



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-05	BOARD MEETING: March 14, 2017	PROJECT NO: 16-052	PROJECT COST: Original: \$21,580,132
FACILITY NAME: Westminster Village, Inc.		CITY: Bloomington	
TYPE OF PROJECT: Substantive			HSA: IV

PROJECT DESCRIPTION: The applicant/licensee, Westminster Village, Inc. is proposing a major modernization project at Westminster Village, Bloomington. The applicant proposes to modernize and expand its 78-bed Long Term Care unit on the campus of its continuing care retirement community (CCRC) for a total of 96 Long Term Care beds. The total project cost is \$21,580,132. **The project completion date is December 31, 2019.**

EXECUTIVE SUMMARY

DESCRIPTION:

- The applicant, Westminster Village, proposes to modernize and expand its 78-bed Long Term Care unit located on the campus of Westminster Village, a non-profit continuing care retirement community (CCRC), located at 2025 East Lincoln Street, Bloomington, Illinois. At the conclusion of the project, the long term care component will have ninety-six (96) long term care beds. The total project cost is \$21,850,132. **The project completion date is December 31, 2019.**
- In 1977 Westminster Village was approved by the State Board to establish a seventy-eight (78) bed long term care facility as Permit #77-055. The facility is currently certified for thirty-nine (39) Medicare Beds and no Medicaid Beds.
- This project is considered a long term care facility expansion and modernization project under current State Board rules. Thus, the excess of long term care beds in the McLean County Long Term Care Planning Area of ninety-five (95) long term care beds is not considered by State Board Staff in evaluating the proposed project.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The applicants propose to substantially change the scope of a health care facility by adding beds in excess of the lesser of 10% or twenty (20) beds and the proposed project is in excess of the capital expenditure minimum of \$7,320,061.
- **Reviewer Note:** The capital expenditure minimum is adjusted at the beginning of the State of Illinois fiscal year per RS Means.¹

As of July 1, 2016 the Capital Expenditure Minimum is

- \$12,950,881 for Hospitals
- **\$7,320,061 for Long Term Care Facilities**
- \$3,375,491 Other Applicants

PURPOSE OF THE PROJECT:

- The purpose of the project is to modernize an existing seventy-eight (78) long term care unit and add eighteen (18) beds to serve a growing need from its residents living in its independent and assisted living accommodations. The applicants note a second and unrelated phase of this project will also increase capacity at its independent and assisted living facilities, and anticipates an increased need for Long Term Care services, as a result of the growth in the other areas.

PUBLIC COMMENT:

- An opportunity for a public hearing was provided however no hearing was requested. A letter of support was included in the application for permit from Heritage Enterprises which owns and manages thirty-four (34) skilled care facilities in Illinois that stated *"The Westminster CON project is good for the comfort and dignity of its seniors and for our area. We support Westminster in its project."* There were no opposition letters received by the State Board Staff.

¹ RS Means is one of the world's leading providers of construction cost data, software, and services for all phases of the construction lifecycle. RS Means data from Gordian provides accurate and up-to-date cost information to help owners, developers, architects, engineers, contractors and others carefully and precisely project and control the cost of both new building construction and renovation projects. In addition to its collection of annual construction cost data books, RS Means offers construction estimating and facilities management seminars, electronic cost databases and software, reference books, and enterprise solutions.

SUMMARY:

- State Board Staff reviewed the application for permit and additional information submitted during the review period and note the following:
- Westminster Village is a Continuing Care Retirement Community (CCRC) that is home to approximately three hundred forty (340) residents. The campus has one hundred seventy-nine (179) independent living apartments, twenty-two (22) independent living townhouses, fifty-two (52) assisted living apartments, and seventy-eight (78) skilled nursing beds. Each is established as its own “neighborhood” on a 40-acre campus.
- The Westminster Village CCRC was not established under the State Board’s CCRC variance; therefore the long term care facility can provide skilled care to the residents outside the continuing care retirement community. [See Page 5 of the Report]
- The State Board has no jurisdiction over shelter care or assisted living care units/beds, assisted living memory care beds/units or independent living units or townhouses. [20 ILCS 3960/3] The Illinois Department of Public Health licenses both assisted living and shelter care beds.
- The applicants provided care to residents in the planning area and there appears to be a marked increase in the occupancy of the LTC unit within the last four (4) years. The applicants report having two hundred seventy-eight (278) applicants on its waiting list for its independent living accommodations, and plans to address this need through the establishment of a new 60-unit assisted living building and a 12-room Assisted Living/Dementia unit. [See Application for Permit pages 79-84] The original Assisted Living building will then be remodeled to serve as an additional Independent Living accommodation.
- Upon project completion, the Westminster Village campus will contain two hundred ten (210) independent living apartments, twenty (22) independent living townhouses, and sixty (60) independent “hybrid” units. It is because of this increase in its independent living accommodations that the applicant seeks to modernize and expand its skilled nursing capacity.

CONCLUSIONS:

- The applicant addressed sixteen (16) criteria, and received a negative finding for the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
1125.550 – Service Demand – Expansion of General Long Term	The applicant’s historical utilization for the past two (2) years does not warrant the number of beds being requested (96 beds). The two (2) year average utilization will justify seventy-two (72) beds at the ninety percent (90%) target occupancy.
1125.650 - Modernization	The applicant’s historical utilization for the past five (5) years does not warrant the number of beds being requested (96 beds). The five (5) year average utilization will justify sixty-three (63) beds at the ninety percent (90%) target occupancy.
1125.800(c) – Reasonableness of Project Costs	The applicant reports costs in excess of the State standard for Preplanning, New Construction and Proportionate Contingencies, Modernization and Proportionate Contingencies, and Moveable or Other Equipment. A negative finding results for this criterion.

STATE BOARD STAFF REPORT
Westminster Village, Inc.
Project #16-052

APPLICATION SUMMARY/CHRONOLOGY	
Applicants(s)	Westminster Village, Inc.
Facility Name	Westminster Village
Location	2025 East Lincoln Street, Bloomington
Permit Holder	Westminster Village, Inc.
Operating Entity	Westminster Village, Inc.
Owner of the Site	Westminster Village, Inc.
Application Received	December 19, 2016
Application Deemed Complete	December 20, 2016
Financial Commitment Date	March 14, 2019
Gross Square Footage	73,912 GSF
Can applicants request a deferral?	Yes
Review Period Extended by the State Board Staff?	No

I. Project Description

The applicant, Westminster Village, Inc. is proposing the renovation and expansion of the 78-bed skilled nursing unit of the campus of Westminster Village, a Continuing Care Retirement Community (CCRC), in Bloomington. The project proposes to add 18 skilled care beds, resulting in a ninety-six (96) bed skilled nursing unit. The total project cost is \$21,850,132. **The anticipated completion date is December 31, 2019.**

II. State Board Findings

- A. The State Board Staff finds the proposed project is **NOT** in conformance with Part 1125.
- B. The State Board Staff finds the proposed project is **NOT** in conformance with Part 1125.800.

III. General Information

The applicant is Westminster Village, Inc. Westminster Village, Inc. operates a residential retirement community and health care center for senior citizens located in Bloomington, Illinois. Westminster Village receives revenue primarily from service fees paid by residents and patients residing in its facilities. Westminster Village is a non-profit corporation registered in the State of Illinois and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The operating entity/licensee and owner of the site is Westminster Village, Inc. The facility is located at 2025 East Lincoln Street, Bloomington, Illinois in the McLean County long term care planning area. Target occupancy for the addition of long term care beds is ninety percent (90%) (77 IAC 1125.210). Project obligation will occur after permit issuance. This project is a substantive project subject to Part 1125 review.

IV. McLean County LTC Planning Area

There is a calculated excess of ninety-five (95) long term care beds in the McLean long term care planning area. McLean County has a total of nine hundred twelve (912) LTC beds, per the December 2016 Inventory update. Table One lists the Long Term Care facilities in McLean County.

TABLE ONE Summary of McLean County LTC Planning Area CY 2015 ⁽¹⁾				
Name	City	Beds	Operational Capacity	Star Rating ⁽¹⁾
Heritage Health Bloomington	Bloomington	111	62.8%	4
Aperion Care Bloomington	Bloomington	117	81.3%	1
Bloomington Rehab Healthcare Ctr.	Bloomington	78	64.8%	1
Heartland of Normal	Normal	116	75.1%	2
Leroy Manor	Leroy	102	67.5%	1
Luther Oaks*^	Bloomington	18	N/A	NA
McLean County Nursing Home	Normal	150	84.2%	2
Meadows Mennonite Home	Chenoa	130	77.3%	1
St. Joseph's Medical Ctr.	Bloomington	12	52.8%	4
Westminster Village^	Bloomington	78	85.4%	2
Total/Average		912	65%	
Information taken from 2015 Long Term Care Profile				
*Project #13-067, Completion date: 11/7/2016				
^Continuing Care Retirement Community (CCRC)				
1. Star Rating from Medicare Nursing Home Compare website https://www.medicare.gov/nursinghomecompare/search.html . See information at the end of this report for a short explanation of the Star Rating.				
2. NA – Not Available				

V. Continuing Care Retirement Community (CCRC)

The Certificate of Need Program is responsible for evaluating the need for establishment of new nursing homes in the state, which includes nursing homes associated with CCRCs and freestanding nursing homes.

In the case of **freestanding nursing homes**, part of the evaluation includes a numeric bed need methodology. Additionally, any person may be admitted into a freestanding nursing home provided that there is a bed available and the nursing home can meet the care needs of that person. There is no membership fee or entrance fee, and the range of services is not contractually guaranteed. Care in freestanding nursing homes is usually paid by Medicaid, Medicare, the resident, or a combination of the three.

Current State Board rules allows for a nursing home to be established under a CCRC variance to the calculated bed need (77 IAC 1125.560). To qualify for the variance there must be a calculated **excess of long term care beds** in the Long Term Care Planning Area.

Those nursing homes that are approved under the CCRC variance must meet the following requirements:

- that the nursing home is on the same site as the housing complex,
- that the nursing home will only serve the residents of the housing complex,
- that number of nursing home beds must not exceed one (1) bed for every five (5) independent living units,
- that a resident of the retirement community who is transferred to the LTC facility will not lose his/her apartment unit or be transferred to another LTC facility solely because of the resident's altered financial status or medical indigency; and
- That admission to the long term care unit will be limited to current residents of the independent living units and/or congregate housing.

Westminster Village was not approved under the CCRC variance; therefore the requirements above are not applicable to this facility. Admission to Westminster Village is not limited to current residents of the independent living units and/or congregate housing.

Westchester Village is licensed under the Illinois Life Care Facilities Act (210 ILCS 40/1). The Act empowers the Department of Public Health to issue permits allowing facilities to enter into Life Care Contracts, and charges the Department of Public Health with responsibility for monitoring those facilities for compliance with the Act and the code. At present, approximately one hundred (100) facilities or campus communities in Illinois hold one or more permits to offer and to enter into Life Care Contracts issued by the Department. In all, these facilities and campus communities encompass more than 23,000 living units that can be occupied under life care contracts. Most Illinois life care facilities and campus communities are located within the greater Chicago metropolitan area. <http://www.idph.state.il.us/about/lifecare.htm>

Life Care contracts must:

- Contain provisions for personal, nursing, or medical services, with maintenance services
- Require an entrance fee
- Cover a term longer than 12 months
- Include a 14-day rescission period

VI. Project Details

The applicant, Westminster Village Inc., is proposing to renovate/expand its 78-bed Long Term Care (LTC) unit located on the campus of Westminster Village, Bloomington. Westminster Village is a Continuing Care Retirement Community (CCRC), located at 2025 East Lincoln Street, Bloomington. The 40-acre campus contains one hundred seventy-nine (179) Independent living apartments, twenty-two (22) independent living townhouses, fifty-two (52) assisted living apartments, and seventy-eight (78) long term care beds. Westminster Village is home to approximately three hundred forty (340) residents.

The applicant proposes to execute a multi-phase campus modernization project. Phase I proposes to modernize the existing skilled nursing unit, increase bed capacity from 78 to 96 LTC beds, and increase the unit size by 12,612 GSF, from 18,987 GSF to 31,599 GSF. The remaining phases include the establishment of a 60-unit assisted living building, with a 12-unit AL/Dementia wing. The entire project will extensively modernize the existing 31,362 GSF building, and add 42,550 GSF of newly constructed space. Phase I (LTC unit), is the only phase of the project applicable to State Board review. The total project cost of the skilled care portion is estimated to be \$21,850,132 of which will be funded with \$1,868,611 of cash and the balance of \$19,981,522 will be financed through a mortgage.

VII. Project Costs and Sources of Funds

The applicant is funding this project with cash in the amount of \$1,868,611 and a mortgage of \$19,981,522.

TABLE TWO			
Project Costs and Sources of Funds			
USE OF FUNDS	Reviewable	Non Reviewable	Total
Preplanning Costs	\$194,210	\$64,490	\$258,700
Site Survey and Soil Investigation	\$98,762	\$32,782	\$131,544
Site Preparation	\$490,564	\$163,073	\$653,637
Off Site Work	\$106,206	\$35,252	\$141,459
New Construction Contracts	\$8,039,461	\$2,591,188	\$10,630,650
Modernization Contracts	\$2,864,670	\$1,034,973	\$3,899,643
Contingencies	\$1,090,762	\$362,268	\$1,453,029
Architectural/Engineering Fees	\$918,752	\$304,968	\$1,223,720
Consulting and Other Fees	\$503,978	\$166,487	\$670,466
Movable or Other Equipment (not in construction contracts)	\$919,954	\$310,765	\$1,230,719
Bond Issuance Expense (project related)	\$212,053	\$70,497	\$282,550
Net Interest Expense During Construction	\$319,860	\$106,993	\$426,853
Other Costs to be Capitalized	\$619,633	\$211,970	\$831,603
TOTAL USES OF FUNDS	\$16,390,541	\$5,459,591	\$21,850,132
SOURCE OF FUNDS	Reviewable	Non Reviewable	Total
Cash and Securities	\$1,401,709	\$466,901	\$1,868,611
Mortgages	\$14,988,832	\$4,992,690	\$19,981,522
TOTAL SOURCES OF FUNDS	\$16,390,541	\$5,459,591	\$21,850,132

VII. Costs Space Requirements

The applicant is proposing 31,599 GSF of reviewable space and 10,951 GSF of non-reviewable space in new construction. Approximately 18,987 GSF of reviewable space and 9,605 GSF of non-reviewable space will be modernized. Only the reviewable space is being reviewed as per 20 ILCS 3960.

TABLE THREE Costs Space Requirements							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
New Resident Rooms and Bathroom	\$10,019,247	12,782	30,331	17,549	12,782		
Nursing Support	\$753,790	608	3,297	2,689	608		
Utility Support	\$292,978	368	887	519	368		
Living Dining Activity	\$4,596,506	4,564	13,306	8,760	4,546		
Pantry/New	\$312,102	0	753	753			
Shower Rooms/Toilet	\$415,918	665	1,994	1,329	665		
Total Clinical	\$16,390,541	18,987	50,586	31,599	18,987	0	0
NON CLINICAL							
Office Administration	\$247,040	1,396	2,421	0	1,396	1,025	
Chapel	\$38,623	229	229	0	229		
Commons/New	\$3,332,729	0	9,678	9,678	0		
Commons/Existing	\$1,254,458	7,136	8,513	0	7,136	1,377	
Mechanical/Electrical	\$275,361	632	1,477	477	632	368	
Residential Laundry	\$311,380	212	1,008	796	212		
Total Non-Clinical	\$5,459,591	9,605	23,326	10,951	9,605	2,770	0
Total	\$21,850,132	28,592	73,912	42,550	28,592	2,770	0
Source: Application for Permit page 30-31							

VIII. Purpose and Alternatives

A. Criterion 1125.320 – Purpose of the Project

The applicants shall document the purpose of the project.

The applicant states the purpose of the proposed project is *“To provide current residents at Westminster a modern facility and to add 18 beds to accommodate the residents from additional independent living and assisted living to be constructed at Westminster. Westminster is a popular retirement community. Currently 278 applicants have paid deposits to go on a waiting list for independent and assisted living. Because of the demand for more retirement housing, Westminster has undertaken a master plan to significantly increase its available housing. Westminster currently operates a skilled care facility licensed for 78 beds. Almost all of the residents in skilled care are residents from the Westminster CCRC. To fulfill its function as a CCRC, Westminster must have the capacity to accommodate the influx of independent and assisted resident who may develop a need for skilled care.”* [Application for Permit pages 49-51]

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.

1. Project of Greater or Lesser Scope

The applicant rejected the alternative of a larger/smaller facility, due to the projected need from its current and projected resident base, and the decision to abide by the CCRC rule. The anticipated cost of this option was \$34,000,000, based on the estimate that an entirely new facility would have been needed.

The applicant also considered simply reconfiguring the skilled nursing beds in a manner that would have only added a small number of new beds. The challenge with this approach was that even if the aesthetics of the unit could be improved, the goal of creating distinct neighborhoods with a much larger number of private rooms could not be met with a smaller project. The cost of this alternative was approximately \$8 million.

2. Joint Venture with Other Providers

The applicant rejected this alternative due to their CCRC commitment to ensure Westminster residents will continue to receive the level of care that was promised at the time a life-care contract was signed. Westminster residents realize that when their time of enhanced need arises, that they will receive said care, without leaving the campus they considered home years earlier. The applicants did not provide a projected cost for this alternative.

3. Utilize Other Available Health Resources

The applicant rejected this alternative, citing the same concerns had for undertaking a joint venture. Current and prospective Westminster residents

willingly enter into life care contracts, and are on waiting lists, in an effort to ensure that they will be provided a level of care throughout the aging process. The applicant feels the utilization of other health care resources may be perceived as a breach of contract with its residents, and result in a different level of care.

4. Proposed Alternative

The applicant states the alternative chosen (adding 18 beds to skilled care) best meets the need for expansion, while facilitating the transformation of Westminster to a more residential setting. The mix of private rooms will be restructured to include 80 private rooms and 8 semi-private rooms. Currently, there are only 2 private rooms. The applicant notes the project cost (\$21,850,132), will meet future resident needs, and usher in new phases for growth and development on the Westminster campus. [Application for Permit pages 1, 52-55]

IX. Planning Area Need

A) Criterion 1125.520(b)(1) - (3) - Background of Applicant

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 LTC service for the community

The applicant is Westminster Village, Inc. The applicant provided the necessary information to be in compliance with Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas and with the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1) that no historic, architectural or archeological sites exist within the project area. The applicants attested that no adverse actions occurred within the past three years of filing of this application for permit. [Application for Permit pages 56-59]

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION BACKGROUND OF APPLICANT (77 IAC 1125.520(b)(1) - (3))

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

Applicants proposing to establish or 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.

The applicants stated their primary service area is contained within the zip code 61701-Bloomington, Illinois and attest that at least 50% of the residents will come from the Planning Area. This is due to Westminster Village's CCRC designation, and the vast majority of its skilled care admissions coming from the Westminster Village campus. The applicant states that while there is a current excess of ninety-five (95) LTC beds in the McLean County planning area, Westminster Village currently maintains a waiting list with the names of two hundred seventy-eight (278) future residents, who expect to utilize each level of the CCRC continuum of care. The applicants feel their current and future

residents will ensure that sufficient operational capacity will be achieved in the future.
[Application for Permit pages 60-72]

**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 – Service Demand – Expansion of General Long Term Care

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 must document

- a) An average annual occupancy rate that has equaled or exceeded occupancy standards (90%) for general LTC, as specified in Section 1125.210(c), for each of the latest two years (historical utilization).
 - b) Projected referrals as stipulated in 77 IAC 1125.540 (projected utilization).
- a) The applicant's two-year average utilization is 83.33%. Based upon the Average Daily Census, the applicant can justify seventy-two beds at the target occupancy of ninety percent (90%), not the 96 that is proposed.

**TABLE FOUR
2015-2014 Utilization**

Year	2015	2014	2- Year Average
Days	24,310	22,847	20,687
Average Daily Census (ADC)	67	63	65
Utilization	85.90%	80.77%	83.33%
Beds Justified	74	70	72
Licensed Bed	78	78	78

- b) The applicant notes Westminster Village essentially operates at functional capacity. Of the seventy-eight (78) beds, only two (2) are designated as private rooms, with the remaining seventy-six (76) beds being classified as dual occupancy. The facility lacks private showers, resulting in decreased privacy, dignity, patient satisfaction, and infection control. A second bed in a shared room is often blocked from usage, due to gender differences and infectious conditions, leading to the facility having all rooms' occupied but substandard occupancy. Residents, both existing and potential, have a preference for single rooms, and the LTC industry supports this preference. The applicant notes having been able to accommodate all of its independent and assisted living residents transitioning to skilled care in the past. However, as of late Westminster residents requiring skilled nursing care are placed on a waiting list for said services, or find similar services at other skilled nursing facilities. This often results in family members being separated from one another, until placement opens up at Westminster LTC unit. The applicant also notes that referrals from area hospitals could easily be obtained. However, this is not an option, due to the facility's commitment to its existing patient base, which is to ensure the availability of skilled nursing care, when needed. The applicant is confident that the additional eighteen (18) LTC rooms, combined with the modernized/private occupancy rooms, will result in a better-served resident, and a more efficiently operational facility. [Application for Permit pages 73-75]

THE STATE BOARD STAFF FINDS THE PROPOSE PROJECT NOT IN CONFORMANCE WITH CRITERION SERVICE DEMAND (77 IAC 1125.550)

D) Criterion 1125.590 - Staffing Availability

The applicant 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.

The applicant supplied a table (application, p. 118), illustrating their current staffing needs, and projected staffing needs after the additional eighteen (18) LTC beds become operational. In the same table, the applicant also supplied the number of applications/potential hires on file with the Human Resources department, and notes Westminster Village is an employer of choice within the Bloomington area. A positive finding results for this criterion. [Application for Permit pages 116-118]

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION STAFFING AVAILABILITY (77 IAC 1125.590)

E) Criterion 1125.600 - Bed Capacity

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

At the time of project completion the applicant proposes to have established a 96-bed facility; which is less than the maximum capacity of two hundred fifty (250) beds.
[Application for Permit page 119]

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION BED CAPACITY (77 IAC 1125.600)

F) Criterion 1125.620 Project Size

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

Upon project completion, Westminster Village skilled nursing unit will be a 96-bed facility, established in 73,912 GSF of space, of which, 50,586 is classified as being reviewable. This results in an allotment of 527 GSF per bed, which is in compliance with this criterion as the full bed compliment is within the range limit of 435-713 gross square feet per bed. [Application for Permit pages 122-130]

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

G) 1125.640 – Assurances

The applicant 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 applicant will achieve and maintain the occupancy standards specified in Section 1125.210(c) for each category of service involved in the proposal.

The applicant supplied notarized attestation that the proposed facility will meet or exceed the State-prescribed operational capacity by the second year of operation after project completion (application, p. 133). The applicant has met the requirements of this criterion.

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

H) Criterion 1125.650 – Modernization

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. Additionally, 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).

1. The applicant stated the following: *“Westminster is a highly rated, high quality facility. This respect, however, comes not from its physical plant, but despite it. Westminster is approximately 40 years old and the facility shows its age. It was constructed according to medical care model prevalent at the time- double rooms, long hallways, large dining rooms, and no showers in the room. The need for modernization is apparent.”* The applicant further note that each room is undersized (402 GSF/bed compared to the State Board standard of 435-713 GSF/bed), and contains an inadequate number of private rooms. This facet alone dates the facility, as the modern delivery of healthcare attributes infection control, privacy, and favorable clinical outcomes to the utilization of private rooms.
2. Average daily census (ADC) over the past five (5) years has averaged fifty-seven (57) residents per year, which would justify sixty-three (63) beds at the target occupancy of ninety percent (90%). The number of beds being requested (96) exceeds the number of beds justified by the historical utilization. [Application for Permit pages 134-136]

TABLE FIVE						
Five Year Historical Utilization						
Year	2015	2014	2016	2012	2011	5-Year Average
Days	24,310	22,847	20,855	20,633	14,789	20,687
ADC	67	63	57	57	41	57
Occupancy	85.90%	80.76%	73.07%	73.07%	52.56%	73.07%
Beds Justified	74	70	63	63	45	63
Licensed Beds	78	78	78	78	78	78
1. Information from 2015-2011 Annual Long Term Questionnaire						

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION MODERNIZATION (77 IAC 1125.650)

X. FINANCIAL

A. Criterion 1125.800 – Availability of Funds

The applicant is funding this project with cash of \$1,868,611 and a mortgage of \$19,981,522. The mortgage will be financed through Commerce Bank and Clayton Holdings, LLC., and will be structured as a tax-exempt, direct bank placement that will be unrated (application, pp. 140-145).

TABLE SIX Westminster Village, Inc. Audited Financial Statements Years Ended June 30, 2015 and 2014		
	2015	2014
Cash	\$9,977,223	\$8,107,501
Current Assets	\$10,915,516	\$9,364,889
PPE	\$19,367,585	\$19,688,599
Total Assets	\$38,096,807	\$37,145,841
Current Liabilities	\$2,425,622	\$2,091,209
LTD	\$6,295,994	\$6,530,805
Total Liabilities	\$15,477,036	\$15,221,533
Operating Revenue	\$13,433,431	\$12,718
Operating Expenses	\$13,371,345	\$12,834,736
Net Income	\$62,086	-\$116,715
Other Income	\$298,984	\$580,955
Revenue in Excess of Expenses	\$361,050	\$484,240

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 IAC 1125.800)

B. Criterion 1125.800 - Financial Viability

The applicant is funding this project with cash of \$1,868,611 and a mortgage of \$19,981,522. The applicant has met all financial viability ratios for the years 2014, 2015, 2016, and 2021. A positive finding results for this criterion. At the end of this report is an explanation of the financial ratios.

TABLE SEVEN Westminster Village, Inc. (operator/ licensee)					
	State				
Ratios	Standard	2014	2015	2016	2021
Current Ratio	>1.5	4.5	4.5	2.9	1.7
Net Margin %	>2.5%	14.4%	14.3%	16.3%	11%
Debt Service Coverage	>1.5	14.2	4.6	5.3	1.6
Debt Capitalization Ratio	<80%	25.4%	24.6%	23.2%	67.2%
Days Cash on Hand	>45 days	519.5	554	479.8	392.6
Cushion Ratio	>3	122.4	39	33.9	9.1
Source: Application for Permit page 25					

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 IAC 1125.800)

XI. ECONOMIC FEASIBILITY

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

B) Criterion 1125.800(b) – Terms of Debt Financing

The applicant is funding this project with cash in the amount of \$1,868,611 and a mortgage of \$19,981,522. The mortgage will be financed through Commerce Bank and Clayton Holdings, LLC., and will be structured as a tax-exempt, direct bank placement that will be unrated (application, pp. 140-145). The applicant provided audited financial statements for the years 2012 – 2015 (application pp. 147-203), and a notarized statement attesting that the reasonableness of financing and terms of debt financing are reasonable and at the lowest net cost available to the applicant. (application, p. 146).

A private placement involves the sale of tax-exempt bonds typically to a bank rather than offering the bonds to the public. The advantages to this type of financing is

- no disclosure required other than what the lender requires
- no official statement prepared
- no bond rating required
- lower underwriting and legal fees
- ability to lock in interest rates
- ability to utilize a draw note during construction to save interest expense
- flexible interest rate structure; variable, fixed, and or resetting
- flexible repayment provisions, financial covenants and required reserves
- monthly quarterly or semi-annual payment structures

TABLE EIGHT Terms of Financing Private Placement revenue bond	
Issuer	City of Bloomington (conduit)
Borrower	Westminster Village, Inc.
Purchaser	Clayton Holdings, LLC
Trustee	Commerce Bank
Amount	\$25,000,000
Purpose	Financing for New Capital Project
Security	First Mortgage on Property
Interest Rate	3.3% approximate
Taxability	Exempt from Federal Taxation

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 IAC 1125.800(a) and (b))

C) Criterion 1125.800 – Reasonableness of Project Costs

Board Staff notes all costs considered for this criterion are classified as reviewable. All cost standards are considered using the year 2018 as the mid-point of construction/modernization.

Preplanning Costs – These costs are \$194,210, and are 1.9% of the construction/modernization, contingencies, and equipment costs. This appears **HIGH** when compared to the State Board standard of 1.8%.

Site Survey Soil Investigation and Site Preparation – these costs are \$589,326 and are 4.9% of new construction, modernization and contingencies. This appears reasonable when compared to the State Board standard of 5%.

Off Site Work – these costs are \$106,206. The State Board does not have a standard for these costs.

New Construction and Proportionate Contingencies – these costs are \$8,843,353 or \$279.86 per GSF. This appears **HIGH** when compared to the State Board Standard of \$220.73.

Modernization and Proportionate Contingencies – these costs are \$3,151,540 or \$165.98 per GSF. These costs appear **HIGH** when compared to the State Board Standard of \$154.51.

Contingency costs New Construction – these costs are \$677,120 or 9.9% of new construction costs. This appears reasonable when compare to the State Board Standard of 10%.

Contingency costs Modernization – these costs are \$286,870 or 10% of modernization costs. This appears reasonable when compare to the State Board Standard of 10-15%.

Architectural and Engineering Costs-New Construction – These costs total \$677,120. These costs are 7.6% of new construction and contingency costs, which meets the State standard of 5.94% -8.92%.

Architectural and Engineering Costs-Modernization – These costs total \$241,632. These costs are 7.6% of the modernization and contingency costs, which meets the State standard of 6.54% - 9.82%

Moveable or Other Equipment – These costs total \$919,954, which is \$9,582.85 per bed ($\$919,954/96=\9582.85). This appears **HIGH** when compared to the State standard of \$8,723.36 per bed.

Bond Issuance Expense are \$212,053. The State Board does not have a standard for these costs.

Net Interest Expense During Construction are \$319,860. The State Board does not have a standard for these costs.

Other Costs to be Capitalized – these costs are \$619,633. The State Board does not have a standard for these costs.

The applicant reports costs in excess of the State standard for Preplanning, New Construction and Proportionate Contingencies, Modernization and Proportionate Contingencies, and Moveable or Other Equipment. Pages 211-215 of the application contain explanations for the overages mentioned above, that include the following:

“We have looked at the factors that have caused an overrun in the cost of Moveable and Other Equipment Cost as defined by the State for the purpose of the CON application. The modernization of the LTC component includes Moveable and Other Equipment Cost to replace the majority of the existing equipment due to its age and condition with equipment that is more fitting for today’s skilled care needs. These improvements have longer life spans; have lower operating cost, including the use of energy efficient LED supplemental lighting. The new addition also incorporates the same equipment and furnishings that have the same attributes.”

“We have looked at many factors that create additional cost for the project that are not typical on normal for basic renovation or addition. Below is a list of these factors that are contributing to the cost increase above what is allowed by State regulations.

- *Neighborhood Model: Both the new addition and renovations are designed using a neighborhood model. The neighborhood model is the new standard for skilled senior care in the industry nationally. The neighborhood model provides small groupings of residents, in this case 12 per neighborhood, in the new addition and no more than 24 in the modernization, accordingly. Each neighborhood has identical amenities, such as*

country kitchen, dining, living and pantries and activity areas, along with nursing support space for each neighborhood.

- *Private Rooms: Both the new addition and renovations are designed to create private rooms for 82 of the 98 (sic) beds. This is also a new standard in senior skilled care and one that is valued greatly by the residents of Westminster Village.*
- *Private Baths: The bedrooms are each designed with a full bath. This allows the residents to be assisted in bathing in the comfort and privacy of their own room. Because of this privacy it is recognized as a best practice for the well being of the patient.*
- *Infrastructure Improvements: New Emergency Generator, Rerouting of utilities to the unit, Placement of a New Transformer to the Unit, Relocation/Upgrades of HVAC units, and Incorporation of LED Lighting.*
- *Site Considerations: establishment of a Two-Story structure, Demolition of Existing Building(s), and Soil Stabilization.*
- *Phasing, Logistics, and Abatement.”*

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION PROJECT OPERATING COSTS (77 IAC 1125.800(c))

D) Criterion 1125.800(d) - Project Operating Costs

The projected operating cost per patient day is \$236.89 for CY 2021. The State Board does not have a standard for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION PROJECT OPERATING COSTS (77 IAC 1125.800(d))

E) Criterion 1125.800(e) - Total Project Capital Costs

The capital costs per patient day is \$44.77 for CY 2021. The State Board does not have a standard for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION TOTAL PROJECT CAPITAL COSTS (77 IAC 1125.800(e))

Nursing Home Compare Web Site

The Nursing Home Compare Web site features a quality rating system that gives each nursing home a rating of between 1 and 5 stars. Nursing homes with 5 stars are considered to have quality much above average and nursing homes with 1 star are considered to have quality much below average. There is one overall rating for each nursing home, and a separate rating for each of the following three sources of information:

Health Inspections – The health inspection rating contains information from the last 3 years of onsite inspections, including both standard surveys and any complaint surveys. This information is gathered by trained, objective inspectors who go onsite to the nursing home and follow a specific process to determine the extent to which a nursing home has met Medicaid and Medicare's minimum quality requirements. The most recent survey findings are weighted more than the prior two years. More than 180,000 onsite reviews are used in the health inspection scoring nationally.

Staffing – The staffing rating has information about the number of hours of care provided on average to each resident each day by nursing staff. This rating considers differences in the levels of residents' care need in each nursing home. For example, a nursing home with residents who had more severe needs would be expected to have more nursing staff than a nursing home where the resident needs were not as high.

Quality Measures (QMs) – The quality measure rating has information on 11 different physical and clinical measures for nursing home residents. The rating now includes information about nursing homes' use of antipsychotic medications in both long-stay and short-stay residents. This information is collected by the nursing home for all residents. The QMs offer information about how well nursing homes are caring for their residents' physical and clinical needs. More than 12 million assessments of the conditions of nursing home residents are used in the Five-Star rating system. <https://www.cms.gov/medicare/provider-enrollment-and-certification/certificationandcompliance/fsqrs.html>

Explanation of Financial Ratios

1. Current ratio

Measures the dollars of current assets per dollar of current liabilities. For example, a current ratio of 1.7 indicates that there is \$1.70 of current assets available to pay each \$1.00 of current liabilities.

2. Net Margin

Measures profitability as a percentage of revenues. It measures the ability of a business to control expenses. For example, a net margin of 11% means that \$1.00 of revenues generates 11 cents in profits.

3. Debt Service Coverage

Measures the number of dollars of cash flow available to make debt payments per dollar of debt expense. For example for a ratio of 1.6 an entity would have \$1.60 in cash for every \$1.00 of debt expense (i.e. principle and interest).

4. Long-Term Debt to Capitalization

Measures the proportion of debt financing in an entity's permanent (long-term) financing mix. Capitalization is the sum of long term debt plus unrestricted assets. For example for Westminster Village, Inc. for every \$1.00 of total capitalization 67 cents will be debt financing should the project be approved.

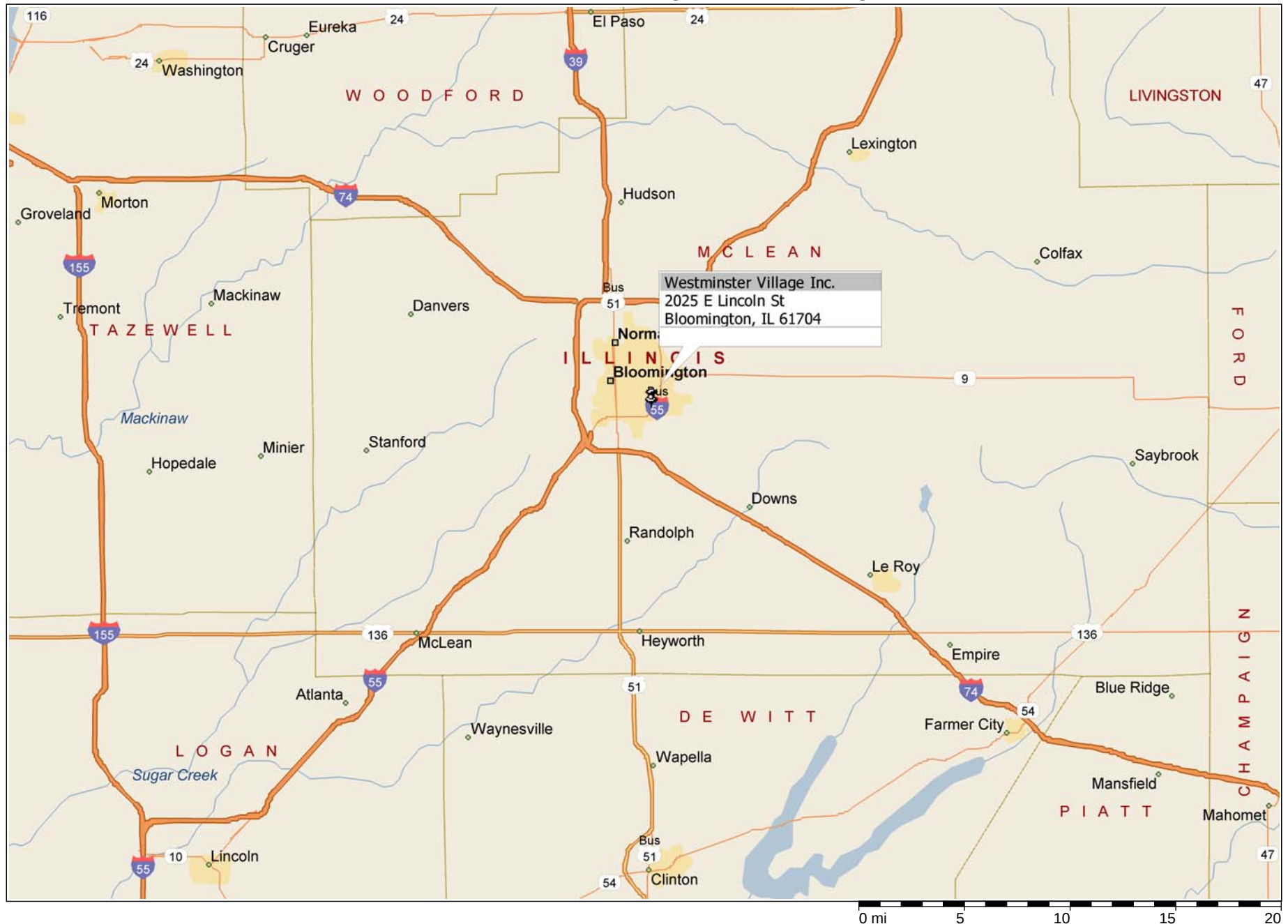
5. Days Cash on Hand

Measures the number of days that an entity could continue to pay its average daily cash obligations with no new revenue becoming available. For example Westminster Village has 393 days of cash on hand to continue to pay expenses with no revenue becoming available.

6. Cushion Ratio

Measures the ability of current cash to meet an entity's debt obligations (i.e. principle and interest). A cushion ratio of 9.1 means that the organization has over nine (9) times its debt payment obligations available in cash to meet those obligations

16-052 Westminster Village Inc - Bloomington



WESTMINSTER VILLAGE2025 EAST LINCOLN STREET
BLOOMINGTON, IL. 61701**Reference Numbers**Facility ID 6009922
Health Service Area 004
Planning Service Area 113 McLean
County 113 McLean County**Administrator**

Matt Riehle

Contact Person and TelephoneMatt Riehle
309-663-6474**Registered Agent Information**Barb Nathan
2025 E. Lincoln**ADMISSION RESTRICTIONS**Aggressive/Anti-Social 1
Chronic Alcoholism 1
Developmentally Disabled 1
Drug Addiction 1
Medicaid Recipient 1
Medicare Recipient 0
Mental Illness 1
Non-Ambulatory 0
Non-Mobile 0
Public Aid Recipient 0
Under 65 Years Old 0
Unable to Self-Medicate 0
Ventilator Dependent 1
Infectious Disease w/ Isolation 0
Other Restrictions 0
No Restrictions 0
*Note: Reported restrictions denoted by '1'***RESIDENTS BY PRIMARY DIAGNOSIS**DIAGNOSIS
Neoplasms 0
Endocrine/Metabolic 0
Blood Disorders 0
*Nervous System Non Alzheimer 0
Alzheimer Disease 0
Mental Illness 0
Developmental Disability 0
Circulatory System 0
Respiratory System 0
Digestive System 0
Genitourinary System Disorders 0
Skin Disorders 0
Musculo-skeletal Disorders 0
Injuries and Poisonings 0
Other Medical Conditions 0
Non-Medical Conditions 0
TOTALS 0**ADMISSIONS AND DISCHARGES - 2015***Note: Information on resident diagnoses was not collected for 2015*

Date Questionnaire Completed	3/10/2016	Residents on 1/1/2015	70	Total Residents Diagnosed as Mentally Ill	0
Continuing Care Retirement Community		Total Admissions 2015	102		
Life Care Facility		Total Discharges 2015	105	Total Residents Reported as Identified Offenders	1
		Residents on 12/31/2015	67		

LICENSED BEDS, BEDS IN USE, MEDICARE/MEDICAID CERTIFIED BEDS

LEVEL OF CARE	LICENSED BEDS	PEAK BEDS SET-UP	PEAK BEDS USED	BEDS SET-UP	BEDS IN USE	AVAILABLE BEDS	MEDICARE CERTIFIED BEDS	MEDICAID CERTIFIED BEDS
Nursing Care	78	78	71	78	67	11	39	0
Skilled Under 22	0	0	0	0	0	0		0
Intermediate DD	0	0	0	0	0	0		0
Sheltered Care	0	0	0	0	0	0		
TOTAL BEDS	78	78	71	78	67	11	39	0

FACILITY UTILIZATION - 2015**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	
Nursing Care	2536	17.8%	0	0.0%	0	0	21774	0	24310	85.4%	85.4%	
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	2536	17.8%	0	0.0%	0	0	21774	0	24310	85.4%	85.4%	

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2015

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	0	0	0	0	0	0	0	0	0	0	0
75 to 84	4	6	0	0	0	0	0	0	4	6	10
85+	18	39	0	0	0	0	0	0	18	39	57
TOTALS	22	45	0	0	0	0	0	0	22	45	67

WESTMINSTER VILLAGE2025 EAST LINCOLN STREET
BLOOMINGTON, IL. 61701**Classification Numbers**

License Number	6009922
Health Service Area	004
Planning Service Area	113 McLean
County	113 McLean County

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

LEVEL OF CARE	Medicare	Medicaid	Other Public	Insurance	Private Pay	Charity Care	TOTALS
Nursing Care	6	0	0	0	61	0	67
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	0	0	0	61	0	67

AVERAGE DAILY PAYMENT RATES

LEVEL OF CARE	SINGLE	DOUBLE
Nursing Care	428	214
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	67	0	0	0	67
Race Unknown	0	0	0	0	0
Total	67	0	0	0	67

ETHNICITY	Nursing Care	Skilled Under 22	Intermediate DD	Sheltered Care	Totals
Hispanic	0	0	0	0	0
Non-Hispanic	67	0	0	0	67
Ethnicity Unknown	0	0	0	0	0
Total	67	0	0	0	67

FACILITY STAFFING

Employment Category	Full-Time Equivalent
Administrators	1.00
Physicians	0.00
Director of Nursing	1.00
Registered Nurses	8.00
LPN's	8.00
Certified Aides	32.00
Other Health Staff	2.00
Non-Health Staff	7.00
Totals	59.00

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
29.0%	0.0%	0.0%	0.0%	71.0%	100.0%		
1,774,244	0	0	0	4,340,260	6,114,504	0	0.0%

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