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RECEIVED

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Courtney Avery
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, Illinois 62761

Re: Project #15-044

Dear Ms. Avery:

On behalf of Crystal Pines, Crossroads, The Springs at Crystal Lake, Fair Oaks and Florence Nursing Home, all of which are opposing the above referenced project, I would like to address certain items within the State Board Report ("SBR") for the June 21, 2016 Illinois Health Facilities & Services Review Board("HFSRB") meeting.

1) The SBR notes the letters from the hospital and physicians which claim historical referrals of 1,607 from Centegra hospitals (1,107 of which are from Centegra McHenry) and 883 from area physicians. In the original CON application the applicants admitted some of these may be duplicative, and the initial SBR pointed that out, but the current SBR does not. **To reach target utilization at the 28 day ALOS the applicants would need 1,150 referrals or 70% of the total referrals and more than all of Centegra McHenry's referrals.** One does not need to be clairvoyant to figure out that deferring all of Centegra McHenry's referrals to the proposed facility would decimate area providers of subacute rehab services (which are mostly underutilized), which now receive all of these referrals. Further, the 28 day ALOS is taken from supplemental information submitted by the applicants, dramatically increasing the anticipated ALOS from the 13 days found in the original CON application. If the applicants initial ALOS of 13 is adhered to (and it is a more likely ALOS based on the historical ALOS of other area facilities rehab beds) the applicants would need well over 2,000 referrals, essentially leaving none for other area providers. **This is not a competition – it is a zero sum game.**

This leads to another important issue the SBR does not mention, but is nonetheless important to the Board's analysis. The applicants have been all over the map regarding claims that are essential to the application criteria (see attached table). First, their referral letters are inadequate and continue to fail to state where historical referrals have been sent. This is one reason they were deferred by the Board from the initial meeting they were to be considered and one of the bases for the intent to deny, and yet it remains unaddressed. Further, the applicants first said

they had a mortgage, then did not, then refer to a lease, but state they have no terms for it. How is the Board to analyze the cost of the project? Another example is in the number of referrals the applicants claim to capture, which has gone from all of the hospital's referrals, to 30% and now back to all of them. In addition the anticipated ALOS has doubled from 13 days (reasonable) to 28 days in an obvious attempt to mitigate the damage to area providers. In sum, it appears the applicants will say whatever is expedient to get the application approved. It is impossible to know which of the numbers provided by the applicants are accurate, and it is not the State Board staff's job to determine this – it used the numbers provided in the application. However it is troubling that the applicants' information is all over the place and they never provided historical referral information by provider, as required.

2) The SBR concludes there may be a restrictive admission policy at The Springs at Crystal Lake, noting it saw 0% Medicaid, based on the 2014 LTC Profile Information. This is incorrect, and it is an important issue because The Springs at Crystal Lake is 10 minutes from the proposed facility and offers the exact same services, i.e. all beds are dedicated to subacute rehab services. **In fact The Springs does not have any restrictive admission policy, does accept Medicaid and has 10% Medicaid patients currently.** Nonetheless, its average overall Medicaid percentage is low because subacute rehab patients are all Medicare or commercial pay patients being discharged from a hospital because they no longer need acute care, but do need some further rehabilitative services prior to going home. This confirms the opposition point that the proposed facility will also see only a small number of Medicaid patients, and will skim Medicare patients from the facilities like CrossRoads and Crystal Pines that do have a high Medicaid population because they serve both subacute and traditional LTC patients. The SBR includes a table provided by applicants who claim the proposed facilities payer mix will mirror its Centegra Hospital referral source, with 7.7% Medicaid. An acute care facilities payer mix could in no way reflect a limited service LTC facility's payer mix and it is amazing to suggest otherwise.

3) The SBR noted 12% of the planning areas LTC beds are "dead beds". **This is irrelevant to this application because the area facilities are underutilized based on beds set up and staffed. They are not taking advantage of phantom beds to argue they are underutilized.** Further the SBR notes **"there is no surplus of beds within the 30 minute service area" which translates to there is an excess of beds in the 30 minute service area.**

In conclusion, if one looks at the ratio of beds to residents in the 30 minute service area the calculated bed need in McHenry County appears less important when looking at this project as proposed. McHenry County has MUAs, but the proposed facility is on the Hospital's campus, where there is no need for a facility, since The Springs at Crystal Lakes is just 10 minutes away and currently serves the same patient population. In addition, other area providers are more than capable of, in the future, caring for the same referrals from the Centegra hospitals they have been caring for in the past. **In fact, four of the eight closest facilities offering subacute rehab services have a star rating of 4 or 5 and have excess capacity.**

I urge you, on behalf of area providers who will be negatively impacted by this unnecessary project, to deny it. Thank you for your consideration.

Very truly yours,

Clare Connor Ranalli

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cc: Mike Constantino

INITIAL STATEMENT OR CLAIM	SUBSEQUENT RETRACTION OR ALTERED STATEMENT
Facility is associated with Symphony Post-Acute network	No affiliation with Symphony post-Acute network
Applicant claims there will be a Mortgage on Property	Applicant says this is all cash deal
Resident avg lenth of stay will be **13 days**	Resident avg lenth of stay will be **28 days**
Project will impact **30 %** of current facilities referrals	Project will impact **70 %** of current facilities referrals.
APPLICANT ASSERTIONS	**ACTUAL FACTS**
Area providers spent **$4,773,466** on capital improvements over the last 2 years	Area providers spent **$9,210,731** on capital improvements over the last 2 years
Providers do not have on-site lab services	FALSE
Providers do not have on-site radiology services	FALSE
Providers do not have gym area	FALSE
Facilities do not have rehab staff 7 days per week	FALSE
Providers do not have post discharge follow-up	FALSE
Providers do not have select Menu Options/Enhanced dining	FALSE
Payer mix will mirror Centegra Hospital	FALSE
Area facilities have restrictive admissions	FALSE