



September 1, 2026

The Honorable Lauren Underwood
United States House of Representatives, 14th District
116 North Chicago Street, Suite 201
Joliet, Illinois 60432

Re: Preserving Saint Joseph Medical Center: Ensuring Quality, Expanding Community Care, and Building a Sustainable Future

Dear Congresswoman Underwood:

Prime Healthcare is writing to reaffirm our unwavering commitment to preserving Saint Joseph Medical Center and ensuring that the residents of Joliet and Will County continue to have access to high-quality healthcare for generations to come.

Our mission is not only to sustain today's hospital, but to strengthen it for the future by investing in the services our community needs most, ensuring the highest standards of quality and patient safety, and building a sustainable model of care that allows Saint Joseph Medical Center to thrive for decades to come.

When Prime Healthcare acquired Saint Joseph Medical Center and the former Ascension Illinois hospitals, we accepted responsibility for hospitals that had experienced years of financial distress, repeated ownership changes, declining physician participation, aging infrastructure, and significant operational challenges. We did so because our mission has always been to save community hospitals—not close them.

Across the country, Prime Healthcare has become one of the nation's leading health systems in preserving hospitals that others believed could not survive. Since entering Illinois, we have invested more than **\$104 million** across our Illinois hospitals, preserved more than **13,000 jobs**, created over **1,000 new positions**, implemented Epic electronic medical records, modernized facilities, recruited physicians, expanded behavioral health services, and invested in advanced clinical technology.

At Saint Joseph Medical Center, these investments include advanced neurological and spinal imaging, expansion of geriatric behavioral health services, Geriatric Emergency Department Accreditation, and continued investment in emergency medicine, cardiovascular services, rehabilitation, and other essential clinical programs. We remain on track to meet or exceed our commitment to invest **\$250 million** in Illinois hospitals.

These investments reflect a simple commitment:

We are committed to keeping Saint Joseph Medical Center open, strengthening its future, and ensuring it continues serving this community for generations to come.

Challenges Threatening Illinois Hospitals

Prime acquired the former Ascension Illinois hospitals in 2024 following years of changes in ownership, delayed investments, and neglected operational changes that left the hospitals facing severe financial distress and collectively losing more than \$200 million annually. Over the past year, Prime has worked to stabilize operations, implement Epic electronic medical records, recruit physicians, modernize equipment and facilities, and invest more than \$100 million in capital improvements and clinical infrastructure.

Despite these investments, the healthcare environment in Illinois remains challenging. Hospitals continue to face financial losses, workforce shortages, physician recruitment challenges, rising labor costs, inadequate reimbursement, changing utilization patterns, and patient volumes that are too low in certain service lines to support reliable, high-quality care. **Saint Joseph Medical Center alone is projected to sustain financial losses of nearly \$69 million in 2026**, and Prime Healthcare's Illinois hospitals are already facing unsustainable losses of approximately \$150 million annually.

Recent hospital closures across Illinois and the nation are real examples of the struggles hospitals face and the consequences of not making needed changes—continuing the same model while expecting different results. These pressures will intensify as House Resolution (H.R.) 1 federal Medicaid changes reduce funding, with a projected loss of approximately \$4.5 billion annually in Illinois by 2031.

Medicaid reimbursement already often falls below the cost of care, and H.R. 1 will further reduce funding while new eligibility requirements are expected to increase the number of uninsured patients. Beginning January 1, 2027, work and community engagement requirements and shorter retroactive coverage periods will increase uncompensated care, particularly at safety-net and community hospitals that serve these patients through emergency departments.

At the same time, state-directed payments that currently help lift Medicaid reimbursement above base rates will begin declining January 1, 2028, by ten percentage points each year until they reach the applicable Medicare rate. These combined changes could be devastating for hospitals already under significant financial strain, yet Prime remains committed to making the responsible changes needed to keep these hospitals open and serving their communities.

The hospital closures across Illinois demonstrate the consequences when necessary changes are delayed. To ensure our hospitals remain open and continue providing high-quality care, responsible changes must be made now, strengthening services that meet community needs while ensuring specialized care is delivered in settings that support clinical excellence.

This has led to the need to conduct a careful and thoughtful review of every service line.

Prime Healthcare's Commitments

Before Prime's acquisition, the former Ascension hospitals and medical groups were losing more than \$200 million annually after years of ownership changes and instability, and Prime was the only health system willing and able to commit the resources needed to save them. From the beginning, Prime's plans contemplated a careful evaluation of services, consistent with its representations to the Illinois Health Facilities and Services Review Board (HFSRB), including the COE Applications excerpt below (emphasis added):¹

“Criterion 1130.520(b)(9) A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.

While there may be a need or desire for some changes in the services provided in the future or the manner in which services are provided because of financial conditions in the health care industry, or other factors, at this time, no changes to the scope of services or the levels of care provided at the facility are currently anticipated to occur within 24 months of the proposed transaction.

During the proposed licensee's first 12-18 months of control, hospital/ ASTC-wide assessments of each clinical and non-clinical service provided will be undertaken with the potential existing of decisions being made to modify the scope of or manner in which certain services are provided at the facility, the addition of services, or the discontinuation of services at the facility. Should such a decision(s) be made, and as applicable, all requirements of the HFSRB and IDPH will be complied with.”

Prime’s COE Applications made clear that while no service changes were anticipated at the time of filing, comprehensive clinical and non-clinical assessments could lead to modifications, additions, or discontinuation of services based on financial conditions and other factors. Because the Applications were filed in August 2024, before closing and without complete Ascension data, Prime is now using post-closing information on service-line volumes, community need, and quality to align services with clinical best practices and the long-term sustainability of the hospitals.

We cannot, in good conscience, maintain services that lack sufficient volume to support clinical excellence. Extensive research published in leading medical journals, including the *New England Journal of Medicine* and *JAMA*, consistently demonstrates that low-volume services are associated with significantly worse patient outcomes, including higher complication and mortality rates as well as increased patient length of stay.

Our greatest responsibility is to ensure Saint Joseph Medical Center is able to serve its community for generations to come.

Meeting the Evolving Healthcare Needs of Our Community

Community needs continuously evolve, and there is a growing need for behavioral health, emergency care, senior services, rehabilitation, neurosciences and cardiovascular care.

The goal is to ensure every patient has access to the highest-quality care while preserving community hospitals and expanding the services each community needs most.

Every decision we make is guided by the same principles:

- Deliver the highest quality care and ensure patient safety.
- Preserve access for the community.
- Strengthen the long-term sustainability of Saint Joseph Medical Center.

- Continue investing in services that address community needs.

Delivering the Highest Quality Care

In order to ensure quality and the long-term sustainability of Saint Joseph Medical Center, every clinical service has been carefully reviewed over the past year based upon objective criteria, including community need, patient safety, physician availability, workforce sustainability, clinical quality, patient volumes, nearby access, and long-term viability.

Certain highly specialized services, including obstetrics, neonatal care and trauma, depend upon continuous readiness and teams of experienced physicians, specialized nursing, anesthesia coverage, advanced technology, and most importantly sufficient patient volumes to maintain clinical excellence.

Nationally, healthcare has increasingly recognized that concentrating these highly specialized services within regional **Centers of Excellence** leads to better quality, improved patient outcomes and enhanced patient safety.

Strengthening Saint Joseph Medical Center

Saint Joseph Medical Center will continue serving as one of Prime Healthcare's cornerstone hospitals in Illinois.

Our vision is to continue strengthening the hospital through expanded investment in:

- Behavioral Health, including geriatric behavioral health
- Comprehensive Emergency Services
- Orthopedic Services
- Cardiovascular Services
- Rehabilitation
- Senior Services
- Advanced Imaging
- Ambulatory Surgery

These are services that continue to experience growing community demand and represent areas where Saint Joseph can provide exceptional care close to home. Saint Joseph will maintain its Pediatric Ready Emergency Department designation and Geriatric Emergency Department Accreditation while continuing to invest in advanced technologies and physician recruitment.

Obstetrical Services: A Quality-Driven Transition

Prime has undertaken a comprehensive, evidence-based evaluation of obstetrical services at Saint Joseph Medical Center. That review considered service-line performance, physician workforce, patient volumes, community need, quality and safety considerations, nearby service availability, and long-term sustainability. Based on this review, Prime anticipates consolidating obstetrical and neonatal services currently provided at Saint Joseph Medical Center into regional Birthing Centers of Excellence within the Prime Healthcare Illinois network, subject to the applicable regulatory review process.

The planned transition of obstetrical services illustrates how this broader strategy improves quality while preserving Saint Joseph Medical Center.

The challenges facing Saint Joseph's obstetrical program began long before Prime Healthcare acquired the hospital.

Following multiple ownership transitions, including Presence Health, AMITA Health, Ascension, and ultimately Prime Healthcare, the hospital experienced years of declining infrastructure investment, physician departures, and decreasing patient volumes. During this period, virtually all community obstetricians who historically delivered babies at Saint Joseph relocated their practices and aligned with Silver Cross Hospital. This led to a reliance on obtaining physician call coverage, which is financially unsustainable at nearly \$10,000 every night, regardless of whether any deliveries occur.

Over the past year, Prime Healthcare has made extensive efforts to recruit obstetrical physicians and rebuild the program. Despite those efforts, recruitment has been unsuccessful.

Today, Saint Joseph averages **fewer than one delivery per day and less than 20 deliveries per month**, with its 33-bed obstetrical unit operating at only **14 percent occupancy**. The 10 NICU beds available at the hospital average a 7.6 percent occupancy rate. This level of occupancy would likely not qualify for approval as a new service under HFSRB (Health Facilities Service Review Board) review if presented today.

Year	Total Annual Births	Average Births Per Day
2022	633	1.73
2023	633	1.73
2024	646	1.77
2025	352	0.96
2026 (YTD)	114	0.62

The decline in OB volume at Saint Joseph follows regional and local trends. According to IDPH, over the last 20 years the number of births reported in Will County has declined from 9,822 in 2005 to just 6,835 in 2023, a more than 30 percent decrease.

Most importantly, this is fundamentally a **quality and patient safety decision**. Evidence is clear that low patient volume cannot reliably deliver safe, quality patient care. Very low patient volumes make it impossible to ensure consistently excellent maternal and neonatal care. The disparities in maternal health outcomes reflect the need to ensure safe, quality care.

For this reason, Prime Healthcare plans to transition obstetrical services into regional **Centers of Excellence for Maternal Health** at Saint Mary of Nazareth Hospital and Olympia Fields, where sufficiently experienced multidisciplinary teams can provide the highest-quality care. In addition, Prime

Healthcare has committed to establishing a \$1 million grant to support women's health and maternity programs through community non-profits in the Chicagoland area.

Establishing Centers of Excellence and concentrating obstetrical services in dedicated regional centers allows clinical teams to maintain experience, supports physician recruitment, and strengthens maternal and neonatal outcomes. Prime plans to establish regional Birthing Centers of Excellence. These centers have the volume, support, talent and teams to ensure safe, high-quality care.

As Illinois moves toward more rigorous maternal and perinatal standards, consolidation helps ensure quality, patient safety, and access to the appropriate level of care. IDPH's proposed changes to the Regionalized Perinatal Healthcare Code expressly recognize Non-Birthing Centers, acknowledging that not every hospital must provide routine obstetrical services, and supports a regionalized approach consolidating deliveries into Birthing Centers of Excellence with sufficient volume, clinical expertise, staffing, resources, and 24/7 readiness.

In studying this transition, there has been careful evaluation of community needs to ensure access and capacity. This review included study of utilization trends, available capacity, proximity to alternative obstetrical providers, transportation and access considerations, and continuity of care for patients and families in the Joliet region.

Importantly, access to maternity services will remain readily available for the Joliet community. Silver Cross Hospital, located approximately **9 miles** from Saint Joseph Medical Center, maintains 30 staffed obstetrical beds, operated at approximately 78 percent occupancy in 2025, and averages **more than 250 deliveries each month**. Silver Cross also has 24 NICU beds, with an average utilization rate of 27.8 percent, providing sufficient existing capacity to serve mothers and newborns throughout the region.

We recognize that obstetrical services are deeply meaningful to patients, families, physicians, staff, and the broader Joliet community. Prime has carefully reviewed this issue and believes this is a necessary decision to suspend obstetric and NICU services and transition care to Centers of Excellence. During this period of suspension, we will continue to evaluate community needs and, should a growing need arise, will re-evaluate the service to ensure access to quality care.

Prime's approach of consolidating low-volume service lines while expanding services based on community need was recently validated with the dismissal and settlement of litigation challenging the suspension of OB services at St. Mary's Hospital in Kankakee last year. This settlement affirmed that St. Mary's Hospital and Prime Healthcare Foundation acted appropriately, transparently, and in accordance with Illinois law and the requirements of the Illinois Health Facilities and Services Review Board.

After extensive review for over a year, this transition is necessary to ensure quality, safety, and sustainability of the hospital.

We will work collaboratively with physicians, nurses, staff, community leaders, EMS partners, and regulatory agencies to support a safe and orderly transition. Our priority is to help patients and families understand where maternity care will be available, how care teams will coordinate referrals, and how access needs will be addressed during implementation.

Keeping these hospitals open also protects their role as leading employers in the communities they serve. Prime's approach is focused on preserving jobs, saving and creating employment opportunities, and expanding access to needed services. As new services such as behavioral health grow, we expect additional opportunities to support both jobs and care delivery across the system.

Every affected position will be offered a role within the Prime Healthcare Illinois system, so this transition should not lead to job losses. At Saint Joseph Medical Center, there is currently an open full-time position for each of the 26 full-time RNs impacted, while there are 331 openings across Prime's Illinois system, including 11 open OB positions. At the same time, Prime will continue to prioritize keeping hospitals open, strengthening quality, and aligning services in a way that best supports patients, caregivers, and communities for the long term.

Building a Sustainable Future

Illinois has witnessed the consequences when hospitals cannot adapt to evolving challenges. Communities lose not only individual services, but entire hospitals, emergency departments, physicians, jobs, and essential healthcare infrastructure.

Prime Healthcare is determined that this will not happen at Saint Joseph Medical Center.

By thoughtfully aligning specialized services within regional Centers of Excellence while continuing to invest in needed services, we are building a stronger, more resilient hospital for the future.

These are necessary decisions to preserve hospitals, strengthen quality, protect access, expand the services our community needs most, and ensure that Saint Joseph Medical Center remains a trusted healthcare institution for generations to come.

We share your dedication to serving our communities and thank you for your partnership and support as we continue this important work. Together, we can preserve Saint Joseph Medical Center, strengthen healthcare throughout Will County, and build a sustainable model of care that will benefit our community for decades to come.

Sincerely,

A handwritten signature in blue ink, reading "Fred Ortega".

Fred Ortega
Vice President of Government Affairs
Prime Healthcare