



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-09	BOARD MEETING: November 12, 2014	PROJECT NO: 14-045	PROJECT COST: Original: \$12,174,817
FACILITY NAME: The Lutheran Home		CITY: Peoria	
TYPE OF PROJECT: Substantive			HSA: II

PROJECT DESCRIPTION: The applicants (Lutheran Hillside Village, Inc. and Lutheran Senior Services) propose to modernize and expand an existing 85-bed long term care unit on the campus of the existing retirement community. The applicants are proposing to increase the number of long term care beds by 34 for a total of 119 long term care beds. The anticipated cost of the project is \$12,174,817. **The anticipated completion date is September 30, 2018**

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Lutheran Hillside Village, Inc. and Lutheran Senior Services) propose to modernize and expand an existing 85-bed long term care unit on the campus of the existing retirement community. The applicants are proposing to increase the number of long term care beds by 34 for a total of 119 long term care beds. The anticipated cost of the project is \$12,174,817. **The anticipated completion date is September 30, 2018**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The applicants are before the State Board because they are proposing a substantial change in scope with the additional 34 long term care beds as defined at 20 ILCS 3960.

PURPOSE OF THE PROJECT:

- According to the applicants, the project will facilitate the repositioning of the current 85-bed nursing unit, consisting of all double-resident nursing rooms, to a more modern setting, consisting of 49 private and 35 semi-private (double occupancy) rooms. The applicants note their intent to also add four assisted living units, increasing the assisted living unit capacity to 63, as part of the project not subject to Board jurisdiction. The proposed project will provide greater access to skilled nursing care, in an environment more aligned with modern health care standards.

BACKGROUND:

- The applicants, Lutheran Hillside Village, and Lutheran Senior Services, own and operate Lutheran Hillside Village, a retirement community located at 6901 North Galena Road, Peoria. The retirement community consists of an 85-bed skilled nursing unit, a 59-bed assisted living unit, 126 independent living apartments, and 48 patio homes. The skilled nursing unit reports operating at 86.3% capacity on its 2012 IDPH Long Term Care survey, and at 90.7% capacity on the 2013 survey. The facility has a four-star rating from the Medicare Nursing Home website:
<http://www.medicare.gov/nursinghomecompare/search.html>

PUBLIC HEARING/COMMENT:

- No public hearing was requested and no letters of opposition were received by the State Board Staff.

NEED FOR THE PROJECT:

- While there is a calculated excess of 95 long term care beds in the Peoria County Long Term Care Planning Area and 18 of 24 long term care facilities within 30 minutes of the facility are not operating at target occupancy; these factors are not taken into consideration when the State Board Staff evaluates an expansion at an existing facility.
- **To increase the number of beds in an existing long term care facility the applicants must:**
 - Document that the expansion will provide service to the planning area residents;
 - Document that there is sufficient demand for the expansion;
 - Document that there is sufficient staffing available;
 - Document that the community is in support of the expansion;

- Document that the facility is appropriately sized, and zoned;
- Provide assurance that the facility will achieve and maintain target occupancy within two years after project completion.

FINANCIAL AND ECONOMIC FEASIBILITY:

- The proposed project is being funded in its entirety with cash and securities (internally), totaling \$12,174,817. The applicants supplied Audited Financial Statements (application, p. 297), and a Site and Market Study attached separately from the application.

CONCLUSIONS:

- The applicants addressed 14 criteria and did not meet the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
1125.800 – Reasonableness of Project and Related Costs	The applicants appear to be in excess of the State Board Standard for New Construction and Proportionate Contingencies, and New Construction Contingencies Costs, resulting in a negative finding for this criterion.

STATE BOARD STAFF REPORT
The Lutheran Home
Project #14-045

APPLICATION CHRONOLOGY	
Applicants	Lutheran Hillside Village, Inc Lutheran Senior Services
Facility Name	Lutheran Hillside Village/The Lutheran Home
Location	Peoria
Application Deemed Complete	August 26, 2014
Can the Applicants Request Deferral?	Yes

I. The Proposed Project

The applicants (Lutheran Hillside Village, Inc. and Lutheran Senior Services) propose to modernize and expand an existing 85-bed long term care unit on the campus of the existing retirement community. The applicants are proposing to increase the number of long term care beds by 34 for a total of 119 long term care beds. The anticipated cost of the project is \$12,174,817. **The anticipated completion date is September 30, 2018**

II. Summary of Findings

- A. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1125.
- B. The State Board Staff finds the proposed project **does not** appear to be in conformance with the provisions of Part 1125.800

III. General Information

The applicants are Lutheran Hillside Village, Inc. and Lutheran Senior Services. Lutheran Hillside Village retirement community is located at 6901 North Galena Road, Peoria, Illinois. The retirement community is located in HSA-02 and the Peoria County Long Term Care Health Planning Area. Per 77 IAC 1110.40 this is a substantive project subject to both a Part 1110 and Part 1120 review. Project obligation is contingent upon permit issuance.

IV. The Proposed Project - Details

The Lutheran Home is an 85-bed skilled nursing facility located on the campus of Lutheran Hillside Village, Peoria. The community currently has 59 assisted living units, 126 independent living apartments, 48 patio homes, and the 85-bed skilled nursing unit. The applicants propose to modernize and expand its skilled nursing unit, to contain 119 beds, and add four assisted living beds, for a 63-bed assisted living unit. The new LTC facility will involve the utilization of existing space (5,241 GSF), modernization of existing space (28,623 GSF), and the establishment of newly constructed space (12,020 GSF). Once completed, the overall size of the skilled nursing facility will increase by 9,793 GSF, from 36,091 GSF to 45,884 GSF (27.1%).

Board Staff notes the applicants proposal to add 4 additional assisted living units to the 59-unit assisted living service at Lutheran Hillside Village is not under the jurisdiction of the IHFSRB, and is mentioned for informational purposes only.

V. Project Costs and Sources of Funds

The total cost of the Project is \$12,174,817, and is funded in its entirety through cash and securities (internally). The project cost listed contains both clinical and non-clinical considerations, and are explained further in Table One.

TABLE ONE			
Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Pre planning Costs	\$0	\$0	\$0
Site Survey and Soil Investigation	\$44,987	\$26,763	\$71,750
Site Preparation	\$261,669	\$155,666	\$417,335
Off Site Work	\$0	\$0	\$0
New Construction Contracts	\$2,318,297	\$1,477,192	\$3,795,489
Modernization Contracts	\$3,219,801	\$1,586,406	\$4,806,207
Contingencies	\$825,755	\$444,120	\$1,269,875
Architectural/ Engineering Fees	\$439,316	\$261,347	\$700,663
Consulting and Other Fees	\$47,025	\$27,975	\$75,000
Movable or Other Equipment	\$651,138	\$387,360	\$1,038,498
TOTAL USES OF FUNDS	\$7,807,988	\$4,366,829	\$12,174,817
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$7,807,988	\$4,366,829	\$12,174,817
TOTAL SOURCES OF FUNDS	\$7,807,988	\$4,366,829	\$12,174,817

VI. Cost/Space Requirements

Table Two displays the project's space requirements for the clinical and non-clinical portions of the project. The definition of non-clinical as defined in the Planning Act [20 ILCS 3960/3] states, "non-clinical service area means an area for the benefit of the patients, visitors, staff or employees of a health care facility and not directly related to the diagnosis, treatment, or rehabilitation of persons receiving treatment at the health care facility."

TABLE TWO Cost Space Requirements							
Clinical	Total Cost	Existing	Proposed	New Construction	Mod	As Is	Vacated
Clinical							
Nursing	\$5,106,571	22,221	30,009	7,788	16,980	5,241	0
Living/Dining/ Activity	\$1,705,253	8,841	10,021	1,180	8,841	0	0
Kitchen/Food Service	\$343,229	1,645	2,017	372	1,645	0	0
PT/OT	\$342,378	2,227	2,012	2,012	0	0	2,227
Laundry	\$28,248	116	166	50	116	0	0
Janitor Closets	\$45,095	219	265	46	219	0	0
Clean/Soiled Utility	\$162,170	697	953	256	697	0	0
Beauty/Barber	\$75,044	125	441	316	125	0	0
Sub Total	\$7,807,988	36,091	45,884	12,020	28,623	5,241	2,227
Non Clinical							
Office/ Administration	\$399,004	1,763	2,496	733	1,556	207	0
Employee Lounge/Locker	\$73,055	332	457	125	332	0	0
Mechanical/ Electrical	\$680,034	3,903	4,254	351	184	3,719	0
Lobby	\$81,687	121	511	390	0	121	0
Storage/ Maintenance	\$328,507	1,204	2,055	851	335	869	0
Corridor/Public Toilet	\$2,804,542	12,355	17,544	5,209	11,695	640	0
Sub Total	\$4,366,829	19,658	27,317	7,659	14,102	5,556	0
Total	\$12,174,817	55,749	73,201	19,679	42,725	10,797	2,227

VII. Project Purpose and Alternatives

A. Criterion 1125.320 – Purpose of the Project

The criterion states:

“The applicant shall document that the project will provide health 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 applicants note the proposed project will reposition the skilled nursing unit within the campus of Lutheran Hillside Village, Peoria. The modernization/expansion will increase the skilled care bed complement from 85 to 119, in an effort to address accessibility concerns for both new and existing residents at Hillside Lutheran Village. Board Staff reports the facility has met the State standard for occupational capacity (90%) in 2013. In addition to increased admissions from the community, the applicants have been forced to find other accommodations for residents of its retirement community who entered into “Life Care Contracts” with Lutheran Hillside Village. These issues, as well as the need to modernize its facility, are the impetus behind the proposed modernization/expansion. In addition to the expanded bed complement, the applicants propose to increase the number of single occupancy rooms from 1 to 49 private rooms, while maintaining 35 double-occupancy rooms. It is noted that single occupancy rooms are more conducive to privacy, infection control, and marketability in today’s health care environment. The applicants project the proposed project will not only meet the future health care needs of the existing retirement community, but the community of Peoria as well.

B. Criterion 1125.330 - Alternatives to the Proposed Project

The criterion 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.

While the applicants attested to having limited alternatives, three were considered. They are:

1. **Renovation of the Existing Nursing Unit**
The applicants considered this alternative, but realized the renovation without expansion would eliminate 10 licensed LTC beds, which would be counter-productive to the project’s necessity. The applicants note this alternative would not jeopardize the quality of care, but would affect accessibility to care substantially. The applicants reported no costs with this alternative, and rejected it based on decreased accessibility.
2. **Total On-Site Replacement and Expansion of Nursing Unit**
The applicants rejected this alternative, based on the estimated cost of a project of this magnitude (\$21,850,950), which is nearly twice the amount of the project as proposed.
3. **Project as Proposed**
Having seriously considered the first two alternatives, the applicants realized the components of this third alternative resolved accessibility and quality of care issues, while addressing the shortcomings identified with options one (accessibility), and two (project cost). The applicants attest to the continuous provision of high-quality care at their facility, and stress this regardless of the alternatives chosen. The applicants further note this

alternative does not compromise its mission of quality care, and allows the project to be funded entirely with cash. Project cost identified with this alternative: \$12,174,817.

VIII. Section 1125 - General Long Term Care – Review Criteria

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
Expansion of Existing Services	.520	Background of the Applicant
	.530(b)	Service to Planning Area Residents
	.550(a))	Service Demand – Expansion of General Long-Term Care
	.590	Staffing Availability
	.600	Bed Capacity
	.620	Project Size
	.640	Assurances
Modernization	.650(a)	Deteriorated Facilities
	.650(d)	Utilization

A. Criterion 1125.520 - Background of Applicant

The criterion:

“An applicant must demonstrate that it is fit, willing and able, and has the qualifications, background and character, to adequately provide a proper standard of health care service for the community. [20 ILCS 3960/6]

The applicants supplied a listing of all healthcare facilities under its ownership, supplied all licensing information for the existing facilities, and attestation that no adverse action (direct or indirect), has been taken against the applicants for three years prior to the application’s submittal. The applicants also granted IDPH or any other State Agency, authorization to access necessary documents to verify the information submitted is true and correct.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE BACKGROUND OF APPLICANTS CRITERION (77 IAC 1125.520)

B) Criterion 1125.530 (b) - Service to Planning Area Residents

Applicants proposing to add beds shall document that the primary purpose of the project will be to provide necessary LTC to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.

Applicants proposing to add beds to an existing general LTC service shall provide resident/patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected resident volume will be from residents of the area.

The applicants are defining their service area as an area 30 minutes in all directions from the existing facility. According to the applicants 95.6 percent of admissions for CY 2012 came from within the 30-minute market area and for CY 2013 93.1 percent were from the 30-minute travel time market area. It would appear that the applicants will be providing service to the planning area residents.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION SERVICE TO PLANNING AREA RESIDENTS (77 IAC 1125.530 (b))

C) Criterion 1125.550 (a) – Service Demand

The number of beds to be added at an existing facility is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service. The applicant shall document subsection (a) and either subsection (b) or (c).

The applicants supplied copies of the 2011, 2012, and 2013 IDPH Annual Survey Forms, that illustrates the upward trend in occupancy, and exceeding the State standard for occupancy (90%), for 2013. The applicants supplied historical referral data (application p. 187), from three area hospitals, and the percentage of the referrals that were turned away, due to excessive capacity. Lastly, the applicants supplied 4 letters (application pgs. 188-191), attesting to the referral of 467 patients in 2012 and 351 patients in 2013, to the Lutheran Home, and were turned away due to excess capacity. Based on these findings, positive finding results for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION FOR SERVICE DEMAND (1125.550)

B. Criterion 1125.590 - Staffing Availability

The applicants shall document that relevant clinical and professional staffing needs for the proposed project were considered and that staffing requirements of licensure, certification and applicable accrediting agencies can be met. In addition, the applicants shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.

The applicants have provided the necessary documentation and it appears that the current clinical and professional staff, along with newly recruited staff, will be able to maintain functions at the facility. The applicants have met requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION STAFFING AVAILABILITY (1125.590)

C. Criterion 1125.600 - Bed Capacity

The maximum bed capacity of a general LTC facility is 250 beds, unless the applicants documents that a larger facility would provide personalization of patient/resident care and documents provision of quality care based on the experience of the applicants and compliance with IDPH's licensure standards (77 Ill. Adm. Code: Chapter I, Subchapter c (Long-Term Care Facilities)) over a two-year period.

The applicants are proposing a 119 bed skilled nursing unit on the campus of an existing retirement community. The applicants have met the requirements of this criterion. (Application page 215)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION BED CAPACITY (1125.600)

D. Criterion 1125.610 - Community Related Functions

The applicants shall document cooperation with and the receipt of the endorsement of community groups in the town or municipality where the facility is or is proposed to be located, such as, but not limited to, social, economic or governmental organizations or other concerned parties or groups. Documentation shall consist of copies of all letters of support from those organizations.

The applicants provided fourteen letters of support from the community and community leaders, as required. (Application pages 217-230)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION COMMUNITY RELATED FUNCTIONS (1125.610)

E. Criterion 1125.620 - Project Size

The applicants shall document that the amount of physical space proposed for the project is necessary and not excessive.

The State Board Standard for skilled care beds is 350-570 DGSF/Bed. The applicants are proposing a facility containing 119 beds in 45,884 GSF of clinical space. This results in 385 DGSF/Bed. The applicants have met the requirements of this criterion. (Application page 28).

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION PROJECT SIZE (1125.620)

F. Criterion 1125.630 -Zoning

The applicants shall document one of the following:

- a) The property to be utilized has been zoned for the type of facility to be developed;**
- b) Zoning approval has been received; or**
- c) A variance in zoning for the project is to be sought.**

The applicants have submitted the necessary paperwork to have the property zoned in accordance with the proposed expansion. The applicants have met the requirement of this criterion. (Application p. 233)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION ZONING (1125.630)

G. Criterion 1125.640 - Assurances

a) The applicants representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicants will achieve and maintain the occupancy standards specified in Section 1125.210(c) for each category of service involved in the proposal.

The applicants attest that by the second year of operation after the project completion the applicants will make every attempt to achieve and maintain the occupancy standards specified in Part 1100 of the Board's Rules for the long term care category of service (application, p. 239).

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION ASSURANCES (1125.640)

IX. Section 1125.650 – Modernization

- a) If the project involves modernization of a category of LTC bed service, the applicant shall document that the bed areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized. due to such factors as, but not limited to:**
- d) Projects involving the replacement or modernization of a category of service or facility shall meet or exceed the occupancy standards for the categories of service, as specified in Section 1125.210(c).**

The applicants note the existing facility is approximately 38 years old, with a long and reputable history in the community. The applicants report having provided the necessary maintenance items when needed, and remains free of physical plant deficiencies as of their latest survey. It is the fundamental shift in healthcare standards that necessitate the proposed project. The move from semi-private to private rooms as a basic means of infection control, privacy, and overall patient satisfaction, make it necessary to embark on the proposed project. The applicants propose to maintain 35 double occupancy rooms and 49 single occupancy rooms in modernized or newly constructed surroundings. While no physical deficiencies exist in regard to the existing structure, the applicants simply wish to enhance its Long Term Care Services through increased access, and modernized facilities. The applicants have supplied the necessary documentation for this criterion, and a positive finding results.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH THE REQUIREMENTS OF MODERNIZATION CRITERION (1125.650(a)(d))

FINANCIAL

IX. Section 1125.800 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources.

The total cost of the Project is \$12,174,817. The project will be financed in its entirety with cash and securities. The applicants supplied three years of audited financial statements (application, p. 297), attesting to their financial viability. A positive finding has been made for this criterion, based on these data.

TABLE THREE Lutheran Senior Services Audited Financial Information 2011-2013			
	2013	2012	2011
Cash	\$11,834,542	\$18,939,846	\$4,113,752
Current Assets	\$242,390,157	\$209,906,978	\$120,443,897
PPE (Net)	\$409,639,137	\$398,898,480	\$352,269,133
Total Assets	\$665,623,247	\$640,387,699	\$605,038,276
Current Liabilities	\$89,874,799	\$84,045,454	\$38,021,327
Long Term Debt	\$295,240,685	\$306,461,807	\$346,887,088
Total Liabilities	\$616,349,310	\$601,043,704	\$583,050,833
Net Assets	\$49,273,937	\$39,343,995	\$21,987,443
Operating Revenue	\$168,938,052	\$155,763,048	\$145,390,553
Operating Expenses	\$175,370,008	\$159,591,963	\$151,794,107
Operating Loss	-\$6,431,956	-\$3,828,915	-\$6,403,554
Other Income	\$11,732,370	\$11,499,941	\$2,484,984
Excess of Revenues over Expense	\$5,300,414	\$7,671,026	-\$3,918,570

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF THE AVAILABILITY OF FUNDS CRITERION (77 IAC 1125.800)

X. Section 1125.800 - Financial Viability

A) Criterion 1125.800 (b) - Viability Ratios

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion

The applicants are funding the project in its entirety with cash and securities (internally), and supplied audited financial statements attesting to their financial

viability. Based on these findings, a positive finding has been made.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF THE FINANCIAL VIABILITY CRITERION (77 IAC 1125.800)

XII. Section 1125.800 - Economic Feasibility

A) Criterion 1125.800 (a) Reasonableness of Financing Arrangements.

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or**
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:**
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or**
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.**

The applicants are funding the proposed project internally (cash and securities), and have supplied a notarized statement attesting to the existence of funding sufficient to complete the proposed project (application, p. 430).

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF THE REASONABLENESS OF FINANCING CRITERION (77 IAC 1125.800)

B) Criterion 1125.800 (b) - Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

The applicants certify that the project will be funded internally, and no debt financing will be pursued. This criterion is inapplicable to this project.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPLY TO THE REQUIREMENTS OF THE CONDITIONS OF DEBT FINANCING CRITERION (77 IAC 1125.800)

C) Criterion 1125.800 (c) - Reasonableness of Project and Related Costs

The applicant shall document that the estimated clinical project costs are reasonable and are in compliance with the State Board Standards in Appendix A.

Site Survey and Soil Investigation and Site Preparation – These costs total \$306,656 and are 4.8% of new construction, modernization, and contingency costs. This appears reasonable when compared to the State Board Standard of 5%.

New Construction Costs and Proportionate Contingencies – These costs are \$2,664,288 or \$221.65 per gross square foot ($\$2,664,288/12,020 = \221.65). This appears **HIGH** when compared to the State Board Standard of \$214.30.

Modernization and Proportionate Contingencies – These costs total \$3,699,565, or \$129.25 per gross square foot ($\$3,699,565/28,623 = \129.25). This appears reasonable when compared to the State Board standard of \$150.00.

New Construction Contingencies – These costs total \$345,991 and are 14.9% of new construction costs. This appears **HIGH** when compared to the State Board Standard of 10%.

Modernization Contingencies – These costs total \$479,764 and are 14.9% of the modernization cost. This appears reasonable when compared to the State Board Standard of 10% - 15%.

Architectural/Engineering Fees/New Construction – These costs total \$184,073 and are 6.9% of new construction and proportionate contingencies.

This appears reasonable when compared to the State Board Standard of 6.89% to 10.35%.

Architectural/Engineering Fees/Modernization – These costs total \$255,243 and are 6.8% of modernization costs and proportionate contingencies. This appears reasonable when compared to the State Board Standard of 6.54% - 9.82%.

Consulting and Other Fees – These costs total \$47,025. The State Board does not have a standard for consulting fees.

Movable of Other Equipment – These costs total \$651,138 or \$5,741 per bed. This appears reasonable when compared to the State Board Standard of \$8,222.60.

The applicants appear to be in excess of the State Board Standard for New Construction and Proportionate Contingencies, and New Construction Contingencies Costs, resulting in a negative finding for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO MEET THE REQUIREMENTS OF THE REASONABLENESS OF PROJECT AND RELATED COSTS CRITERION (77 IAC 1125.800(c))

D) Criterion 1125.800 (d) - Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct costs means the fully allocated costs of salaries, benefits and supplies for the service.

The applicants are estimating \$123.00 projected operating costs per equivalent patient day.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF PROJECTED OPERATING COSTS CRITERION (77 IAC 1125.800(d))

E) Criterion 1125.800 (e) - Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

The applicants are estimating \$37.00 projected capital costs per equivalent patient day.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT

**APPEARS TO MEET THE REQUIREMENTS OF TOTAL EFFECT OF
THE PROJECT ON CAPITAL COSTS CRITERION (77 IAC 1125.800(e))**

14-045 The Lutheran Home - Peoria



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THE LUTHERAN HOME			ADMISSION RESTRICTIONS		RESIDENTS BY PRIMARY DIAGNOSIS	
6901 NORTH GALENA ROAD			Aggressive/Anti-Social	0	DIAGNOSIS	
PEORIA, IL. 61614			Chronic Alcoholism	0	Neoplasms	
Reference Numbers	Facility ID	6005615	Developmentally Disabled	0	Endocrine/Metabolic	
	Health Service Area	002	Drug Addiction	0	Blood Disorders	
Administrator	Planning Service Area	143	Medicaid Recipient	0	*Nervous System Non Alzheimer	
			Medicare Recipient	0	Alzheimer Disease	
Deborah Simaytis			Mental Illness	0	Mental Illness	
Contact Person and Telephone			Non-Ambulatory	0	Developmental Disability	
Deborah Simaytis			Non-Mobile	0	Circulatory System	
309-683-1264			Public Aid Recipient	0	Respiratory System	
Registered Agent Information	Date Completed		Under 65 Years Old	0	Digestive System	
	4/9/2013		Unable to Self-Medicate	0	Genitourinary System Disorders	
Lorraine Neitzer			Ventilator Dependent	1	Skin Disorders	
6901 N Galena Rd			Infectious Disease w/ Isolation	0	Musculo-skeletal Disorders	
Peoria, IL 61614			Other Restrictions	0	Injuries and Poisonings	
CONTINUING CARE COMMUNITY			No Restrictions	0	Other Medical Conditions	
LIFE CARE FACILITY			Note: Reported restrictions denoted by '1'			Non-Medical Conditions
						TOTALS
						77
						Total Residents Diagnosed as Mentally Ill
						0

LICENSED BEDS, BEDS IN USE, MEDICARE/MEDICAID CERTIFIED BEDS									ADMISSIONS AND DISCHARGES - 2012	
LEVEL OF CARE	LICENSED BEDS	PEAK BEDS SET-UP	PEAK BEDS USED	BEDS SET-UP	BEDS IN USE	AVAILABLE BEDS	MEDICARE CERTIFIED	MEDICAID CERTIFIED	Residents on 1/1/2011	69
Nursing Care	85	83	80	83	77	8	85	22	Total Admissions 2011	252
Skilled Under 22	0	0	0	0	0	0		0	Total Discharges 2011	244
Intermediate DD	0	0	0	0	0	0		0	Residents on 12/31/2011	77
Sheltered Care	0	0	0	0	0	0			Identified Offenders	0
TOTAL BEDS	85	83	80	83	77	8	85	22		

FACILITY UTILIZATION - 2012												
PATIENT DAYS AND OCCUPANCY RATES BY LEVEL OF CARE PROVIDED AND PATIENT PAYMENT SOURCE												
LEVEL OF CARE	Medicare		Medicaid		Other Public	Private Insurance	Private Pay	Charity Care	TOTAL	Licensed Beds	Peak Beds Set Up	
	Pat. days	Occ. Pct.	Pat. days	Occ. Pct.	Pat. days	Pat. days	Pat. days	Pat. days	Pat. days	Occ. Pct.	Occ. Pct.	
Nursing Care	4074	13.1%	2826	35.2%	624	0	19251	0	26775	86.3%	88.4%	
Skilled Under 22			0	0.0%	0	0	0	0	0	0.0%	0.0%	
Intermediate DD			0	0.0%	0	0	0	0	0	0.0%	0.0%	
Sheltered Care					0	0	0	0	0	0.0%	0.0%	
TOTALS	4074	13.1%	2826	35.2%	624	0	19251	0	26775	86.3%	88.4%	

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2012												
AGE GROUPS	NURSING CARE		SKL UNDER 22		INTERMED. DD		SHELTERED		TOTAL		GRAND TOTAL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female		
Under 18	0	0	0	0	0	0	0	0	0	0	0	
18 to 44	0	0	0	0	0	0	0	0	0	0	0	
45 to 59	0	0	0	0	0	0	0	0	0	0	0	
60 to 64	0	0	0	0	0	0	0	0	0	0	0	
65 to 74	1	2	0	0	0	0	0	0	1	2	3	
75 to 84	9	14	0	0	0	0	0	0	9	14	23	
85+	17	34	0	0	0	0	0	0	17	34	51	
TOTALS	27	50	0	0	0	0	0	0	27	50	77	

THE LUTHERAN HOME

6901 NORTH GALENA ROAD

PEORIA, IL. 61614

Reference Numbers Facility ID

Health Service Area 002

Planning Service Area 143

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

LEVEL OF CARE	Medicare	Medicaid	Other Public	Insurance	Private Pay	Charity Care	TOTALS
Nursing Care	6	8	0	0	63	0	77
Skilled Under 22	0	0	0	0	0	0	0
Intermediate D		0	0	0	0	0	0
Sheltered Care			0	0	0	0	0
TOTALS	6	8	0	0	63	0	77

AVERAGE DAILY PAYMENT RATES

LEVEL OF CARE	SINGLE	DOUBLE
Nursing Care	329	227
Skilled Under 22	0	0
Intermediate DD	0	0
Sheltered Care	0	0

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing Care	Skilled Under 22	Intermediate DD	Sheltered Care	Totals
Asian	0	0	0	0	0
American Indian	0	0	0	0	0
Black	0	0	0	0	0
Hawaiian/Pacific Isl.	0	0	0	0	0
White	77	0	0	0	77
Race Unknown	0	0	0	0	0
Total	77	0	0	0	77

ETHNICITY	Nursing Care	Skilled Under 22	Intermediate DD	Sheltered Care	Totals
Hispanic	0	0	0	0	0
Non-Hispanic	77	0	0	0	77
Ethnicity Unknown	0	0	0	0	0
Total	77	0	0	0	77

FACILITY STAFFING

Employment Category	Full-Time Equivalent
Administrators	1.00
Physicians	0.00
Director of Nursing	1.00
Registered Nurses	12.00
LPN's	19.00
Certified Aides	48.00
Other Health Staff	0.00
Non-Health Staff	16.00
Totals	97.00

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	TOTALS	Charity Care Expense*	Charity Care Expense as % of Total Net Revenue
27.5%	3.4%	0.0%	3.2%	65.9%	100.0%		0.0%
1,916,372	234,014	0	223,321	4,597,445	6,971,152	72	

*Charity Care Expense does not include expenses which may be considered a community benefit.