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November 12, 2009

**BY FAX  
BY ELECTRONIC MAIL**

Michael Constantino  
Supervisor, Project Review Section  
Illinois Department of Public Health  
Illinois Department of Public Health  
Health Facilities Planning Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761

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NOV 12 2009

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

**Re: Proj. No. 09-030 - Addison Rehabilitation and Living Center**

Dear Mr. Constantino:

This office represents the Addison Rehabilitation & Living Center, LLC and Elgin Property, LLC (the "Applicants"). In that capacity, we are submitting additional information to supplement the application for the construction and establishment of the Addison Rehabilitation & Living Center, a 120-bed general long-term care facility (the "Project") filed with the Illinois Health Facilities and Services Review Board (the "Board") on July 8, 2009 (the "Application"). As discussed more fully below, a need for 228 long-term care beds currently exists in the Kane County Planning Area (the "Planning Area"). Moreover, the population in the Target Area is growing at an unprecedented rate, increasing demand for long-term care beds and eliminating the current surplus by 2013, the year after project completion. Accordingly, need for the Project exists, and we respectfully request the Board approve the Applicants' application for permit.

**Planning Area Need**

As stated in the Application, the Project is needed. Based upon the latest Long-Term Care Bed Inventory calculation from the Board, the Kane County Planning Area (the "Planning Area") currently has a need for 228 general long-term care beds.<sup>1</sup> Additionally, there is a need for 1,219 general long-term care beds in the surrounding planning areas (i.e., McHenry County Planning Area - 316 general long-term care beds needed; Planning Area 7-

<sup>1</sup> ILL. HEALTH FACILITIES & SERVS. REVIEW BD., ILL. DEP'T OF PUB. HEALTH, LONG-TERM CARE BED INVENTORY UPDATES 03/19/2008 -- 10/16/2009 (Oct. 21, 2009) available at <http://www.idph.state.il.us/about/hfpb/pdf/LTC%20Update%2010-21-2009.pdf> (last visited Nov. 11, 2009).

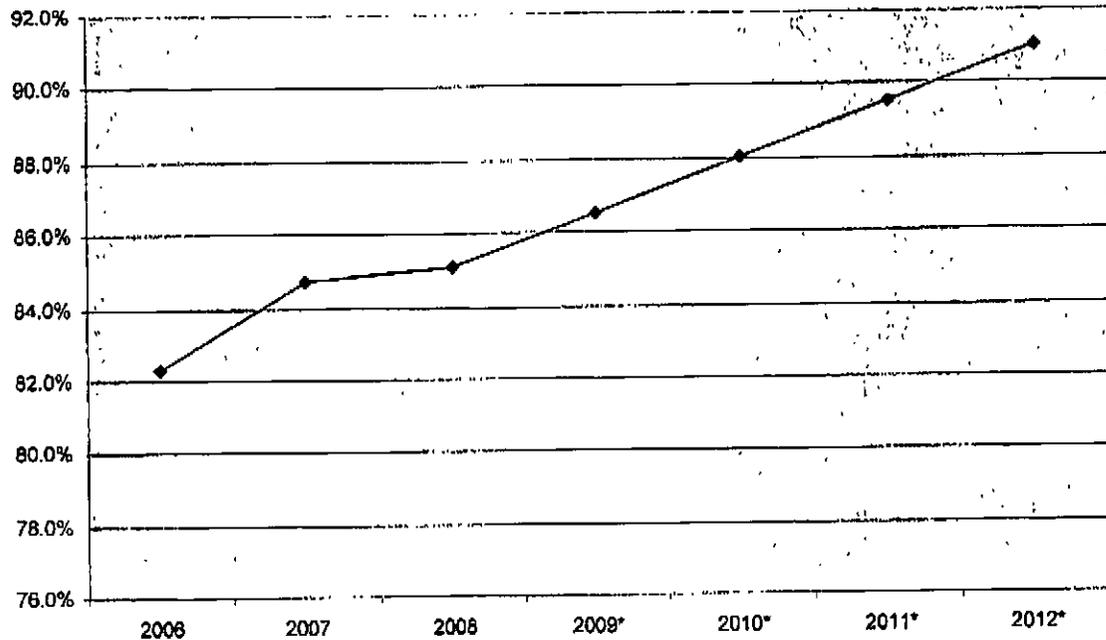
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A – 903 general long-term care beds needed). The Project is for the establishment of a 120-bed general long-term care facility. Accordingly, there will still be a need for 108 general long-term care beds in the Planning Area after project completion.

**Service Demand**

The Applicants acknowledge that a current surplus of beds exists in the Project's Target Area (defined as the 30-minute market contour). However, the Target Area is experiencing unprecedented growth, particularly among the elderly population (those 65 and older). This unprecedented growth has resulted in increased utilization of long-term care beds over the past three years. As shown in the Licensed Bed Occupancy chart below, licensed bed occupancy has increased 3.4% over the past two years from 82.3% in 2005 to 85.1% in 2008. Utilizing the historical growth rate of 1.7% per year, the Planning Area occupancy rate will exceed the Board's target occupancy rate of 90% by the year 2012, the year of project completion, if no new beds are added to the inventory.

**Kane County Planning Area  
 Licensed Bed Occupancy**

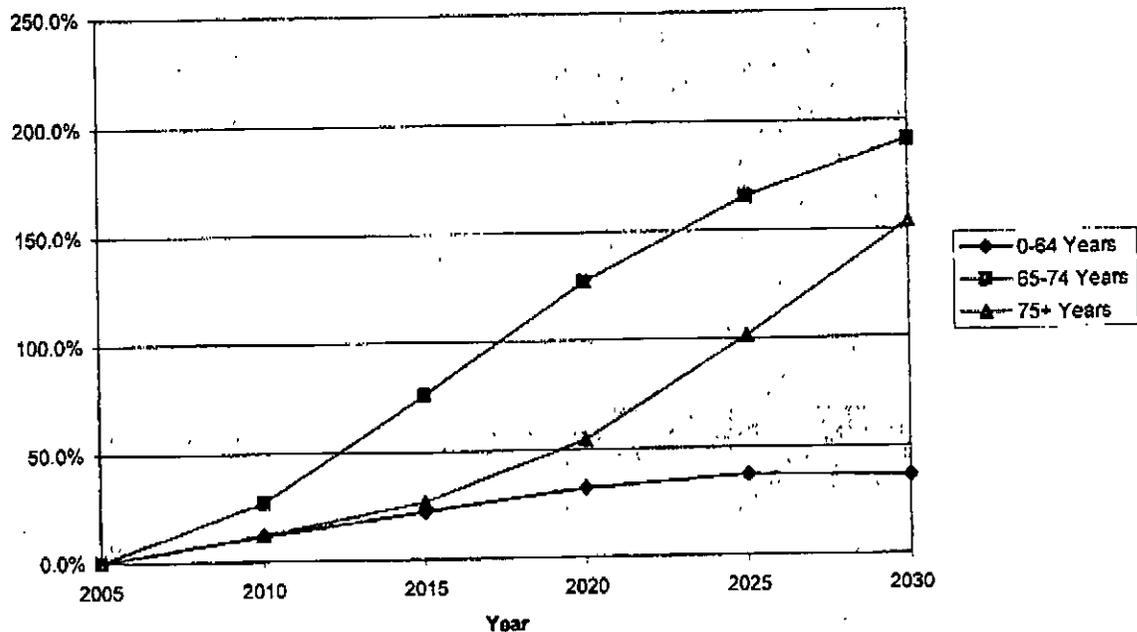


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Source: ILL. HEALTH FACILITIES & SERVICES REVIEW BD., ILL. DEP'T OF PUB. HEALTH, ANNUAL LONG-TERM CARE FACILITY QUESTIONNAIRE available at <http://www.idph.state.il.us/about/hfpb/LTC%20Profiles.htm> (last visited Nov. 11, 2009)

More importantly, this unprecedented growth will dramatically increase utilization of long-term care beds over the near term. Specifically, the Planning Area population is projected to increase by 6.6 percent by the year 2012. This unprecedented growth is fueled by the aging baby boom generation. Specifically, the 65-74 and 75+ age cohorts are projected to increase by 20.9 percent and 7.2 percent, respectively from 2009 to 2012. Moreover, and as shown in the Population Growth Chart below, this growth is expected to continue through at least 2030, with the 65-74 age cohort increasing nearly 200 percent and the 75+ age cohort increasing over 150 percent from 2005 to 2030.

Kane County Percentage Population Growth  
 2005 - 2030



Source: Ill. Dep't of Commerce and Economic Opportunity, Population Projections by County available at [http://www.commerce.state.il.us/dceo/Bureaus/Facts\\_Figures/Population\\_Projections/](http://www.commerce.state.il.us/dceo/Bureaus/Facts_Figures/Population_Projections/) (last visited May 18, 2009).

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The increase in the projected population will result in an even larger increase in utilization. As shown in Table 1 below, Planning Area patient days are projected to increase nearly 19% over the next six years, from 814,875 patient days in 2008 to 968,368 patient days in 2015.

	2009	2010	2011	2012	2013	2014	2015
<b>0-64 Years</b>							
Projected Population	459,759	470,296	478,291	486,422	494,691	503,101	513,100
2015 Planned Use Rate <sup>2</sup>	368.6	368.6	368.6	368.6	368.6	368.6	368.6
Planned Patient Days	169,467	173,351	176,298	179,295	182,343	185,443	189,129
<b>65-74 Years</b>							
Projected Population	24,502	25,635	27,558	29,624	31,846	34,235	35,500
2015 Planned Use Rate <sup>3</sup>	4,863.7	4,863.7	4,863.7	4,863.7	4,863.7	4,863.7	4,863.7
Planned Patient Days	119,170	124,681	134,034	144,082	154,889	166,509	172,661
<b>75+ Years</b>							
Projected Population	20,561	20,983	21,508	22,045	22,596	23,161	23,700
2015 Planned Use Rate <sup>3</sup>	25,594.0	25,594.0	25,594.0	25,594.0	25,594.0	25,594.0	606,578
Planned Patient Days	526,238	537,039	550,476	564,220	578,322	592,783	606,578
<b>Total Planned Patient Days</b>	<b>814,875</b>	<b>835,071</b>	<b>860,809</b>	<b>887,597</b>	<b>915,554</b>	<b>944,735</b>	<b>968,368</b>

Source: Ill. Dep't of Commerce and Economic Opportunity, Population Projections by County available at [http://www.commerce.state.il.us/dceo/Bureaus/Facts\\_Figures/Population\\_Projections/](http://www.commerce.state.il.us/dceo/Bureaus/Facts_Figures/Population_Projections/) (last visited May 18, 2009).

The growth in patient days will eliminate the current surplus of long-term care beds in the Planning Area, and will, in fact, create a deficit in 2013 if no new beds are added in the Planning Area. Utilizing the Board's need calculation, a surplus of 239 long-term care beds is projected for the current year (2009); however, this surplus will be eliminated in 2013 and a need for 228 long-term care beds will exist in the Planning Area in 2015. See Table 2. As set forth above, the Applicants propose to establish a 120-bed general long-term care facility. As a result, a need for 108 long-term care beds will exist after the Project is completed.

<sup>2</sup> See ILL. HEALTH FACILITIES PLANNING BD., ILL DEP'T OF PUB. HEALTH, INVENTORY OF HEALTH CARE FACILITIES AND NEED DETERMINATIONS: GENERAL NURSING CARE A-118 (Mar. 12, 2008) available at <http://www.idph.state.il.us/about/hfpb/pdf/2008%20LTC%20Inventory%20revised.pdf> (last visited May 20, 2009).

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	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Planning Area Planned Patient Days	814,875	835,071	860,808	887,597	915,554	944,735	968,368
Planning Area Average Daily Census	2,232.5	2,287.9	2,358.4	2,431.8	2,508.4	2,588.3	2,653.1
Projected Planning Area Planned Bed Need (90% Occ.)	2,481	2,542	2,620	2,702	2,787	2,876	2,948
Projected Planning Area Beds Available	2,720	2,720	2,720	2,720	2,720	2,720	2,720
<b>Beds Needed/(Surplus)</b>	<b>(239)</b>	<b>(178)</b>	<b>(100)</b>	<b>(18)</b>	<b>67</b>	<b>158</b>	<b>228</b>

In addition to increased demand due to population growth, it is important to recognize that the average age of the existing facilities in the Target Area is 23 years. This is important because the market standards have changed dramatically in the last twenty years. For example, twenty years ago the model was more institutional in design with the majority of beds located in semi-private and three and four bed wards (i.e., 3 percent of beds were located in private rooms; 50 percent of beds were located in semi-private rooms, and 47 percent of beds were located in three and four bed wards). Moreover, under this model, residents share a bathroom with the adjoining room, which means in many cases anywhere from four to eight people share a single bathroom. Today, seniors demand a more home-like environment with private rooms and private bathrooms. This Project will address current demand. Specifically, the facility will have all private rooms. Each room will feature a private bathroom with a shower, state-of-the-art technology, laptop computers with WiFi, large flat-screen televisions, private phone lines, radiant heat packs in the flooring, refrigerators and individual thermostats. Accordingly, the Project will not only address the bed need in the Target Area, but market demand as well.

As discussed throughout this letter, need for the Project exists. Based upon the Board's own inventory calculation, a need for 228 general long-term care beds exists in the Planning Area. Moreover, if the population in the Planning Area continues to grow at its current pace, a deficit of 156 long-term care beds will exist in the Planning Area by 2014, two years after project completion. The Project will address the projected need for long-term care beds as well as current market demand. Therefore, we respectfully request the Board approve the Application for the Project.

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Thank you for your time and consideration of our application. If you have any questions or need additional information, please feel free to contact me.

Sincerely,



Anne M. Cooper

AMC

056520 / 132070  
AMCOO 77912.3

# Polsinelli Shughart<sub>PC</sub>

## Fax Information Sheet

**DATE:** November 12, 2009

<b>TO:</b>	<b>FAX NO.:</b>
George Roate, Health Facilities and Services Review Board	217-785-4111

**FROM:** Anne M. Cooper

**RE:** Supplemental Information - Addison Rehabilitation and Living Center (Proj. No. 09-030)

**CLIENT MATTER NO.:** 056520/132070

**Personal ID No.:** 2454

**Number of pages including cover sheet:** 7

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**Message**

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