

CRYSTAL PINES
REHABILITATION & HEALTH CARE CENTER
335 Illinois St, Crystal Lake, IL 60014

October 8, 2018

Via : Overnight Express

RECEIVED

Ms. Courtney Avery, Administrator,
Illinois Health Facilities & Services Review Board,
525 W. Jefferson St., 2nd Floor,
Springfield, IL. 62761

217-782-3516.

OCT 10 2018

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Project# 18-016: Transformative Health of McHenry / 84 bed general purpose long term care facility

We hereby submit this letter in OPPOSITION to the proposed application based upon the applicant's failure to meet the following criteria:

1. THERE IS NO NEED .580(a) & (b)
2. NEGATIVE IMPACT OR OTHER AREA PROVIDERS .580 (C)
3. STAFFING UNAVAILABLE .590
4. SERVICE DEMAND .540 (a) OR (b) + (c)+ (d) OR (e)

NO NEED

In accordance with the CON rules and the CON Board's Bed Need Calculation, it can only be concluded that there is no need.

As of the CON Board's Bed Need Calculation on 9/14/2018, there was an excess of beds for the H.S.A. 8 totaling 276.

This excess has GROWN from the CON Board's Bed Need Calculation of 11/7/2017. At that time the excess was 246.

In McHenry County, the excess has remained at 33.

NEGATIVE IMPACT

Point One: Crystal Pines has an overall CMS 4 star rating. Crystal Pines has a 5 star rating in both Quality Measures and RN staffing. They have maintained those rating consistently for over multiple quarters.

Point Two: The unemployment rate in McHenry County, and especially Crystal Lake market stands at 3.5% as data from the Illinois Department of Employment Security shows. This compares to 4.3% statewide and is .5% under the national unemployment rate.

Point Three: According to the leading employment Job Boards (Indeed & Zip Recruiter) for McHenry and Crystal Lake areas, here are the job postings as of October 8, 2018.

Nursing Assistants:	612 total	Nursing home/LTC specific: 275
LPN's	365 total	Nursing home/LTC specific: 125
RN's	971 total	Nursing home/LTC specific: 343

The historic unemployment rate, especially as it relates to health care, will cause a significant negative impact on the competitors in the marketplace in two ways. One, starting a wage war in order to migrate existing workers from one facility to another. This does not create job growth, but job instability in the marketplace. Secondly, it will directly begin to impact the outcome of care for lack of qualified staff due to poaching by this new facility. Recruiting replacements, if even available, will come in the way of longer lead times to recruit, hire and train as well as add to the cost of providing care. And in some cases, there are limitations on the opportunities to re-coop those added costs due to capitation by Managed Care Contracts and Medicaid.

THERE IS NO SERVICE DEMAND

The applicant, by their own admission, notes that McHenry had 1054 historical referrals from Centegra Hospital and a single nursing facility cannot accommodate all those referrals. ON the applicants proforma they project they will have an average daily census of 44 Medicare A and 5 Medicare Managed Care residents. Annually that would be 17,885 days of care. According to their application these are defined as short term stay residents. Centegra would have to generate another 15% in referrals just to begin to serve these added beds. Also be advised that Crystal Pines is at 73.68% occupancy. So, even if Centegra did generate 15% more referrals, those could be absorbed within the existing marketplace.

The CMS data for the prior 2 years of data collection indicates the average length of stay for Medicare A and Managed Care to be 24 days. The applicant's proforma goes on to state that to meet their target occupancy they need 300 referrals. That equates to an average length of stay of 91.98 days. Which is almost 4 times the documented ALOS from CMS. Crystal Pines ALOS averages 32.

And finally, there are a number of parties identified in application #18-016 as having various roles in either ownership, of the land, building and a lease as well as operating tenants. We do not believe that all the parties have complied with the rules for a permit under the CON regulations and therefore, this application should be denied, or at a minimum, be deferred until the applicant has properly disclosed all the required review criteria necessary for the staff to properly analyze the application and determine if, in fact, the application is complete.

Respectfully Submitted,



Michael Levitt, V.P.

Walnut Creek Management Co., LLC

Management Company for Crystal Rehabilitation & Health Care Center, LLC