



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-01	BOARD MEETING: September 17, 2019	PROJECT NO: 19-014	PROJECT COST:
FACILITY NAME: MIRA Neuro Behavioral Health Center for Children & Adolescents		CITY: Tinley Park	Original: \$5,154,176. Modified: \$5,646,921
TYPE OF PROJECT: Substantive			HSA: VI

DESCRIPTION: The Applicant proposes to establish MIRA Neuro Behavioral Health Center for Children & Adolescents, a new 30-bed acute mental illness hospital in Tinley Park dedicated solely to the care of children and adolescents with acute mental illness. The cost of the project is \$5,646,921. The expected completion date is August 1, 2021.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicant (MIRA Neuro Behavioral Health Center, LLC) (“MIRA”) proposes to establish a new 30-bed acute mental illness hospital in Tinley Park dedicated solely to the care of children and adolescents with acute mental illness. The cost of the project is \$5,646,921. The expected completion date is August 1, 2021.
- This project was modified on August 15, 2019 increasing the cost of the project by \$492,745 or 9.55% of the original project costs and increasing the gross square footage by approximately 12,318 GSF. This is considered a Type A Modification¹ subject to an Opportunity of a Public Hearing.
- MIRA is a new entity owned by four physicians. As represented in the Application for Permit this entity does not own any other health care facilities. The president of the proposed facility (Christopher Higgins, Psy.D.) currently heads Palos Behavioral Health Professionals which includes psychiatrists, psychologists and social workers with specialty for caring for adolescents and children with acute mental illness.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicant propose to establish a health care facility as defined by the Illinois Health Facilities Planning Act (20 ILCS 3960/3).

PUBLIC HEARING/COMMENT:

- A public hearing was offered regarding the proposed project, but none was requested. The Application included 44 letters of support (Pages 68-111) for the project from a variety of individuals and organizations. The State Board has also received support letters from State Legislators, mayors and village presidents, local providers of primary pediatric medical care, and several pediatric mental health organizations in the area.
- One letter of opposition was submitted by US HealthVest that stated in part *“our opposition is not because expansion of access to quality mental health care, and certainly not because we do not believe in the need for access to mental health care for children and adolescents. Our opposition is because any expansion needs to take place in an organized and thoughtful manner, be consistent with this Board’s rules, and should be focused on increasing access to quality care – rather than advancing the interests of any group of practitioners.”*.....*“We commend the applicants for the care they provide and invite them to join our efforts. However, there can be no doubt that these services exist-are already being provided by a world class provider-and the capacity exists to meet this need. Unless and until the data justifies establishment of a new facility the HFSRB should be cautious to approve the establishment of a new facility duplicating these services in a community that already has access to care.”*

SUMMARY:

- The Applicant proposes to establish a 30-bed child and adolescent inpatient behavioral health hospital to fill a need that results in child and adolescent patients having to travel long distances for needed care by renovating approximately 48,000 GSF of space in a building formerly used as a Day Training Facility for Developmentally Delayed and Acute Mentally Ill adults² 18 years and

¹ Modifications shall be classified as Type A or Type B. Type A modifications shall be subject to the public hearing requirements of the Act. Type A Modifications includes: a change in the number of beds, a change in the site for the project within the planning area, a change in the total cost of the project exceeding 10% of the original project costs, a change in the GSF exceeding 10% of the original GSF, change in a category of service, and or a change in the person who is the applicant or co-applicant.

² Southwest Community Services, Inc. is the former agency. This agency provided day habilitation services to developmentally disabled individuals who live in their homes. The function of day habilitation is to assist an individual to acquire and maintain those life skills that enable the individual

older that will be vacated this summer to establish a child and adolescent Acute Mental Illness hospital.

- There are 21 Acute Mental Illness Planning Areas in the State of Illinois and as of August 2019 there is a calculated excess of 1,291 AMI beds in the State of Illinois. There is a calculated excess of 65 AMI beds in the A-04 AMI Planning Area, the location of the proposed hospital. There are five hospitals in the A-04 AMI Planning Area that maintain inpatient AMI services. Of the 195 AMI beds in the A-04 Planning Area, 12 AMI beds are dedicated for children and adolescents or approximately 6.2% of the 195 AMI beds. Overall in the State of Illinois approximately 27% of the inpatient AMI beds are dedicated to children and adolescents.
- The geographical service area for this project is a 10-mile radius. There are no inpatient AMI Beds in this 10-mile GSA. As a result, an unnecessary duplication of service or maldistribution of service in this 10-mile GSA would not result should the proposed 30-bed AMI hospital be approved. Additionally, no existing AMI hospital would be impacted in this 10-mile geographical service area.
- The Applicant stated 54 physicians have expressed interest in referring patients to the proposed facility. These 54 physicians stated they are expecting to refer 1,197 patients to the proposed facility. The Board Staff accepted 714 of these referrals as the proposed referrals exceeded the historical referrals or the hospital that accepted the historical referral was not identified. Below is a summary of the 54 physician referrals provided by the Applicant.

TABLE FIVE
Total Historical Referrals for Children and Adolescents and the Projected Number of Referrals To Proposed Facility ⁽³⁾

	Historical Referrals								
	Linden Oaks ⁽¹⁾		Alexian Brothers ⁽²⁾		City Hospital		Other		Projected
Year	2016	2017	2016	2017	2016	2017	2016	2017	
Total Historical Referrals	344	406	137	160	225	296	294	323	1,197

1. Linden Oaks is a 108-AMI Hospital located in Naperville, Illinois (33-miles) with 29 Adolescent Beds.
2. Alexian Brothers Behavioral Health Hospital is a 141-bed AMI Hospital located in Hoffman Estates (57-miles) with 25 Adolescent Beds.
3. Source: Summary of List of Referrals by the 54-Physicians page 203 of the Application for Permit.

- The Applicant addressed a total of 23 criteria and have not met the following:

to cope more effectively with the demands of independent living. Also, to raise the level of the individual's physical, mental, social, and vocational functioning.

Criterion	Reasons for Non-Compliance
77 ILAC 1110.120 (b) Projected Utilization	This criterion requires the Applicant to project the demand for the proposed number of beds by the second year after project completion. The State Board requires physician referral letters to estimate demand for the number of beds being requested. The Applicant provided a list of 54 physicians that would refer children and adolescents to the proposed hospital at pages 202-203 of the Application for Permit. These referral letters projected 1,197 referrals to the proposed hospital. 714 of these referrals were accepted by the Board Staff which resulted in 5,712 days or approximately 53% occupancy. [See page 12 of this report]
77 ILAC 1110.210 (b)(1) – Planning Area Need	The Applicant is requesting a 30-bed AMI hospital for children and adolescents. The State Board does not distinguish between children and adolescent and adult and geriatric population when determining the need or excess of AMI Beds in an AMI Planning Area (77 ILAC 1100.560). The State Board has calculated an excess of 65 AMI beds in the A-04 AMI Planning Area. Additionally, the Applicant was not able to document enough demand because not enough physician referrals were provided to justify the number of beds being requested. [See page 13-16 of this report]
77 ILAC 1120.120 – Availability of Funds	Approximately 80% of the cost of this project will be funded from a financial institution. To receive assurance the loan or loans will be made if the proposed project is approved, we have required Applicants to provide a firm commitment from the lending institution that the loan will be made if the project is approved. A firm commitment from the financial institution was not provided. [page 20 of this report] Bank Letters can be found at pages 335-339 of the Application for Permit.
77 ILAC 1120.130 – Financial Viability	Board Staff could not verify the long-term debt to capitalization ratio or the debt service coverage ratio because no debt was provided on the projected balance sheet, yet interest expense was provided on the income statement. Note: The Applicant projects by the 8 th month of the first year they will be at 85% target occupancy with Medicaid revenue 8% of total revenue and 91% of total revenue from commercial insurance. The Applicant expects to be profitable by the seventh month of the first year of operation.

STATE BOARD STAFF REPORT
Project 19-014
MIRA Neuro Behavioral Health Center for Children & Adolescents

APPLICATION/CHRONOLOGY/SUMMARY	
Applicant	MIRA Neuro Behavioral Health Center, LLC
Facility Name	MIRA Neuro Behavioral Health Center for Children & Adolescents
Location	6775 Prosperi Drive, Tinley Park
Permit Holder	MIRA Neuro Behavioral Health Center LLC
Operating Entity	MIRA Neuro Behavioral Health Center, LLC
Owner of Site	MIRA Health Care Properties, LLC
Total GSF	35,682
Application Received	March 20, 2019
Application Deemed Complete	March 22, 2019
Review Period Ends	July 20, 2019
Financial Commitment Date	August 1, 2021
Project Completion Date	August 1, 2021
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	No
Expedited Review?	No

I. Project Description

The Applicant (MIRA Neuro Behavioral Health Center, LLC) proposes to establish MIRA Neuro Behavioral Health Center for Children & Adolescents, a new 30-bed acute mental health hospital in Tinley Park dedicated solely to the care of children and adolescents with acute mental illness. The cost of the project is \$5,646,921. The expected completion date is August 1, 2021.

II. Summary of Findings

- A. State Board Staff finds the proposed project is not in conformance with the provisions of 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project is not in conformance with the provisions of 77 ILAC 1120 (Part 1120).

III. General Information

The Applicant is MIRA Neuro Behavioral Health Care, LLC. MIRA was founded by four local individuals. The president of the proposed facility currently heads Palos Behavioral Health Professionals which includes psychiatrists, psychologists and social workers with specialty for caring adolescents and children with acute mental illness in the South Chicago area.

The members of MIRA Neuro Behavioral Health Care, LLC and their percentage of ownership are listed below:

- Chris Higgins – 55%
- David Doubek – 15%
- Melanie Cantarno – 15%
- Todd Conway – 15%

The site is owned by MIRA Health Care Properties, LLC a related entity of the Applicant (MIRA Neuro Behavioral Health Center, LLC). MIRA Health Care Properties, LLC is owned by

- Chris Higgins 55%
- Bellefeuille LLC (Melaine Moran) 15%
- DDEH LLC (Dave Doubek) 15%
- Todd Conway 15%

MIRA Health Care Properties, LLC the owner of the existing building will lease space in the 48,000 square feet licensed hospital to MIRA Neuro Behavioral Health Care, LLC, MIRA Partial Hospitalization Program, LLC and Palos Behavioral Health Professionals, PC. Letters of intent to lease this space were provided as additional information on August 15, 2019.

IV. Acute Mental Illness³ Health Planning Area

The proposed facility will be in the HSA 6 & HSA 7 A-04 AMI Planning Area. The State Board does not distinguish between children and adolescent and adult and geriatric ages when calculating the need for AMI beds. The utilization target for acute mental illness unit or facility is 85%.

The A-04 AMI Planning Area for this project includes the City of Chicago Community Areas of West Pullman, Riverdale, Hegewisch, Ashburn, Auburn Gresham, Beverly, Washington Heights, Mount Greenwood, and Morgan Park; Cook County Townships of Lemont, Stickney, Worth, Lyons, Palos, Calumet, Thornton, Bremen, Orland, Rich and Bloom.

As of August 2019, there are 195 AMI beds in the A-04 AMI Planning Area with a calculated excess of 65 acute mental illness beds. There are five hospitals in this Planning Area with AMI Beds. Ingalls Memorial Hospital provided adolescent AMI care in 2017

³ Acute Mental Illness" means a crisis state or an acute phase of one or more specific psychiatric disorders in which a person displays one or more specific psychiatric symptoms of such severity as to prohibit effective functioning in any community setting. Persons who are acutely mentally ill may be admitted to an acute mental illness facility or unit under the provisions of the Mental Health and Developmental Disabilities Code [405 ILCS 5], which determines the specific requirements for admission by age and type of admission.

"Acute Mental Illness Facility" or "Acute Mental Illness Unit" means a facility or a distinct unit in a facility that provides a program of acute mental illness treatment service (as defined in this Section); that is designed, equipped, organized and operated to deliver inpatient and supportive acute mental illness treatment services; and that is licensed by the Department of Public Health under the Hospital Licensing Act [210 ILCS 85] or is a facility operated or maintained by the State or a State agency.

"Acute Mental Illness Treatment Service" means a category of service that provides a program of care for those persons suffering from acute mental illness. These services are provided in a highly structured setting in a distinct psychiatric unit of a general hospital, in a private psychiatric hospital, or in a State-operated facility to individuals who are severely mentally ill and in a state of acute crisis, in an effort to stabilize the individual and either effect his or her quick placement in a less restrictive setting or reach a determination that extended treatment is needed. Acute mental illness is typified by an average length of stay of 45 days or less for adults and 60 days or less for children and adolescents. Source: 77 ILAC 1100.220

with 12 of their 78 beds dedicated to adolescents. No other hospital in this AMI Planning Area provided adolescent AMI care.

Psychiatric hospitals provide the most intensive level of treatment, offering 24-hour care in a secure unit of a treatment facility or hospital. This treatment option is best for those with severe mental health issues, who need constant monitoring for the sake of their own (or others) safety and wellbeing. The main goal of inpatient treatment is to stabilize symptoms while developing a continuing treatment plan so that the patient can receive the needed care in a less intensive setting. Length of stays at a psychiatric hospital are generally short-term, usually ranging from a few days to a week. The Applicant is predicting an average length of stay of 8 days.

There has been an increase in the number of AMI beds in the State of Illinois of approximately 1.8% over the past 5-years. There has been no increase in the number of AMI beds in the A-04 Planning Area.

TABLE ONE ⁽¹⁾
Hospitals with AMI Units in the A-04 AMI Planning Area

Hospital	City	Miles ⁽²⁾	2017	Historical Utilization of AMI Units				
			Beds	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Advocate Christ Hospital & Medical Center	Oak Lawn	18	39	59.40%	66.30%	73.60%	71.00%	67.60%
Ingalls Memorial Hospital	Harvey	10.5	78	71.10%	62.30%	58.90%	54.70%	45.70%
Little Company of Mary Hospital	Evergreen Park	18.1	24	44.50%	44.70%	37.10%	35.70%	35.50%
MetroSouth Medical Center ⁽³⁾	Blue Island	13.6	14	33.50%	35.00%	33.50%	56.30%	73.20%
Palos Community Hospital	Palos Heights	10.2	40	42.70%	41.60%	46.50%	43.20%	40.30%
Total			195					

1. In 2017 the State of Illinois had 4,157 AMI Beds in which 1,123 beds (27%) were dedicated to children and adolescents.
2. Miles determined by MapQuest
3. MetroSouth Medical Center has submitted an Application to discontinue the hospital (#E-024-19) and their 14 AMI beds.

V. Project Details

The proposed hospital will be in an existing building that will be renovated for AMI care. The existing structure is a two-story building used as a Day Training Facility for Developmentally Delayed and Acute Mentally Ill adults that will be vacated the summer of 2019. The building will be owned by Mira Health Care Properties, LLC, a related entity, and space will be leased to MIRA Neuro Behavioral Health Care, LLC. The licensed hospital space will be located on the first level with 25 beds for adolescence (age 13-18) and 5 beds for children (age 12 and under). The second level will be used for hospital administration space, the other space in the building will be used by a related entity to provide day treatment for children and adolescents.

Originally the Applicant was going to license only a portion of the existing building as a hospital. On July 25th a telephone conference was held with the Applicant, Board Staff and representatives of the IDPH Health Care Facilities and Programs Division. At that time the Applicant was informed the entire building would be licensed as a hospital. This

resulted in the need to modify the proposed project. A Permit is for the total cost of the project and the total square feet of the licensed health care entity.

VI. Project Costs and Sources of Funds

The Applicant are funding this project with cash in the amount of \$1,028,835 and a mortgage in the amount of \$3,788,541 and the fair market value of lease space or equipment in the amount of \$336,800. The estimated start-up costs and operating deficit is approximately \$500,000. The building and land were purchased at a cost of \$1,900,000.

TABLE TWO
Original Submittal and Modification of Project Costs

	Original Submittal			Modification			
Uses of Funds	Reviewable	Non-Reviewable	Total	Reviewable	Non-Reviewable	Total	Difference
Modernization	\$2,489,525	\$437,335	\$2,926,860	\$2,489,525	\$930,080	\$3,419,605	\$492,745
Contingencies	\$223,176	\$39,075	\$262,251	\$223,176	\$39,075	\$262,251	\$0
Architectural/Engineering Fees	\$110,630	\$19,370	\$130,000	\$110,630	\$19,370	\$130,000	\$0
Movable or Other Equipment	\$170,200	\$29,800	\$200,000	\$170,200	\$29,800	\$200,000	\$0
Net Interest During Construction	\$77,922	\$13,643	\$91,565	\$77,922	\$13,643	\$91,565	\$0
Fair Market Value of Leased Space or Equipment	\$220,500	\$198,000	\$418,500	\$220,500	\$198,000	\$418,500	\$0
Acquisition of Building	\$742,500	\$382,500	\$1,125,000	\$742,500	\$382,500	\$1,125,000	\$0
Total Uses of Funds	\$4,034,453	\$1,119,723	\$5,154,176	\$4,034,453	\$1,612,468	\$5,646,921	\$492,745
Sources of Funds	Reviewable	Non-Reviewable	Total	Reviewable	Non-Reviewable	Total	Difference
Cash and Securities	\$806,890	\$223,945	\$1,030,835	\$804,590	\$223,945	\$1,028,835	(\$2,000)
Mortgage	\$3,051,162	\$737,379	\$3,788,541	\$3,051,162	\$737,379	\$3,788,541	\$0
FMV of the Lease	\$176,400	\$158,400	\$334,800	\$178,400	\$158,400	\$336,800	\$2,000
Other Funds and Sources ⁽¹⁾	\$0	\$0	\$0	\$0	\$492,745	\$492,745	\$492,745
Total Sources of Funds	\$4,034,452	\$1,119,724	\$5,154,176	\$4,034,152	\$1,119,724	\$5,646,921	\$492,745

1. Includes Buildout costs to other entities of space to be leased for purposes other than hospital operations of \$492,745. Those costs will be paid by those two tenants.

VII. Background of the Applicant Purpose of the Project, Safety Net Impact, Alternatives to the Project

A) Criterion 1110.110 (a)(1)-(3) – Background of the 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 health care service for the community. To demonstrate compliance with this criterion the Applicant must provide

- A) A listing of all health care facilities currently owned and/or operated by the applicant in Illinois or elsewhere, including licensing, certification and accreditation identification numbers, as applicable;*
- B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility;*
- C) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.*
- D) An attestation that the Applicant have not had adverse action⁴ taken against any facility they own or operate.*

1. The Applicant (MIRA Neuro Behavioral Health Center, LLC) does not own any other health care facility. The Applicant has attested that there has been no adverse action taken against any of the facilities owned or operated by the Applicant and have authorized the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to access to any documents necessary to verify information submitted in connection to the Applicants' certificate of need. [Application for Permit page 58-59] A Certificates of Good Standing has been provided for the Applicant as required at page 47 of the Application for Permit.
2. The Applicant provided evidence that the site is not in a Special Flood Hazard Area in compliance Executive Order #2006-05 that requires *all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas⁵ shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order.*
3. The proposed location of the Hospital is in compliance with the Illinois State Agency Historic Resources Preservation Act which requires *all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State*

⁴ ⁴ “**Adverse action** is defined as a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations.” (77 IAC 1130.140)

⁵ **Special Flood Hazard Area (SFHA) Definition** A term used by the Federal Emergency Management Agency (FEMA) in the National Flood Insurance Program (NFIP) to refer to the land area covered by the floodwaters of the base or 100-year flood (an area of land that has an approximate 1 percent probability of a flood occurring on it in any given year). <https://www.fema.gov/special-flood-hazard-area>

projects consider the preservation and enhancement of both State owned and non-State-owned historic resources (20 ILCS 3420/1).

B) Criterion 1110.110 (b) – Purpose of the Project

To demonstrate compliance with this criterion the Applicant must document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other area, per the applicant's definition.

The Application for Permit contained a very detailed discussion in addressing the purpose and need for the proposed project. The Applicant provided research articles documenting the need to address acute mental illness early in life, the difficulty for parents in dealing with acute mental illness issues of their children and adolescents and issues in gaining access to the mental health system for children and adolescents. Additionally, 44 letters of support from the community were included.

The Applicant stated that research indicates that half of all lifetime cases of mental illness begin by age 14. Helping young children and their parents manage difficulties early in life may prevent the development of disorders. The Applicant stated *“that once mental illness develops, it becomes a regular part of a child's behavior and more difficult to treat. Although factors that predict mental health problems can be identified in the early years, many families lack adequate access to quality mental health care services. While approximately 13% of youth live with a mental health problem, the National Institute of Mental Health estimates only 20% of these youth get the treatment they need. Mental disorders fall along a continuum of severity. The quality and availability of mental health services vary by state. There is a 25% difference between the states with the highest and lowest percent of children who needed but did not get mental health services (39% to 13.7%).”*

This lack of treatment leads to various consequences, including but not limited to:

- Serious mental illness costs America \$193.2 billion in lost earnings per year.*
- Mood disorders, including major depression, dysthymic disorder and bipolar disorder, are the third most common cause of hospitalization in the U.S. for both youth and adults aged 18-44.*
- Individuals living with serious mental illness face an increased risk of having chronic medical conditions.*
- Adults in the U.S. living with serious mental illness die on average 25 years earlier than others, largely due to treatable medical conditions.*
- Over one-third (37%) of students with a mental health condition age 14-21 and older who are served by special education drop out-the highest dropout rate of any disability group.*
- Suicide is the 10th leading cause of death in the U.S., the 3rd leading cause of death for people aged 10-14, and the 2nd leading cause of death for people aged 15-24.*

- *More than 90% of children who die by suicide have a mental health condition.*

The Applicant seeks to create a 30-bed hospital dedicated solely for children and adolescents who suffer from Acute Mental Illness. The Applicant believes that appropriate outpatient care cannot be accomplished without first helping the children and adolescences become safe, secure, and stable in an inpatient environment. [See Application for Permit pages 60-157 for a complete discussion]

C) Criterion 1110.110(b) - Safety Impact Statement

To demonstrate compliance with this criterion the Applicant must document the safety net impact if any of the proposed project. Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]

The Applicant provided the following:

“The Project will enhance Safety Net Services in the community. This application contains hundreds of referrals from the emergency departments of neighboring hospitals. These hospitals receive children and adolescents into their emergency departments and often have no place to refer them in commwlity for the mental health services that they need. There are over 1.1 million residents in the planning area, and only 12 beds for child and adolescent psychiatric patients, and these beds are outside the 30 minute drive. This project provides a safety net resource of child and adolescent patients. The Applicant do not believe that project will impair the ability of another provider to cross-subsidize services. The project is limited in size to only 30 beds and the project does not anticipate taking any patients from area providers. Patients at MIRA will be those that would otherwise travel extended distances to other large facilities.”

Draft Admittance and Charity Care Policies have been provided as additional information on August 15, 2019. According to the Applicant the policies will likely be refined as the hospital gets closet to beginning operation. The hospital will be fully certified for both Medicare and Medicaid and will be accredited by the Joint Commission.

TABLE THREE		
Projected Payor Mix		
	Year 2	Year 3
Medicare	0.00%	0.00%
Medicaid	7.50%	7.50%
Insured	91.50%	91.50%
Charity	1.00%	1.00%

D) Criterion 1110.110(c) – Alternatives to the Proposed Project

To demonstrate compliance with this criterion the Applicant must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

The Applicant considered four alternatives to the propose project.

1. The do nothing alternative was rejected because the Applicant believe there is an unmet need for a children and adolescents focused mental health facility in the A-04 AMI Planning Area.
2. A project of greater scope was considered; however, a project of a larger size would have entailed a greater cost and expenses and with a suitable building available that could accommodate approximately 30 beds this larger scope project was rejected.
3. A project of lesser scope was rejected because a smaller project would not meet the unmet need in the area.
4. A joint venture with other providers was not considered; however, the Applicant notes that both Advocate Christ Hospital and Medical Center and Palos Community Hospital have pledged to refer patients to the proposed hospital.
5. Utilizing other available health resources was rejected because there are no AMI facilities within 10 miles of the proposed facility. According to the Applicant patients and their parents are facing significant inconvenience and challenge when they must travel to seek proper treatment. Additionally, most of AMI facilities in AMI Planning Area A-04 do not offer mental healthcare services to children and adolescents.

VIII. Size of the Project, Project Utilization, Assurances

A) Criterion 1110.120 (a) – Size of the Project

To demonstrate compliance with this criterion the Applicant must document that the size of the project is in conformance with the State Board Standards published in Part 1110 Appendix B.

The Applicant proposes a total of 25 Adolescent AMI beds and 5 children AMI beds in total of 13,162 GSF. The State Board Standard is 560 GSF per bed or 16,800 GSF. The State Board Standard for the emergency department is 900 GSF per station. The Applicant is proposing one station/bed for this service. The Applicant has met the size requirements of the State Board.

TABLE FOUR					
Size of the Project					
			State Standard		
Reviewable	Room/Bed	Total GSF	Per Room/Bed	Total	Met Standard?
Emergency Department	1 bed	160	900 GSF	900 GSF	Yes
Adolescent Unit AMI	25 beds	11,960	560 GSF	14,000 GSF	Yes
Child Unit AMI	5 beds	1,202	560 GSF	2,800 GSF	Yes
Therapies		2,875	Not Applicable		
Consultation	4 rooms	494			
Laboratory	1 room	102			
Total Clinical		16,793			

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 ILAC 1110.120 (a))

B) Criterion 1110.120 (b) – Projected Utilization

To demonstrate compliance with this criterion the Applicant must document that the proposed 24-stations will be at target occupancy of 80% within 2-years after project completion.

The Applicant expects to be at target occupancy (85%) by the second year after project completion which is August of 2023. A 30-bed facility to be at target occupancy of 85% would require 9,308 days or approximately 1,164 referrals with an average length of stay of 8 days.

$$\begin{aligned} 30 \text{ beds} \times 365 \text{ days} &= 10,950 \text{ days} \\ 1,164 \text{ referrals} \times 8 \text{ days} &= 9,308 \text{ days} \\ 9,308 \text{ days} \div 10,950 &= 85.00\% \end{aligned}$$

The State Board requires physician referral letters to estimate demand for the number of beds being requested.

The Applicant stated they have referrals from 54 physicians. The 54 referral letters were signed and notarized and all contained language that stated, “*that information was true and correct and had not been used in the support of another project.*” However, in several instances the projected referrals exceeded the historical referrals. In other instances, the letters did not contain the name of the hospital to which the patient was referred using the term “downtown hospital” “city hospital” or “other” as the location of the referral. In a few instances the letters did not include the number of historical referrals just the proposed number of referrals. For other letters the patient origin by zip code was provided but not the number just a percentage of patients.

The 54 physicians estimated referring 1,197 patients to the proposed facility. Board Staff accepted 714 patient referrals from these 54 referral letters. For these 54 referrals the Board Staff did not accept any referrals in which the hospital in which the referral was made was not identified, and no referrals that exceeded the historical referrals were accepted.

$$\begin{aligned} 30 \text{ beds} \times 365 \text{ days} &= 10,950 \text{ days} \\ 714 \text{ referrals} \times 8 \text{ days} &= 5,712 \text{ days} \\ 5,712 \text{ days} \div 10,950 &= 52.16\% \end{aligned}$$

The Applicant provided a list of 54 physicians that would refer children and adolescents to the proposed hospital at pages 202-203 of the Application for Permit. Based upon the material provided the Applicant has not met the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 ILAC 1110.120 (b))

C) Criterion 1110.120 (e) – Assurances

To demonstrate compliance with this criterion the Applicant must attest that the proposed project will be at target occupancy within 2-years after project completion.

The Applicant have provided the necessary attestation in material submitted August 15, 2019.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1120.140 (e))

IX. Acute Mental Illness

A) Criterion 1110.210 (b) (1) Planning Area Need

The applicant shall document that the number of beds to be established or added is necessary to serve the planning area's population, based on the following:

1) 77 Ill. Adm. Code 1100 (Formula Calculation)

- A) The number of beds to be established for each category of service is in conformance with the projected bed deficit specified in 77 Ill. Adm. Code 1100, as reflected in the latest updates to the Inventory.*
- B) The number of beds proposed shall not exceed the number of the projected deficit, to meet the health care needs of the population served, in compliance with the occupancy standard specified in 77 Ill. Adm. Code 1100.*

The proposed facility will be in Tinley Park in the HSA 6 & 7 A-04 AMI Planning Area. Currently, there is a calculated excess of 65 AMI beds in this AMI Planning Area. The population in the A-04 AMI Planning Area is estimated at 1,179,420 (2015 Est.) and 2020 (1,180,130 Est.)⁶

195 existing AMI beds – 130 AMI beds (calculated) = 65 AMI Beds (Excess)

The State Board's AMI bed need methodology uses the model that at a minimum there should be 11 AMI beds per 100,000 population in each AMI planning area. There are 21 AMI Planning Areas in the State of Illinois. When the projected bed need is less than the minimum bed-need the minimum bed need is the projected bed need for that planning area. That is the case in the AMI-04 planning area. The projected bed need is 126 AMI beds (2020 Est. population of 1,181,130/1,000 x 33.1 (2015 AMI Usage rate in AMI A-04 =126 AMI beds). The minimum number of AMI beds is 130 AMI (2020 Est. Population 1,181,130/1,000 x 11 beds = 130 AMI beds). The State Board's need methodology for AMI service does not differentiate by age category and no need methodology has been developed by the Board for adolescents and children.

⁶ Source: Inventory of Health Care Facilities and Services and Need Determinations page E-9

2) Service to Planning Area Residents

“Applicant proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.”

The service area for this project is the A-04 AMI Planning Area. (See Table One Above)

The Applicant stated: *“There is only one mental health provider that treats children and adolescents in AMI Planning Area A-04 (Ingalls Memorial Hospital), which is few relative to the number of children and adolescents in the area. Experts in the field of behavioral health recommend a range of 40 to 50 AMI beds per 100,000 residents. On average, in Illinois, there are 35 AMI beds per 100,000 residents. The 2020 population of Planning Area A-04 is estimated to be 998,142, and currently there is only one hospital with 12 AMI beds in AMI Planning Area A-04. This means there are only 12 AMI beds for children and adolescents in the entire AMI Planning Area A-04, which is significantly below the experts' recommendation as well as the average standard in the State of Illinois. This shows a need for mental health providers and AMI beds. The lack of adequate AMI beds has required the children and adolescents of AMI Planning Area A-04 to either go without treatment or leave the Planning Area for treatment. Accessing programs outside AMI Planning Area A-04 presents obstacles for coordination of care and long travel times for family and support.”*

3) Service Demand – Establishment of AMI

“The number of beds proposed to establish a new AMI and/or CMI service is necessary to accommodate the service demand experienced by the existing applicant facility over the latest 2-year period, as evidenced by historical and projected referrals, or, if the applicant proposes to establish a new hospital, the applicant shall submit projected referrals. The applicant shall document subsection (b)(3)(A) and subsection (b)(3)(B) or (C).”

The Applicant stated they have referrals from 54 physicians; only 18 referral letters were provided. The 18 referral letters were signed and notarized and all contained language that stated, *“that information was true and correct and had not been used in the support of another project.”* However, in several instances the projected referrals exceeded the historical referrals. In other instances, the letters did not contain the name of the hospital to which the patient was referred using the term “downtown hospital” “city hospital” or “other” as the location of the referral. In a few instances the letters did not include the number of historical referrals just the proposed number of referrals. In some instances, the same patient origin by zip

code was provided for different physicians. For other letters the patient origin by zip code was provided but not the number just a percentage of patients.

The 54 physicians projected referring 1,197 patients to the proposed facility. Board Staff accepted 714 patient referrals from these 54 referral letters. The Board Staff did not accept any referrals in which the hospital was not identified, and no referrals that exceeded the historical referrals were accepted.

The Applicant provided a list of 54 physicians (page 202-203 of the Application for Permit). The list included the name of the physician and the number of historical referrals to Linden Oaks and Alexian Brothers and to City Hospital and Other for years 2016 and 2017. See Table below for Summary.

TABLE FIVE Total Historical Referrals for Children and Adolescents and the Projected Number of Referrals To Proposed Facility									
	Linden Oaks ⁽¹⁾		Alexian Brothers ⁽²⁾		City Hospital		Other		Projected
Year	2016	2017	2016	2017	2016	2017	2016	2017	
Total Historical Referrals	344	406	137	160	225	296	294	323	1,197
1. Linden Oaks is a 108-AMI Hospital located in Naperville, Illinois (33-miles) with 29 Adolescent Beds. 2. Alexian Brothers Behavioral Health Hospital is a 141-bed AMI Hospital located in Hoffman Estates (57-miles) with 25 Adolescent Beds.									

5) Service Accessibility

The number of beds being established or added for each category of service is necessary to improve access for planning area residents. The applicant shall document the following:

A) Service Restrictions

The applicant shall document that at least one of the following factors exists in the planning area:

- i) *The absence of the proposed service within the planning area;*
- ii) *Access limitations due to payor status of patients, including, but not limited to, individuals with health care coverage through Medicare, Medicaid, managed care or charity care;*
- iii) *Restrictive admission policies of existing providers;*
- iv) *The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population;*
- v) *For purposes of this subsection (b)(5) only, all services within the established radii outlined in 77 Ill. Adm. Code*

1100.510(d) meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100.

- i) There are 195 AMI beds in the A-04 AMI Planning Area with a calculated excess of 65 AMI beds in this planning area.
- ii) No access limitations due to payor status has been identified by the Applicant.
- iii) No restrictive admission policies of existing providers have been identified.
- iv) The Applicant has not provided any indicators of medical care problems in the 10-mile GSA.
- v) There are no AMI beds within the 10-mile radius of the proposed facility.

Summary

The State Board does not distinguish between children and adolescent and adult and geriatric population when determining the need or excess of AMI Beds in an AMI Planning Area (77 ILAC 1100.560). The State Board has calculated an excess of 65 AMI beds in the A-04 AMI Planning Area. Additionally, the Applicant did not document enough demand because not enough physician referrals were provided to justify the number of beds being requested. The Applicant has not met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1110.210 (b))

B) Criterion 1110.210 (c) - Unnecessary Duplication/Maldistribution

This criterion references the 10-mile geographical service area (GSA) and not the larger A-04 AMI Planning Area. As stated below there are no AMI beds in this 10-mile GSA.

- 1) *The applicant shall document that the project will not result in an unnecessary duplication. The applicant shall provide the following information:*
 - A) *A list of all zip code areas that are located, in total or in part, within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the project's site;*
 - B) *The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois population); and*
 - C) *The names and locations of all existing or approved health care facilities located within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) from the project site that provide the categories of bed service that are proposed by the project.*
- 2) *The applicant shall document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, bed and services characterized by such factors as, but not limited to:*

- A) *A ratio of beds to population that exceeds one and one-half times the State average;*
 - B) *Historical utilization (for the latest 12-month period prior to submission of the application) for existing facilities and services that is below the occupancy standard established pursuant to 77 Ill. Adm. Code 1100; or*
 - C) *Insufficient population to provide the volume or caseload necessary to utilize the services proposed by the project at or above occupancy standards.*
- 3) *The applicant shall document that, within 24 months after project completion, the proposed project:*
- A) *Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and*
 - B) *Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.*

The Applicant estimated a population of 611,181 in the 10-mile radius (See Additional Information provided August 15, 2019). There are no AMI beds within the 10-mile GSA. There are 4,298 AMI beds in the State of Illinois. The population in the State of Illinois is estimated at 12,978,800 (2015 IDPH Estimate). The ratio of AMI beds to population in the State of Illinois is 33 beds per 100,000 population ($12,978,800 \text{ pop.} \div 100,000 \text{ pop} = 129.78$) $4,298 \div 129.78 = 33$ AMI beds per 100,000 population.

No unnecessary duplication of service or maldistribution of service exists in this 10-mile GSA and the proposed 30-bed hospital will not impact any other facilities in this 10-mile geographical service area. The Applicant has successfully addressed the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION/MALDISTRIBUTION (77 ILAC 1110.210 (c))

C) Criterion 1110.210 (e) Staffing Availability

The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and The Joint Commission staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing a narrative explanation of how the proposed staffing will be achieved.

The Applicant provided a narrative at pages 197-198 of the Application for Permit describing how the staffing of the proposed hospital is to be achieved. Chris Higgins will serve as CEO of the Hospital. He has over 30 years of experience as a clinical psychologist and is the founder of Palos Behavioral Health Professionals. The management team will also include a Chief Operating Officer and a Chief Financial Officer. In addition, the Applicant engaged Cindy Meyers

as a consultant who has considerable hospital experience. The hospital will be fully certified for both Medicare and Medicaid and will be accredited by the Joint Commission. The Applicant has met the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING AVAILABILITY (77 ILAC 1110.210 (e))

D) Criterion 1110.210 (f) Performance Requirements

- 1) *The minimum unit size for a new AMI unit within an MSA is 20 beds.*
- 2) *The minimum unit size for a new AMI unit outside an MSA is 10 beds.*

The Applicant is proposing a 30-bed hospital in the Chicago-Naperville-Joliet, IL-IN-WI Metropolitan Statistical Area⁷ The Applicant has met the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PERFORMANCE REQUIREMENTS (77 ILAC 1120.210 (f))

E) Criterion 1110.210 (g) - 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 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.

The Applicant have provided the necessary attestation in material submitted August 15, 2019.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.210 (g))

⁷ The Office of Management and Budget defines a Metropolitan Statistical Area as one or more adjacent counties or county equivalents that have at least one urban core area of at least 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

X. Clinical Service Areas Other than Categories of Service

A) Criterion 1110.270 (b) (1) - Need Determination

The applicant shall describe how the need for the proposed establishment was determined by documenting the following:

1) Service to the Planning Area Residents

A) Either:

i) The primary purpose of the proposed project is to provide care to the residents of the planning area in which the proposed service will be physically located; or

ii) If the applicant service area includes a primary and secondary service area that expands beyond the planning area boundaries, the applicant shall document that the primary purpose of the project is to provide care to residents of the service area; and

2) Service Demand

To demonstrate need for the proposed CSA services, the applicant shall document one or more of the indicators presented in subsections (b)(2)(A) through (D). For any projections, the number of years projected shall not exceed the number of historical years documented. Any projections and/or trend analyses shall not exceed 10 years.

A) Referrals from Inpatient Base

For CSAs that will serve as a support or adjunct service to existing inpatient services, the applicant shall document a minimum 2-year historical and 2-year projected number of inpatients requiring the subject CSA.

B) Physician Referrals

For CSAs that require physician referrals to create and maintain a patient base volume, the applicant shall document patient origin information for the referrals. The applicant shall submit original signed and notarized referral letters, containing certification by the physicians that the representations contained in the letters are true and correct.

1. Emergency Department and Laboratory Service

The Illinois Department of Public Health licensing regulations for hospitals require the hospital to have an emergency department and a clinical laboratory to perform services commensurate with the hospital's needs for its patients. [See 77 ILAC 250.510 and 77 ILAC 250.710]

The emergency department and laboratory space will be ancillary to the AMI services provided at the Hospital. The Applicant is proposing only one emergency treatment room to comply with IDPH regulations. As a dedicated child and adolescent psychiatric hospital, the Applicant anticipates few, if any emergency visits. The project will not adversely impact any area providers. First, there are no providers within 10 miles that provide child and adolescent AMI services. Second, the Applicant anticipates few, if any, emergency department visits. There will be 102 square feet of laboratory space in the nursing unit.

The State Board does not have guidelines for laboratory space and utilization. The Applicant has met this requirement.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION CLINICAL SERVICES OTHER THAN CATEGORIES OF SERVICE (77 ILAC 1110.270 (b))

XI. Financial Viability

A) Criterion 1120.120 – Availability of Funds

Applicant shall document that financial resources will be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources.

Purpose of the Act

The Act shall establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and financial resources to adequately provide a proper service for the community (20 ILCS 3960).

The Applicant is funding this project with cash in the amount of \$1,028,835 and a mortgage in the amount of \$3,788,541 and the fair market value of lease space or equipment in the amount of \$336,800. The estimated start-up costs and operating deficit is \$500,000. The building and land were purchased at a cost of \$1,900,000.

The Applicant provided a letter from First Midwest Bank that stated the following:

“First Midwest Bank has reviewed the financing for the proposed MNBHC project. By separate letter dated February 22, 2019 we have provided a term sheet setting out the terms of loan that we would consider making for the project. As part of our review of that hospital financing, we reviewed financial criteria for the owners of MNBHC. Based upon the owner's personal financial information we are comfortable that as of this date the owners collectively have the financial ability to fund the 20% cash portion of the project.”

The Applicant provided a letter from First Midwest Bank indicating the Bank's interest in providing a commercial construction mortgage, a commercial real estate mortgage, and a line of credit for the proposed project. However, the letter was not a commitment to lend.

The Applicant has not met the requirement of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 ILAC 1120.120)

B) Criterion 1120.130 – Financial Viability

Applicant that are responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.

The Applicant is a new entity and therefore no historical financial information is available. The Applicant provided projected financial information in the Application for Permit and in supplemental information that has been provided. The Applicant assumes that by the 8th month of the first year they will be at 85% target occupancy with Medicaid revenue 8% of total revenue and 91% of total revenue from commercial insurance. The Applicant expects to be profitable by the seventh month of the first year of operation. Board Staff could not verify the debt service coverage ratio because no debt was provided on the projected balance sheet, yet interest expense was provided on the income statement. The Applicant has not met the requirements of this criterion.

TABLE SIX			
Projected Financial Ratios			
Financial Ratios	State Standard	Year 2	Year 3
Current Ratio	2	11.1	29.7
Net Margin Percentage	3.00%	23.00%	23.00%
Percent Debt to Total Capitalization	50%	0	0
Debt Service Coverage Ratio	2.5	20.2	21.2
Days Cash on Hand	75	75.6	139.9
Cushion Ratio	7	13.4	25.4
1. Excludes principal payment of line of credit.			

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 ILAC 1120.130)

XII. Economic Feasibility

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

An Applicant must document the reasonableness of financing arrangements.

The Applicant provided a letter stating that the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all the cash and equivalents must be retained in the balance sheet asset accounts to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B) Criterion 1120.140 (b) – Terms of the Debt Financing

Applicant with projects involving debt financing shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;*
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;*
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.*

The Applicant provided a letter stating that the selected form of debt financing for the project will be at the lowest net cost available and that the project involves the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

The Applicant has met the requirements of these criteria.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS OR TERMS OF DEBT FINANCING (77 ILAC 1120.140(a)(b))

C) Criterion 1120.140 (c) – Reasonableness of Project Costs

The applicant shall document that the estimated project costs are reasonable.

By Statute only clinical costs (reviewable costs) are considered in evaluating the reasonableness of project costs. (20 ILCS 3960/3). The clinical space is 16,793 square feet.

Modernization and contingency costs are \$2,712,701 or \$161.54 per gross square feet. This appears reasonable when compared to the State Board Standard of (\$2,489,525 +223,176 = \$2,712,701 ÷ 16,793 SF = \$161.54).

Contingency Costs are \$223,176 or 8.96% of modernization costs of \$2,489,525. This appears reasonable when compared to the State Board Standard of 10-15%.

Architectural/Engineering Fess are \$110,630 or 4.07% of modernization and contingency costs of \$2,712,701. This appears reasonable when compared to the State Board Standard of 7.19% to 10.79%

Movable or Other Equipment is \$170,200. The State Board does not have a standard for this cost.

Net Interest During Construction Cost is \$77,922. The State Board does not have a standard for this cost.

Fair Market Value of Leased Space or Equipment Cost is \$220,500. The State Board does not have a standard for this cost.

Acquisition of Building Cost is \$742,500. The State Board does not have a standard for this cost.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 ILAC 1120.140(c))

D) Criterion 1120.140 (d) – Direct 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 mean the fully allocated costs of salaries, benefits and supplies for the service.

The Applicant has provided the operating costs per patient day is \$1098.81 should this project be approved. The State Board does not have a standard for this cost.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION DIRECT OPERATING COSTS (77 ILAC 1120.140(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 has provided the total effect of the project on capital costs per patient day is \$553.74 should this project be approved. The State Board does not have a standard for this cost.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 ILAC 1120.140(e))

PROGRAMS TO BE PROVIDED AT THE HOSPITAL

The MIRA Neuro Behavioral Hospital will provide for the following programs for patients. MIRA Acute Care will treat the whole adolescent using evidence-based, empirically supported methods/theories for acquiring additional coping skills through cognitive-behavioral theory and dialectical behavioral theory through an attachment theory, somatic experiencing, and Circle of Courage (derived from the Lakota-Sioux method of child-rearing focusing on belonging, mastery, interdependence, and generosity).

The MIRA Acute Care Programs will include:

- Group therapy for Processing, Skill Building
- Somatic Expression group activities including OT, Mindfulness and trauma release
- Brain Training
- Physician Medication management and Monitoring
- Medication education
- Family Intervention and Education
- School assistance
- Out Patient Processing
- Health and Wellness Education

Day Treatment Programs

The Mira Partial Hospitalization Program Center will work with stabilizing Children and Adolescents either being discharged from Acute Care or as an intensive treatment option to Acute Care. The PHP (Partial Hospitalization Program) will treat the whole adolescent using evidence-based, empirically supported methods/theories for acquiring additional coping skills through cognitive-behavioral theory and dialectical behavioral theory through an attachment theory, somatic experiencing, and Circle of Courage (derived from the Lakota-Sioux method of child-rearing focusing on belonging, mastery, interdependence, and generosity).

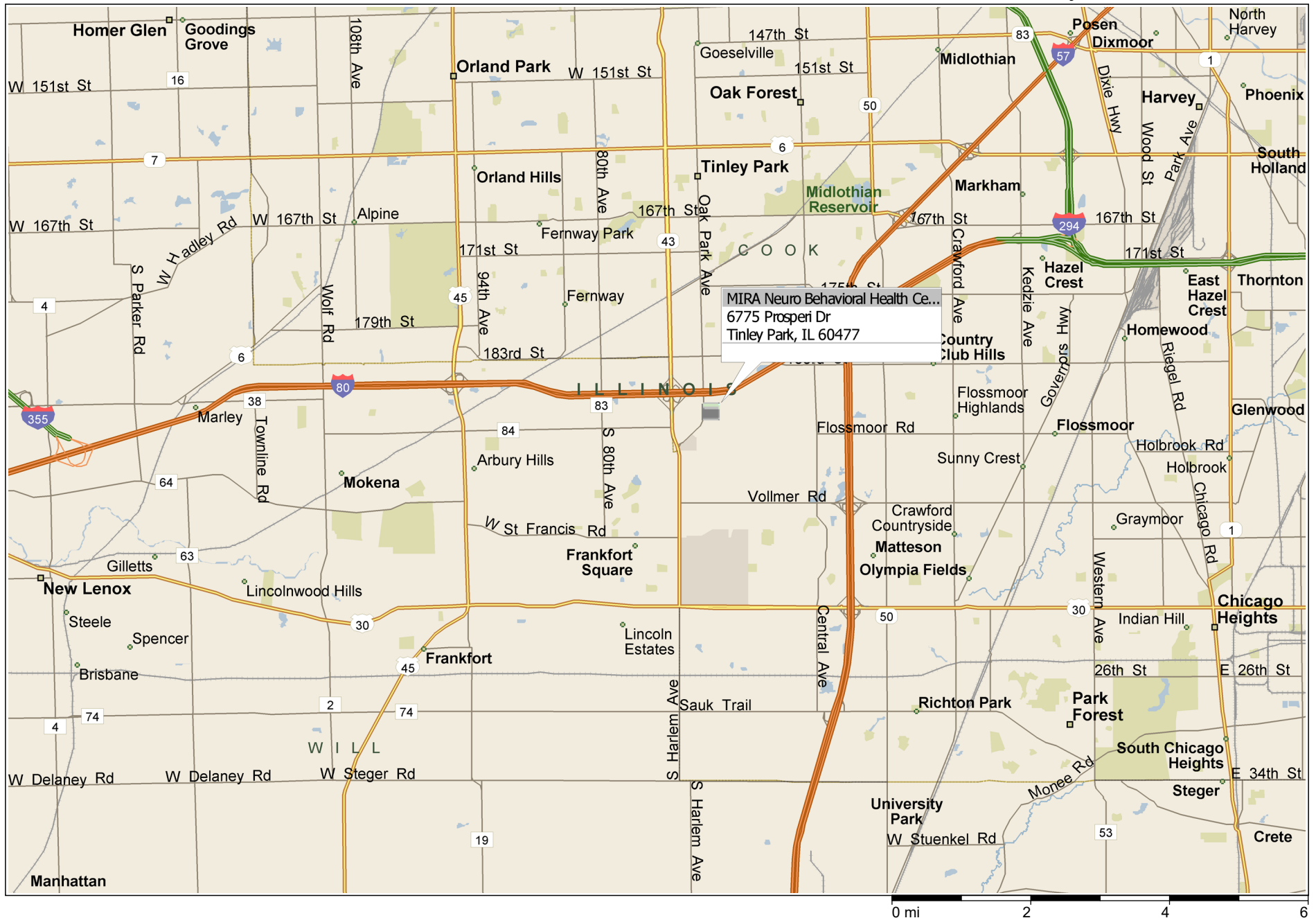
The PHP programs will include:

- Group therapy for Processing, Skill Building and Somatic Expression
- Physician Medication management Monitoring
- Family Intervention and Education
- School assistance

PHP will have capacity for 15 persons with a focus on three tracts

- General Adolescent Program
- Dual diagnosis for Addictions Program
- Child/ Autism Program

19-014 MIRA Neuro Behavioral Health Center for Children & Adolescents - Tinley Park



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