



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM: A-08	BOARD MEETING: October 30, 2018	PROJECT NUMBER: 17-009
PERMIT HOLDERS(S): US HealthVest, LLC New Lenox Behavioral Innovations Realty, LLC New Lenox Behavioral Innovations, LLC Silver Oaks Behavioral Realty, LLC Silver Oaks Behavioral, LLC Silver Cross Hospital and Medical Centers		
FACILITY NAME and LOCATION: Silver Oaks Hospital, New Lenox		

STATE BOARD STAFF REPORT **PERMIT RENEWAL REQUEST**

I. Background

On June 20, 2017, the State Board approved Project #17-009. The permit authorized the establishment of a 100-bed Acute Mental Illness (AMI) Hospital, in 67,330 GSF of space, in New Lenox. The State Agency notes the project is obligated, and the current project completion date is December 31, 2018. Project cost: \$24,299,928.

State Board Staff notes the permit holders submitted the permit renewal request on October 3, 2018. This submittal was in accordance with 77 IAC 1130.740(d), which states that the State Board must receive renewal requests at least 45 days prior to the permit expiration date. A \$500.00 permit renewal fee accompanied the renewal request.

II. Findings

State Board Staff notes this is the first renewal request for this project and the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of June 30, 2019. This would extend the project's completion date by six months, from December 31, 2018 to June 30, 2019.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the construction phase is 85% complete, and is proceeding with due diligence. The following project components remain:
- Doors, Hardware
 - Interior finishes

- Landscaping
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the project has proceeded according to schedule, and expect construction completion in December 2018. However, the applicants may not be able to complete the licensing/nursing/occupancy surveys ahead of the original project completion date (12/31/18).
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate approximately \$15,559,808 (64% of the total project cost), has been expended to date and can attest to the existence of sufficient financial resources to complete the project.
- E. Anticipated Final Cost of the Project: The permit holders estimate the project will not deviate from the approved permit amount of \$24,299,928.

IV. Project Description & Other Background Information

The permit authorized the establishment of a 100-bed AMI hospital in 67,330 GSF of space, in New Lenox, Illinois. Project cost: \$24,299,928.

Permit Issuance Date:	June 20, 2017
Project Obligation Date:	July 25, 2018
Original Project Completion Date:	December 31, 2018
Proposed Project Completion Date: (6-month renewal request)	June 30, 2019

V. Applicable Rules for Permit Renewal Requests

77 IAC 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 IAC 1130.230(h)(5) states that failure to complete a project or to renew a permit within the prescribed timeframes will subject the permit holders to the sanctions and penalties provided in the Act and this Subpart.

77 IAC 1130.740(b) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(c) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the

following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date; 3) a statement as to the reasons why the project has not been completed; and 4) confirmatory evidence by the permit holders' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(d) states the State Board staff will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFSRB criteria, and if this is the first request for this project, then the request, staff's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, will approve, deny or refer the request to the HFSRB for action. If staff finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFSRB for action, then HFSRB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFSRB's Notice of Intent to revoke a permit and the permit holders will be afforded an opportunity for an administrative hearing.

VI. Other Information

Appended to this report are the following: the permit holders' documents for a permit renewal.

RECEIVED

OCT 03 2018

WRITER'S DIRECT LINE
312.832.4375
egreen@foley.com EMAIL

CLIENT/MATTER NUMBER
026141-0148

September 28, 2018

VIA FED EXPRESS AND E-MAIL

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: First Permit Renewal Request for Project No. 17-009-Silver Oaks Hospital

Dear Mr. Constantino:

We are counsel to Silver Oaks Behavioral LLC d/b/a Silver Oaks Hospital ("Silver Oaks Hospital"), Silver Oaks Behavioral Realty LLC ("Silver Oaks Realty"), New Lenox Behavioral Innovations LLC ("NLBI"), New Lenox Behavioral Innovations Realty LLC ("NLBI Realty"), US Healthvest LLC ("USHV"), and Silver Cross Hospital and Medical Centers ("Silver Cross Hospital," and collectively with Silver Oaks Hospital, Silver Oaks Realty, NLBI, NLBI Realty and USHV, the "Permit Holders"). On February 24, 2017, the Permit Holders filed a Certificate of Need Application (the "CON Application") with the Illinois Health Facilities & Services Review Board (the "Board") to establish a 100 bed behavioral health hospital in New Lenox, Illinois (the "Project") to be known as Silver Oaks Hospital (the "Hospital"). On June 20, 2017, the Board approved the CON Application. The CON Application stated that the Project would cost \$24,299,928 and that the Project would be completed on December 31, 2018 (the "Original Project Completion Date"). On July 24, 2018, the Permit Holders filed their First Annual Progress Report for the Project (the "First Annual Progress Report").

On behalf of the Permit Holders, pursuant to 77 Ill. Admin. Code § 1130.740, we hereby submit this permit renewal request (the "Permit Renewal Request") for the above referenced Project. This is the Permit Holders first permit renewal request for this Project.

Elements Required by 77 Ill. Admin. Code § 1130.740

As you know, 77 Ill. Admin. Code § 1130.740(c) requires a party seeking a permit renewal to provide the following information to the Board: (1) the requested completion date; (2) a status report on the project detailing what percent has been completed and a summary of the project components yet to be finished and the amount of funds expended on the project to date; (3) a statement as to the reasons why the project has not been completed; and (4) evidence that the project's costs and scope are still in line with the previously approved CON and that sufficient financial resources are available to complete the project.

Mr. Michael Constantino
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Based upon this information, the Planning Board must ultimately conclude that the party seeking the permit renewal "proceeded with due diligence," as that phrase is defined at 77 Ill. Admin. Code § 1130.140. For the reasons set forth in this letter, the Permit Holders believe that they have established the necessary predicates for a permit renewal for the Project.

As set forth in the Permit Holders' First Annual Progress Report, the Hospital is currently under construction and on schedule. At this point, the Project is approximately 85% complete. Foundations, structural steel, exterior precast panels, windows, and roofing are complete. Major plumbing, electrical and mechanical systems are installed. Plumbing fixtures and light fixtures are nearing completion. Doors and hardware are being installed. Interior finishes are in progress. Site plan paving and curbing is also complete. Landscaping is in progress. The Permit Holders are currently anticipating that construction on the Hospital will conclude sometime in the early part of December, 2018. The Permit Holders have also been in contact the Village of New Lenox and the Illinois Department of Public Health ("IDPH") to coordinate occupancy and licensure of the Hospital. At this point, given the likely construction completion date, it is possible that IDPH may not be able to complete its licensing survey prior to the Original Project Completion Date of December 31, 2018. Thus, out of an abundance of caution, the Permit Holders are hereby seeking a new project completion date of June 30, 2019, to ensure enough time for the Hospital to be licensed by IDPH (and also certified by the Centers for Medicare and Medicaid Services to accept Medicare patients).

To date, the Permit Holders have spent \$15,559,808 on the Project. The Applicants are currently projecting that they will not exceed the total project cost of \$24,299.928 set forth in the CON Application.

The method of financing and sources of funds for the Project have not changed since the filing of the CON Application.

Accordingly, the Permit Holders believe that they are entitled to a permit renewal for the Project on the terms set forth in this letter. If you need any other information, please call. I am also enclosing a check in the sum of \$500 to cover the processing fee.

Sincerely,



Edward J. Green

cc: Ms. Martina Sze, Executive Vice President, US Healthvest LLC
Ms. Ruth Colby, President & CEO, Silver Cross Hospital & Medical Centers