

# FOLEY & ASSOCIATES, INC.

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MAY 11 2016

May 9, 2016

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

Ms. Courtney Avery, Administrator  
**Illinois Health Facilities and Services Review Board**  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761

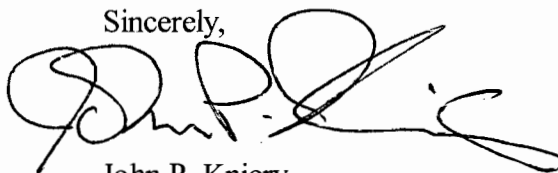
**Re: Project No. 15-044, Transformative  
Health of McHenry**

Dear Ms. Avery:

Please accept the enclosed CORRECTED page 5 of the Response to Intent-to-Deny and Additional Information submitted on 04/15/2016 for the above referenced project.

If you have any questions, please don't hesitate to contact me.

Sincerely,



John P. Kniery  
Health Care Consultant

JPk/kah

Enclosure



Given documentation of the large Medically Underserved Populations in McHenry County, the limitations on accepted payment sources, and the projected high utilization and bed need in the area, we respectfully submit that we have satisfied both the letter and spirit of the Service Accessibility Criterion.

**2. The Review Board's Projections Document that Planning Area Facilities will Meet Target Utilization Levels by 2018, Creating a Need for Additional Beds**

The Unnecessary Duplication Criterion, Section 1125.580, identifies three factors that indicate maldistribution in the area. They are: (1) a bed to population ratio that is 1 ½ time the state average; (2) historical utilization of existing facilities below target occupancy, and (3) insufficient population to provide the volume to utilize the proposed services at target utilization. The project does not create maldistribution under this Criterion.

First, the bed to population ratio is not 1 ½ times the state average. To the contrary, the bed to population ratio in McHenry County is far below the state average, which is a factor suggesting the area is under-bedded compared to the rest of the state.

| <u>County</u>  | <u>Nursing Bed/Total Pop. (per1000)</u> | <u>Nursing Bed/Pop. Over 65 (per 1000)</u> |
|----------------|-----------------------------------------|--------------------------------------------|
| Lake           | 5.4 beds / 1000 pop.                    | 41.7 beds / 1000 pop.                      |
| Kane           | 6.0 beds / 1000 pop.                    | 42.6 beds / 1000 pop.                      |
| <b>McHenry</b> | <b>3.0 beds / 1000 pop.</b>             | <b>21.4 beds / 1000 pop.</b>               |
| State          | 7.7 beds / 1000 pop.                    | 49.9 beds / 1000 pop.                      |

Therefore, the project meets item one of Criterion 1125.580b.

Second, while historical utilization of existing facilities is below target occupancy, the Board is projecting that, in the near future (2018) there will be a need not only for all existing area beds, but a need for an additional 127 beds. Where there is historical underutilization, as there is here, the Criterion specifically allows the applicant to respond with documentation that, within 24 months after project completion, the project "will not lower the utilization of other facilities below the occupancy standards" and "will not lower, to a further extent, the utilization of other are facilities that are currently (during the latest 12-month period) operating below the occupancy standards." 77 Ill. Adm. Code 1125.580(c) (1) and (2). The Applicants have provided exactly the documentation required by the Criterion in the event of existing underutilization in the area, namely, the Board's Inventory projects that by 2018 (within 24 months of the project's completion), all existing area beds will be utilized at target utilization, including the applicant's 98-bed project, and there will still be a need for additional beds.

Third, we have documented that the population is sufficient to utilize the proposed services at target utilization in light of the Board's projected need, which is primarily based on the area's population, and that the project will operate at target utilization. Appended as **EXHIBIT 6** is the McHenry County Planning Area population projections as provided by IDPH, Illinois Department of Public Health, Office of Health Informatics, Illinois Center for Health Statistics, Illinois Health Facilities and Services Review Board (2014 Edition) that shows the 65+, 75+ and 85+ age cohorts (within this planning area) with continued growth. The increase