



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET NO: H-13	BOARD MEETING: February 16, 2016	PROJECT NO: 15-056	PROJECT COST: Original: \$15,841,700 Current:
FACILITY NAME: AegeanMed Transitional Care of Lisle		CITY: Lisle	
TYPE OF PROJECT: Substantive			HSA: VII

DESCRIPTION: The applicants (IH Lisle Owner, LLC, and IH OpCo, LLC.) are proposing to establish a sixty-eight (68) bed skilled care facility in Lisle, Illinois. The total cost of the project is \$15,841,700. **The anticipated completion date is December 31, 2018.**

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (IH Lisle Owner, LLC and IH OpCo, LLC) propose to construct and operate AegeanMed Transitional Care of Lisle, a short-term skilled rehabilitation skilled nursing facility offering post-acute rehabilitation services for patients with high rehabilitation and complex care needs, focusing on high acuity patients. This facility will consist of sixty-eight (68) skilled care beds in virtually all private one-bed skilled nursing rooms. The anticipated cost of the project is \$15,841,700. **The anticipated completion date is December 31, 2018.**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The applicants are before the State Board because they are proposing to establish a healthcare facility as defined by 20 ILCS 3960.

PURPOSE OF THE PROJECT:

- The purpose of the project is to construct and operate AegeanMed Transitional Care Center of Lisle, a short-term skilled rehabilitation skilled nursing facility offering post-acute rehabilitation services for patients with high rehabilitation and complex care needs, focusing on high acuity patients. The proposed skilled nursing facility will offer enhanced focus on the quality of care, acuity and coordination with other components of the healthcare delivery continuum, and patient comfort, satisfaction, and overall positive patient outcomes.

PUBLIC HEARING/COMMENT

- A public hearing was offered on this project; however, no hearing was requested.
- Letters of support were provided in the application for permit and were from:
 - Jeff Schmidt, Executive Director, Business Development. DuPage Medical Group; and,
 - 18 residents of the Community.
- Letters of opposition have been received from
 - Renee Garvin Executive Director, Monarch Landing
 - Kristen Thrun, Administrator, Burgess Square HealthCare and Rehabilitation Center
 - Aimec Musial, Senior Administrator, Wynscape Health and Rehabilitation
 - Daniel Weiss, CEO Bria Health Services
 - Community Nursing and Rehabilitation
 - Mark Silberman, Duane Morris, Attorney

NEED FOR THE PROJECT:

- There is a calculated need for one hundred thirty eight (138) skilled care beds by CY 2018 in Long Term Care Planning Area 7-C. Thirteen (13) of the sixty (62) (20.9%) facilities within thirty (30) minutes adjusted drive time of the proposed facility are operating in excess of the target occupancy of ninety percent (90%). Average utilization of the sixty two (62) facilities is approximately eighty percent (80%).

CONCLUSIONS:

The applicants addressed 20 criteria and did not meet the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
1125.570 - Service Accessibility	There is no absence of service within the planning area or any indication of access limitation due to payor status of patients or residents. No evidence has been provided of restrictive admission policies of existing providers or that the existing care system exhibits indications of medical care problems. Finally there are existing facilities within the thirty (30) minutes normal travel time that are not at the State Board's target occupancy.
1125.580 - Unnecessary Duplication of Service	There are sixty-two (62) long term care facilities within thirty (30) minutes normal drive time. Forty-nine (49) of the facilities are not at target occupancy. Average utilization of the sixty two (62) facilities is approximately eighty percent (80%). <i>(See Table Five below)</i>
1125.800 – Availability of Funds	The applicants are financing the project with cash and a mortgage from a lending institution. No firm commitment from a lending institution was provided assuring the State Board that the project would be financed.
1125.800 - Financial Viability	The applicants provided combined ratios of the owner of the property and the operator of the facility. The Projected Days Cash on Hand and the Cushion Ratio did not meet the State Board Standard.
1125.800 (c) - Reasonableness of Project Costs	The applicants have exceeded the State Board Standard for the Moveable Equipment not In Construction Contracts by \$7,000 per bed or a total of \$686,000.

STATE BOARD STAFF REPORT

Transitional Care of Lisle

Lisle, Illinois

#15-056

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	IH Lisle Owner, LLC IH OpCo, LLC
Facility Name	Transitional Care of Lisle
Location	2850 Ogden Avenue , Lisle, Illinois
Operating Entity/Licensee	IH OpCo, LLC
Owner of the Facility	IH Lisle Owner, LLC
GSF	52,000 GSF
Application Received	December 3, 2015
Application Deemed Complete	December 8, 2015
Financial Commitment Date	February 16, 2018
Can Applicant Request Another Deferral?	Yes
Has review been extended?	No

I. The Proposed Project

The applicants (IH Lisle Owner, LLC, and IH OpCo, LLC) propose to construct and operate Transitional Care of Lisle, a short-term skilled rehabilitation skilled nursing facility offering post-acute rehabilitation services for patients with high rehabilitation and complex care needs, focusing on high acuity patients. This facility will consist of sixty-eight (68) skilled care beds in virtually all private rooms. The anticipated cost of the project is \$15,841,700. **The anticipated completion date is December 31, 2018.**

II. Summary of Findings

- A. The State Board Staff finds the proposed project does not appear 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 IH Lisle Owner, LLC and IH OpCo, LLC. The facility is located at 2850 Ogden Avenue, Lisle Illinois in Health Planning Area 7-C. The operating entity licensee and owner of the site is IH Lisle OpCo LLC.

The Inventory of Health Care Facilities and Services indicates there is a calculated need for an additional one hundred thirty eight (138) long term care beds in long term care planning area 7-C by CY 2018. Long term care Planning Areas 7-C consists of the County of DuPage. Target occupancy for the long term care category of service is ninety percent (90%). The cost of the land is \$925,000 and the estimated start up cost is \$669,391. Per 77 IAC 1110.40 this is a substantive project subject to both a Part 1125 and Part 1125.800 review. Project obligation is contingent upon permit issuance.

IV. The Proposed Project - Details

The applicants propose to construct and operate Transitional Care of Lisle, a short-term skilled rehabilitation skilled nursing facility offering post-acute rehabilitation services for patients with high rehabilitation and complex care needs, focusing on high acuity patients. This facility will consist of 68 skilled care beds in virtually all-private rooms. Services will include cardiac rehabilitation, wound care, and orthopedics, in addition to the nursing care and intensive rehabilitative therapies. The facility will be certified for Medicare and Medicaid.

V. Project Costs and Sources of Funds

The proposed project is being funded with cash and securities totaling \$3,168,341, and a mortgage of \$12,673,359. Table One outlines the project's uses and sources of funds. The State Board Staff notes the project has both clinical and non clinical components.

TABLE ONE			
Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Pre planning Costs	\$26,645	\$9,855	\$36,500
New Construction Contracts	\$8,541,000	\$3,159,000	\$11,700,000
Contingencies	\$213,160	\$78,840	\$292,000
Architectural/ Engineering Fees	\$233,600	\$86,400	\$320,000
Consulting and Other Fees	\$682,550	\$252,450	\$935,000
Movable or Other Equipment	\$1,051,930	\$389,070	\$1,441,000
Net Interest Expense During Construction (project related)	\$310,214	\$114,737	\$424,950
other Costs To Be Capitalized	\$505,341	\$186,908	\$692,250
TOTAL USES OF FUNDS	\$11,564,440	\$4,277,260	\$15,841,700
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$2,312,888	\$855,453	\$3,168,341
Mortgages	\$9,251,552	\$3,421,807	\$12,673,359
TOTAL SOURCES OF FUNDS	\$11,564,440	\$4,277,260	\$15,841,700
<i>Source: Application for Permit Page 25</i>			

VI. Cost/Space Requirements

Table Three displays the project's cost/space requirements for the clinical/non-clinical portions of the project.

TABLE TWO			
Costs Space Requirements			
			New
Department /Area	Cost	Proposed	Construction
CLINICAL			
Patient Rooms/Bathrooms	\$9,163,098	30,145	30,145
Nurses Station/Med Prep	\$741,681	2,440	2,440
LR/DR/ Activity	\$531,943	1,750	1,750
Exam Room	\$45,595	150	150
PT/OT	\$632,252	2,080	2,080
Laundry	\$270,531	890	890
Clean/Soiled Linen	\$179,341	590	590
Total CLINICAL	\$11,564,441	38,045	38,045
NON CLINICAL			
Office/Admin	\$1,032,917	3,370	3,370
Kitchen	\$593,085	1,935	1,935
EE Lounge	\$318,764	1,040	1,040
Locker/Training	\$208,423	680	680
Mechanical	\$275,853	900	900
Lobby	\$484,276	1,580	1,580
Storage/Maintenance	\$706,491	2,305	2,305
Corridor/Public Space	\$308,036	1,005	1,005
Structure/Miscellaneous	\$349,414	1,140	1,140
Total NON CLINICAL	\$4,277,259	13,955	13,955
TOTAL	\$15,841,700	52,000	52,000
<i>Source: Application for Permit Page 25</i>			

VIII. Purpose and Alternatives

A. Criterion 1125.320 - Purpose of the Project

The applicants proposes to construct and operate Transitional Care of Lisle, a short-term skilled rehabilitation skilled nursing facility offering post-acute rehabilitation services for patients with high rehabilitation and complex care needs, focusing on high acuity patients. This facility will consist of 68 beds located in an all private room setting.

Transitional Care of Lisle will be a state-of-the art facility *with* coordination of care across acute and post-acute settings with the goal of generating positive outcomes at a substantially lower cost. The facility will be differentiated from other traditional skilled nursing facilities in that we will offer mainly private rooms with a hospitality-focused design. Transitional Care of Lisle is innovative

in its approach to partner with hospitals and physicians in offering intensive therapy through patient-focused clinical pathways with the ultimate goal of improving outcomes, preventing readmissions, and returning the patients home. Our specialized services will include cardiac rehabilitation, wound care, and orthopedics, in addition to the nursing care and intensive rehabilitative therapies. The facility will be certified for Medicare and Medicaid.

Existing problems that exist that will be addressed by the proposed project include:

- Readmission to hospitals from nursing homes is too high. ObamaCare has created an incentive for hospitals to choose high quality post-acute care providers capable of accepting high acuity patients without abnormally high levels of readmissions.
- Since 1980 the average length of stay (A LOS) in a hospital for those over the age of 65 decreased from 10.7 days to 5.5 days. As a result of the shortened stays, patients are being discharged more quickly and with more intense post-acute care needs. This trend will continue as cost containment efforts are refined.
- Approximately 35% of the rapidly growing age 65+ population are admitted to a hospital each year. In the market area, this population will grow from 69,807 in 2013 to 83,427 in 2018 for a growth of 19.5%. This is on top of dramatic growth from 2000 of 68%.
- In 2009 SNF revenue for short-term stays (generally less than 30 days, paid for by insurers, managed care companies and Medicare) will exceed \$40 billion dollars (28% of their total revenue). By 2018 expenditures on short-term SNF stays are projected to grow to \$60B (25%). Rehab Hospitals and Long Term Hospitals generate another \$15 billion in revenue as providers of postacute.
- Many existing skilled nursing facilities have an undesirable product, particularly for the patient age under 65 years. For example, these facilities typically have semi-private rooms and shared showers.

B. Criterion 1125.330 - Alternatives to the Proposed Project

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

The following alternatives to the proposed project were analyzed.

a. Purchase an Existing Facility:

This option was rejected due to the lack of facilities for sale in Lisle, Illinois. No cost were identified with this alternative.

b. Expand an Existing Facility:

This was option was rejected. The applicants do not currently own a facility in the market area. No costs were identified with this alternative.

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c. Purchase/Lease a Building to Convert:

The applicants rejected this alternative because there are no suitable buildings/facilities in Lisle that would withstand a cost-effective conversion for the facility planned. While buildings exist in the area, any conversions would be cost-prohibitive.

d. Construct a New Facility:

The applicants chose this option as most viable, based on the ability to meet the spatial needs and layout. The facility will be built specific to the needs of a high-acuity patient population (One-story/all private rooms), and would allow the applicants to deliver high quality transitional care in a cost effective manner. The applicants identified a project cost of **\$15,841,700** with this application.

IX. Need for the Project

A. Criterion 1125.520 - Background of the Applicant

IH Lisle OpCo LLC, and IH Lisle Owner, LLC were created for this project and do not own or operate existing licensed health care facilities. Jerry Williamson has a 41.31 % indirect ownership interest and Horace Winchester has a 39.69% indirect ownership interest in the operating entity licensee. Lockport Investments, LLC has a 9.99% interest in the operating entity licensee. The proposed site is outside of a flood plain area and is in compliance with Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180). (See Application for Permit pages 35-51 and pages 55-57)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION BACKGROUND OF APPLICANTS (1125.520)

B. Criterion 1125.530 - Planning Area Need

The State Board has projected a need for one hundred thirty eight (138) long term care beds in Health Planning Area 7-C by CY 2018. The applicants have provided two referral letters one from *IMMPACT (an Illinois Post Acute Care Provider)*, stating that the physicians will refer thirty (30) residents a year within twenty four (24) months after project completion. The second letter was received *Inpatient Consultants of Illinois P.C. (a physician group)* that anticipate referring three hundred fifty (350) patients annually within twenty four (24) months after project completion.

The applicants supplied a listing of zip codes, with figures that comprise the 30-minute service area.

TABLE THREE
Number of Referrals by zip code by IMMPACT
and Inpatient Consultants of Illinois P.C. made
the last 12 months

<u>Zip Code</u>	<u>City</u>	<u>County</u>	<u>Patients</u>
60532	Lisle	DuPage	63

60515	Downers Grove	DuPage	164
60516	Downers Grove	DuPage	
60521	Hinsdale	DuPage	40
60540	Naperville	DuPage	98
60563	Naperville	DuPage	
60564	Naperville	DuPage	
60565	Naperville	DuPage	
60566	Naperville	DuPage	
60567	Naperville	DuPage	
60517	Woodridge	DuPage	20
60439	Bolingbrook	DuPage	20
60440	Bolingbrook	DuPage	
60561	Darien	DuPage	20
Total			425

Source Application for Permit pages 109-115

The referral letters also attest to the patients being residents from the service area. The applicants have met the requirements of this criterion. *(See Application for Permit page 58 and pages 109-115)*

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION PLANNING AREA NEED (1125.530)

C. Criterion 1125.540 - Service Demand – Establishment of General Long-Term Care

The applicants supplied referral/support letters from two sources, attesting to the proposed referral of 380 residents upon project completion. See Criterion 1125.530 above. It appears based upon the referral letters and the projected number of beds in the planning area there is sufficient demand for the project. The applicants have met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION SERVICE DEMAND (1125.540)

D. Criterion 1125.570 - Service Accessibility

There is no absence of service within the planning area or any indication of access limitation due to payor status of patients or residents. No evidence has been provided of restrictive admission policies of existing providers or that the existing care system exhibits indications of medical care problems. Finally there are existing facilities within 30 minute normal travel time that are not at the State Board's target occupancy (See Table Five below). The applicants have not met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION SERVICE ACCESSIBILITY (1125.570)

E. Criterion 1125.580 - Unnecessary Duplication/Mal-distribution/Impact on Other Facilities

There are sixty-two (62) facilities within thirty (30) minutes adjusted drive time of the proposed facility. Forty-nine (49) or seventy nine percent (79%) of the existing facilities are not at the State Board's target occupancy of ninety percent (90%). It does appear that the proposed facility will create an unnecessary duplication of service because the existing facilities are not at the target occupancy.

There does not appear to be a surplus of beds in the service area as the bed to population ratio is one (1) bed for every one hundred twenty eight (128) residents compared to the State of Illinois ratio of one (1) bed for every one hundred eighty seven (187) residents.

The applicants do not believe there will be an impact on other facilities in the planning area as the residents identified for this project are not being moved from facilities in the planning area

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION UNNECESSARY DUPLICATION/MALDISTRIBUTION/IMPACT ON OTHER FACILITIES (77 IAC 1125.580)

F. Criterion 1125.590 - Staffing Availability

G. Criterion 1125.600 - Bed Capacity

H. Criterion 1125.610 - Community Related Functions

I. Criterion 1125.630 -Zoning

The applicants have provided the necessary documentation and it appears that the relevant clinical and professional staff will be able to staff the facility. The applicants are proposing a facility of sixty eight (68) beds which is under the maximum number of two hundred fifty (250) beds. The applicants provided seventeen (17) letters from the community supporting the proposed facility (*Application pages 71-87*). The applicants have submitted the necessary paperwork requesting to have the property zoned B-2 Business from the Village of Lisle. The applicants have met the requirement of this criterion. (*Application p. 90*)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN COMFORMANCE WITH THE REQUIREMENTS OF CRITERION STAFFING AVAILABILITY BED CAPACITY COMMUNITY RELATED FUNCTIONS ZONING (77 IAC 1125.590, 77 IAC 1125.600, 77 IAC 1125.610, 77 IAC 1125.630)

J. Criterion 1125.620 - Project Size

The State Board Standard for skilled care beds is 435-715 BGSF/Bed. The

applicants are proposing a 68 beds or 559.4 DGSF/Bed. The applicants have met the requirements of this criterion. (*Application p. 88*)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH THE REQUIREMENTS OF CRITERION PROJECT SIZE (77 IAC 1125.620)

K. Criterion 1125.640 - Assurances

The applicants attest that by the second year of operation after the project completion the applicant 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. 92*).

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH THE REQUIREMENTS OF CRITERION ASSURANCES (77 IAC 1125.640)

FINANCIAL

X. 1125.800 - Availability of Funds

The applicants are funding the project with cash of \$3,168,341 and a mortgage of \$12,673,359. A letter from PNC Bank was provided by the applicants that stated

“We (PNC Bank) are familiar with your company and its principals, and we have reviewed plans, project costs and projected operating budgets for the Lisle, IL development project. Our current understanding is that the project to be located at 2850 Ogden Avenue, in Lisle, IL contemplates the development of a 68 bed skilled nursing facility on approximately 3.2 acres, with a total development cost of approximately \$16,000,000. As you know, PNC is national lender with a dedicated effort lending to the assisted living and skilled nursing industries, including a significant commitment to construction financing. Our lending programs for skilled nursing construction would allow us to provide a loan up to 80% of the Lisle project's cost. We would expect that the terms of our financing would be on very competitive rates and terms at the time when such financing is finalized, and would typically be secured by the land, building, accounts receivable and any additional assets of the borrower. This letter is not a commitment for financing, but rather an expression of our interest in potentially financing the projects in your pipeline. A commitment to provide financing will be contingent upon our completion of due diligence, completion of our credit approval process, and legal documentation in form and substance satisfactory to the Bank.” (Source Supplemental Information provided by the Applicants)

Without a firm commitment that financing will be assured should the State Board approve the project the State Board Staff is unable to make a positive finding regarding this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO MEET THE REQUIREMENTS OF THE AVAILABILITY OF FUNDS CRITERION (77 IAC 1125.800)

XI. 1125.800 - Financial Viability

Viability Ratios

The applicants attest to being newly formed entities with no historical viability data. The applicants provided combined financial information for both the operator and owner of the property. By rule the applicants need to provide financial information for each applicant. Combined pro-forma statements (*application pgs. 99-101*), are included for the first three years after project completion. Days cash on hand and the cushion ratio are not met for the combined entities.

TABLE FOUR Projected Ratios Transitional Care of Lisle		
	State Board Standard	(Projected)
Projected Years:		2019
Current Ratio	1.5	4.1
Net Margin Percentage	2.50%	11.7%
Percent Debt to Total Capitalization	<50%	19.1%
Projected Debt Service Coverage	1.5	2.01
Days Cash on Hand	45	29
Cushion Ratio	3	1.0

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO MEET THE REQUIREMENTS OF THE FINANCIAL VIABILITY CRITERION (77 IAC 1125.800)

XII. 1125.800 - Economic Feasibility

A) Criterion 1120.140 (a) - Reasonableness of Financing Arrangements

The proposed project is being funded with cash/securities and a mortgage. The applicants stated that the total estimated project costs and related costs will be funded in part by borrowing because 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 1.5. The applicants have met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF THE REASONABLENESS OF FINANCING CRITERION (77 IAC 1120.140(a))

B) Criterion Conditions of Debt Financing

The applicants have stated that the selected form of debt financing for the project will be at the lowest net cost available.

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

C) Criterion 1120.140 (c) - Reasonableness of Project and Related Costs

The applicant shall document that the estimated project costs are reasonable and shall document compliance with 1120.140(c).

The costs identified below are for clinical expenses only.

Preplanning Costs – These costs total \$26,645 and are less than .2% of new construction, contingencies and movable equipment. These costs appear reasonable when compared to the State Board Standard of 1.8%.

New Construction and Contingencies – These costs total \$8,754,160 or \$230.10 GSF. ($\$6,571,755/38,045=\230.10). This appears reasonable when compared to the State Board Standard of \$245.06/GSF (2017 mid-point of construction).

Contingencies – These costs total \$213,160 and are 2.4% of new construction costs. This appears reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Fees – These costs total \$233,600 and are 2.6% of new construction and contingencies. These costs appear reasonable when compared to the State Board Standard of 6.42-9.64%.

Consulting and Other Fees – These costs are \$682,550. The State Board does not have a standard for these costs.

Movable Equipment – These costs total \$1,051,930 and are \$15,469 per bed. This appears **HIGH** when compared to the State Board Standard of \$8,469

Net Interest Expense During Construction – These costs total \$310,214. The State Board does not have a standard for these costs.

Other Costs to be Capitalized – These costs total \$505,341. The State Board does not have a standard for these costs.

The applicants have exceeded the State standard for the Moveable Equipment criterion, and a negative finding has been made for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS CRITERION (77 IAC 1125.800 (c)).

D) Criterion 1120.140 (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 applicant estimated the direct costs per equivalent patient day as \$432.83. This appears reasonable when compared to previously approved projects.

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 1120.140 (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 applicant estimated the direct costs per equivalent patient day as \$34.92.

This appears reasonable when compared to previously approved projects.

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))

TABLE FIVE Facilities within 30 minutes of proposed project						
Facility Name	City	Gen Beds	Star Rating	Adjusted Travel Time	Utilization %	Met Standard?
Brookdale Plaza Lisle	Lisle	55	5	3	84%	No
Community Nursing & Rehab Center	Naperville	153	3	5	75%	No
Manorcare of Naperville	Naperville	118	4	9	60%	No
St. Patrick's Residence	Naperville	209	4	9	92%	Yes
Alden Estates of Naperville	Naperville	203	3	10	83%	No
Meadowbrook Manor Naperville	Naperville	245	3	10	95%	Yes
Beacon Hill	Lombard	110	5	11	94%	Yes
Tabor Hills Healthcare	Naperville	211	5	11	81%	No
Lexington Healthcare Lombard	Lombard	224	2	12	79%	No
Providence Downers Grove	Downers Grove	145	2	12	55%	No
Oakbrook Healthcare Center	Oak Brook	156	5	13	74%	No
Wheaton Care Center	Wheaton	123	2	14	94%	Yes
Manorcare of Westmont	Westmont	155	2	14	72%	No
Oak Terrace	Downers Grove	215	5	14	58%	No
Lexington of Elmhurst	Elmhurst	145	4	16	76%	No
Wynscape	Wheaton	209	5	16	55%	No
DuPage Convalescent Center	Wheaton	368	3	16	88%	No
Bria of Westmont	Westmont	215	2	16	85%	No
The Grove of Fox Valley	Aurora	158	1	16	73%	No
Manorcare of Hinsdale	Hinsdale	202	2	17	84%	No
Burgess Square Healthcare	Westmont	203	3	17	72%	No
Park Place Christian Community	Elmhurst	37	4	18	91%	Yes
Westchester Health & Rehab Center	Westchester	120	2	19	96%	Yes
Presence McAuley Manor	Aurora	87	4	19	61%	No
Oakridge Healthcare Center	Hillside	73	4	20	82%	No
Alden Valley Ridge	Bloomingtondale	207	2	20	89%	No
Windsor Park Manor	Carol Stream	80	5	20	80%	No
Aria Post Acute Care	Hillside	198	5	21	87%	No
West Suburban Nursing & Rehab	Bloomingtondale	259	2	21	71%	No
Chateau Nursing & Rehab	Willowbrook	150	4	21	93%	Yes
Meadowbrook Manor	Bolingbrook	298	4	21	92%	Yes

TABLE FIVE Facilities within 30 minutes of proposed project						
Facility Name	City	Gen Beds	Star Rating	Adjusted Travel Time	Utilization %	Met Standard?
Alden of Waterford	Aurora	99	3	21	75%	No
Elmhurst Extended Care	Elmhurst	108	4	23	69%	No
Aperion Care Forest Park	Forest Park	232	3	24	70%	No
Grove of LaGrange Park	LaGrange Park	131	2	24	76%	No
Plymouth Place	LaGrange Park	86	2	24	85%	No
Lexington of LaGrange	LaGrange	120	5	24	85%	No
Wood Glen Nursing & Rehab	West Chicago	207	3	24	83%	No
Briar Place	Indian Head Park	232	1	24	95%	Yes
Brookdale Burr Ridge	Burr Ridge	30	4	24	82%	No
Elmbrook Nursing	Elmhurst	180	2	25	89%	No
Presence Villa Scalabrini	Northlake	253	5	25	88%	No
Lexington HealthCare	Bloomingtondale	166	2	25	85%	No
King Bruwaert House	Burr Ridge	125		25	72%	No
Franciscan Village	Lemont	127	5	25	91%	Yes
Lemont Nursing & Rehab	Lemont	158	3	25	88%	No
Bria of Geneva	Geneva	107	2	25	79%	No
Countryside Care Centre	Aurora	203	4	25	92%	Yes
Rush Oak Park Hospital	Oak Park	36	5	26	36%	No
Forest View Rehab & Nursing	Itasca	144	2	26	68%	No
Manorcare of Elk Grove Village	Elk Grove Village	190	5	26	90%	Yes
Lakewood Nursing & Rehab	Plainfield	131	3	26	88%	No
Elmwood Terrace Healthcare	Aurora	68	3	26	85%	No
Columbus Park Nursing & Rehab	Chicago	189	4	27	72%	No
Meadowbrook Manor LaGrange	LaGrange	298	2	27	92%	Yes
Covenant HealthCare	Batavia	99	5	27	87%	No
Paramount Oak Park	Oak Park	204	1	28	64%	No
The Scottish Home	Riverside	85	5	28	55%	No
Bridgeway Village Rehab	Bensenville	222	3	28	66%	No
Abbingdon Nursing & Rehab	Roselle	82	3	28	85%	No
Jennings Terrace	Aurora	60	5	28	74%	No
Mayfield Care Center	Chicago	156	3	29	88%	No

TABLE FIVE Facilities within 30 minutes of proposed project						
Facility Name	City	Gen Beds	Star Rating	Adjusted Travel Time	Utilization %	Met Standard?
Total/Average		9,859			79.4%	
1. Travel time determined by MapQuest and adjusted per 77 IAC 1100.510 (d) 2. Star Rating provided Medicare 3. NA – Not available 4. Utilization taken from 2014 Long Term Care Profiles.						

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