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Director Eagleson:

Since September 2019, spurred by a potential hospital closure on the South Side of Chicago, our four hospitals — Advocate Trinity Hospital, Mercy Hospital and Medical Center, South Shore Hospital, and St. Bernard Hospital — have been working tirelessly in collaboration with the Illinois Department of Healthcare and Family Services (HFS) and our surrounding communities. Our singular goal: to create a system that can transform health care delivery for the most vulnerable Chicagoans.

After carefully evaluating the eleventh-hour shift in the legislation establishing the Hospital Transformation Fund, we have determined that we see no path forward for our project that would transform health care on the South Side and help address disparities in health for the patients we serve. We have grave concerns about this development, and we believe this action will force hospital closures, cause further service cuts, and push access to care even further out of reach for the families we serve.

The recent COVID-19 outbreak should make clear to all why this legislative development is so misguided. The pandemic has disproportionately affected our city's African Americans, who are dying of COVID-19 at a rate six times higher than Caucasian Chicagoans. And while this virus might be new, the appalling health disparities within our city are very well documented. Of note, African Americans in some South Side neighborhoods have a life expectancy that is 30 years shorter than that of residents in other parts of the city. There are many root causes of this dynamic, and among them is lack of access to health care. The recent move by the legislature will maintain this status quo rather than put the South Side on a desperately needed path toward transformation. Put simply, it will perpetuate dangerous conditions that claim the lives of African Americans.

We knew that any effort to overcome these significant challenges would be impossible without support and direction from the community we have all served for more than 100 years. To ensure this was a true collaboration with our communities, we engaged more than 700 leaders and residents across nine neighborhoods in 11 ZIP codes across our service area. These neighborhoods included: South Shore, Englewood, South Chicago, Chatham, Calumet Heights,

Bronzeville, Chinatown, Auburn Gresham, and Washington Heights. Despite challenges related to hosting in-person meetings during the pandemic, we were able to conduct public meetings online and lead three virtual town halls that were attended by hundreds of residents. Throughout this process, we saw tremendous support for our vision to reform health care for families on the South Side. This backing existed among residents, health care leaders, civic leaders, and members of the faith community.

The vision for our plan moved closer to reality in recent weeks, as the agreements for the complex legal transaction — as well as the financial and operational models — have been refined and finalized. It has been an intensive and exhilarating process, grounded in one succinct belief: the status quo is not working for South Side residents, who deserve an integrated health care delivery system focused on providing the right care in the right place at the right time.

There has never been a question that this new, integrated delivery system would need substantial and reliable state funding to have a chance of success. This funding would specifically address our collective operating deficits while we built the new health system. Our unique transformation plan called for more than \$1 billion in private infrastructure investment, a project unlike any other proposal serving minority communities in the nation. Our plan would create a new, state-of-the-art hospital and replace aging, inefficient acute care structures with modern ambulatory care facilities that could better address community health needs. In short, our plan would revolutionize care access and delivery for a very vulnerable population. We were committed to protecting jobs; defining specific measures of accountability and transparency regarding the hiring of minority- and woman-owned businesses; employing union construction workers; and meeting quarterly with elected officials to ensure progress.

Without the investments we proposed, we will not be able to stop the disturbing trend that sees 60% of South Side patients leaving the area to seek the care they need. Without transformation, there is no path to financial stability for hospitals on the South Side, leading to a day when we have more closures and — more importantly, health care deserts — for residents on the South Side. We are already seeing this with labor and delivery services.

Our financial models were built on the assumption that reliable state transformation funds would be available to the new system over the next five years. These funds were to be supplemented by other sources, including: the cash and asset contributions of our four hospitals/systems, substantial funding and other support from neighboring health system partners, the improved operating results to be achieved under the new operating model, and the proceeds of system borrowings to create a sustainable operating and capital model.

We expected that our project was going to be identified in the Hospital Transformation legislation in a manner that would provide necessary assurances of this funding, and that HFS would then execute a Transformation Funding Agreement that could be used with third-party funding sources to generate additional support. You can imagine our profound disappointment that our project is not identified in the final form of the legislation and that, in fact, HFS cannot

allocate funds associated with the hospital and health care transformation pool without further action from the General Assembly.

We thank you and the administration for your guidance and partnership as we developed this plan. While we cannot go forward, we have formulated a strategic business case for transformation that hopefully will not be lost—and could serve as a future resource for the state. Our South Side coalition will do our best to share this expertise and conclusions as the state considers whatever path it will take to address the unacceptable disparity that remains, and the precarious financial situation faced by hospitals in the region. We recognize that change is hard, and the legislature worked with urgency and compassion to address the devastating issues we are seeing with COVID-19. However, it is clear to our coalition that we can no longer realize the bold vision we outlined for a new future on the South Side.

Best Regards,



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cc: Honorable Heather Steans, State Senator
Honorable Dale A. Righter, State Senator, Republican Caucus Chair
Honorable Gregory Harris, House Majority Leader
Honorable Tom Demmer, State Representative, Deputy Republican Leader
Honorable Mattie Hunter, State Senator, Majority Caucus Chair
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