Memorandum

To: Project File #11-006 – Transitional Care

From: Mike Constantino

Date: 2/8/2011

Re: Public Hearing, 33 S. Arlington, Arlington Heights, Illinois

- 3 individuals testified in support of the Project
- 5 individuals testified in opposition to the Project
- 23. individuals were in attendance but did not testify

Illinois Health Facilities and Services Review Board
PUBLIC HEARING REGISTER

Site: Arlington Heights Village Heights
PROJECT #11-006
Date: February 3, 2011

Address: 33S. Arlington
Arlington Heights, Illinois
NAME: Transitional Care
Center of Arlington
Time: 10AM

ATTENDANCE/NO TESTIMONY ON PROJECT

Support/Oppose

✓	#	NAME (Please Print)	AGENCY, ORGANIZATION OR INSTITUTION REPRESENTED (PLEASE PRINT)	CITY (Please Print)	ORAL, WRITTEN OR BOTH (PLEASE PRINT)
	1	DEANNA ORSI	LUTHERAN HOME	Arlington Hts	Opposed
	2	SAMANTHA BREDEN	LUTHERAN LIFE COMMUNITIES	ARLINGTON HTS.	opposed
	3	Connie Sowa	lutheran life Communities	Arlington Hts	opposed
	4	CARL MOELLENKAMP	LUTHERAN LIFE COMMUNITIES	✓	OPPOSED
	5	CARL BENDORF	Lutheran Life Communities	ARLINGTON Heights	OPPOSED
	6	John Denkert	Presbyterian Homes-The Moorings	Arlington Heights	~~Opposed~~ Neutral
	7	Nicole Jablonski	Claremont Buffalo Grove	Buffalo Grove	opposed
	8	Andrew Tecson	Chuhak & Tecson	Chicago	
	9	Lisa Wm	Claremont Hanover Park	Hanover Park	opposed
	10	Brian Speck	Transition care	Chicago	Support
	11	NICHOLAS S PEPPERS	STERLING RENEWAL CENTER	ROSEMONT	SUPPORT
	12	Michael Filippo	Individual	Italy	Support
	13	Cathy Jenkins	Cathy Jenkins	Wheeling	Opposed
	14	BASYA SCHWARCZ	EMERITUS AT PROSPECT HEIGHTS	P.H.	Oppose

Illinois Health Facilities and Services Review Board

PUBLIC HEARING REGISTER

Site: Arlington Heights Village Heights

PROJECT #11-006

Date: February 3, 2011

Address: 33S. Arlington Arlington Heights, Illinois

NAME: Transitional Care Center of Arlington

Time: 10AM

ATTENDANCE/NO TESTIMONY ON PROJECT

support/oppose

✓	#	NAME (Please Print)	AGENCY, ORGANIZATION OR INSTITUTION REPRESENTED (PLEASE PRINT)	CITY (Please Print)	ORAL, WRITTEN OR BOTH (PLEASE PRINT)
	1	Christopher J. Orals	Revere Healthcare	Cary IL	Support
	2	Jacqueline Perkins Jordan	Resident	Arlington Hts	SUPPORT
	3	[illegible] Valentino	Our Saviours Lutheran Church	A.H.	SUPPORT
	4	Mitch Greenberg	ASA Properties	Northbrook	Support
	5	Elder Masucet		Wheaton, IL	Support
	6	Nancy Montalvo	Sunrise	Arlington Heights	Opposed
	7	Siobhan Riley	Sunrise Church Creek	Arlington Height	Opposed
	8	Linda Houlihan	Sunrise Church Creek	Arlington Heights	Opposed
	9	Cathy Jenkins	Lexington	Wheeling	opposed
	10				
	11				
	12				
	13				
	14				

Illinois Health Facilities and Services Review Board
PUBLIC HEARING REGISTER

Site: Arlington Heights Village Heights
Address: 33S. Arlington Arlington Heights, Illinois

PROJECT #11-006

NAME: Transitional Care Center of Arlington

Date: February 3, 2011

Time: 10AM

TESTIMONY TO SUPPORT

✓	#	NAME (Please Print)	AGENCY, ORGANIZATION OR INSTITUTION REPRESENTED (PLEASE PRINT)	CITY (Please Print)	ORAL, WRITTEN OR BOTH (PLEASE PRINT)
✓	1	NICOLAS ARRIAGA	HITCHCOCK DESIGN GROUP	NAPERVILLE	WRITTEN
✓	2	Gina DeGlisa	self	Arlington Hts	written/oral
✓	3	PAT O'CONNOR	PATTWAY SENIOR LIVING	DES PLAINES	ORAL.
	4	M.			
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				

Illinois Health Facilities and Services Review Board
PUBLIC HEARING REGISTER

Site: Arlington Heights Village Heights
Address: 33S. Arlington
Arlington Heights, Illinois

PROJECT #11-006

NAME: Transitional Care Center of Arlington

Date: February 3, 2011

Time: 10AM

TESTIMONY TO SUPPORT

✓	#	NAME (Please Print)	AGENCY, ORGANIZATION OR INSTITUTION REPRESENTED (PLEASE PRINT)	CITY (Please Print)	ORAL, WRITTEN OR BOTH (PLEASE PRINT)
✓	1	DAVID ZINN	Private Arl Hts resident	Arl. Hts	Oral
	2	SARAH GLUSMM		PALATINE	ORAL
✓	3	Michael Vick	AH Resident	AH	Oral
✓	4	Brian Roth	TCM	Riverwoods	oral
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				

Illinois Health Facilities and Services Review Board
PUBLIC HEARING REGISTER

Site: Arlington Heights Village Heights
Address: 33S. Arlington
Arlington Heights, Illinois

PROJECT #11-006

NAME: Transitional Care Center of Arlington

Date: February 3, 2011

Time: 10AM

TESTIMONY TO OPPOSE PROJECT

✓	#	NAME (Please Print)	AGENCY, ORGANIZATION OR INSTITUTION REPRESENTED (PLEASE PRINT)	CITY (Please Print)	ORAL, WRITTEN OR BOTH (PLEASE PRINT)
✓	1	DALE ZALETEL	LEXINGTON HEALTH NETWORK	LOMBARD	BOTH
✓	2	TERRY BOWERS	Lexington Healthcare Schaumburg	Schaumburg	Both
✓	3	LORA MARKLEY	Lexington Health Network	Lombard	Both
✓	4	~~Cathy Jenkins~~	Lexington Health Network	Wheeling	Both
	5	~~Nancy Mondabon~~	~~Sunrise Church Creek~~	~~Arlington Heights~~	
	6	Siobhan Riley	Sunrise Church Creek	Arlington Heights	
	7	Linda Houlihan	Sunrise Church Creek	Arlington Heights	
✓	8	Patricia A Turson MD.	Private Physician	Elk Grove	
	9				
	10				
	11				
	12				
	13				
	14				

Illinois Health Facilities and Services Review Board
PUBLIC HEARING REGISTER

Site: Arlington Heights Village Heights
Address: 33S. Arlington
Arlington Heights, Illinois

PROJECT #11-006
NAME: Transitional Care Center of Arlington

Date: February 3, 2011
Time: 10AM

TESTIMONY TO OPPOSE PROJECT

✓	#	NAME (Please Print)	AGENCY, ORGANIZATION OR INSTITUTION REPRESENTED (PLEASE PRINT)	CITY (Please Print)	ORAL, WRITTEN OR BOTH (PLEASE PRINT)
✓	1	Roger Paulsberg	Lutheran Home	Arlington Heights	Both
✓	2	Phil Hemmer	Lutheran Home	Arlington Heights	Both
✓	3	Dr. Ted Homa	Self	Arlington Heights	Both
✓	4	James Holbrook	Lutheran Life Communities	Arlington Heights	Both
✓	5	MARIE CARLSON	LUTHERAN LIFE COMMUNITIES	ARLINGTON HEIGHTS	BOTH
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				

Testimony of Marie Carlson

Hi, my name is Marie Carlson and I am the Senior Vice President of Corporate Strategic Development at Lutheran Life Communities, an affiliate of the Lutheran Home. I am here today to urge the Illinois Health Facilities and Services Review Board to deny the pending application submitted by Transitional Care Center of Arlington Heights for a permit to construct a new 120 bed skilled nursing facility in Arlington Heights, Illinois.

Unlike Transitional Care Center, the Lutheran Home is organized as a not-for-profit charitable organization. In keeping with the Lutheran Home's charitable mission, the Lutheran Home provided approximately $12,200,000 of charity care last year to patients in need. A weakening of the Lutheran Home's financial resources will negatively impact its ability to continue to provide charity care to patients who exhaust their assets. Additionally, a weakening of its financial resources will threaten the ability of the Lutheran Home to continue to provide much needed social services in the community.

One community program that the Lutheran Home currently provides is the very essential "Meals on Wheels" program, which is jointly funded by Wheeling Township. Over the past 6 months alone, this program has delivered over 7,000 wholesome meals to the very frail elderly population in the area who may otherwise not have ready and affordable access to healthy nutrition. The recipients of the Meals on Wheels program deserve to continue to receive this valuable source of nutrition.

In addition to the benefit to seniors in the area, the Meals on Wheels program creates employment opportunities for area residents. A decline in the occupancy rate at the Lutheran Home as a result of additional beds constructed by Transitional Care Center in the Lutheran Home's planning area will weaken the Lutheran Home's financial resources and negatively impact its ability to participate in the Wheels on Meals program and similar programs in the future. Additionally, Transitional Care Center's new facility will unfavorably affect the Lutheran Home's ability to continue to provide charity care to residents who exhaust their assets.

Due to the foregoing concerns and potential negative impact on our community, I respectfully request that the Illinois Health Facilities and Services Review Board deny the pending application for permit submitted by Transitional Care Center of Arlington Heights.

Testimony of James Holbrook

Good morning, thank you for the opportunity to testify today in opposition to the pending application submitted by Transitional Care Center of Arlington Heights for a permit to construct a new 120 bed skilled nursing facility in Arlington Heights, Illinois. My name is James Holbrook and I am the Senior Vice-President of Corporate Operations at Lutheran Life Communities, an affiliate of the Lutheran Home, and prior to my position at Lutheran Life Communities, I served as Administrator of the Lutheran Home.

I urge the Illinois Health Facilities and Services Review Board to deny Transitional Care Center's application for permit because of the negative impact such new facility will have on the jobs of employees at existing facilities within the service area.

As many of you know, there is an extreme shortage of healthcare professionals all across the country. Because of this shortage, any new positions at Transitional Care Center's facility will likely be filled by existing healthcare professionals in the area who are currently employed at the Lutheran Home, other facilities within the area, and local hospitals.

Additionally, to the extent that Transitional Care Center simply takes patients away from the Lutheran Home and other facilities in the area, there will not be a net gain in jobs. Instead, jobs that are created at Transitional Care Center will be offset by a loss of jobs at the Lutheran Home and other facilities as the census drops.

In addition, Transitional Care Center's proposed project will not have a significant impact on the overall economy of Arlington Heights. As a preliminary matter, the real estate to be purchased by Transitional Care Center is currently owned by AT&T. Accordingly, the real estate proposed to be purchased is already subject to real estate taxes.

Additionally, while Transitional Care Center claims its project will create construction jobs when its $14,000,000 facility is built, the Lutheran Home is planning to renovate its over 390 bed skilled nursing facility. The Lutheran Home's construction project could have a cost of more than $60,000,000. If Transitional Care Center opens and reduces the census at the Lutheran Home, the ability of the Lutheran Home to finance such a project will be put at risk as will the construction jobs involved.

For these reasons, I respectfully ask the Illinois Health Facilities and Services Review Board to deny Transitional Care Center's application for permit.

Testimony of Dr. Ted Homa

Good morning, my name is Dr. Ted Homa and I am a physician who specializes in internal medicine. My group, Northwest Suburban Physicians, has been serving the primary care needs of patients in the northwest suburbs for over 40 years. I am here today to urge the Illinois Health Facilities and Services Review Board to deny the application for permit submitted by Transitional Care Center of Arlington Heights to construct a new 120 bed skilled nursing facility in Arlington Heights, Illinois.

The physicians, including myself, of Northwest Suburban Physicians are on staff at Northwest Community Hospital and St. Alexius Medical Center. As part of providing top quality care to our patients, we regularly admit patients in need of transitional care to the skilled nursing facilities in the area, particularly the Lutheran Home, the Lexington skilled nursing facilities and the ManorCare skilled nursing facilities. As a group, we have never had an issue with availability at these facilities. These facilities have always been able to accommodate our patients and provide them with the quality of care they deserve.

In addition, given Northwest Suburban Physicians' long standing presence in the community, we have been able to develop a business model, utilizing the existing skilled nursing facilities in the area, to provide our patients with critical continuity of care. Our physicians and their nurses accomplish this continuity of care by continuously making rounds at the skilled nursing facilities in the area to which we admit our patients. One of the benefits our physicians see of utilizing the existing skilled nursing facilities in the area for transitional care is that if a patient cannot fully recover from their injury, these skilled nursing facilities can continue to service the needs of such patients, instead of having to transfer the patient out for a second time. Multiple transfers can be very disruptive to the patient and can affect their recovery.

Northwest Suburban Physicians and I are very concerned about the business model proposed by Transitional Care Center. As a preliminary matter, Transitional Care Center's assertion that there are no facilities in the area that provide transitional care is false. As I mentioned, we have been sending our patients for over 40 years to skilled nursing facilities within the area for transitional care services. The existing skilled nursing facilities in the area provide quality transitional care to our patients and always have available beds.

Additionally, the business model proposed by Transitional Care Center greatly concerns us, as it indicates that they intend to focus their services only on top-paying patients, to the detriment of those patients in the community who are on Medicaid or in need of charity care. I am concerned that siphoning away top-paying patients will create a huge financial deficit for those skilled nursing facilities in the area that will continue to treat patients on Medicaid and in need of charity care. This financial deficit will greatly impact the ability of these skilled nursing facilities to continue to provide much needed charity care to patients in our community.

For all these reasons, I respectfully ask the Illinois Health Facilities and Services Review Board to deny the application for permit submitted by Transitional Care Center.

not present written only

Thank you. My name is _Pat Sweitzer_____, and I am _President of Sweitzer Healthcare Consulting working in conjunction with Lexington Health Network_____.

The proposed project meets neither the letter nor the intent of the Rules of the IHFSRB. The application for permit should be denied for the following reasons.

- The applicant is required to demonstrate the primary purpose of the project is to provide necessary health care to the residents of the planning area (1110.1730.b)2)). This project has been submitted under the general long term care rules and need assessment. However, the applicant's own submitted material clearly states the facility won't have a long term care component (application page 98). The application further states the project will serve patients with high rehabilitation and complex care needs. By the applicant's own words, the project is not intended to provide general long term care services to the residents of the planning area.
- The applicant has not documented projected referrals (1110.1730.b)3). First, no letters from hospitals have been submitted as required. Second, the two referral letters from physicians which are included

contain no patient zip code data to prove the potential referrals would come from the service area.

- The applicant has not addressed accessibility rules or documented the proposed project is necessary to improve access for planning area residents (1110.1730.b)5). In fact, this application makes clear the proposed project would negatively impact access to general long term care services. As noted earlier in my remarks, the project relies on general long term care bed need without any intention of providing general long term care. Second, the applicant proposes restrictive admission policies both in terms of diagnosis and, more important, payor source. Page 98 of the application states payers will be Medicare, managed care and private insurance, no typical long-term care Medicaid patients.
- The applicant has not documented the proposed project will not result in unnecessary duplication or maldistribution of services (1110.1730.e)1) and e)2). Although over half of the printed application consists of print outs of utilization data for existing nursing homes in the area, the information contained therein is effectively ignored by the applicant. Examination of that material

documents that 52 of the 74 facilities included (70%) do not meet the required 90% occupancy standard.

- The applicant has not documented the proposed project will not lower the utilization of other area providers (1110.1730.e)3). Quite the contrary; the application indicates all facilities in the area will lose some patients to the proposed facility, and therefore the impact is evenly spread (application page 152).
- The applicant has not documented the availability of staff (1110.1730.g). Although the information submitted by the applicant, including the availability of aerospace engineers, is interesting it does not address in any substantive fashion how staff will be recruited ; there are no letters of interest, applications for employment, agreements with training and recruiting agencies, or evidence the required staff will not be pirated from existing facilities.
- Although the applicant has provided the required assurances the proposed project will meet established occupancy standards by the second year of operation (1110.1730.k), there is absolutely no documentation anywhere else in the application the proposed beds, if established, will be utilized by general long term care patients at the 90% level.

- Finally, I would submit the application for the proposed project has been submitted under the wrong category of service. If the definitions contained in the Board's rules for general long term care and comprehensive physical rehabilitation are compared, it appears the proposed project consists of comprehensive physical rehabilitation services and should be reviewed as such.

Thank you for your attention.

Testimony of Phil Hemmer

Good morning, my name is Phil Hemmer and I am here today to voice my opposition to the application for permit submitted to the Illinois Health Facilities and Services Review Board by Transitional Care Center of Arlington Heights to construct a new 120 bed skilled nursing facility in Arlington Heights, Illinois. I am the Administrator of the Lutheran Home, which is located at 800 West Oakton Street in Arlington Heights, Illinois.

Transitional Care Center's application states that it will not "require payors (Medicare, managed care, or private insurance) to subsidize long term care patients in a facility who are reimbursed by lesser payors." My primary reason for opposing the application submitted by Transitional Care Center is that Transitional Care Center's business model considers Medicaid as a "lesser payor" by not including it on the list of payors which it apparently hopes will be filling most of its beds. While the applicant claims elsewhere in its application to aspire to an average daily census of 22 Medicaid patients, such an aspiration is completely inconsistent with the statement that Medicare, managed care and private insurance will not be required to "subsidize long term care patients in a facility who are reimbursed by lesser payors."

It is not good for the community to have a facility which tends to exclude those patients who rely on Medicaid or who have exhausted their resources from receiving much needed care. It is important that all facilities service all constituents in our communities and not look at Medicaid as a "lesser payor." Further, the Transitional Care Center application states that it is superior to facilities such as the Lutheran Home and other existing facilities which "combine a mix of high acute patients with long term indigent patients." The Lutheran Home is proud that it has an average daily census of approximately 80 Medicaid patients and treats these Medicaid patients with the same level of care and dignity as all other patients.

Additionally, the Lutheran Home is proud of the charity care that it provides to the residents of the area in need. The Lutheran Home provided approximately $12,200,000 of charity care last year. The residents at the Lutheran Home that receive charity care are in no way discernable from those who have the ability to pay. They occupy the same private rooms as all other residents and are treated with dignity, grace, and service like those who have the financial capacity to pay. It is not good precedent for a community like Arlington Heights to promote a facility which tends to shun those patients who have exhausted their resources.

Transitional Care Center has stated that it will focus on the high paying patient and not retain them for the long term, which they claim will give them a "competitive advantage". This means Transitional Care Center will siphon the most profitable patients away from the Lutheran Home and other similar facilities. While such an action might be beneficial to Transitional Care Center, it does nothing for the health of the community, and to the contrary, it will weaken the Lutheran Home and other providers in the area.

While the Transitional Care Center claims that it intends to have an average daily census of 22 Medicaid patients, its business model and other statements in its pending application are completely contrary to this stated intention. A typical patient being discharged from the hospital for transitional care is on Medicare and should, in most cases, be discharged before exhausting their Medicare days of skilled nursing facility reimbursement. Because most patients being

discharged from hospitals for transitional care will be on Medicare, and the proposed facility projects a 90%+ occupancy during its second year of operation, most of its Medicaid certified beds would be filled with Medicare patients. There will be few beds available for Medicaid patients, even if such patients were to seek admission.

I urge the Illinois Health Facilities and Services Review Board to deny the application for permit submitted by Transitional Care Center, as Transitional Care Center's focus on only the high paying patient sets a dangerous precedent of viewing Medicaid patients as undesirable and also jeopardizes the Lutheran Home and other facilities' ability to continue to provide generous amounts of charity care to patients in need.

Testimony of Roger W. Paulsberg

Good morning. My name is Roger Paulsberg and I am the Chairman of the Lutheran Home located at 800 West Oakton Street in Arlington Heights, Illinois. I am also the President and Chief Executive Officer of Lutheran Life Communities, an affiliate of the Lutheran Home. I have been deeply involved in the management of the Lutheran Home for over 20 years. In 1989, I became Administrator of the Lutheran Home and continued to serve in that capacity until 2000, when I became President. I am here today to urge the Illinois Health Facilities and Services Review Board to deny the pending application submitted by Transitional Care Center of Arlington Heights for a permit to construct a new 120 bed skilled nursing facility in Arlington Heights, Illinois.

The application for permit submitted by Transitional Care Center states that there is "an absence of a facility providing transitional care to residents of Arlington Heights and surrounding communities." This is simply not true. The location for the facility Transitional Care Center proposes to build is less than one mile from the Lutheran Home, which provides transitional care services to hundreds of patients each year. The Lutheran Home was established in 1892 and has been providing quality health care services to residents of Arlington Heights for over 100 years.

Further, transitional care is not a licensed level of care in Illinois. Any facility that has Medicare certified beds is licensed to provide transitional care. The Lutheran Home is licensed for 392 beds, 252 of which are Medicare certified beds. For years, the Lutheran Home has been providing transitional care to the residents of Arlington Heights.

Further, of the existing facilities in the planning area defined by the State of Illinois, there are 8 facilities, including the Lutheran Home, in Wheeling Township alone, with a total of more than 1,100 Medicare certified beds available to those in need of service.

Based on the most recently published cost reports made available by the Illinois Department of Public Health, in 2009, there was an average occupancy rate across all facilities in the planning area of only 75%. The data from these same cost reports indicate that there is in excess of 800 unoccupied beds in the planning area.

With over 1,100 Medicare certified beds in the area, an average census of only 75% and over 800 unoccupied beds, there is a surplus of facilities and available beds in the planning area to provide transitional care for area residents. In fact, Transitional Care Center's permit application projects that in its first year of operations the proposed facility will only have an occupancy rate of 75%, which falls below the State of Illinois' standards for occupancy.

Further, Transitional Care Center relies on a letter written by a physician group which states that the physician group "could refer 650 patients" to Transitional Care Center for skilled nursing and rehabilitation services. This is problematic for three reasons. First, there is no firm commitment on behalf of the physician group to make such referrals to Transitional Care Center. Second, the Illinois Health Facilities and Services Review Board's rules require that the applicant provide referral letters from a Hospital, not a physician group. Last, the Illinois Health Facilities and Services Review Board's rules require that the referral letter attest to the number of patients by

zip code who have received care at existing facilities located in the area during the twelve month period prior to submission of the application. The letter from the physician group merely states that the group has served 1,145 patients, but fails to include the zip codes of such residents.
Based on these facts and the deficiencies in Transitional Care Center's application for permit, I respectfully ask the Illinois Health Facilities and Services Review Board to deny Transitional Care Center's application for permit to construct a new 120 bed skilled nursing facility in Arlington Heights, Illinois.

In addition to my oral testimony, I would like to submit the following written comments regarding the Transitional Care Center's application for permit to construct a new 120 bed skilled nursing facility in Arlington Heights, Illinois for consideration by the Illinois Health Facilities and Services Review Board.

1. **Statutory Requirement** - Section 77 ILADC 1110.230(b) states:

> 1. The Applicant shall document that the Project will provide health care services that improve the health care or well-being of the market area population to be served. The Applicant shall define the planning area or market area, or other per the Applicant's definition. The Applicant shall address the purpose of the Project, i.e. identify the issues or problems that the Project is proposing to address or solve. Information to be provided shall include, but is not limited to, identification of existing problems or issues that need to be addressed, as applicable and appropriate for the Project. Examples of such information include:
>
> > a. the area's demographics or characteristics (e.g. rapid area growth rate, increasing aging population, higher or lower fertility rates) that may affect the needs for services in the future;
> >
> > b. the population's morbidity or mortality rate;
> >
> > c. the incidents of various diseases in the area;
> >
> > d. the population's financial ability to access health care (e.g. financial hardship, increased number of charity care patients, changes in the area of population's insurance or managed care status); and
> >
> > e. the physician accessibility to necessary health care (e.g. new highways, other changes in roadways, changes in bus/train routes or changes in housing developments).
>
> 2. The Applicant shall cite the source of information…
>
> 3. The Applicant shall detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-

being. Further, the Applicant shall provide goals with quantified and measurable objectives with specific time frames that relate to achieving the stated goals."

Applicant's Response - The response by the Applicant does not meet all of the foregoing rules and requirements. The Applicant does not indicate how it will improve the population's health status and well-being. It does not provide goals with quantified and measurable objectives with specific time frames that relate to achieving the stated goals., other than to serve 300 residents by the year 2013. This goal does not relate at all to improving the health of the communities served.

2. **Statutory Requirement** – Section 77 ILADC 1110.230(b) states:

"The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

1) Alternative options shall be addressed. Examples of alternative options include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Other considerations.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation.

3) The applicant shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available."

Applicant's Response – The response by the Applicant does not meet all of the foregoing rules and requirements and contains inaccuracies. Under the alternative "do nothing", the Applicant states that: "This alternative was rejected due to the absence of a facility providing transitional care to residents of Arlington Heights and surrounding communities." The Lutheran Home and other skilled nursing facilities in the area

provide transitional care to the residents of Arlington Heights, which makes the foregoing statement by the Applicant inaccurate. Additionally, the application is deficient in that it does not explore the opportunity to utilize other health care resources available in the community.

Further, there is no discussion in the application as to a comparison of the issues of cost, patient access, quality or financial benefits in the short term or the long term. The costs of this new facility are completely unnecessary given the capacity within the community of other providers.

In addition, the Applicant fails to submit empirical evidence or data submitted to support the claims that the transitional care center will deliver high quality care or develop clinical pathways or that the pathways that will be developed, will result in cost effective care.

Testimony to the Illinois Health Facilities and Services Review Board

In opposition to
Project #11-006
Transitional Care Center of Arlington Heights

Thursday, February 3, 2011

Good morning. My name is Lora Markley, and I represent Lexington Health Care Centers. I would like to speak today about the quantity and quality of sub-acute and rehabilitative care services being provided to patients within our nursing homes.

The application for Transitional Care Center states the proposed services are not currently available in the service area. This is false. Lexington Health Care Centers, as well as numerous other nursing homes in the area, provide high-end skilled and sub-acute care for patients with complex needs; multi-diagnosis, meaning chronic and acute patients; and patients with high acuity/co-morbidity levels of 3-plus (on a scale of low one to high four). Lexington Health Care Centers are meeting the needs of these patients, at a level above national industry Standards of Care.

Lexington Health Network has been compiling, tracking and trending patient clinical outcomes for the past two years. We have been partnering and collaborating with our referral sources, hospitals and physicians, to share these data which are relative to their own outcome criteria. This effort ensures the highest achievable level of patient outcome, as well as working towards new health care reform standards.

We are able to compile this information for the general skilled/sub-acute population of patients. In addition, we have specialty programs such as Cardiac, Pulmonary, Wound and Stroke, and specific diagnosis carve-outs – for example, congestive heart failure, pneumonia and sepsis.

The following indicators have been compiled for the Lexington Health Care Centers in Schaumburg, Streamwood and Wheeling, which are the three facilities closest to the proposed project.

- The average age of our skilled/sub-acute patients is 78.9 years. This is in direct contrast to the age projections of the applicant, which include all residents aged 65 years and older.
- The average skilled/sub-acute length of stay ranges from 26 days to 35 days, depending on diagnosis. The American Health Care

Association Quality Report indicates an average length of stay of 33 days for skilled/sub-acute cases.

- The "return to hospital within 30 days of admission" rates for the three Lexington facilities range from six per cent to 19.5 per cent. There are no published standards in the skilled/sub-acute industry at present; the hospital industry utilizes 18 per cent as a benchmark. So it can be seen our facilities are performing very well under this indicator.

- The three Lexington Health Care Centers average an impressive 88 per cent community discharge destination rate. This rate measures how many patients return to their prior place of residency (home, AL+IL) after the skilled/sub-acute stay. The American Health Care Association Quality Report indicates the industry average for this indicator is 39.5 per cent.

- Lexington Health Care Centers, in collaboration with our therapy provider, tracks therapy FIM (functional independent measurement) scores and ADL (activities of daily living) scores. We have demonstrated increases in all DRG groups from point of admission scores to discharge scores.

In summary, then, Lexington Health Care Centers are currently providing high quality care to high-acuity patients, and are doing so without feeling the need to restrict admissions only to the financially-lucrative segment of the population in need. We respectfully request the Board to acknowledge the more than adequate existence of these services in the community by denying the Transitional Care Center application for permit.

Thank you.

Lora J. Markley
Corp. Director of Outcomes Management
Lexington Health Network

Project #11-006
Transitional Care Center of Arlington Heights
Public Hearing Comment in Opposition
February 3, 2011

My name is Terri Bowen, licensed nursing home administrator of Lexington of Schaumburg, located on Roselle Road in Schaumburg. Lexington is a 214 bed licensed facility which offers sub acute rehabilitation, long-term care, hospice and palliative care.

We offer unique programs in Cardiac Rehabilitation, Orthopedics, Wound Care, and Pulmonary Rehabilitation overseen by Cardiology, Pulmonology and Wound Care/Infectious Disease specialists. These physicians do rounds weekly, assuring continuity and quality of care for their patients. All Lexington staff undergo specific training on how to care for patients with specialized needs. In addition to the physicians, we have a Respiratory Therapist, a Physiatrist, and a Nurse Practitioner who meet with patients and their families regularly.

Although the ultimate goal for our sub acute patients is a return to home, occasionally someone may require more extended care. In such cases, because we provide not just one level but a continuum of care in one facility, we can easily transition these patients to an available general long-term care bed. For an elderly patient who has moved from their home to the hospital to an extended care facility, unnecessary disruption in their living arrangement is not desirable. Lexington Health Care Center is able to avoid such disruption by providing the complete continuum of post-acute care in one location. In addition, since we welcome all categories of payor source, we are able to serve a large number of elderly in our community, not just those who can pay privately.

Due to the afore-mentioned points, I strongly believe that there is no need for the Transitional Care Center. The project is duplicative, disruptive of continuity of care, and restrictive in terms of acceptable payor sources. From short term sub acute to extended care to hospice, Lexington facilities already provide the services that are being proposed by this new facility, and provide them in a high-quality, cost effective and accessible manner. I respectfully request the Board deny the application for permit.

Thank you.

One copy

February 3, 2011

To: CON Planning Board
From: Dale S. Zaletel, Chief Executive Officer
Lexington Health Network
Re: Oral Arguments in Opposition of CON #11-006 Transitional Care Center

Please accept these points listed below why our company feels that this application to establish a 120 bed post-acute skilled nursing rehabilitation center in Arlington Heights should be denied.

1) In review of the application, it is **apparent that there is no intention to operate a skilled long-term care skilled nursing center**. In fact, it is apparent that they **plan to actually provide specialty rehabilitation hospital level services under the guise of a skilled nursing center license.** It is further felt that this is being done to leverage the skilled nursing home Medicare reimbursement program. The application states that there is no intention of providing long term care services but skilled rehabilitative and medically complex services. It is felt that the applicant is using the CON skilled nursing bed need in this district to circumvent the need to acquire a CON for a specialty rehab hospital. This is not the intent of the CON application process for skilled facilities in the State of Illinois. Thus it is one reason why the application should be denied.

2) Second, **the application states that the clinical and rehabilitative services to be provided by this new center are currently not being provided within its defined primary service area. This is totally inaccurate and is misleading. As the Planning Board will undoubtedly hear from several of the existing skilled nursing providers opposing this application, these same services are already being provided in both their defined primary as well as secondary service areas.** For example, the three Lexington facilities identified within the application of Schaumburg, Streamwood, and Wheeling which are in this applicant's primary market area, do provide all of these services plus several other clinical programs developed specifically for post acute patients. What is of importance to the Board is that these same facilities are able to provide this level of post acute services while continuing to provide long term care services to a Medicaid population that averages over 65% of their

occupied beds. **There is no question that this center will be providing duplicative services in an already saturated market while prohibiting access the Medicaid and other long term care residents. Certainly this warrants further consideration by the Board to deny this application.**

3) Third, as stated within the application, **the applicant's interpretation of a growing population which corresponds to the State's bed need projections is based on the 65 and over age population**. In reality, **the average age of the all the post acute patients being serviced within this primary market - as exemplified by the three Lexington facilities are 79 years of age and over. Generally this population ranges in age between 80 and 90 years of age. Although it can be argued that if you take all ages from 65 on up, there is some expected growth through 2015, but there is no proof that the growth will be in the older more aged population.**

Thus, there will continue to be no need for additional beds just to provide post acute services. In fact there really is no bed need within this primary service area at this time irrespective of service levels, if you recognize that all 19 existing skilled nursing centers still average around 82% overall occupancy. By adding an additional 120 beds into the inventory, coupled with the fact that they will not offer long term care services, will only exacerbate an already serious issue of under-utilization across all the 19 facilities. As an additional point, these 19 existing centers does not include the two most recently approved CONs for Claremont of Hanover Park (150 beds) and Ashbury (85 beds).

It should also be noted through their own marketing literature that Claremont is also a predominantly all-private room facility with upscale amenities which has the same intentions as the applicant – to offer as much post acute care services as is possible to again leverage the Medicare reimbursement program.

4) As indicated previously within the application, **the applicant has full intention of operating an all-skilled post acute rehabilitation center. The main issue with this intent is that to accomplish what they are estimating to be a 100 average daily census of post acute Medicare, managed care, and private pay patients. From an**

operational perspective, there is no question that to fill this center, the applicant will have to draw from the same patient base with these payer sources as are the existing 19 nursing centers. As stated before, there is no substantial patient population growth to support the additional beds. So for them to fill their center, their market share will have to be taken from already existing beds. **The financial implications of this shift in payer mix are extremely significant.**

From our perspective relative to the three Lexington skilled centers, this could mean a loss of revenue of well over $1.5 million a year. This would prohibit these centers from continuing to adequately service the 65% Medicaid population that is housed in these centers today. It should also be pointed out that today two of the three Lexington centers hover right at close to breakeven and in one case the center has lost money for several years. **The main reason for the significant losses is directly related to the fact that the Lexington centers over the years has rarely said no to any Medicaid recipient despite the level of medical complexity and cost as long as beds were available. We have upheld our obligation to the State and the local communities and we feel strongly that this applicant should be held to the same standard. If the application is approved, at a minimum the applicant should be required to dually-license all their beds for Medicare and Medicaid recipients and not "cherry-pick" their premium payer mix.**

5) Finally, the Board needs to totally understand how an all-post acute center will have to operate to sustain an average skilled occupancy of 90%. With this type of patient population, they will have to provide services and consistent clinical outcomes within a very short average length of stay that could easily approximate anywhere from 9 to 30 days. What this means then is **that they will have to admit and discharge patients at a substantially higher rate than any other skilled nursing facility in existence in this market. To sustain an average daily census of 100 post acute patients, the applicant will no doubt have to expand their primary and secondary service area to as far as 20 to 30 miles wide.** And, as I have mentioned before, this market expansion will have to occur after they have saturated the local primary market and successfully taken valuable market share from the other 19 providers.

When they do expand their catchment areas to this magnitude, they will now be admitting patients from multiple hospitals outside the primary market and outside the 911 of these same hospitals. When these same patients are in then need of acute care services and have to return to the hospital, they can now only be transferred to the nearest local hospital within this center's 911. **What that will mean is many of these patients will not be afforded the opportunity to return to their primary physician nor to their normal community hospital. This is a serious issue for both their primary physicians, hospitals, and for sure the patients and their families.**

Please remember that the average age of these patients and residents is between 80 to 90 years of age. These types of changes in service delivery have already been proven to be traumatic for the elderly and will prove to be detrimental to their continuity and cost of care.

As a final note, when these post acute patients do complete their skilled services within this proposed center, they will be forcibly discharged either to another nursing home that has a long term care bed and has Medicaid-certified beds, or to some other level of care which again could be outside their primary service area and local community. Please also keep in mind that most Medicare patients have Medicaid funding as their secondary payer. So without having certified Medicaid beds throughout the center, the patients cannot convert to resident status and thus the forced transfer. This scenario described above will be a reality and should not be misconstrued to be hypothetical. **This post acute operational model will prohibit care access to those without adequate funding, will increase the cost of care through unnecessary transfers, and will destroy the continuity of care for the patient. I am certain this is not the intent of the State's CON approval process and definitely warrants serious consideration for denial of the application.**

Thank you for your consideration of denial.

Respectfully submitted,