



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-01	BOARD MEETING: December 10, 2019	PROJECT NO: 19-030	PROJECT COST:
FACILITY NAME: Coulterville Rehabilitation and Health Care Center		CITY: Coulterville	Original: \$2,385,361
TYPE OF PROJECT: Substantive			HSA: V

DESCRIPTION: The Applicants (Coulterville Rehabilitation and Health Care Center, LLC and TI-Coulterville, LLC) own and operate a 75-bed long-term care ("LTC") facility at 13138 Illinois Route 13, Coulterville, Illinois. The Applicants propose the addition of 25 LTC beds to the existing 75-bed LTC facility for a total of 100 LTC beds. The total cost of the project is \$2,385,361 and the expected completion date is December 31, 2020.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Coulterville Rehabilitation and Health Care Center, LLC and TI-Coulterville, LLC) own and operate a 75-bed long-term care (“LTC”) facility at 13138 Illinois Route 13, Coulterville, Illinois. The Applicants propose the addition of 25 LTC beds to the existing 75-bed LTC facility for a total of 100 LTC beds. The total cost of the project is \$2,385,361 and the expected completion date is December 31, 2020.
- The project will involve the construction of a new wing on the existing building, with 18 new rooms; 11 private rooms and 7 rooms with semi-private occupancy. The current building has 29,505 square feet and the new space will add another 12,342 square feet for a total of 41,847 GSF. The total cost of the project is \$2,385,361 and the expected completion date is December 31, 2020.

BACKGROUND

- Coulterville is a village in Randolph County (southwestern Illinois) with a population of approximately 945 residents.
- Permit #95-114 was approved by the State Board in December of 1995 to establish Coulterville Care Center with 59 LTC beds and 16 Sheltered Care Beds at a cost of \$3.8 million.
- In November of 2001 the facility added 8 LTC beds and discontinued 8 sheltered care beds for a total of 67 LTC beds and 8 sheltered care beds.
- In April of 2003 the nursing home added 8 LTC beds and discontinued 8 sheltered care beds for a total of 75 LTC beds.
- In January of 2014 a change of ownership was approved by the Illinois Department of Public Health and the name was changed to Coulterville Rehabilitation and Health Care Center, LLC.

PURPOSE OF THE PROJECT

- The Applicants stated: *“the purpose of the project is to add 25-beds because for the past three years, the facility has reached capacity and must turn potential residents away. The Facility maintains a waiting list, which at any given point in time, has 15-20 potential residents who cannot be admitted into the home. The Facility needs additional beds to meet the growing need for skilled nursing beds in the Applicant's geographic service area.”*

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants propose a substantial change in the scope of the facility by increasing the number of LTC beds by more than 10% of total bed capacity or eight beds.

PUBLIC HEARING/COMMENT:

- A public hearing was offered regarding the proposed project, but none was requested. Letters of support were received from
 - Senator Richard Durbin
 - State Representative Nathan Reitz
 - Steve Marlow, Mayor of Coulterville
 - Audrey Rudloph
 - Holly Szopinski
 - William Jerritt
 - Joyce Overton
 - Parley Hood

SUMMARY:

- There is a calculated excess of 8 long-term care beds in the Randolph County Long Term Area. For the expansion of an existing LTC facility the State Board does not consider the calculated need or excess of beds in the long-term care planning area. Nor does the Board consider the utilization of other long-term care facilities in the GSA or the maldistribution of service in the GSA. The Board considers whether there is enough demand to support the number of beds being requested and whether this expansion will provide service to area residents.
- While there is no calculated need for beds the Applicants have identified several factors contributing to the need for the additional beds: the existing 75-LTC beds operating at or above 90% occupancy for the past 6-years (see Table One below), the aging population in Randolph County, the inability of the facility to accept transfers because no beds are available at the facility, and a waiting list of residents to the facility.
- In summary, the Applicants have identified the population to be served, has demonstrated the need for additional beds by the high historical utilization at the facility, the population projected to be served by the facility, and have demonstrated the extent to which all residents of the service area will have access to the services.
- The Applicants are funding this project with cash and have demonstrated that the cash is available to fund this project. The facility has been operating since 1995 and the new owners since 2014.
- The Applicants have addressed a total of 16 criteria and have failed to meet the following:

Criteria	
77 ILAC 1120.140 (c)-Reasonableness of Project Costs	The Applicants exceeded the site preparation cost by a total \$35,560. (\$138,531 – \$102,971 = \$35,560). In response to this finding the Applicants stated: <i>“The applicant was advised that the current project budget provides certain cost centers which, when calculated using state board methodology, result in the site survey and preparation costs totaling 6.72% of combined construction and contingency costs. Pursuant to 77 Ill. Adm. Code 1120 Appendix A, subsection (a)(2), a project’s site survey and preparation costs shall not exceed 5.0% of the project’s combine construction and contingency costs. To ensure compliance with the state board’s review criterion, the applicant agrees to limit the project’s site survey and preparation costs to the 5.0% standard and will highlight such compliance when a project completion notice and final budget are submitted to the state board.”</i>

STATE BOARD STAFF REPORT
Project #19-030
Coulterville Rehabilitation and Health Care Center

APPLICATION/ CHRONOLOGY/SUMMARY	
Facility Name	Coulterville Rehabilitation and Health Care Center
Applicants	Coulterville Rehabilitation and Health Care Center, LLC TI-Coulterville, LLC
Location	13138 Illinois Route 13, Coulterville, Illinois
Permit Holder	Coulterville Rehabilitation and Health Care Center, LLC TI-Coulterville, LLC
Operating Entity/Licensee	Coulterville Rehabilitation and Health Care Center, LLC
Owner of Site	TI-Coulterville, LLC
Total GSF	12,342 Modernized GSF, Total 41,847 GSF
Application Received	July 1, 2019
Application Deemed Complete	July 2, 2019
Review Period Ends	October 30, 2019
Financial Commitment Date	December 30, 2020
Project Completion Date	December 30, 2020
Review Period Extended by the State Board Staff?	Yes
Can the Applicants request a deferral?	No
Expedited Review?	No

I. Project Description

The Applicants (Coulterville Rehabilitation and Health Care Center, LLC and TI-Coulterville, LLC) own and operate a 75-bed long-term care facility at 13138 Illinois Route 13, Coulterville, Illinois. The Applicants propose the addition of 25 beds to the existing 75-bed facility for a total of 100 LTC beds. The project will involve the construction of a new wing on the existing building, extending from the southeast corner. The current building has 29,505 square feet and the new space will add another 12,342 square feet for a total of 41,847 GSF. The total cost of the project is \$2,385,361 and the expected completion date is December 31, 2020.

II. Summary of Findings

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

III. General Information

The Applicants are Coulterville Rehabilitation and Health Care Center, LLC and TI-Coulterville, LLC. Coulterville Rehabilitation and Health Care Center is a Missouri limited liability company authorized to transact business in Illinois, is the legal entity that owns, operates, manages, controls and is the licensee of the 75-bed facility. TI-

Coulterville, also a Missouri limited liability company authorized to transact business in Illinois, is the legal entity that owns and controls the real estate affected by this project and is covering the related construction costs. Coulterville Rehabilitation and Health Care Center, LLC and TI-Coulterville, LLC. are owned 100% by JCT Ltd. Partnership. Financial Commitment will occur after permit issuance. This project is subject to a Part 1110 and Part 1120 review.

TABLE ONE
Coulterville Rehabilitation and Health Care Center
Historical Data

Payor Source	2018	2017	2016	2015	2014	2013	Ave	Ave Payor Mix by Days
	Days							
Medicare	3,918	3,463	3,499	3,302	3,082	5,572	3,806	15.45%
Medicaid	11,914	11,824	11,365	12,547	11,360	9,268	11,380	46.18%
Other	0	0	0	0	768	0	128	0.52%
Insurance	746	402	0	406	544	0	350	1.42%
Private Pay	7,961	8,461	9,314	8,732	9,545	9,848	8,977	36.43%
Total	24,539	24,150	24,178	24,987	25,299	24,688	24,640	100.00%
Occupancy	89.60%	88.22%	88.32%	91.28%	92.42%	90.18%	90.08%	
Payor Source	2018	2017	2016	2015	2014	2013	Ave	Ave Payor Mix by Dollar
Medicare	\$1,874,882	\$1,611,795	\$1,642,194	\$1,521,587	\$1,734,048	\$2,723,480	\$1,851,331	38.06%
Medicaid	\$1,697,516	\$1,598,682	\$1,548,249	\$1,637,845	\$1,334,363	\$966,289	\$1,463,824	30.09%
Other	\$0	\$0	\$0	\$0	\$93,782	\$0	\$15,630	0.32%
Insurance	\$261,183	\$149,137	\$0	\$169,988	\$292,564	\$0	\$145,479	2.99%
Private Pay	\$1,282,159	\$1,328,846	\$1,443,724	\$1,352,165	\$1,479,455	\$1,443,073	\$1,388,237	28.54%
Total	\$5,115,740	\$4,688,460	\$4,634,167	\$4,681,585	\$4,934,212	\$5,132,842	\$4,864,501	100.00%

IV. Health Service Area

Coulterville Rehabilitation and Health Care Center, LLC is in the HSAV Health Service Area and the Randolph County Long Term Care Planning Area. There are 373 LTC beds in this Planning Area. There is a calculated excess of 8 LTC Beds in the Randolph County LTC Planning Area.

TABLE TWO
Long Term Care Facilities in Randolph County

Facility	City	Beds
Coulterville Rehab & Health Care Center	Coulterville	75
Memorial Hospital (Swing Beds)	Chester	0
Randolph County Care Center	Sparta	100
Red Bud Regional Care	Red Bud	115
Red Bud Regional Hospital	Red Bud	0
Sparta Community Hospital (Swing Beds) Sparta	Sparta	0
Three Springs Lodge Chester	Chester	83
Total Beds		373

Population

The State Board is projecting a decrease in the population in Randolph County of 3.7% for the period 2017-2022. However, the Board is projecting an increase in the over 65+ population in Randolph County of 10.2%

TABLE THREE
Population Projection
Randolph County
(2017-2022)

Age	2017	2022	Growth
0-64	26,500	24,700	-6.79%
65-74	3,200	3,600	12.50%
75+	2,700	2,900	7.41%
	32,400	31,200	-3.70%

V. Project Uses and Sources of Funds

The Applicants are funding this project with cash in the amount of \$2,385,361.

TABLE FOUR
Project Uses and Source of Funds

Project Uses of Funds	Project Costs	% of Total
Site Preparation	\$138,531	5.81%
New Construction	\$2,034,430	85.29%
Contingencies	\$25,000	1.05%
Architectural/Engineering Fees	\$90,000	3.77%
Consulting Fees	\$37,500	1.57%
Movable Equipment	\$59,900	2.51%

	Total	\$2,385,361	100%
Sources of Funds			
Cash and Securities		\$2,385,361	100%
	Total	\$2,385,361	100%

VI. General Long-Term Care

A) Criterion 1125.320 – Purpose of the Project

According to the Applicants *“the purpose of the project is to add 25-beds because for the past three years, the facility has reached capacity and must turn potential residents away. The Facility maintains a waiting list, which at any given point in time, has 15-20 potential residents who cannot be admitted into the home. The Facility needs additional beds to meet the growing need for skilled nursing beds in the Applicant's geographic service area.”* (Application for Permit pages 89-125)

B) Criterion 1125.330 – Alternatives to the Proposed Project

The Applicants considered two alternatives to the proposed project.

- Do Nothing
- Refer Residents to Other Facilities Owned by Tuter¹

Both alternatives were rejected because neither alternative addressed the need for additional beds in this GSA. The Applicants stated *“the Project will improve access to care by ensuring that there are enough long-term care beds available at the Facility, reducing or eliminating the current resident waiting list, and addressing the larger need for 35 additional long-term care beds in Randolph County as recently reported by the State Board. Without the additional 25 beds, access to care will not be enhanced because residents will have to travel much longer distances to visit with their elderly family members who prefer to stay closer to home rather than closer to the St. Louis-Metro East area.”* [Application for Permit pages 126-127]

C) Criterion 1125.520 – Background of the Applicants

Coulterville Rehabilitation & Health Care Center, LLC is the operating entity/licensee and is certified by Medicare². A Certificate of Good Standing was issued by the Illinois Secretary of State for the licensee. JCT Family Limited Partnership Entity owns 100% of the licensee. TI Coulterville, LLC is the owner

¹ Tuter Senior Living & Health Care, headquartered in Kansas City, MO, is one of the nation's premier providers of diversified, post-acute senior health care services. The company provides a spectrum of services including independent living, assisted living, skilled nursing, rehabilitation, memory care, home health care, and hospice in 47 communities in 13 states across the U.S. The privately held company is dedicated to excellence in individualized services with a mission to provide a personalized approach to senior living and health care in home-like, residential communities. Tuter Senior Living & Health Care is a division of the Tuter Group, a well-capitalized, diversified investment company. Through involvement in development, ownership, management, and consultation, the Tuter Group remains financially strong and poised for growth through selective engagement and strategic assessment of acquisitions and development. Tuter Senior Living & Health Care owns and operates facilities and senior living properties throughout the nation. Tuter operates 13 LTC facilities in Illinois. (Source page 129-131 of the Application for Permit and IDHFS Financial and Statistical Report)

² "Medicaid Certified" or "Medicare Certified" or "Medicaid Certification" or "Medicare Certification" means approval for a facility to receive reimbursement under Title XVIII (Medicare) and/or XIX (Medicaid) of the Social Security Act (42 USC 1395). (Source: 77 ILAC 1130.140)

of the property and is 100% owned JCT Family Irrevocable Trust. TI Coulterville, LLC is a Missouri Limited Liability Company. The Applicants have provided the necessary attestation that no adverse action has been taken against the Applicant or any facility owned and/or operated by the Applicant during the three (3) years prior to filing the Application for Permit and the Applicants have granted the State Board and the Department of Public Health to have access to any documents necessary to verify the information submitted in the certificate of need permit application submitted by the Applicants.

D) Criterion 1125.530 (b) – Service to Planning Area Residents

Coulterville Rehabilitation and Health Care Center is in Randolph County. The LTC Planning Area is Randolph County. There are approximately 32,400 residents in Randolph County as of 2017 (IDPH Est.) IDPH is estimating growth in the over 65 population of approximately 10.2% for the years 2017-2022. Overall the population in Randolph County is estimated to decline by 3.7% for the period 2017-2022.

The geographical service area (“GSA”) for this project is a 21-mile radius (77 ILAC 1100.5410 (d)). There are approximately 24 zip codes within this 21-mile radius GSA and approximately 55,230 residents. On October 15, 2019 the Applicants provided admission and discharge data by zip code of the resident’s home for the period 01/01/2018 thru 09/30/2019. There were 283 admissions to the nursing home during this period. The Board Staff’s review of this information identified 215 of the admissions or 76% of the admissions had home addresses within the 21-mile GSA. One-hundred fifty-three (153) admissions resided in Randolph County.

In summary the nursing home is providing care to the residents of the GSA and the Randolph County LTC Planning Area.

TABLE FIVE
Summary of Admission and Discharge Data

Zip Code	City	County	Population	Patients
62265	New Baden	Clinton	4,377	
62266	New Memphis	Clinton	254	
62916	Campbell Hill	Jackson	699	
62238	Cutler	Perry	408	2
62274	Pinckneyville	Perry	6,114	13
62888	Tamaroa	Perry	1,879	
62997	Willisville	Perry	452	
62217	Baldwin	Randolph	684	3
62237	Coulterville	Randolph	1,981	54
62272	Percy	Randolph	1,159	7
62286	Sparta	Randolph	5,756	63

TABLE FIVE
Summary of Admission and Discharge Data

Zip Code	City	County	Population	Patients
62288	Steeleville	Randolph	2,806	13
62292	Tilden	Randolph	947	13
62297	Walsh	Randolph	365	
62255	Lenzburg	Saint Clair	936	11
62257	Marissa	Saint Clair	2,991	29
62258	Mascoutah	Saint Clair	10,356	
62264	New Athens	Saint Clair	3,251	
62282	Saint Libory	Saint Clair	471	
62214	Addieville	Washington	1,063	2
62831	Du Bois	Washington	568	
62263	Nashville	Washington	5,222	5
62268	Oakdale	Washington	756	
62271	Okawville	Washington	1,735	
Total			55,230	215

E) Criterion 1125.550 (a)(b) – Service Demand – Expansion of General Long-Term Care

As seen in Table One above the facility has averaged over 90% occupancy for the past 6-years (2013-2018). The State Board’s Target Occupancy for long term care beds is 90% (77 ILAC 1125.210).

On August 6, 2019, the Applicants submitted referral letters from four hospitals that have referred patients to the facility in their “*most recent 12-month period.*” The letters contained the number of historical referrals over this 12-month period. No projected referrals were provided. Three of the letters were signed by the CEO of the hospital and the fourth was signed by a social worker. All four letters stated that the historical referrals were not used to support any other CON application.

TABLE SIX
Historical Referrals

Hospital	City	Historical referrals
Sparta Community Hospital	Sparta	31
Memorial Hospital	Chester	7
Pinckneyville Community Hospital	Pinckneyville	16
HSBS St. Elizabeth Hospital	O’Fallon	43
Total		97

Additionally, the Applicants provided a letter of support from Joseph Tutura Managing Partner of the facility stating the facility currently has a waiting list of

19 applicants. A second letter was provided by Dr. Russell Coulter, a physician employed by Sparta Community Hospital, stating he has over 100 nursing home patients in his care and that many times Coulterville's admission staff were unable to accept a transfer because no beds were available.

While the letters did not conform to State Board rules regarding referral letters; the Applicants have identified factors contributing to the need for the additional beds: the aging population in Randolph County, the inability of the facility to accept transfers because no beds are available, and a waiting list of applicants to the facility. In summary, the applicants have identified the population to be served, has demonstrated the need for additional beds by the consistent historical utilization, the population projected to be served by the facility, and have demonstrated the extent to which all residents of the service area will have access to the services.

F) Criterion 1125.590 – Staffing Availability

The Applicants state the facility will meet all Medicare and IDPH licensure requirements for staffing for the long-term care facility. The Applicants provided current staffing levels, staff's professional licensure information as applicable, and the current and projected staffing for the proposed services in full-time equivalent (FTE) positions. There are 16 FTE employees and the Applicants expect 8 FTE to be hired to accommodate the additional 25-beds (Application for Permit pages 224-242). The Applicants have complied with the requirements of this criterion.

G) Criterion 1125.600 – Bed Capacity

The Applicants are proposing to increase the number of beds at the facility from 75 to 100 long term care beds. The maximum bed capacity for a long-term care facility is 250 beds. The Applicants have met the requirements of this criterion.

H) Criterion 1125.620 – Project Size

The Applicants are proposing a modernization of 12,342 GSF or 494 GSF per bed. The State Board Standard is 435-713 GSF per bed. The Applicants have met the requirements of this criterion.

I) Criterion 1125.640 – Assurances

A letter signed by Joseph Tuteria Manager Coulterville Rehabilitation and Health Center, LLC that the Coulterville Rehabilitation and Health Center will meet and maintain the 90% target occupancy by the second year after project completion. (Application for Permit page 256)

A) Criterion 1125.800 – Availability of Funds

The Applicants are funding this project entirely from internal resources. The Applicants submitted a Bank Letter (Academy Bank) that indicating that funds would be available to fund the project.

The facility has been in operation for since 1995. The current owners have operated the facility since 2014. The Board Staff reviewed the LTC Cost Reports submitted to the Department of Healthcare and Family Services for 2017 and 2018. The facility is a going concern and appears to have enough resources to fund this project. The LTC Cost Reports are included in the project file.

TABLE SEVEN
Coulterville Rehabilitation and Health Care Center

Revenue	2018	% of Total Revenue	2017	% of Total Revenue
Gross Revenue Inpatient Care	\$3,834,551		\$3,697,069	
Discounts	\$2,481,283		-\$1,981,693	
Inpatient Care	\$1,353,268		\$1,715,376	
Ancillary Revenue				
Therapy	\$3,627,526	66.44%	\$2,872,676	57.54%
Other Revenue				
Barber & Beauty	\$14,450		\$14,566	
Non-Patient Meals	\$3,216		\$3,399	
Sale of Drugs	\$209,955		\$214,873	
Laboratory	\$38,096		\$18,487	
Other Medical Services	\$190,050		\$151,357	
Total Other Revenue	\$455,767		\$402,682	
Interest & Other Investments	\$10,725		\$206	
Miscellaneous Income	\$12,724		\$1,913	
Total Revenue	\$5,460,013		\$4,992,853	
Operating Expense				
General Services	\$768,841	14.08%	\$704,626	12.91%
Health Care	\$1,557,462	28.52%	\$1,574,892	28.84%
General Administration	\$1,179,264	21.60%	\$981,128	17.97%
Capital Expense				
Ownership	\$329,069	6.03%	\$340,091	6.23%
Special Cost Centers	\$818,641	14.99%	\$682,306	12.50%
Provider Participation Fee	\$166,345	3.05%	\$166,882	3.06%
Total Expenses	\$4,819,622	88.27%	\$4,449,925	81.50%

TABLE SEVEN
Coulterville Rehabilitation and Health Care Center

Revenue	2018	% of Total Revenue	2017	% of Total Revenue
Net Income	\$640,391	11.73%	\$542,928	9.94%

Source: Long Term Care Facility Cost Reports – Illinois Department of Healthcare and Family Services

B) Criterion 1125.800 – Financial Viability

The proposed modernization is being funded from internal resources. The Applicants have qualified for the financial viability waiver and no financial ratios are required.

A) Criterion 1125.800 – Reasonableness of Financing Arrangements

B) Criterion 1125.800 – Terms of Debt Financing

The project is being funded entirely with cash. No debt is involved with the funding of this project.

C) Criterion 1125.800 - Reasonableness of Project Costs

Site Preparation Costs are \$138,531 and are 6.72% of new construction and contingency costs of \$2,059,430. This is high when compared to the State Board Standard of 5% of new construction and contingency costs or \$102,971.

New Construction and Contingency Costs are \$2,059,430 or \$166.86 per GSF.

Contingency Costs are \$25,000 and are 1.23% of new construction costs. This is reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Fees are \$90,000 and are 4.37% of new construction and contingency costs of \$2,059,430.

Moveable Equipment not in construction contracts costs are \$59,900

Consulting Fees are \$37,500. The State Board does not have a standard for these costs.

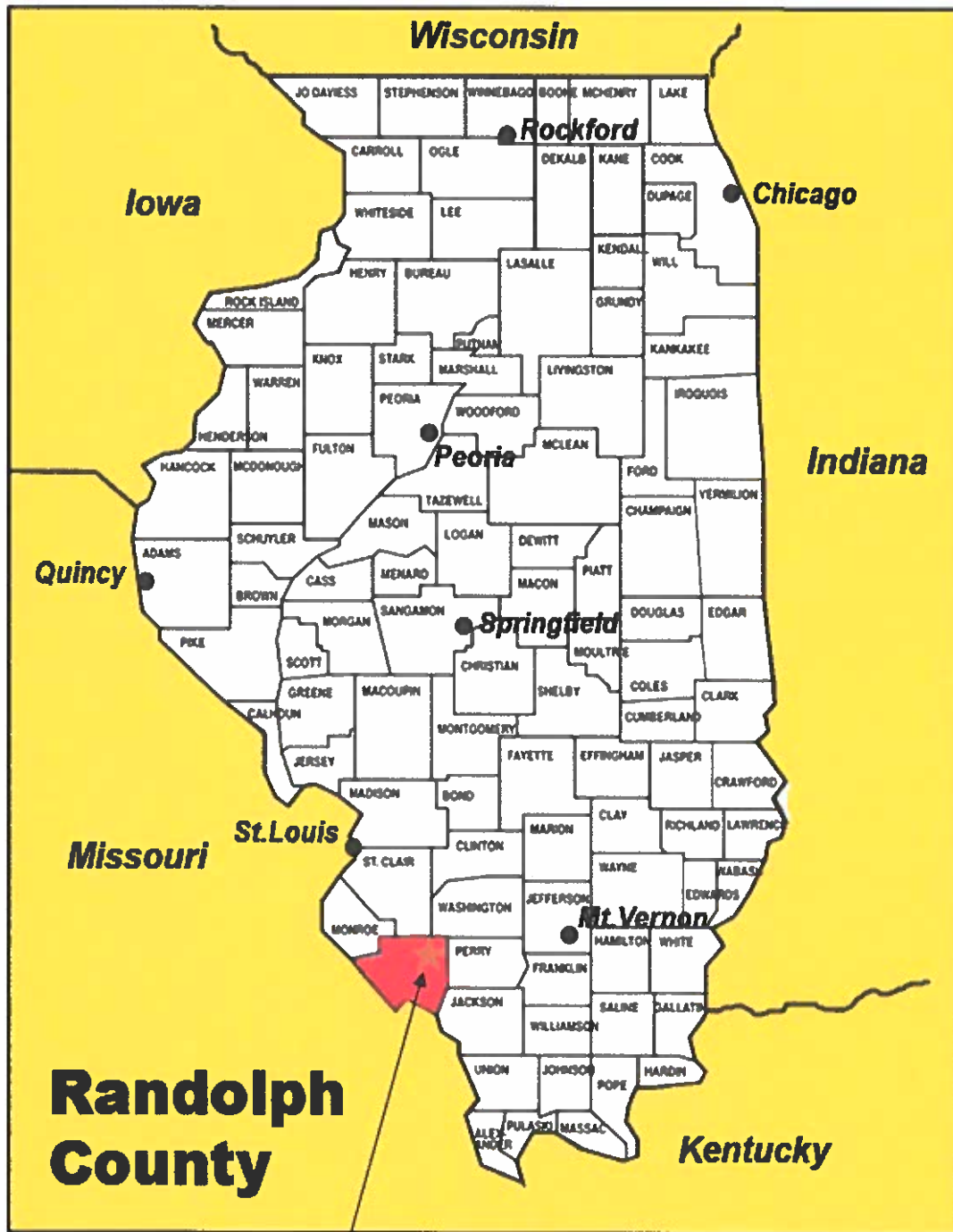
D) Criterion 1125.800 (d) – Projected Operating Costs

The Applicants are estimating an operating cost of \$106.71 per day at the 90% target occupancy for the proposed 100 bed facility. The Applicants have successfully addressed this criterion.

E) Criterion 1125.800 (e) – Effect of the Project on Capital Costs

The Applicants are estimating capital costs per day of \$40.00 at the 90% target occupancy for the proposed 100 bed facility. The Applicants have successfully addressed this criterion.

TABLE ONE
General Location of the Project – State View



The Project Site is located in the northeast corner of Randolph County, within Coulterville Township, within the city limits of Coulterville, Illinois.

The map displays the location of Coulterville Rehab & Health Care in Coulterville, Illinois. The facility is marked with a black dot and labeled with its address: 13138 IL Route 13, Coulterville, IL 62237. The map shows the surrounding area, including towns like Lenzburg, Marissa, Sparta, and Coulterville. Major roads such as IL Route 13 and IL Route 4 are highlighted. A scale bar at the bottom indicates distances up to 15 miles.