilization, what we would be saying is that the
14 purpose of the Board would be to tell applicants when it's
15 okay to react to need that's honest, now and I think that
16 that's a very key point about your rules, and I did hear it
17 mentioned earlier on the other -- the petition. That's why
18 your rules allow that you don't -- there is a provision for
19 this Board to approve the project, even if they technically
20 find we don't meet that particular standard on utilization,
21 and that's the very reason why it is, is because it's a
22 planning body.

23 The final thing -- and this is one of those
24 things that probably come to people -- it came to me almost

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1 like one of those pictures they used to have where you
2 would stare at it long enough and something would jump at
3 it you. You'd see a figure. I was staring at the bed-need
4 formula, and let me assure you I am not a math guy. I'm a
5 lawyer, so by definition I can't be. But what I would tell
6 you is that if you look at that long enough, what you will
7 understand is that one, utilization is worked into that
8 formula. It's actually found in two locations of the
9 formula: On the front end and on the back end. And at the
10 back end, that formula says that -- presupposes when they
11 set 138 as the bed need for med/surg beds in our area, what
12 they're saying is that there's that need even when all the
13 area providers are occupied at a 90 percent rate. If you
14 factored that down under the State formula, the bed need
15 would be higher. It would be 176, it would be 180, 200.
16 So, I think those are aspects of the whole utilization
17 piece of the State Agency Report.

18 We believe we can comply substantially with
19 the rules, notwithstanding the findings we understand were
20 made. One word on healthcare reform, because that did come
21 up, and it has come up frequently in the topic of
22 utilization. No one knows. I said this when we were here
23 June 28th. No one knows. Everybody wishes they knew.
24 Everybody is researching it, SD 2 is researching it,

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1 Healthcare Advisory Board is researching it. I have a 2011
2 report from Healthcare Advisory, and what they say is that
3 with healthcare reform, 6.2 percent growth in inpatient
4 utilization, and they say may be slower with healthcare
5 reform but still there, and I think that's really
6 important, when we're sitting around guessing. And we are.
7 I think we all acknowledge it, and we're up to our neck in
8 the industry. I think we have to recognize that there's
9 more than one school of thought out there, and the
10 Healthcare Advisory Board, which has invested millions in
11 this issue, says there's going to be growth.

12 Last couple points before I wrap it up and
13 pass it on to my colleagues. There were some comments that
14 were made -- and as Mr. Eesley pointed out, these are
15 sometimes difficult to hear -- that basically suggested
16 and, for lack of a better term, that in objecting to Mercy
17 we were being hypocrites, and the fact of the matter is,
18 they are two entirely distinct projects. The fact is --
19 and let's just take one factor, because I could go on for a
20 long time.

21 CHAIRMAN GALASSIE: To be honest, sir, "he
22 said, she said" isn't getting us very far. I appreciate
23 your not wanting to hear those kinds of statements and--

24 MR. SHEPLEY: I understand. Thank you,

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1 Mr. Chairman.

2 So, I guess the final thing that I would like
3 to do is I would like to pass it to -- the ball to our
4 Chief Financial Officer, Bob Rosenberger, so he can address
5 some of the statements that were made with regard to our
6 financial viability.

7 MR. SEWELL: Mr. Chairman, can I ask a
8 question before -- this is a question of Staff.

9 CHAIRMAN GALASSIE: Oh, please do.

10 MR. SEWELL: I know for me it's been 25 years
11 since I engaged in this stuff, but this sounds like a very
12 compelling presentation, because it's a utilization-based
13 formula. So, you know, our non-compliance issues in the
14 State Agency Report relate to utilization within the region
15 of other facilities.

16 MR. CONSTANTINO: Yes, sir.

17 MR. SEWELL: And I understand the perspective
18 versus the retrospective thing. What's your perspective on
19 that, either you or Mr. Carvalho, on what we just heard?

20 MR. CONSTANTINO: Well, we rely on that
21 bed-need formula. It's the only planning tool we have, and
22 we have to use that. You received a lot of information
23 about the 2010 census. We did not touch that. We relied
24 upon the 2000 census, and when we wrote our report, we used

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1 that October 2011 inventory, bed-need calculation. You're
2 projecting out 10 years. That's a 10-year projection.
3 He's correct, we do use -- we're using 2008 -- we're using
4 a three-year average, historical utilization of these
5 facilities. So, you're looking at 6, 7 or 8 average
6 historical utilization as part of that formula and trying
7 to project out 10 years. This was done -- this was changed
8 in the statute. Where it used to be 5, it is now 10.

9 CHAIRMAN GALASSIE: Years.

10 MR. CONSTANTINO: 10 years, yes.

11 MR. CARVALHO: I'll join in, because, sadly to
12 say, I am a math person who became a lawyer. So, I was an
13 Applied Math major in college.

14 The -- what Michael is alluding to is -- well,
15 first off, we don't do any projections. We use the
16 projections that the State of Illinois establishes as
17 population projections, and then we use those in our
18 formulas. We, when we were left to our own devices, used
19 to use five years on the theory that while certainly, you
20 know, wanting to know what the future looked like was
21 better than merely documenting the past. Anybody who does
22 projections will tell you once you get more than a few
23 years into the future, it's just a wild guess. However, in
24 a particular application and a particular location

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1 elsewhere in the state, a legislator thought it might help
2 that application by extending 5 years out to 10, because
3 that makes the numbers bigger. So, the statute was revised
4 to change 5 to 10. It wasn't anything your Staff
5 recommended. It was what the legislator dictated.

6 The other thing that I was alluding to
7 earlier -- and I have spoken to the Board about this
8 before -- was these projections that we take from the
9 State -- I believe right now the person who did them most
10 recently was DCEO in 2005 -- have not been updated, and so
11 just for curiosity we thought, well, let's look to see how
12 well the 2005 projections hit 2010, because 2010 has now
13 happened, and so we're no longer in 2009 wondering what
14 2010 is going to look like. Let's look at the actual
15 number, and it varies across the state, but in this area,
16 the projection overshot, which is to say the projection in
17 2005 with DCEO estimated a larger number of people in this
18 area than are, in fact, here. So, for those purposes, the
19 inventory tends to overstate.

20 The other thing that I think is a little
21 confusing about the way it was just presented -- I forgot
22 your name. I'm sorry.

23 MR. SHEPLEY: Aaron Shepley.

24 MR. CARVALHO: The way utilization appears in

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1 two places, it has two meanings in the two places where it
2 occurs. Where we're looking at utilization -- namely, what
3 are the current hospitals doing with their beds now -- that
4 gives you some indication of, are the needs of the area
5 being addressed? But the other thing that you care about
6 on inventory is how much stuff you want to be allowed to be
7 built out there, because that's your job. You're the
8 gatekeepers. You allow stuff to be built or you don't. If
9 you take the argument Mr. Shepley made into account, what
10 he's saying is you should be happy with stuff being built
11 and only being used at a low percentage from now until
12 eternity, and I would submit that that doesn't make sense.
13 In fact, it's the opposite. You would prefer that stuff
14 start to be used more and its utilization go up more than
15 that it continue to be used at a low utilization and use
16 that as a basis for forward-looking numbers.

17 So, I'm totally -- all the comments I made on
18 the other application I would make on this one, which is to
19 say of the several different tests of need, utilization of
20 current use tells you something about what's going on now,
21 and there's various reasons to think the inventory numbers
22 are less reliable.

23 CHAIRMAN GALASSIE: Thank you.

24 Mr. Finance Director?

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1 MR. ROSENBERGER: Thank you, Mr. Chairman. I
2 did hear your comment earlier about not wanting to go into
3 he said, she said. I'll keep this brief, but I think it's
4 important for the Board to understand and for me to respond
5 to something that was said earlier by Mr. Mulay from
6 Sherman Hospital. He makes the statement that basically if
7 Centegra does this, we're not going to be financially
8 viable, we're putting ourselves up for sale, we're going to
9 have to close our Woodstock Hospital. Nothing is farther
10 from the truth. Centegra is a very strong, financially
11 strong organization. If you look at our unrestricted net
12 asset line, the last two audited financial statements,
13 that's the bottom line on the income statement. 2010,
14 positive \$15 million; 2011, positive \$30 million. Our
15 day's cash on hand coincides with A-rated organizations.

16 He made the comment that Centegra was
17 downgraded last year by S&P. Not only is that false, it's
18 false twice. We get reviewed by S&P and by Fitch. Both
19 S&P and Fitch have kept us at A-minus and stable for the
20 past five, six years. I've been with the organization as
21 CFO for five years, been here for seven years. We've
22 always been A-minus and stable. Last year we talked to
23 S&P, we talked to Fitch, both of them, before we had
24 submitted the CON. We told them what our plans were. We

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1 told them that we were taking care and looking forward to
2 the future and I didn't want them to put their rating out
3 there and a month later have us apply for a CON. They both
4 knew what our plans were. They rated us A-minus and
5 stable.

6 Centegra can do this project. We brought it
7 to Deloitte to look at it from a financial perspective.
8 Mr. Piekarz can tell you, the first meeting we had, the
9 first thing I said to him is, "Your reimbursement on this
10 is not dependent on your answer. I need you to tell me the
11 truth. I need you to do the analysis. I need you to take
12 a look at what it's going to be, what the outcome is going
13 to be, and tell me the truth, because if this is not
14 feasible, I don't want to find out in 2018, I don't want to
15 find out in 2019. I need to find now." That is the
16 direction we took, and we took it from a very conservative
17 aspect.

18 But all of the organizations that have taken
19 their shots at us from a financial standpoint, Centegra is
20 a very strong financial organization, supported by the
21 rating agencies and supported by our financials.

22 CHAIRMAN GALASSIE: Thank you.

23 Good afternoon.

24 MS. OLSON: Evening.

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1 MS. MILFORD: As you can see, as you can tell,
2 we are back. I talked to you also in June. Our team is
3 very passionate about this project, and it's because -- I
4 went into healthcare to truly make a difference in
5 healthcare, and I really believe strongly that this project
6 is needed, warranted, meets your rules, and I want to talk
7 about a few of those things, but before I get into a couple
8 of those points, I do want to let you know that we really
9 are a forward-thinking, strategic-planning organization,
10 just as you're looking at strategic planning for what to do
11 for the entire state, and this project was taken with a lot
12 of responsible development.

13 So, we bought the Huntley campus back in 2005,
14 bought a lot of acres from a farmer who would not sell it
15 for any more home developments, because there's new homes
16 surrounding this campus, if you were there, and we -- he
17 wanted it to be for healthcare services. He knew that
18 healthcare services were needed. We came to you -- well,
19 the first thing we did was we recruited new physicians for
20 the area. There was a need for physicians. We put them in
21 leased space, actually, for a while, because we didn't have
22 a campus. We went to your Board. I realize it was a
23 different -- most of you were not members then, but we went
24 to that Board and got approval for an outpatient facility,

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1 imaging, state-of-the-art imaging, immediate care services.
2 There was none of these services in that area, and then we
3 opened those in 2008, and we also put on that campus -- as
4 Mike talked earlier, we're very focused on health and
5 wellness and preventing disease, how do we manage the
6 population's health. So we put our second Health Bridge
7 Fitness Center on that campus as well. Well, they've been
8 open for a couple of years. They've been thriving, and as
9 a result, we are back, because you can't build a hospital
10 in a day.

11 We applied one year ago, almost, for this
12 project, and we spent months planning before we brought it
13 to you. So, we know that it's going to take a few years to
14 open this project. This is a plan that's right for the
15 community, and it's based on forward thinking.

16 Now, I need to share a couple of things with
17 you, because I want you to see how this is demonstrated.
18 Hadley, my colleague, is going to pass out for you -- and
19 this is from the CON application. It's the map of the
20 service area for this new hospital, and that's important
21 for you to see. I heard Linda Deering from Sherman talk
22 about Huntley, the community of Huntley, 40,000 -- 25,000
23 people. This isn't just about Huntley. I love Huntley.
24 Okay. But this is about a much larger area. Hospitals

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1 don't just serve one community.

2 So, if you take a look at this map of the
3 proposed service area, we didn't just draw a circle. We
4 actually worked on projecting how many patients would come
5 to this hospital. So, that white area, that's the top 10
6 zip codes. That's where 75 percent of the patients will
7 come from. This is a community hospital. If you look, the
8 population projections are also there. So, you can see
9 that there will be 15 percent growth by -- why does it say
10 2018? Because your rules say that we have to be at target
11 utilization by 2018. So, that's how we planned the
12 project. We planned it with two methodologies.

13 Mr. Sewell, you asked me last time about rapid
14 population growth. This was when the bed need was 83. Now
15 the bed need is 138 for med/surg beds. Your State formula
16 affirmed that. I understand what Mr. Carvalho is saying,
17 but I respectfully disagree with some of his comments,
18 because, frankly, just recently appearing in our project
19 file two weeks ago, someone at IDPH sent us a memo directed
20 by Mr. Carvalho that said -- recalculated the bed need in
21 the service area based on the economic downturn. Now, in
22 that calculation, in the service area the bed need was 114,
23 still more than your rules say, still a little more
24 aggressive than our conservative estimate of 104.

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1 I know I'm saying a lot of numbers, but the
2 bottom line is I want you to understand that we have worked
3 hard on projecting this project accurately. This project
4 is not just for 25,000 people. You can see right there
5 that it's for about 360,000 people.

6 Advocate held a poster in front of you that
7 said the population decreased. You asked us to respond to
8 population. We responded to you. Yes, the population
9 didn't go quite as high as it was projected in 2000, what
10 the 2010 census would say, but it's still increased. It
11 just didn't increase quite as much. It's at almost 310,000
12 right now, and it's still projected to go further.

13 And this hospital also serves some zip codes
14 in northern Kane County. Northern Kane actually exceeded
15 its projections. So, we're right, it is planning. It's
16 not a perfect science, I understand that, but we've done
17 the due diligence.

18 It's not just for us. It's for this community
19 behind you. I just ask you to seriously consider the
20 points that I'm talking about, because this group here is
21 about meeting the community's healthcare needs.

22 And the last piece that I want to share with
23 you -- and I have one more thing. This is also -- this was
24 a response that I provided to all of you on June the 6th.

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1 We talked a lot about healthcare reform. Centegra is also
2 responsibly planning for healthcare reform. I want you to
3 see --

4 MR. URSO: Is this in your application?

5 MS. MILFORD: It's in the response that we
6 gave to you. It came from me on June the 6th, Mr. Urso.

7 MR. URSO: Thank you.

8 MS. MILFORD: And I want you to see it,
9 because I want you to see that we're not just talking about
10 hospitals, but we're talking about a full, integrated
11 delivery system, and you'll see in the model here that it's
12 based on what the future of healthcare is. We know there
13 is a healthcare transformation going on. We know that
14 Illinois has stated that when healthcare reform goes into
15 effect, one million additional people will be on the
16 healthcare -- will be insured. Now, some of those people
17 are going to need hospital care. I mean, yes, they'll need
18 outpatient, yes, we're focusing on prevention and wellness.

19 I would ask you to look at the side of the
20 integrated model, the integrated delivery model. The
21 triangular is kind of our one-page strategic plan. But
22 this shows you what we are building in McHenry County.
23 Healthcare is not the same as a competitive industry, like
24 retail. Healthcare is about putting the right services in

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1 the right place at the right time. For example, yes, you
2 need some more convenient emergency departments, but we
3 also put the areas first wound system in last year. You
4 don't need three wound centers in a county, but you need
5 one. So, that's how we're looking at it, that's how we're
6 planning it, and I ask you today to really consider that.

7 And I think the last thing that we want to
8 make you aware of and answer any of your questions -- our
9 President and Chief Operating Officer, Jason Sciarro, is
10 going to talk you to about the safety net, which I know
11 you're very concerned about as well.

12 MR. SCIARRO: Thank you, Susan.

13 Good afternoon. I feel really good talking
14 about safety net, especially after you've heard from our
15 community members, because they specifically talked about
16 the impact that our safety net services have. One thing we
17 do know about health reform -- although there are many
18 things that we don't know, we do know that it will be about
19 delivering healthcare locally by local providers. That
20 will never change.

21 Our testament to the role we play in our
22 community couldn't be stated better than it was earlier
23 today by McHenry County being the fourth ranked in the
24 state as far as healthiest citizens. I want to tell you a

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1 little bit about why we think that is. We take great pride
2 in that. Our charity care dollars, as was mentioned
3 earlier, care that we provide that we do not -- we will not
4 receive pay from, has increased from 2007 to 2008 to 2009
5 and again will increase in 2010. That's about community
6 need. We are -- while we're not the sole, we are the
7 majority, the major, majority provider of charity care in
8 our county. We are the major, majority provider of safety
9 net services in our county. We are the full continuum of
10 services.

11 Some of the things that we do -- employ
12 physicians, as was mentioned earlier; we pay them in a
13 payor class, neutral setting. We pay them for the quantity
14 of work, not necessarily -- we don't pay them for whether
15 they see a Medicaid patient versus a managed care patient.
16 We partner with our Family Health Partnership Clinic. We
17 don't just support them financially. We actually have a
18 structured methodology where we require our physicians to
19 volunteer their time to take care of patients who can't
20 pay. We support openheartedly the new Federal Qualified
21 Healthcare Center that was established in our county just a
22 few months ago. We will provide the inpatient services for
23 those patients as they are transferred to us.

24 We've talked about responsible growth. We are

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1 only today presenting a new hospital. It's only after
2 millions and multiple millions of reinvested dollars have
3 gone into the infrastructure of our current services, in
4 particular outpatient services. We have increased our
5 ability to take care of patients by our Emergency
6 Department. You heard that earlier. We operate two
7 Emergency Departments. Over 65,000 patients a year visit
8 those. They're never closed. They haven't been closed in
9 two years. We've gotten efficient. We've gotten better at
10 what we do.

11 As the primary provider of safety net services
12 in 2011 alone, we paid 1.4 million for community health
13 improvement initiatives, over \$650,000 for health
14 professional support services, pharmacy students, nursing
15 students, medical students, over \$500,000 in free patient
16 transportation, over \$800,000 in one year just to provide
17 language interpretation services. We have an extremely
18 diverse community. We meet the needs of that community.

19 We are very proud, we are very proud at
20 Centegra of our operating income. It was mentioned earlier
21 that that number is 3 million or .5 percent or 1 percent.
22 We're extremely proud of our operating income, because we
23 invest our profits back into the community. We are a
24 sustaining organization for 98 years. We want to continue

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1 to be here for 98 more, and we are extremely proud of the
2 commitment that we have and arguably are the sole provider
3 of safety net services.

4 While I can't explain to you how competing
5 health systems deal with their own communities, all I can
6 talk to you about is our community, and our community has a
7 desperate need for access to care. We've been trying to
8 meet that need all along, and this is just another way for
9 us to continue to meet that need in the future and to
10 continue that history that we have.

11 CHAIRMAN GALASSIE: We appreciate that very
12 much. I think I'm going to try to move us forward now. We
13 appreciate all of your comments and your application
14 comments, obviously.

15 Let's open it up to any questions on the part
16 of Board members.

17 MR. SEWELL: I just want to know, who is the
18 FQHC?

19 MR. EESLEY: It's based out of Elgin.

20 MR. GREIMAN: I was sympathetic to your
21 position primarily, frankly, because the notion that a
22 quarter of a billion dollars would be spent in an Illinois
23 county warmed my heart. But now I see it's going to be
24 five years to finish this project. Why is it so long? Why

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1 does it take such a long time to spend that quarter of a
2 billion dollars? We need it now.

3 MR. SHEPLEY: Well, if I could address that,
4 Justice Greiman -- and I think it's a great question, and
5 we've heard it throughout the process. The first thing is
6 that there are certain expenses that we don't want to
7 invest or spend up front, such as developing detailed
8 architectural drawings, getting all of the engineering
9 plans, things of that nature. Now, certainly we have
10 zoning approval for this type of facility, but that process
11 of those drawings can in and of itself take a year to move
12 forward before we even put the first shovel in the ground,
13 and then on top of that, you have to put the -- responsibly
14 put the contract out for bid. That's a long process. You
15 have the contracting process, so there's a lot of detail
16 work that -- it would be nice if we could invest that up
17 front, but it would be a waste of money if we did that and
18 then did not secure your approval.

19 MR. GREIMAN: So, the project itself takes
20 that kind of time?

21 MR. SHEPLEY: Yes, sir.

22 MS. MILFORD: Could I just add one point to
23 that? The first actual patients we're looking at taking is
24 in about fall of 2015. So, as you know, we're getting

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1 ready to knock on the door of 2012 coming up here. So as
2 Aaron said, it is a very realistic time line. Again, we
3 followed the CON rules and we have some experience with
4 recent construction projects, and that's what it takes.

5 MR. GREIMAN: That's three years instead of
6 five years.

7 MS. MILFORD: To the first patient, yeah.

8 CHAIRMAN GALASSIE: Thank you.

9 MR. EAKER: Mr. Chairman, I had a question.
10 I'm not sure who to address this question to. Members of
11 this Board come with a lot of different perspectives.
12 Their eyes look at proposals and applications from a
13 different angle. Mr. Easley, you used the word "bully"
14 referring to one of your competitors and their approach to
15 you.

16 But earlier today, one of the people who spoke
17 at the public comment section for the other proposal hit a
18 nerve that didn't necessarily speak to that hospital as
19 much as it does yours. The lady spoke about coming to your
20 system for some blood tests, being uninsured, asked what
21 the cost for those tests would be, and was told couldn't
22 find out. The end result was the final bill was four
23 times, if I heard her right, what was expected. When she
24 addressed your facility -- I am assuming your patient

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1 account people -- she received a certified letter saying
2 that she and her husband was no longer welcome to your
3 facility. That's the nerve that strikes with me, that
4 speaks to the integrity of everything that you speak for.
5 Would you like to address that?

6 MR. EESLEY: Absolutely. I think that is a
7 big issue when you hear that. It struck a nerve with me in
8 the back when I heard her say it. That isn't the process
9 that we use at Centegra. I can't speak about her direct
10 issue, because I don't know the details of it, but I can
11 tell you that we have a very straightforward process. We
12 don't turn people away. We see that in our Emergency
13 Department, we see that with our charity care. This is an
14 organization that is here for the community. So, I was
15 like you, I was taken back by that comment, and I made a
16 note myself of how could that have happened, because that
17 isn't the norm of Centegra Health System. I have -- I am
18 the CFO. I don't want to belabor the point, but I can have
19 them tell you about our process, because it's a pretty
20 straightforward process that all healthcare systems use,
21 and I think you'll find that we're very accepting of
22 people, and our organization, just so you know, is one of
23 the highly ranked organizations when it comes to patient
24 satisfaction. Those come -- those surveys go to people

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1 after their care has been rendered and after they've paid
2 their bill or had a bill sent to them. So we take great
3 pride in that. I don't know -- I can't really address the
4 issue for you. I'm sorry. I wish I could.

5 MR. EAKER: I know we can't address the
6 specifics of that, but my concern is it does fit a pattern.
7 I've addressed it in our own community when hospitals bully
8 over the consumer, when they ask for how much is this
9 procedure going to cost and are told "I don't know," but
10 they're in a bind. They need the procedure done, only to,
11 especially when they're uninsured, find out that it's going
12 to cost many, many times over, and yet your financial
13 people are talking and assuring us of their strong
14 financial position and how wealthy you are. That's a
15 direct contradiction.

16 MR. EESLEY: I'll tell you, we're far from
17 wealthy. I'll tell you, we do a tremendous amount of
18 charity care in our organization. Like Jason said, at the
19 end of the day, we're lucky to hit .5 percent or 1 percent
20 margin. We are the only healthcare provider within McHenry
21 County and some surrounding areas to provide behavioral
22 health, as an example. We lose five and a half million
23 dollars a year net, and that all goes to the bottom lines.
24 Like some organizations have shut that down, and we keep

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1 that open. Why? Because you heard the gentleman here.
2 It's a great story, but it's a story we hear over and over
3 and over again, about individuals who have behavioral
4 health needs and can come to our organization whether they
5 have money or not, and the same holds true with ancillary
6 services, that we accept all payors and all people.

7 So, I don't know if any of my colleagues want
8 to add into that, but I think you would find Centegra a
9 very straightforward organization, that it isn't about
10 money. It truly isn't.

11 MR. EAKER: If you see my point, you were
12 sensitive to being bullied, and I heard someone else on the
13 lower end of the scale talk about being bullied.

14 MR. EESLEY: I can see how you make that
15 comparison.

16 MS. MILFORD: One thing I think ties to this
17 is in the area of the new hospital, Centegra Hospital
18 Huntley -- just so you know, in our application we actually
19 include federally-designated, medically underserved areas,
20 and that includes areas in Carpentersville, Marengo,
21 Woodstock, Union, and Harvard. Just so you're aware,
22 that's actually part of the project and was included in the
23 service area.

24 MR. EAKER: Okay. Those communities and that

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1 information doesn't mean that much to me, being from
2 downstate, but how do you address a family without
3 insurance who have needs?

4 MR. SCIARRO: Depending on how they access our
5 system, it could go in different ways. For instance, if
6 they access through the Emergency Room, obviously, we turn
7 nobody away, we take care of that, and then we work with
8 the family on their financial needs, if they have
9 insurance, they don't have insurance. We certainly have
10 many payment plans in place. We do it over time. We
11 discount care I think initially of 25 percent right off the
12 top for self-pay patients. We are actually very active in
13 developing payment methodologies.

14 MR. EAKER: I'm sorry. I want to make sure I
15 heard you. You discount non-insured people 25 percent.

16 MR. SCIARRO: Self-paid patients, we have a
17 discount policy, yes, of all charges.

18 MR. EAKER: All right. That goes
19 contradictory to what this lady seemed to think. The
20 charges was like four times as much.

21 MR. SCIARRO: Yeah. Again, I don't know the
22 specifics of that specific situation, but, you know, we're
23 actually mandated to have certain policies in place through
24 the State as far as, you know, discount and payments.

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1 Bob, do you want to -- I'll let our CFO speak.

2 MR. ROSENBERGER: From an uninsured patient
3 standpoint and from a charity care standpoint, we work off
4 a sliding scale. 200 percent of the poverty level comes
5 in, it's going to be written off 100 percent. Any patient
6 that comes in that's a self-pay, we don't hold back any
7 services. Now, if you come in and you want, you know,
8 something that's not needed, we're going to have a
9 conversation about it. But if it's needed services, you're
10 going to get those services. We educate every one of our
11 patients that comes in. Whether or not you are insured or
12 not insured, we're going to try to make sure that you do
13 understand what your responsibility is. This goes
14 contradictory to what that individual said this morning
15 and, again, I can't comment on that one individual, and I'd
16 love to say that we are 100 percent, but there's always
17 those individual pieces that don't go exactly as you would
18 want it. But I guarantee you, I get many more complaints
19 about us talking to patients and trying to educate them,
20 from people that say, "I always pay my bills, why are you
21 talking to me about this?" We weren't asking for money.
22 We were trying to make sure they understood what their
23 responsibility was going to be.

24 So, from our charity care policy, sliding

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1 scale from 200 percent up to 600 percent of the Federal
2 poverty level. Now, if you happen to have a lot of kids
3 and your family members -- you've got 10 total family
4 members, you would be getting 40 percent off your bill if
5 you're making \$250,000 a year. So that's -- I believe we
6 do have a very generous charity care policy. We administer
7 that to every patient that comes in, whether or not you
8 have insurance or don't have insurance, because we feel
9 it's best to educate our patients.

10 CHAIRMAN GALASSIE: I'd like to be on record.
11 I'd rather pay full fee than have 10 family members.

12 Can we assume that there was an aberration
13 that may well have taken place for an organization this
14 size? I think if those issues were the norm and they were
15 systemic, we'd be hearing a lot more about it.

16 Other questions.

17 Doctor?

18 MR. BURDEN: I'm sorry, Mr. Chairman. Just a
19 second. I apologize. Perhaps this is buried somewhere,
20 but I want to question the 208 facility that apparently I
21 overlooked. What's on that facility? I heard somebody
22 mention it. Is it a free-standing emergency center? Do
23 you have certain facilities available? Do you have DR or
24 Emergency Room or physicians on board? What's there?

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1 MR. SCIARRO: The location where we're
2 proposing the hospital currently has a full-service fitness
3 and wellness center. It also has an ambulatory center that
4 we established first. That's kind of our -- well,
5 actually, our entry into this market was with physicians
6 and putting physicians and employing physicians and putting
7 primary care physicians, specifically pediatrics and
8 internal medicine, first. Since then, through your
9 approval, we built an ambulatory center. In that
10 ambulatory center we have an immediate care center. We
11 have outpatient laboratory and medical imaging services.
12 We have many more primary care physicians that we have now
13 put down in that facility since then. We've also
14 established a state-of-the-art wound center. That's
15 actually a mile down the road in a facility that we have.

16 So, I think the statement that we made before
17 was that the responsible planning was we didn't just say
18 this area needs a hospital. We started with physicians.
19 We went without patient services, and then we graduated to
20 this facility.

21 MR. BURDEN: Do you feel that this particular
22 facility is adequate enough to handle some of the needs
23 that you are apparently feeling that you are required to
24 build a hospital for? The reason I point this out, I don't

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1 need to name them, but many institutions in affluent
2 communities came before us wanting to build a hospital.
3 They wound up building very elaborate, more elaborate
4 facilities of an emergency nature, much more, 8 to 9 rooms
5 doing outpatient surgery of a pretty selective nature, of
6 course being close enough for the ambulance service to get
7 to an institution like a hospital if need be. That never
8 crossed any of the discussions I heard. I've heard nothing
9 except \$230 million hospital to go up, not 60 or 70 or even
10 \$100 million facility. That would accomplish a lot, if it
11 were more elaborate. That's just a question. I didn't see
12 anything along the lines that led me to believe that the
13 board was encouraging a discussion of that kind of
14 facility. Since they're going up in other communities in
15 Chicago, communities like yours, which I know very well
16 having had a farm in your area for 15 years. But I'm
17 asking.

18 MR. SCIARRO: Yeah, we considered and have
19 considered through the years many alternatives as far as
20 providing care in that area. All things came to a head,
21 one, with the amount of services or -- the amount of
22 community involvement we have seen since we have placed
23 services there has just grown and grown and grown. The
24 other thing is that with the location and its proximity to

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1 other locations, that the growth the rapid growth. Five
2 years ago it was unbelievable. Today it's just extremely
3 growing fast due to the economic issues.

4 The amount of growth that we've seen and in
5 our planning processes we've talked about earlier, the way
6 we see it is there is certainly a need for a hospital. We
7 wish that we could actually get it done quicker, but,
8 unfortunately, that's how long healthcare takes. It's a
9 plan, and so then our 2015 date for a new hospital is
10 actually going to be probably needed maybe even sooner than
11 that, due to our experience with our current services, how
12 they're accessed and the continued population growth and
13 certainly the growth in that area, the economic
14 development.

15 MR. BURDEN: Your answer was sort of obtuse.
16 You never answered my question. However, I'm not going to
17 go further with it, because it's been a long day, period.
18 Thank you for attempting. I'm not being facetious. I mean
19 that. I'll mention communities like Grayslake and
20 Naperville, where they had opportunities and they really
21 wanted to build another hospital, and they built some very
22 elaborate, free-standing emergency centers that have
23 around-the-clock services and provide a lot that those
24 communities -- maybe not necessarily as affluent as Lake

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1 Forest. I'm sitting here for a long time and looking at
2 the money, the numbers, everything that those people want
3 to accomplish. Great difference between need and want, and
4 that is a phrase that Dave Carvalho has engrained in me.
5 I'm sorry. I appreciate your attempt, but that's what I'm
6 getting to, and I'm not going to go further with it.

7 CHAIRMAN GALASSIE: Are we ready to bring
8 this item to a vote?

9 MR. HAYES: Mr. Chairman. You know, first, I
10 wanted to ask the CFO, now who is the auditor of Centegra?

11 MR. ROSENBERGER: KPMG.

12 MR. HAYES: And Deloitte & Touche, I think,
13 you had a study done by, is that correct.

14 MR. ROSENBERGER: Yes, sir.

15 MR. HAYES: Who recommended them to do that
16 study?

17 MR. ROSENBERGER: We actually looked at a
18 couple different firms and tried to figure out who would
19 fit best with us and who we have had a relationship with in
20 the past. There was a partner that was with Deloitte &
21 Touche that used to be with Anderson. I hope that doesn't
22 go against them, but we had a relationship with Anderson
23 prior to Anderson going down. We had a relationship with
24 this partner. He's now with Deloitte, and that's how we

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1 started the conversation.

2 MR. HAYES: Okay. So basically your -- has
3 Deloitte & Touche ever worked for you?

4 MR. ROSENBERGER: They've done a number of
5 different consulting engagements with us. To be honest
6 with you, I don't think I would want KPMG to do this,
7 because I kind of want to separate church and state. So
8 KPMG takes care of our annual audits and everything is full
9 disclosure, and Deloitte can do other consulting with us.
10 KPMG can come in and see what Deloitte did at that point
11 and kind of have those check and balances. So, you do want
12 different organizations to do different parts. I didn't
13 want to put everything in one basket. You want to have
14 that separation.

15 MR. HAYES: I certainly understand that. So
16 Deloitte & Touche has a significant amount of fees that you
17 have paid them over the years for non-attest functions; is
18 that correct.

19 MR. ROSENBERGER: Yes.

20 MR. HAYES: Okay. Obviously, this project has
21 a Board of Director approval; is that correct? But there
22 is certainly risks associated in the future, like funding,
23 with your A-1 rating. Was it A-1?

24 MR. ROSENBERGER? We're an A-minus

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1 organization.

2 MR. HAYES: There's also healthcare reform and
3 basically project feasibility. What assurance does the
4 Board have that you will go ahead and be able to complete
5 this project?

6 MR. ROSENBERGER: From a financial standpoint?

7 MR. HAYES: Well, any project -- any part of
8 it, really, here. Why would -- in a couple of years, if
9 the healthcare reform environment has changed significantly
10 or else the funding part of it, because you have -- you
11 haven't obligated this project right now, have you.

12 MR. ROSENBERGER: We haven't obligated this
13 project from a cash standpoint. We have the cash, so that
14 piece is not an issue. From a bond financing standpoint,
15 we've talked to a number of different organizations. We've
16 talked to banks, and based on what we put into the
17 application, I think we are more than satisfied that we can
18 get at or below the rate that we put into this application.
19 From a feasibility study, I think we came at things from a
20 pretty conservative standpoint and worked very closely with
21 Deloitte to come in and put a best gestimate out there.
22 None of us have a crystal ball, so from that standpoint
23 what happens a few years down the road -- we tried to take
24 into account everything we know now and all of the

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1 potential what-if scenarios to make sure we're not over
2 stepping our bounds. So, to the best of our ability, the
3 best we can project right, now I think it's a very
4 conservative estimate based on what the growth is in that
5 area, and we're not decimating other organizations, and
6 we're not decimating our own organization.

7 MR. HAYES: If there was -- the competitive
8 environment was to change and if other -- and it could be a
9 variety of different areas or hospitals that could come in
10 and open a similar facility that would essentially infringe
11 on your market area, would you -- will you entertain the
12 possibility of not going forward with this project.

13 MR. EESLEY: You're saying if somebody else
14 wanted to build a hospital in that market, would we not --

15 MR. HAYES: Would you oppose that and would
16 that stop your plans?

17 MR. EESLEY: I think the opposition to anybody
18 building a hospital in our market depends on need, and I
19 think that's one of the things that we've been talking
20 about. Currently there is a need. That's why we're
21 proposing our project. If the population continues to grow
22 and there's more need there that's demonstrated that's not
23 being met, obviously we're going to be supportive of
24 anybody trying to do something in our market to help our

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1 community. So, at this point in time, we're trying to help
2 our community with this project.

3 MR. HAYES: How about if -- what assurance
4 does the Board have that you will go ahead with this
5 project in, like, 12 months, 24 months, every year while
6 this project is being built? At any point you have the
7 ability to be able to pull the rug under this -- out of
8 this project.

9 MR. EESLEY: I think this is such a
10 significant project, I think once you get started, you're
11 moving forward, and our anticipation is it probably would
12 take about 12 months to get everything in order before we
13 could start making any -- digging our shovels, every shovel
14 in the ground, so to speak, and I think at that point in
15 time, we're all-in in the process, and we've always
16 followed through on the projects that we have been a part
17 of. It's our board that holds us accountable to that, and
18 it's the community members, as well, and, as you can see,
19 there's a lot of support in this. I don't know in
20 addressing other issues with regards to why -- we put in a
21 couple different alternatives into the project, as part of
22 the CON, to address what other options are there, and in
23 that, I think just a quick summary, we looked at the
24 potential of having additional beds at our current McHenry

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1 site. We looked at the women's health project that we had
2 approved prior, and we thought at that point in time that
3 moving everything into the Huntley campus made a lot more
4 sense. When you take a look at those other communities and
5 what they did from an ambulatory sense and heightened sense
6 of ambulatory, because, one, there wasn't a bed need there
7 at the time and, two, there's a limited amount of ability
8 to -- or excessive amount of ability to provide services
9 that are there. So that ambulatory nature was a great
10 strategy for those communities, and I think we've had a
11 great strategy in developing our ambulatory piece as well,
12 and there's a strong commitment by our community, by or
13 board, by our Executive Team, that this project will follow
14 through and be initiated in a timely way and be a major,
15 viable source of support for Centegra Health System.

16 MR. HAYES: Thank you very much.

17 CHAIRMAN GALASSIE: Thank you. I'm going to
18 move this to a vote. Item 10-090, Centegra Hospital
19 Huntley. I will entertain a motion to approve Project
20 10-090 for the establishment of a 128-bed acute care
21 facility in Huntley, Illinois. A vote of yes is in
22 support, a vote of no is in opposition.

23 MR. GREIMAN: Mr. Chairman, I would move to
24 accept it but with this question, that within 21 months

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1 from now, they have to report to us and tell us where they
2 are.

3 CHAIRMAN GALASSIE: You'll accept that
4 qualifier? So the motion will read to approve Project
5 10-090 for the establishment of a 128-bed acute care
6 facility, and expect the applicant to come back within 21
7 months to give us a reasonably detailed report about the
8 progress, in person.

9 MR. EESLEY: That's fine.

10 CHAIRMAN GALASSIE: Thank you.

11 MR. GREIMAN: So moved.

12 MR. SEWELL: Second.

13 MR. CONSTANTINO: They still have to provide
14 the annual reports.

15 MR. SHEPLEY: We understand that. Thank you
16 very much.

17 CHAIRMAN GALASSIE: Motion and seconded.
18 Applicant understands their need to come back in 21 months
19 while still maintaining the annual reports.

20 Can I have a roll call vote, please?

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

23 Dr. Burden?

24 MR. BURDEN: It's been a long day. I respect

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1 the lengthy presentation, the expertise demonstrated, the
2 costs involved to bring all of that data to us for the
3 second time in several months. As you might suspect, I'm a
4 little reluctant to be endorsing this at this time. I feel
5 concerned about the community, the other hospitals in the
6 area that have very low census and unknown immediate
7 future. If we had a comprehensive care center advising us,
8 which is yet to be funded, this is an area that I would
9 look to for further thought, other than what we can
10 accomplish by listening to you and your adversaries present
11 why they are opposed to what you want to do. It's
12 difficult. I think you've got a location in the area that
13 I'm more fond of. If you asked me what I thought about
14 that, I believe that's a go. I just think it's a little
15 early to be voting in a positive way, for me, from my
16 perspective. I don't think the need is so great that we
17 have to move so quickly. At least that's my opinion. It
18 may come in the near future. That's a different story.
19 But at this moment, I'm inclined to stay with what I
20 thought several months ago. No.

21 MR. ROATE: Mr. Eaker?

22 MR. EAKER: I also have other concerns, the
23 majority of which center around -- I cannot get my head
24 around how spending \$233 million on a project of this

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1 nature is going to help healthcare consumers with lower
2 healthcare costs. I vote no.

3 MR. ROATE: Justice Greiman?

4 MR. GREIMAN: I vote yes.

5 MR. ROATE: Mr. Hayes?

6 MR. HAYES: I believe the amount of economic
7 development associated with this project of approximately
8 \$233 million is certainly -- weighs on my decision as well.
9 I also feel that there are a variety of access to emergency
10 services that are also very helpful here. I hope that this
11 will allow for a competitive nature in this county and that
12 other facilities also may consider this project so that
13 this would go forward with other facilities also looking
14 into their plans for the future, because we are looking at
15 a hospital that would not open until September 30th of
16 2016. I feel that this is an aggressive time frame here,
17 and I would like to vote -- I will vote yes.

18 MR. ROATE: Mr. Hilgenbrink?

19 MR. HILGENBRINK: I just want to say that I
20 appreciate the Staff presentation's in a long day. It's
21 very well received, but, unfortunately, I think there are
22 some shortcomings with meeting the criteria, and I share
23 many of the same concerns articulated by Dr. Burden. So,
24 unfortunately, I'm going to vote no.

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1 MR. ROATE: Ms. Olson.

2 MS. OLSON: At the risk of repeating myself,
3 which I chastise anybody else for doing, I'm going to say
4 that I, as well, put a great deal of time in reviewing
5 everything in this contract. I think this is the hardest
6 decision I've made since I've been on this Board. I think
7 you guys did a great presentation. You obviously have a
8 great deal of community support, which I would submit won't
9 change regardless of the outcome of this, because you're
10 committed to your community. But I have to say -- and I'm
11 going to quote from you, Mr. Eesley. I feel like I need to
12 play by the rules, and I have to vote no. I don't think a
13 yes vote would be defensible.

14 MR. ROATE: Mr. Sewell?

15 MR. SEWELL: I vote yes.

16 MR. ROATE: Chairman Galassie?

17 CHAIRMAN GALASSIE: The Chair votes yes.

18 MR. ROATE: That's three votes in the positive
19 and three votes in the negative.

20 CHAIRMAN GALASSIE: Four.

21 MR. ROATE: Four in the negative, four to
22 four.

23 CHAIRMAN GALASSIE: It does not pass. You
24 need five votes to pass it. Sorry, folks.

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1 MR. SHEPLEY: Could I ask a point of order?

2 CHAIRMAN GALASSIE: We actually have
3 additional business.

4 MR. SHEPLEY: I just want to ask a point of
5 order, and the point of order would be is there any course
6 of action on -- I'm directing this to Mr. Urso -- that we
7 can take in --

8 CHAIRMAN GALASSIE: I'm going to suggest that
9 you take that point up with Mr. Urso after the meeting,
10 because this has taken place and we've put ample time into
11 it. You folks are done right now. We're not. Thank you
12 very much. Good luck to you and the community.

13 Moving forward, Item No. 5 on the agenda is
14 Compliance Issues. Item 6, 7 and 8, we will not deal with
15 today, folks. The Board members -- I know at least one
16 Board member has already missed his flight, so the last bit
17 of business for us today is, Mr. Urso, on compliance
18 issues.

19 MR. URSO: Mike, do you want to do those legal
20 referrals right away?

21 MR. CONSTANTINO: Yes. We're referring to
22 legal counsel Highland Ambulatory Surgery Center. They
23 discontinued the facility without a permit.

24 And then we have two final orders, HFR --

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1 excuse me. HFSRB 11-08, 11-09, 11-10, RAI Care Center of
2 Illinois.

3 MR. URSO: We'll take those one at a time.

4 So, Board members, can we have a motion to refer Highland
5 Ambulatory Surgical Center that discontinued without a
6 permit, to Legal Counsel for reviewing for non-compliance,
7 which may include sanctions detailed and specified in the
8 Board's rules?

9 MS. OLSON: So moved.

10 MR. EAKER: Seconded.

11 CHAIRMAN GALASSIE: All in favor, say "aye".

12 ("Ayes" heard.)

13 MR. GALASSIE: Unanimous vote.

14 MR. URSO: Move on to motion to approve the
15 Final Order on Docket No. HFSRB 11-08, 9 and 10, which is
16 RAI Care Centers of Illinois, Projects 10-083, 10-084, and
17 10-085.

18 MR. HILGENBRINK: So moved.

19 MR. SEWELL: Second.

20 CHAIRMAN GALASSIE: Moved and seconded. All
21 in favor?

22 ("Ayes" heard.)

23 CHAIRMAN GALASSIE: Motion passes, unanimous.

24 MR. URSO: Request a motion to approve Fox

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1 River Pavilion, which is Docket No. HFSRB 10-01, Project
2 No. 07-065, requesting a motion to approve.

3 MS. OLSON: So moved.

4 MR. SEWELL: Second.

5 CHAIRMAN GALASSIE: All in favor?

6 ("Ayes" heard.)

7 CHAIRMAN GALASSIE: Opposed?

8 (No response)

9 CHAIRMAN GALASSIE: Hearing none, motion
10 passes.

11 MR. URSO: That's it.

12 CHAIRMAN GALASSIE: Thank you. That's all we
13 have. Thank you, ladies and gentlemen. We have had a long
14 day. We should be proud of our efforts. Again, I'm sorry
15 for those who have missed their flights and connections.
16 I'm sure we will be hearing more about this issue.

17 Thank you very much. Happy holidays,
18 everyone, and Staff. Have a good day. We're adjourned.

19

20 END TIME: 5:12 p.m.

21

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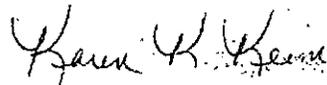
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