



## STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST, SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

<b>DOCKET NO:</b> H-2	<b>BOARD MEETING:</b> March 21, 2023	<b>PROJECT NO:</b> 22-049	<b>PROJECT COST:</b> Original: \$11,732,913
<b>FACILITY NAME:</b> Marklund Children's Home d/b/a Marklund Wasmond Center		<b>CITY:</b> Chicago	
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA:</b> VII

**PROJECT DESCRIPTION:** Marklund Children's Home d/b/a Marklund Wasmond Center and Marklund Charities propose to add 24 skilled nursing beds to its existing Medically Complex/Skilled Nursing (MC/DD) facility located at 1435 Summit Street, Elgin, Illinois. The project cost is \$11,732,913 and an expected completion date of December 31, 2024.

The Project involves the discontinuation and relocation of the residents at Marklund Philip Center, a 30-bed MC/DD facility located at 164 South Prairie Avenue, Bloomingdale, Illinois, to Marklund Wasmond Center. **State Board Staff Notes** the State Board by Statute does not have jurisdiction over the discontinuation of MC/DD facilities.

Information regarding this application can be found at  
<https://www2.illinois.gov/sites/hfsrb/Projects/Pages/22-049.aspx>

## EXECUTIVE SUMMARY

### **PROJECT DESCRIPTION:**

The Applicants (Marklund Children's Home d/b/a Marklund Wasmond Center and Marklund Charities) propose to add 24 skilled nursing beds to its existing Medically Complex/Skilled Nursing (MC/DD) facility located at 1435 Summit Street, Elgin, Illinois.

The Project will also include the discontinuation and relocation of the residents at Marklund Philip Center, a 30-bed MC/DD facility located at 164 South Prairie Avenue, Bloomingdale, Illinois to Marklund Wasmond Center. This discontinuation is not subject to State Board approval. According to the Applicants this facility (Marklund Philip Center) is over sixty years old with an antiquated institutional design. The Applicants state it is small and can only accommodate 21 of its 30 licensed beds. Significant changes to the physical plant would be required to accommodate all thirty beds, which is not economically feasible. The 30-bed facility is inefficient to operate and difficult to staff because of its small size, which makes it more costly (30% more expensive) to operate than other MC/DD facilities.

According to the Applicants Marklund Wasmond Center and Marklund Philip Center consistently operate at or near full occupancy and frequently cannot admit new residents. The Applicants state these two facilities can justify the beds requested for the Project. According to the Applicants consolidation of Marklund Wasmond Center and Marklund Philip Center will allow Marklund to expand access to these highly specialized services to a greater number of residents without a significant increase in staff, create economies of scale, integrate clinical, administrative and support functions, and eliminate functional redundancies between the two facilities. The table below demonstrates the utilization of the two facilities over the past five years.

<b>Historical and Projected Utilization</b>							
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Ave</b>	<b>2025</b>
<b>Marklund Wasmond Center</b>							
Beds	57	57	57	61	61		81
Days	20,377	20,450	20,599	20,847	21,109	20,676	28,012
ADC	55.83	56.03	56.44	57.12	57.83	57	76.75
Occupancy	97.94%	98.29%	99.01%	93.63%	94.81%	96.74%	94.75%
<b>Marklund Philips Center <sup>(1)</sup></b>							
Beds	30	30	30	30	30		
Days	7,459	7,665	7,343	7,099	7,112	7,336	
ADC	20.44	21.00	20.12	19.45	19.48	20	
Occupancy (30-beds)	68.12%	70.00%	67.06%	64.83%	64.95%	66.99%	
Occupancy (21-beds)	97.3%	100%	95.8%	92.6%	92.8%	95.23%	
1. According to the Applicants the Philips Center can only accommodate 21 beds.							

**PURPOSE OF PROJECT**

- The purpose of this project is to close an old 30-bed facility and add 24-beds to a 61-bed facility to allow for the continued care of infants, children, teens and adults with serious and profound developmental disabilities and special healthcare needs.

**PUBLIC HEARING/COMMENT:**

- No public hearing was requested. Letters of support and opposition have been received by the State Board and are posted on the Website. The opposition letters expressed concern with the closure of the Philips Children's Center.

**SUMMARY:**

- The Applicants addressed a total of 17 criteria and have not met the following:

<b>Criterion</b>	<b>Reasons for Non-Compliance</b>
Criterion 1125.720 - Recommendations from State Departments	At the time of this report the Applicants had not received a recommendation from Illinois Department of Human Services and Illinois Department of Healthcare and Family Services.
77 ILAC 1125.800 – Financial Viability	The Applicants did not meet the current ratio for 2024 the first year after project completion.
77 ILAC 1125.800 - Reasonableness of Project Costs	Construction contracts and contingencies total \$8,643,750. The facilities will contain 17,143 GSF, which results in a cost of \$504.21 per GSF. This appears HIGH compared to the adjusted State standard of \$331.68 per GSF.



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## STATE BOARD STAFF REPORT

### I. The Proposed Project

The Applicants (Marklund Children's Home d/b/a Marklund Wasmond Center and Marklund Charities) propose to add 24 skilled nursing beds to its existing Medically Complex/Skilled Nursing (MC/DD) facility located at 1435 Summit Street, Elgin, Illinois.

The Project involves the discontinuation and relocation of the residents at Marklund Philip Center, a 30-bed MC/DD facility located at 164 South Prairie Avenue, Bloomingdale, Illinois to Marklund Wasmond Center. This discontinuation is not subject to State Board approval.

### II. Summary of Findings

A. The State Agency finds the proposed project does **not** appear to be in conformance with the provisions of Part 1110.

B. The State Agency finds the proposed project does **not** appear to be in conformance with the provisions of Part 1120.

### III. General Information

The Applicants are Marklund Children's Home d/b/a Marklund Wasmond Center and Marklund Charities. Marklund Children's Home is a not-for-profit organization that provides residential, healthcare, educational, and training services to developmentally disabled infants, children, and young adults. Marklund Children's Home serves as the parent entity of Marklund Charities through the authority to approve board of directors' members and the holding of certain reserve powers. Charities is a not-for-profit private organization that provides fundraising activities of Marklund (Source Audited Financial Statements).

The facility will be in Elgin in the **VII Long-Term Care for Developmentally Disabled Illinois Children (Skilled Under 22) Category of Service planning area**. There are three other facilities in this planning area with a total of 284 beds.

<b>TABLE ONE</b> VII Long-Term Care for Developmentally Disabled Illinois Children (Skilled Under 22) Category of Service planning area				
Alden Village Health Facility	Bloomingtondale	126	44,195	96.09%
Children's Habilitation Center	Harvey	67	23,254	95.08%
Marklund Philips Children's Home	Bloomingtondale	30	7,343	67.06%
Marklund Wasmond Center	Elgin	61	20,599	92.50%
Total		284		

This is a non-substantive project, which is subject to both Parts 1110 and 1120 review. Financial commitment is after permit issuance. The estimated project completion date is December 31, 2024. An opportunity to request a public hearing was provided; however, one was not requested.

**IV. Project Sources and Uses of Funds**

The Applicants propose to fund the project with \$3,732,913 in cash and securities and the a line of credit of \$8 million. Table Two displays the projects' cost information.

<b>TABLE TWO</b> Project Uses and Sources of Funds			
	Reviewable	Nonreviewable	Total
Use of Funds			
Preplanning	\$151,510	\$4,027	\$155,537
Site Survey and Soil Investigation	\$8,467	\$446	\$8,913
Site Preparation	\$330,889	\$17,415	\$348,304
New Construction	\$7,857,955	\$413,577	\$8,271,532
Contingencies	\$785,795	\$41,358	\$827,153
Architectural/Engineering Fees	\$580,606	\$30,558	\$611,164
Consulting and Other Fees	\$130,637	\$6,876	\$137,513
Movable Equipment	\$480,181	\$38,020	\$518,201
Other Costs to be Capitalized	\$813,154	\$41,442	\$854,596
Total	\$11,139,194	\$593,719	\$11,732,913
Source of Funds			
Cash			\$3,732,913
Mortgage			\$8,000,000
Total			\$11,732,913

## V. **Background, Purpose of the Project, and Alternatives**

### A. **Criterion 1125.320 - Background of the Applicants**

The Applicants provided licensure and certification information as required. The Applicants certified they have not had any adverse actions within the past three years. It appears the Applicants are fit, willing and able and has the qualifications, background, and character to adequately provide a proper standard of healthcare service for the community.

### B. **Criterion 1125.330 - Purpose of the Project**

The Applicants are proposing a 24-bed expansion of the 61-bed Marklund Wasmond Center, an MC/DD facility in Elgin, Illinois. According to the Applicants the facility serves infants, children, teens and adults with serious and profound developmental disabilities and special healthcare needs. The Applicants state that many residents are non-ambulatory and have severe cognitive disabilities due to genetic disorders, complications during pregnancy and delivery, or other issues. Others acquired disabilities during infancy or childhood through tragic accidents. Many have complex medical problems that require 24-hour skilled nursing care and regular therapy interventions. There are **ten facilities** in the State of Illinois that serve this specialized population. As part of this project the Applicants plan to discontinue the 30-bed Marklund Philips Children's Home in Bloomingdale. The residents at Philips Children's Home will be transferred to the Marklund Wasmond Center at the completion of the expansion. The Applicants believe that this expansion and closure will create economies of scale, integrate clinical, administrative and support functions, and eliminate functional redundancies between the two facilities.

<b>TABLE THREE</b>		
10 Facilities in The State of Illinois		
Exceptional Care and Training Sterling	Sterling	85
Walter J Lawson Memorial Home	Rockford	99
Renaissance Care Center	Canton	74
Swann Special Care Center	Champaign	123
Alden Village North	Rogers Park	150
Mcauley Residence	Brighton Park	125
Alden Village Health Facility	Bloomingdale	126
Children's Habilitation Center	Harvey	67
Marklund Philips Children's Home	Bloomingdale	30
Marklund Wasmond Center	Elgin	61

**C. Criterion 1125.330 – Alternatives to the Proposed Project**

**The Applicants considered three alternatives to the proposed project.**

1. Do Nothing
2. Utilize Existing Facilities
3. The project as proposed.

As stated in the Application, the Applicants have demonstrated an ability to fill the requested beds. Also stated in the Application the Philips facility is over sixty years old with an antiquated institutional design. The Philips facility is small and can only accommodate 21 of its 30 licensed beds. Significant changes to the physical plant would be required to accommodate all thirty beds, which is economically unfeasible. Given its small size, it is inefficient to operate and difficult staff, which makes it more costly (30% more expensive) to operate than other MC/DD facilities. The Applicants believe that this expansion and closure will create economies of scale, integrate clinical, administrative and support functions, and eliminate functional redundancies between the two facilities. The Alternative chosen of adding 24-beds to the Marklund Wasmond facility appears to be the best option.

## **VI. Specialized Long-Term Care – Review Criteria**

### **A) Criterion 1125.720 - Facility Size**

*The maximum unit size is 100 beds unless the project is for a State-operated facility or for the long-term medical care for children category of service.*

The Applicants propose to add 24-beds to an existing 61-bed facility, which is in conformance with the requirements of this criterion.

### **B) Criterion 1125.720 - Community Related Functions**

*The applicant shall document the written endorsement of community groups and shall include the following:*

- 1) a detailed description of the steps taken to inform and receive input from the public, including those community members who live near the proposed facility's location.*
- 2) endorsements from social service, social and economic organizations; and*
- 3) support from municipal officials and other elected officials representing the area in which the proposed facility is located.*

The Applicant submitted letters of community support in the Application for Permit (pages 80-84) for the project and the State Board received letters of support that are posted on the State Board website.

### **C) Criterion 1125.720 - Recommendations from State Departments**

*An applicant proposing a facility for the developmentally disabled must document contact with the Department of Human Services and the Department of Healthcare and Family Services. Documentation must include proof that a request has been submitted to each Department requesting that they determine the project's consistency with the long-range goals and objectives of those Departments and requesting the identification of individuals in need of the service. The Departments' responses should address, on both a statewide and a planning area basis, whether the proposed project meets the Department's planning objectives regarding the size, type and number of beds proposed, whether the project conforms or does not conform to each Department's plan, and how the project assists or hinders each Department in achieving its planning objectives. Such a request must be made by certified mail, return receipt requested, and must occur within a 60-day period prior to the submission of the application.*

The Application contains copies of letters sent by the Applicants to the Illinois Department of Health Care and Family Services and the Department of Human Services asking if the project meets their planning goals. Copies of these letters are attached to the end of this report. No response was received by the State Board at the time of this report.

### **D) Criterion 1125.530 – Planning Area Need**

#### **Criterion 1125.550 – Service Demand**

#### **Criterion 1125.720 - Long-Term Medical Care for Children Category of Service (Only).** The applicant must document the following:

- 1) the planning area served by the facility and the size of the specialized population (age 0-18 years) to be served within that geographic area. Documentation must include, but is not limited to, any reports or studies showing the points of origin of patients/residents admitted to the facility, preferably for the latest 12-month period for which data is available.*
- 2) identification of the special programs and/or services to be provided or currently offered by the applicant and the relationship of the programs to the needs of the specialized population.*



- 3) *insufficient service capability currently exists to meet this need; and*  
 4) *the number of beds in the proposed project is needed. Provide documentation that the proposed project will achieve, within the first year of operation, an occupancy of at least 90%.*

The State Board does not have a need methodology for this service. As can be seen by Table Six below the Marklund Wasmund Center has been operating at 95% occupancy for the past 5-years. A map of the market area of Marklund Wasmond Center has been provided in the Application for Permit at page 60. The market area encompasses an approximate 10-mile radius around Marklund Wasmond Center.

According to the Applicants the primary purpose of the proposed project is to improve access to MC/DD services to residents with profound developmental disabilities. Marklund operates two of the State's ten MC/DD facilities. Only four MC/DD facilities are located outside of the Chicago metropolitan area. Marklund serves residents throughout Illinois, including Chicago, Rockford, and Peoria. The table below documents the zip code and the city of the current Marklund Wasmund residents.

<b>TABLE FOUR</b>			
Zip Code and City of Current Marklund Wasmund Residents			
Chapel Hill, NC	1	60185 West Chicago	1
Bronson, FL	1	60192 Hoffman Estates	1
Orlando, FL	1	60193 Schaumburg	1
Kings Point, FL	1	60409 Calumet City	1
Naples, FL	1	60419 Dolton	1
Bonita Springs, FL	1	60443 Matteson	1
53140 Kenosha, WI	1	60448 Mokena	1
53402 Racine, WI	1	60452 Oak Forest	1
60016 Des Plaines	4	60458 Justice	2
60047 Lake Zurich	1	60473 South Holland	1
60067 Palatine	1	60503 Aurora	1
60074 Palatine	1	60505 Aurora	1
60089 Buffalo Grove	1	60516 Downers Grove	1
60101 Addison	1	60540 Naperville	1
60103 Bartlett	2	60542 North Aurora	2
60110 Algonquin	1	60613 Chicago	1
60118 West Dundee	2	60618 Chicago	1
60120 Elgin	3	60639 Chicago	1
60123 Elgin	3	60643 Chicago	1
60133 Hanover Park	1	60649 Chicago	1
60147 Geneva	1	60714 Niles	1
60154 Westchester	1	61448 Knoxville	1
60177 South Elgin	2	61832 Danville	1
60181 Villa Park	1	97201 Portland, OR	1

<b>TABLE FOUR</b> Zip Code and City of Current Marklund Wasmund Residents			
Total	34		26

<b>TABLE FIVE</b> Zip Code and City of Current Marklund Philips Children Center Residents	
60016 Des Plaines	4
60067 Palatine	1
60085 Waukegan	1
60118 East Dundee	1
60126 Elmhurst	1
60137 Glen Ellyn	1
60185 West Chicago	1
60187 Wheaton	2
60190 Winfield	1
60431 Joliet	1
60446 Romeoville	1
60471 Richton Park	1
60527 Burr Ridge	1
60563 Naperville	1
60612 Chicago	1
60634 Chicago	1
61270 Morrison	1
	21

Marklund Wasmond Center is an existing 61-bed MC/DD facility serving residents with developmental disabilities (physical & cognitive) with 24-hour nursing care, and a full range of therapeutic and educational programs. According to the Applicants Marklund Wasmond Center is one of only eight MC/DD facilities in the State of Illinois specializing in treating children and young adults with developmental disabilities. Marklund Wasmond Center is the only such facility within its 10-mile geographic service area.

As shown in the tables below Marklund Wasmund has averaged over 95% utilization for the years 2017-2021. With the discontinuation of Marklund Philip Center and the transfer for those residents to the Elgin facility, Marklund Wasmond will achieve 90%+ occupancy within the first full year after project completion (CY 2025).

<b>TABLE SIX</b> <b>Historical and Projected Utilization</b>							
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Ave</b>	<b>2025</b>
Marklund Wasmond Center							
Beds	57	57	57	61	61		81
Days	20,377	20,450	20,599	20,847	21,109	20,676	28,012
ADC	55.83	56.03	56.44	57.12	57.83	57	76.75
Occupancy	97.94%	98.29%	99.01%	93.63%	94.81%	96.74%	94.75%
Marklund Philips Center							
Beds	30	30	30	30	30		
Days	7,459	7,665	7,343	7,099	7,112	7,336	
ADC	20.44	21.00	20.12	19.45	19.48	20	
Occupancy	68.12%	70.00%	67.06%	64.83%	64.95%	66.99%	

**E) Criterion 1125.590-Staffing**

The Applicants stated Marklund Wasmond Center is staffed in accordance with State and Medicaid staffing requirements. As part of the discontinuation, staff of Marklund Philip Center will transfer to Marklund Wasmond Center.

**F) Criterion 1125.720-Zoning**

*The applicant must document that:*

- 1) *the property to be utilized has been zoned for the type of facility to be developed; or*
- 2) *zoning approval has been received; or*
- 3) *a certificate of need is required by the local zoning authority before zoning can be approved. This documentation shall include a letter from the appropriate zoning official indicating that such a requirement exists.*

Marklund Wasmond Center is an existing MC/DD facility.

## VII. Financial Viability

### A. Criterion 1120.800 - Availability of Funds

The project will be funded by cash and an \$8 million line of credit. Marklund maintains a **credit facility agreement** with St. Charles Bank and Trust Company. The agreement extends a line of credit to Marklund in the principal sum not to exceed \$7,000,000, with a maturity date of August 20, 2023, in support of working capital requirements and was secured by Marklund's unrestricted receivables and real and personal property. Interest on the unpaid balance is paid monthly based on a variable rate determined as the PRIME rate for the monthly period plus 1.50% with a floor of 3.25% on June 30, 2022. On June 30, 2022, no amounts were drawn on the line of credit. (Application for Permit page 165)

<b>TABLE SEVEN</b> Financial Information Marklund Children's Home Audited June 30 <sup>th</sup>				
Year	2022	2021	2020	2019
Cash	\$508,538	\$5,364,970	\$6,348,539	\$250,339
Current Assets	\$8,407,412	\$12,068,413	\$12,591,244	\$6,916,795
Total Assets	\$65,467,085	\$65,164,658	\$60,531,285	\$43,846,782
Current Liabilities	\$6,731,626	\$5,198,446	\$5,855,913	\$4,049,594
Long term Liabilities	\$2,169,751	\$7,386,702	\$10,154,418	\$0
Revenue	\$37,356,229	\$32,879,566	\$31,010,523	\$25,952,963
Expenses	\$38,665,369	\$36,090,533	\$33,153,074	\$29,713,198
Operating Income (Loss)	-\$1,309,140	-\$32,113,267	-\$2,142,551	-\$3,760,198
Non-Operating Gains	\$4,502,812	\$10,300,593	\$43,564,482	\$2,356,158
Income (Loss)	\$3,193,672	\$7,089,326	\$2,211,931	-\$1,404,077

### B. Criterion 1120.800 - Financial Viability

Marklund does not have an "A" or better bond rating therefore financial ratios were provided. The Applicants did not meet the current ratio for the 2024 the first year after project completion.

<b>TABLE EIGHT</b> Financial Ratios					
Ratio	Standard	2020	2021	2022	2024
Current Ratio	≥1.5	2.15	2.32	1.99	1.2
Net Margin Percentage	≥2.5%	10.8%	28.0%	12.8%	8.5%
Percent Debt to Total Capitalization	≤80%	19%	12%	4%	3.7%
Projected Debt Service Coverage	≥1.5	19.81	30.45	19.78	1.7
Days Cash on Hand	≥45 Days	273	305	278	245
Cushion Ratio	≥3	85	73	71	27

## VIII. Economic Feasibility

**A. Criterion 1120.800 - Reasonableness of Financing Arrangements**

**B. Criterion 1120.800 - Conditions of Debt Financing**

Gilbert Fonger, President & CEO of Marklund Children's Home attested the total project costs will be funded in part by borrowing because borrowing is less costly than liquidation of existing investments.

**C. Criterion 1120.800 - Reasonableness of Project and Related Costs**

Preplanning Costs - This cost is \$151, 510, which equals 1.66% of construction, contingencies, and equipment costs. This appears reasonable compared to the State standard of 1.8%.

Site Survey, Soil Investigation and Site Preparation - These costs total \$339,356, which is 3.93% of construction and contingencies. This appears reasonable compared to the State standard of 5%.

New Construction - Construction contracts and contingencies total \$8,643,750. The facilities will contain 17,143 GSF, which results in a cost of \$504.21 per GSF. This appears HIGH compared to the adjusted State standard of \$331.68 per GSF.

Contingencies - This cost totals \$785,795 or 10% of construction costs. This appears reasonable compared to the State standard of 10%.

Architectural/Engineering Fees - These costs total \$145,000, or 6.72% of construction and contingencies. This appears reasonable compared to the Capital Development Board's fee schedule, which identifies that the cost should range between 5.94-8.92%.

Moveable or Other Equipment - These costs total \$480,181 or \$20,008 per bed. This appears HIGH when compared to the adjusted State standard of \$10,113 per bed.

The State Board does not have a standard for these costs.

Consulting and Other Fees	\$130,637
Other Costs to be Capitalized	\$813,154

- D. **Criterion 1120.800 - Projected Operating Costs**  
The Applicants project \$294.89 of operating costs per treatment. The State Board does not have a standard to compare to the Applicants costs.
- E. **Criterion 1120.800 - Total Effect of the Project on Capital Costs**  
The Applicants project \$54.54 in capital costs per treatment. The State Board does not have a standard to compare to the Applicants costs.

<b>TABLE NINE</b>			
Allocation of Costs			
<b>Project Cost</b>	Reviewable	Non-Reviewable	Total
<b>Preplanning</b>			
Legal	\$75,000	\$0	\$75,000
Development & Feasibility Studies	\$25,706	\$1,353	\$27,059
Space Planning	\$50,804	\$2,674	\$53,478
<b>Site Survey &amp; Soil Investigation</b>			
Soil/Environmental Survey	\$8,467	\$446	\$8,913
<b>Site Preparation</b>			
Concrete	\$115,759	\$6,093	\$121,852
Utilities	\$20,279	\$1,067	\$21,346
Grading and Earthwork	\$194,851	\$10,255	\$205,106
<b>New Construction Contracts</b>			
Core/Shell	\$6,867,971	\$361,472	\$7,229,443
Build Out	\$989,984	\$52,105	\$1,042,089
<b>Contingencies</b>			
Core/Shell	\$605,672	\$31,878	\$637,550
Build Out	\$87,306	\$4,595	\$91,901
Site/Soils	\$92,817	\$4,885	\$97,702
<b>Architectural/Engineering Fees</b>			
Structural Vaults	\$580,606	\$30,558	\$611,164
Consulting and Other Fees			
City Permits	\$130,637	\$6,876	\$137,513
<b>Moveable and Other Equipment</b>			
Fixed Medical	\$321,856		\$321,856
Furniture/Fixtures/Equipment	\$158,325		\$158,325
Information Technology		\$38,020	\$38,020
<b>Other Costs to be Capitalized</b>			
Miscellaneous Fees – Walsh, IDPH, Reed	\$27,872	\$111	\$27,983
Surface Parking Lots	\$719,070	\$37,846	\$756,916
Net Book Value of Equipment to be Transferred			
from Other Locations	\$66,211	\$3,485	\$69,696
<b>Total</b>	<b>\$11,139,194</b>	<b>\$593,719</b>	<b>\$11,732,912</b>

TABLE TEN		
MWC expansion	Year 1	Year 2
Program Revenue	\$13,546,904	\$14,369,532
Other Operating Revenue	\$45,581	\$47,860
Total Revenue	\$13,592,485	\$14,417,392
Expenses		
Salaries	\$6,315,412.00	\$6,504,874.00
Employee Benefits	\$1,642,007.00	\$1,691,267.00
Employee Expense	\$61,556.00	\$64,349.00
Consulting	\$144,130.00	\$150,671.00
Consulting - Nurses & Aides	\$423,419.00	\$442,631.00
Medical	\$617,761.00	\$645,791.00
Dietary & Support	\$227,846.00	\$238,183.00
Housekeeping	\$53,466.00	\$55,891.00
Occupancy	\$206,741.00	\$216,122.00
Equipment	\$116,956.00	\$122,263.00
Administrative (not including salaries)	\$102,285.00	\$106,359.00
Provider Taxes	\$812,064.00	\$861,422.00
Interest Expense	\$589,823.00	\$566,525.00
Client/Student	\$28,843.00	\$30,152.00
Depreciation	\$551,193.00	\$961,194.00
Total Direct Expenses	\$11,893,502.00	\$12,657,694.00
Allocation of Administration 10%	\$1,189,350.00	\$1,265,769.00
Allocation of Transportation	\$89,128.00	\$91,802.00
Allocation of Help Wanted	\$39,499.00	\$40,684.00
Total Allocated Expenses	\$1,317,977.00	\$1,398,255.00
Total Expenses	\$13,211,479.00	\$14,055,949.00
Net Income	\$381,006	\$361,443





150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606 • (312) 819-1900

December 2, 2022

Anne M. Cooper  
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acooper@polsinelli.com

Via Certified Mail

Grace B. Hou  
Secretary  
Illinois Department of Human Services  
401 South Clinton Street, Floor 007  
Chicago, Illinois 60607

**Re: Marklund Wasmond Center Expansion Certificate of Need Application**

Dear Secretary Hou:

I am writing on behalf of my client Marklund Children's Home d/b/a Marklund Wasmond Center ("Marklund") to notify the Illinois Department of Human Services (the "Department") of Marklund's intent to file a certificate of need application with the Illinois Health Facilities and Services Review Board for a 24-bed expansion of its existing 61-bed Medically Complex/Skilled Nursing (MC/DD) facility located at 1435 Summit Street, Elgin, Illinois 60120 (the "Project"). Marklund requests: (1) a determination that the proposed expansion is consistent with the Department's long-range goals and objectives and (2) the Department identify individuals in need of MC/DD services.

Marklund serves infants, children, teens and adults with serious and profound developmental disabilities and special healthcare needs. Many Marklund residents are non-ambulatory and have severe cognitive disabilities due to genetic disorders, complications during pregnancy and delivery, or other issues. Others acquired disabilities during infancy or childhood through tragic accidents. Many have complex medical problems that require 24-hour skilled nursing care and regular therapy interventions

The Project includes the discontinuation of Marklund Philips Center, a 30-bed MC/DD facility located at 164 South Prairie Avenue, Bloomingdale, Illinois 60108 and the transfer of its residents to Marklund Wasmond Center. Marklund Philip Center is over sixty years old with an antiquated institutional design. Further, the current facility is small and can only accommodate 21 of its 30 licensed beds. Significant changes to the physical plant would be required to accommodate all thirty beds, which is economically unfeasible. Given its small size, it is

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Secretary Hou  
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inefficient to operate and difficult staff, which makes it more costly (30% more expensive) to operate than other MC/DD facilities.

Consolidation of Marklund Wasmond Center and Marklund Philip Center, which are approximately 11 miles apart, will allow Marklund to expand access to these highly specialized services to a greater number of residents without a significant increase in staff, create economies of scale, integrate clinical, administrative and support functions, and eliminate functional redundancies between the two facilities

Thank you for your time and consideration of Marklund's request for determination that its Project is consistent with the Department's long-range objectives. If you have any questions or need any additional information, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads 'Anne M. Cooper'.

Anne M. Cooper



150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606 • (312) 819-1900

December 2, 2022

Anne M. Cooper  
(312) 873-3606  
(312) 276-4317 Fax  
acooper@polsinelli.com

Via Certified Mail

Director Theresa Eagleson  
Illinois Department of Healthcare and Family  
Services  
401 South Clinton Street  
Chicago, Illinois 60607

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Director Theresa Eagleson

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A handwritten signature in blue ink that reads 'Anne M. Cooper'.

Anne M. Cooper