



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-01	BOARD MEETING: February 27, 2018	PROJECT NO: 17-012	PROJECT COST: Original: \$30,083,868 Current:
FACILITY NAME: Meadowbrook Manor of Geneva		CITY: Geneva	
TYPE OF PROJECT: Substantive			HSA: VIII

DESCRIPTION: The Applicants (Butterfield Healthcare III, LLC, and MMG Partners, L.P.) propose to establish a 150-bed skilled nursing facility in Geneva, Illinois. The total cost of the project is \$30,083,868. The completion date is March 31, 2021.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants propose to establish a 150-bed long term care facility, at 37W220 Keslinger Road, Geneva. The anticipated cost of the project is \$30,083,868. **The anticipated completion date is March 31, 2021.**

BACKGROUND

- This application is one of three (3) pursuits to establish a Long Term Care (LTC) facility in Geneva. They are:
 - #95-030: Meadowbrook Manor of Geneva. In March 1995, the Applicants proposed to establish a 249-bed skilled nursing facility, in Geneva. The application received an Intent to deny at the August 1995 Health Facilities Planning Board meeting. The application was modified in October 1995, to provide 166 skilled nursing beds and 83 sheltered care beds, and was withdrawn by the Applicants in February 1996. The estimated cost of the project was \$13.2 million.
 - #08-099: Meadowbrook Manor of Geneva. In November 2008, the Applicants proposed to establish a 150-bed skilled nursing facility, in Geneva, at 37W220 Keslinger Road. This application received an Intent to Deny at the April 2009 Illinois Health Facilities and Services Review Board meeting, and was approved by the State Board at the September 2009 meeting. The permit was approved for four (4) permit renewals, allowing the project to proceed until a newly established completion date of July 31, 2016. On September 13, 2016, project #08-099 was denied for its fifth permit renewal, and the permit for project #08-099 expired on July 31, 2016. Board Staff notes the reasons for the multiple renewals were due to issues with securing Housing and Urban Development (HUD) financing, and zoning/site access issues with the neighboring Delnor Hospital, and the City of Geneva. The estimated cost of the project was \$25.3 million.
 - #17-012: Meadowbrook Manor of Geneva, proposes to establish a 150-bed skilled nursing facility at the location initially identified in application #08-099, at a cost of \$, and a project completion date slated for March 31, 2021.
 - Project #17-012 has been extended from the September 2017, November 2017, and the January 2018 State Board Meeting. The extensions occurred to review additional information provided by the Applicants. The Applicants submitted a Type A Modification on November 15, 2017 increasing the cost of the project by approximately 30%.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants are before the State Board because they are proposing to establish a healthcare facility as defined by 20 ILCS 3960.

PUBLIC COMMENT:

- A public hearing was offered in regard to this project, and a request was received on April 10, 2017. The Public Hearing was held on Tuesday, June 13, 2017, at the Kane County Government Center, in Geneva. The public hearing was attended by Mr. Juan Morado and Ms. Jeannie Mitchell, Board Counsel, and overseen by Richard Sewell, Board member. The meeting began at 12:00 pm. Twenty-two (22) individuals were in attendance, eighteen (18) registered their support for the project and three (3) registered their opposition. The transcript from this hearing has been provided as a separate attachment to this report.
- State Board Staff has received 13 letters of support and 2 letters of opposition to this project. A sample of comments received is below.

A spokesman for the Applicants stated in support:

“We propose to establish a 150-bed skilled long-term care facility. Importantly, the proposed Meadowbrook Manor of Geneva will be located adjacent to the Northwestern Delnor-Community Hospital campus, which includes physician and specialists' offices as well as an ambulatory surgery center. While not physically situated on a hospital campus, a fully occupied 90-bed independent living facility is located near the northwest corner of the hospital campus. The addition of a skilled long-term care facility would provide a continuum of care from independent living to acute care to this health care hub. Furthermore, the proposed Meadowbrook Manor of Geneva will improve access to skilled long-term care to individuals living in Kane County, particularly Medicaid beneficiaries. While, admittedly, there is no shortage of skilled term long-term facilities in the facility -- or in the service area; I apologize -- there is an absence of Medicaid beds. Collectively, there are only 661 skilled long-term care beds for Medicaid beneficiaries within the service area. This number is further reduced when the facility admissions restrictions are taken into account. For example, three facilities within the service area are continuing care retirement communities. While not operating under a closed admissions policy, Medicaid beds in the CCRCs are generally reserved for individuals of the community who have exhausted their financial resources and not otherwise available to the general public. With respect to Medicaid certification, it is also important to note that facilities that participate in the Medicaid program are not required to accept any Medicaid residents. Among the remaining skilled long-term care facilities in the service area, only 44 percent of the residents are Medicaid beneficiaries. This is low considering Medicaid is the primary payer of long-term care facilities, accounting for 62.2% of long-term care expenditures in 2010. As previously noted, Meadowbrook Manor of Geneva will be dually certified, and we have a track record of accepting Medicaid residents. I do it myself. In fact, we operate three facilities in Illinois, and approximately 80 percent of our residents are Medicaid beneficiaries. What will further set this facility apart from other services in the area is its clinical programming. As with our other facilities, we will provide a cardiology, pulmonary, wound care, and nephrology clinic as well as bedside dialysis to residents suffering from kidney failure. Rather than having to leave the facility for appointments, residents can schedule appointments with a specialist who conducts weekly rounds. Not only is this a convenience for our residents, but it improves the quality of patient care. Additionally, skilled long-term care beds are warranted in Geneva. As noted in the market survey prepared for this project, the service area population is rapidly aging. By 2021, 15 percent of the population will be over the age of 65, compared to 12 percent in 2016. As a result of the rapid population growth in the 65-and-over age cohort, the current inventory of skilled long-term beds will be insufficient to address the future demand, particularly among Medicaid beneficiaries. Accordingly, this proposed project is warranted.”

Butterfield Health Care Group, Inc submitted a comment on October 24, 2017 that stated in part

“Specifically, Project #10-065 stated that construction would finally commence on August 1, 2016 and now, more than a year later, it has not yet done so. This information is but just one more indicator of the current long-term care landscape.” [State Board Staff Notes: Project #10-065 - Park Point South Elgin Healthcare was approved to establish a 120 bed long term care facility in South Elgin]

Bria of Geneva Stated in Opposition: *“This project began in 2009. Since that time at least 426 new beds have opened or been approved for construction within the market area. As a facility that has been in Geneva for many years, we understand the needs of the community. Simply put, there is no need for additional beds in the area. We believe that the 4,127 beds in the area provide all of the services needed. Furthermore, according to Applicant's own submission, current occupancy in the 27 Kane County facilities is only 64.5 percent. Moreover, according to the 2017 LTC facility update reports, not only is there no need for more beds, there is an excess of 590 beds. BRIA of Geneva is licensed for 107 beds, and our census has consistently been well below 90 percent, and the majority of our resident population is Medicaid patients. We have never turned away an indigent patient for lack of beds. Currently our patient population is made up of 84 percent Medicaid patients, and we currently have 16 empty beds that can be filled with Medicaid patients. In order for Applicant to achieve the projected stabilized income shown in their submission, they would have to run their facility with a minimum of 30 percent Medicare patients. That's Medicare, not Medicaid. This project is not meant to serve Medicaid patients, as claimed by the Applicant. If the Applicant were allowed to proceed and further saturate the market with another 150 beds, it will cause financial hardship to all of the surrounding facilities by further lowering census while at the same time increasing the demand for quality nursing staffing in a market suffering from shortages.”*

SUMMARY:

- The Applicants addressed twenty (20) criteria and did not meet the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
Criterion 1125. 530 - Planning Area Need	There is no need for additional beds in this Planning Area. The State Board has calculated an excess of one hundred eight (108) long term care beds in the Kane County Long Term Care Planning Area. Additionally, the Applicants failed to provide patient zip code information, confirming residency in the planning area.
Criterion 1125. 540 – Service Demand	There is no absence of long term care services in the Kane County Long Term Care Planning Area, or in the 30-minute drive radius surrounding the proposed facility. The Applicants failed to provide zip code information, confirming patient residence in the planning area. The referral letters stated the reason the zip codes were not provided was “ <i>due to HIPAA compliance, identification of these residents cannot be provided.</i> ” ¹ [State Board Staff Notes: The Applicants did not provide all long term care facilities within forty-five minutes as required by rule]
Criterion 1125.570 – Service Accessibility	There are thirty-four (34) facilities within thirty (30) minutes of the proposed facility with 4,127 LTC beds. Of these thirty-four (34) facilities, three (3) are not yet operational and the fourth facility is a hospital (Northwestern Medicine Marianjoy Rehabilitation Center) and is not considered in this evaluation. The remaining thirty (30) facilities are operating at an average utilization of approximately 81%. There is no absence of the LTC service within the planning area; or access limitations due to payor status of patients/residents, or evidence of restrictive admission policies of existing providers. The area population and existing care system does not exhibit indicators of medical care problems. [State Board Staff Notes: The Applicants did not provide all long term care facilities within forty-five minutes as required by rule]
Criterion 1125.580 – Unnecessary Duplication of Service/Mal-distribution of Service/Impact on Other Facilities	There are thirty four (34) facilities within 30 (thirty) minutes of the proposed facility (see Appendix I). Of these thirty-four (34) facilities, three (3) are not yet operational and the fourth facility is a hospital (Northwestern Medicine Marianjoy Rehabilitation Center) and is not considered in this evaluation. The remaining thirty (30) facilities are operating at an average utilization of approximately 81%. Of thirty (30) facilities, four (4) facilities are at target occupancy of ninety percent (90%) [See Appendix I].
1125.800 – Availability of Funds	The Applicants provided documentation from the US

¹ State Board Legal Counsel Guidance March 2017

“HIPAA states that “[a] covered entity may use or disclose protected health information to the extent that such use or disclosure is required by law and the use or disclosure complies with and is limited to the relevant requirements of such law.” 45 CFR 164.512(a)(1). For certain projects, the Administrative Code requires Applicants to provide zip code information about patients or residents. Because this information is required by law and the disclosure of it as part of a CON application is limited to the relevant requirements of that law, the Board’s legal counsel has advised the Board that HIPAA is not a persuasive defense for failing to provide the required information. Therefore, any applicant that fails to provide necessary zip code information based on HIPAA may receive a negative finding for the relevant criteria.”

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
	<p>Department of Housing and Urban Development (HUD), committing to funding the mortgage portion (\$15,600,000), of the project. However, the two documents contained expiration dates that have already passed. A <u>non-binding letter of intent</u> has been submitted from Greystone Funding Corporation that stated: <i>“This is a project that Greystone Funding Corporation is interested in pursuing with you. This letter sets forth a summary of the terms and conditions under which Greystone will evaluate the Borrower and the above-referenced project (the “Project”) for a mortgage loan (the “Loan”) to be insured by the Department of Housing and Urban Development (“HUD”) acting through the Federal Housing Administration (“FHA”) under its Section 232 program.”</i></p>
1125.800 – Financial Viability	<p>Table Seven below outlines the financial ratios for MMG Partners, L.P., Butterfield Health Care, LLC, and the combined ratios of both entities. The Applicants have not met all of the State Board Standards for these financial ratios.</p>

STATE BOARD STAFF REPORT
Meadowbrook Manor of Geneva
Geneva, Illinois
#17-012

APPLICATION/SUMMARY/CHRONOLOGY	
Applicants	Butterfield HealthCare III, LLC MMG Partners, L.P.
Facility Name	Meadowbrook Manor of Geneva
Location	37W220 Keslinger Road
Permit Holders	Butterfield HealthCare III, LLC MMG Partners, L.P.
Operating Entity/Licensee	Butterfield Health Care III, LLC
Owner of the Facility	MMG Partners, L.P.
GSF	94,816 GSF
Application Received	March 28, 2017
Application Deemed Complete	March 29, 2017
Financial Commitment Date	February 27, 2020
Expedited Review?	No
Review Extended	Yes
Can Applicant Request Another Deferral?	No

I. The Proposed Project

The Applicants (Butterfield Healthcare III, LLC, and MMG Partners, L.P.) propose to establish a 150-bed long term care (LTC) facility in Lincoln, Illinois. The total cost of the project is \$30,083,868. **The anticipated completion date is March 31, 2021.**

II. Summary of Findings

- A. State Board Staff finds the proposed project **does not** appear to be in conformance with the provisions of 77 ILAC1125.800 (Subpart D).
- B. State Board Staff finds the proposed project **does not** appear to be in conformance with the provisions of 77 ILAC1125.800 (Subpart F).

III. General Information

The Applicants are Butterfield HealthCare III, LLC, and MMG Partners, L.P. The proposed 3-story facility will be located at 37W220 Keslinger Road, in Geneva, and will be located on property proximal to Northwestern Medicine’s Delnor Hospital campus, which contains a 159-bed hospital, an Ambulatory Surgery Treatment Center (ASTC), physicians’ offices, and a 90-unit elderly independent living facility.

The proposed facility will be located in the Kane County Long Term Care Planning Area/HSA-VIII. The State Board is currently projecting an excess of one hundred eight (108) long term care beds by CY 2020 for this Long Term Care Health Planning Area. Target occupancy for the long term care category of service is ninety percent (90%).

Financial commitment for this project will occur after permit issuance. This is a substantive project subject to both an 1125 and 1125.800 review.

IV. Kane County Long Term Planning Area

The State Board has calculated an excess of one hundred eight (108) long term care beds in the Kane County Long Term Care Planning Area by CY 2020. The Kane County Long Term Care Planning Area has a total of 2,934 LTC beds. Of these 2,934 LTC beds four hundred thirty (430) are not yet operational. Below are the current facilities within the Kane County long term care planning area (See Table One). (See Appendix II at the end of this report for methodology)

TABLE ONE						
Facilities within the Kane County LTC Planning Area						
Facilities	Medicare Star Rating	City	Patient Days*	HSA	Beds	Utilization
Alden of Waterford	4	Aurora	28,490	8	99	78.6%
Arba Care Center Elgin	1	Elgin	30,906	8	102	82.9%
Asbury Gardens Nursing & Rehab Ctr.*	3	North Aurora	11,764	8	75	42.9%
Batavia Rehab & Healthcare Center	2	Batavia	15,490	8	63	62.7%
Bria of Geneva	2	Geneva	33,699	8	107	86.1%
Citadel of Elgin	3	Elgin	27,930	8	88	86.7%
Covenant Health Care Center	5	Batavia	29,270	8	99	80.8%
Elmwood Terrace Healthcare Center	3	Aurora	22,213	8	68	89.3%
Greenfields of Geneva*	5	Geneva	13,800	8	43	87.7%
Heritage Health – Elgin	5	Elgin	27,778	8	94	80.7%
Highland Oaks	5	Elgin	17,600	8	50	96.2%
Jennings Terrace	4	Aurora	19,364	8	60	88.3%
North Aurora Care Center	4	North Aurora	41,272	8	129	87.4%
Presence Mcauley Manor	4	Aurora	19,403	8	87	60.9%
Presence Pine View Care Center	4	St. Charles	32,864	8	120	74.8%
River View Rehab Center	1	Elgin	66,393	8	203	89.4%
Rosewood Care Center of Elgin	5	Elgin	42,063	8	139	79.0%
Rosewood Care Center of St. Charles	4	St. Charles	39,666	8	109	78.0%
Sherman West Court	5	Elgin	25,454	8	112	62.1%
South Elgin Rehab & Healthcare Ctr.	2	South Elgin	26,208	8	90	79.6%
Symphony of Orchard Valley	2	Aurora	64,870	8	203	87.3%
The Grove of Fox Valley	2	Aurora	54,659	8	158	94.5%
Tower Hill Healthcare Center	1	South Elgin	64,380	8	206	85.4%
Total Patient Days/Beds/Average Utilization			755,536		2,504	82.88%
Avondale Estates of Elgin*	N/A	Elgin	0	8	120	N/A
Alden Estates of Huntley*	N/A	Huntley	0	8	170	N/A
Alden Courts of Waterford*	N/A	Aurora	0	8	20	N/A
Park Point South Elgin Healthcare*	N/A	South Elgin	0	8	120	N/A

TABLE ONE						
Facilities within the Kane County LTC Planning Area						
Facilities	Medicare Star Rating	City	Patient Days*	HSA	Beds	Utilization
Total Patient Days/Beds/Average Utilization			755,536		2,934	70.55%
Source: Information taken from 2016 LTC Profile Information reported by the facilities						
*Facility recently approved for permit, or in ramp-up phase. No data or insufficient data reported						

V. The Proposed Project - Details

The Applicants propose to establish a 150-bed Long Term Care facility in 94,816 GSF of newly constructed space, in Geneva. The three-story facility will be located at 37W220 Keslinger Road, adjacent and south of Northwestern Medicine’s Delnor Hospital. Projects of this nature have been previously submitted to the State Board (Projects #95-030, and #08-099), but were withdrawn due to funding delays and access/zoning issues. The facility will contain 26 private and 62 semi-private rooms, and will be part of a “health care hub”, containing the 159-bed hospital, a multi-specialty ASTC, three elderly restricted independent living buildings, and physician’s offices. All 150 beds will be dual certified for Medicare and Medicaid. The project cost is \$30,083,868 and project financial commitment will occur after permit issuance. Per the Applicants “*all one hundred fifty (150) beds will dual certified for Medicare and Medicaid.*”

VI. Project Costs and Sources of Funds

The proposed project is being funded with cash and securities totaling \$6,021,169, Housing and Urban Development-insured (HUD) mortgages totaling \$22,500,000, and Other Funds and Sources totaling \$1,562,699. The \$1,562,699 amount was expenses from the previous application (#08-099). Those expenses were

- \$1,190,598 – Architectural and Engineering Fees (A/E)
- \$176,633 – Legal Fees
- \$195,468 – Other items including taxes, traffic studies, marketing fees, appraisals, and permits.

The expected initial operating deficit is \$1,383,000.

The Applicants submitted a Type A Modification on November 15, 2017 increasing the total project costs by approximately 30%. [See Table Three below]

TABLE THREE

Project Costs and Sources of Funds

USE OF FUNDS	Reviewable	Non Reviewable	Total	Reviewable	Non Reviewable	Total	Change	% Increase
Pre planning Costs	\$133,556	\$92,444	\$226,000	\$257,156	\$177,996	\$435,152	\$209,152	92.55%
Site Survey/Soil Investigation	\$29,548	\$20,452	\$50,000	\$38,412	\$26,588	\$65,000	\$15,000	30.00%
Site Preparation	\$490,494	\$339,506	\$830,000	\$385,147	\$266,589	\$651,736	(\$178,264)	-21.48%
Off Site Work	\$300,609	\$208,073	\$508,682	\$300,609	\$208,073	\$508,682	\$0	0.00%
New Construction Contracts	\$10,046,257	\$6,953,743	\$17,000,000	\$12,495,160	\$8,648,808	\$21,143,968	\$4,143,968	24.38%
Contingencies	\$411,306	\$284,694	\$696,000	\$1,249,516	\$864,881	\$2,114,397	\$1,418,397	203.79%
Architectural/ Engineering Fees	\$605,695	\$419,245	\$1,024,940	\$1,118,095	\$773,915	\$1,892,010	\$867,070	84.60%
Consulting and Other Fees	\$468,167	\$324,053	\$792,220	\$468,167	\$324,053	\$792,220	\$0	0.00%
Movable or Other Equipment	\$740,871	\$512,811	\$1,253,682	\$932,280	\$645,298	\$1,577,578	\$323,896	25.84%
Net Interest Expense During Construction (project related)	\$310,178	\$214,697	\$524,875	\$310,178	\$214,697	\$524,875	\$0	0.00%
Other Costs to be Capitalized	\$200,287	\$138,633	\$338,920	\$223,529	\$154,721	\$378,250	\$39,330	11.60%
TOTAL USES OF FUNDS	\$13,736,968	\$9,508,351	\$23,245,319	\$17,778,250	\$12,305,618	\$30,083,868	\$6,838,549	29.42%
SOURCE OF FUNDS	Reviewable	Non Reviewable	Total	Reviewable	Non Reviewable	Total		
Cash and Securities	\$3,594,563	\$2,488,057	\$6,082,620	\$ -	\$ -	\$6,021,169	(\$61,451)	-1.01%
Mortgages	\$9,218,918	\$6,381,082	\$15,600,000	\$ -	\$ -	\$22,500,000	\$6,900,000	44.23%
Other Funds and Sources	\$923,487	\$639,212	\$1,562,699	\$ -	\$ -	\$1,562,699	\$0	0.00%
TOTAL SOURCES OF FUNDS	\$13,736,968	\$9,508,351	\$23,245,319	\$ -	\$ -	\$30,083,868	\$6,838,549	29.42%

Source: Application for Permit Page 29 and Modification filed November 15, 2017.

Itemization of these costs can be found at Appendix III

VII. Cost/Space Requirements

Table Four displays the project’s cost/space requirements for the reviewable/non-reviewable portions of the project.

The building will be "L" shaped with a semi-circle drive leading to the one story entrance. The three-story design with a basement will have a total of 94,816 gross square feet with 13,201 square feet in the lower level, 31,585 square feet on the main level and 25,015 square feet on each of the upper two floors. The lower level will have facility support space such as kitchen, laundry and storage. The main level will house 24 resident rooms with physical and occupational therapy department and facility administrative space. The upper floors will have 32 resident rooms each with their own main dining room and multiple living/dining/activity areas and required nursing support space.

TABLE FOUR			
Costs Space Requirements			
Department /Area	Cost	Proposed	Construction
	Reviewable		
Nursing/Clinical	\$10,713,249	33,765	33,765
Living/Dining/Activity	\$3,743,571	11,799	11,799
Kitchen/Food Service	\$1,539,507	4,852	4,852
P.T./O.T.	\$603,479	1,902	1,902
Laundry	\$569,403	1,795	1,795
Janitor Closets	\$17,832	56	56
Clean/Soiled Utility	\$486,527	1,533	1,533
Beauty/Barber	\$104,682	330	330
Total Reviewable	\$17,778,250	56,032	56,032
	Non Reviewable		
Office/Admin	\$1,004,688	3,167	3,167
Employee Lounge	\$638,413	2,012	2,012
Mechanical	\$1,069,321	3,370	3,370
Lobby	\$216,548	682	682
Storage/Maintenance	\$807,051	2,544	2,544
Corridor/Public Toilets	\$6,976,818	21,989	21,989
Stair/Elevators	\$1,592,779	5,020	5,020
Total Non Reviewable	\$12,305,618	38,784	38,784
TOTAL	\$30,083,868	94,816	94,816
Source: Application for Permit Page 41			

VIII. Purpose of the Project, Alternatives

These two (2) criteria are for informational purposes only.

A) Criterion 1125.320 - Purpose of the Project

According to the Applicants the proposed project is a re-submittal of a previously approved project (#08-099), that was never completed. The project proposes to establish a 150-bed skilled nursing facility in Geneva (Kane County), Illinois. The proposed facility will be located on the grounds and in close proximity to Northwestern Medicine-Delnor Community Hospital. At the time of application submittal for #08-099, there was a calculated need for 418 LTC beds in the Kane County Planning Area. The current state bed need methodology indicates there is no need for additional beds in The Kane County planning area.

B) Criterion 1125.330 - Alternatives to the Proposed Project

Below is the Applicants' explanation of the alternatives considered for this project.

1. Do Nothing/Maintain Status Quo

The Applicants rejected this alternative. The Applicants report a project cost of \$1,700,000 for this alternative, from land purchases already made as a result of the previous project (Project #08-099). However, the Applicants note the resulting limited access to modern beds and health care services to the geriatric population of Kane County renders this option infeasible. The Applicants identified six (6) area LTC facilities, identified their limitations to access for Medicare/Medicaid, and MI (Mentally Ill) patients. These limitations in place at these facilities are the basis for the need for an additional LTC facility in the service area.

2. Establish a Lesser Level of Care/Smaller Facility

The Applicants acknowledge that an alternative of lesser scale would come with a smaller cost, but note the industry practice that confirms a free-standing facility with less than 75 beds is not financially viable. While the issues of cost and quality of care would be competitive to the alternative chosen, the issue of accessibility would go unaddressed, and a smaller facility would not meet the specialized LTC needs in the service area. The Applicants rejected this alternative.

3. Establish a Larger Project

The Applicants gave this alternative no consideration, based on the State's lack of an identified need for additional beds in eth planning area. No project costs were identified with this alternative.

4. Project as Proposed

The Applicants selected this alternative, based on its cost, and economies of scale that allows for a higher percentage of care for Medicaid patients. The initial approval and denial of Project #08-099 has left a significant need for services in the planning area,

based on occupancy trends observed in other facilities in the service area. Cost associated with this alternative: \$30,083,868.

5. Joint Venture

Three facilities are part of a CCRC and give priority admission to residents of the community. Most area providers that the applicant surveyed stated that they did not have Medicaid admissions available. The one that did is a fairly well utilized facility and has a large population of MI residents. Furthermore, two area providers have utilization above the 90%. For these reasons, the applicant decided this was not a viable option.

IX. Background of the Applicants

A) **Criterion 1125.520 – Background of the Applicant**

To determine if the Applicants have the necessary background to own and operate a health care facility the Applicants must provide:

1. A listing of all health care facilities owned and operated by the Applicants.
2. A certified listing of any adverse action taken against any health care facility owned or operated by the Applicants.
3. A listing of each member of the LLC that owns more than 5% of the proposed licensed entity.
4. Authorization from the Applicants to allow the Illinois Department of Public Health and the Illinois Health Facilities and Services Review Board to access any all information to verify information in the application for permit

The Applicants supplied licensure credentials for four (4) other nursing facilities owned or operated by related entities/co-Applicants (application, pgs. 243-248), attestation that no adverse action has been taken against these facilities in the three years preceding the filing of this application (application, p. 249), and authorization for IDPH or the State Board to access any documents need to verify this attestation (application, p. 250). The four (4) facilities are Meadowbrook Manor Bolingbrook (298 beds, 86.9%), Meadowbrook Manor Naperville (245 beds, 91.9%), Meadowbrook Manor LaGrange (197 beds, 53.1%)² and Lee Manor Des Plaines (262 beds, 82.8%).

The Applicants are in compliance with the Flood Plain documentation as required of Illinois Executive Order #2006-5 and the Illinois Historic Preservation Act Pursuant to Section 4 of the Illinois State Agency Historic Resources Preservation Act.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANTS (77 ILAC 1125.520)

X. Need for Project

A) **Criterion 1125.530 - Planning Area Need**

To demonstrate compliance with the criterion the Applicants must document a calculated need for long term care beds in the planning area and the proposed will provide service to residents of the planning area.

a) The State Board has estimated an **excess of one hundred eight (108) long term care beds** in the Kane County Long Term Planning Area by CY 2020.

b) Service to Planning Area Residents

The Applicants provided five (5) referral letters from area physicians (application, pgs. 258-262), agreeing to the referral of approximately 528 residents to the LTC facility after project completion. Table Five identifies the physician, and the number of

² Permit #11-021 authorized the modernization of this facility. Third permit renewal approved at the September 2017 State Board Meeting until March 2018.

patients expected to be referred to the facility, upon project completion. No zip codes were supplied with the referral letters to determine if the referrals were from within the planning area, a requirement for a positive finding for this criterion.

TABLE FIVE Referral Letters	
Name	Referrals annual
Dr. Jabban, Edward-Elmhurst Health, Plainfield	96
Dr. Craig Popp, Fox Valley Orthopedics, Geneva	60-84
Dr. David Morawaski, Fox Valley Orthopedics, Geneva	144
Dr. Jasper Petrucci, Fox Valley Orthopedics, Geneva	60-84
Dr. Hashemi, Northwestern Medicine	120
Average total Referrals:	528
Source: Application, pgs. 258-262/	

The Applicants' provided updated referral letters dated July 28, 2017. The updated referrals letters provided a percentage of patients that reside within twenty (20) miles of Northwestern Delnor Community Hospital. The revised referral letters did not meet the requirements of the State Board.

TABLE FIVE Continued Revised Referral Letters			
Name	Referrals (annual)	% within 20 miles	Number of patient w/20 miles
Dr. Jabbar, Edward-Elmhurst Health, Plainfield	96	50%	48
Dr. Craig Popp, Fox Valley Orthopedics, Geneva	60-84	90%	54-76
Dr. David Morawaski, Fox Valley Orthopedics, Geneva	144	90%	130
Dr. Jasper Petrucci, Fox Valley Orthopedics, Geneva	60-84	90%	54-76
Dr. Hashemi, Northwestern Medicine	120	70%	84
Average total Referrals:	528		414
Source: Revised referral letters received July 28, 2017			

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC1125.530)

B) Criterion 1125.540 - Service Demand – Establishment of General Long-Term Care

To address this criterion the Applicants must provide referral letters documenting the number of historical referrals to long term care facilities and the projected number of residents to be referred to the proposed new facility within twenty four (24) months after project completion.

The Applicants provided five (5) referral letters from area physicians. The referral letters must

- Provide the number of historical referrals to other LTC facilities for the prior twelve (12) months;

- Provide the zip code of the historical referrals and the name of the recipient LTC facility;
- Provide the projected number of referrals by zip code of residence that will be referred annually within a 24 month period;
- Attest that the projected referrals have not been used to support any pending or approved certificate of need projects;
- Certify the information is true and correct; and the
- Letter must be signed by a physician or CEO, dated and notarized

As stated above the revised referral letters did not meet the requirements of the State Board. The revised letters did not provide the number of patients by zip of residence, or provide the historical referrals to other LTC facilities as required.³

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION SERVICE DEMAND (77 ILAC1125.540)

C) Criterion 1125.570 - Service Accessibility

To demonstrate compliance with this criterion the Applicants must provide documentation that the proposed project will improve service accessibility in the forty five minute service area by identifying one of the following four factors.

- 1) The absence of the proposed service within the planning area;
- 2) Access limitations due to payor status of patients/residents, including, but not limited to, individuals with LTC coverage through Medicare, Medicaid, managed care or charity care;
- 3) Restrictive admission policies of existing providers;
- 4) 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, 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;
- 5) All services within the 45-minute travel time meet or exceed the occupancy standard (90%).

³ In guidance provided by the **State Board dated March 2, 2017**, “some Applicants have alleged that they cannot provide zip code information about patients or residents when submitting their permit application because it violates the Health Insurance Portability and Accountability Act (HIPAA). This memorandum addresses those concerns and notifies the public of the Health Facilities and Services Review Board’s position on the matter. HIPAA states that “[a] covered entity may use or disclose protected health information to the extent that such use or disclosure is required by law and the use or disclosure complies with and is limited to the relevant requirements of such law.” 45 CFR 164.512(a)(1). For certain projects, the Administrative Code requires Applicants to provide zip code information about patients or residents. Because this information is required by law and the disclosure of it as part of a CON application is limited to the relevant requirements of that law, the Board’s legal counsel has advised the Board that HIPAA is not a persuasive defense for failing to provide the required information. Therefore, any applicant that fails to provide necessary zip code information based on HIPAA may receive a negative finding for the relevant criteria.”

There are thirty-four (34) facilities within thirty (30) minutes of the proposed facility with 4,127 LTC beds. Of these thirty-four (34) facilities, three (3) are not yet operational and the fourth facility is a hospital (Northwestern Medicine Marianjoy Rehabilitation Center) and is not considered in this evaluation. The remaining thirty (30) facilities are operating at an average utilization of approximately 81%. This data suggests there is no absence of long term care services in the Kane County Long Term Care Planning Area, or the 30-minute drive radius identified by the Applicants.

Of the thirty (30) facilities within thirty (30) minutes three (3) do not have Medicaid certified beds. Twenty-seven (27) facilities within thirty (30) minutes have 2,786 beds certified for Medicaid with an average utilization of approximately fifty-six percent (56%). Of the thirty (30) facilities within thirty (30) minutes eight (8) of the facilities do not have Medicare certified beds. Twenty-two (22) facilities within thirty (30) minutes have 2,642 beds certified for Medicare patients with an average utilization of approximately sixteen percent (16%). [See Appendix I at the end of this report]

The Applicants stated they have identified accessibility issues at facilities within the 30-minute travel radius, which suggests access limitations due to payor status (Medicaid). The Applicants conducted a telephone survey of area facilities to determine Medicaid bed eligibility at 31 area facilities. Of the 31 facilities polled (application, p. 139), only 9 responded as having availability for Medicaid beds, and only one of the nine facilities that responded favorably is located within a 20-minute travel radius.

There is no absence of long term care services in the thirty (30) minute service area and the Applicants have not provided evidence that the area population and existing care system exhibit indicators of medical care problems. Additionally 73% of the licensed long term care beds have been certified for Medicaid which would indicate that there is access to this service in this thirty (30) minute service area. Finally not all long term care facilities within this thirty (30) minute service area are operating at the target occupancy of ninety (90%) percent utilization. [The State Board Staff Notes the Applicants failed to provide all the facilities within forty-five (45) minutes as required by rule.]

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION SERVICE ACCESSIBILITY (77 ILAC1125.570)

D) Criterion 1125.580 (a) (b) (c) - Unnecessary Duplication/Mal-distribution/Impact on Other Facilities

To address this criterion the Applicants must provide documentation that an unnecessary duplication of service or a surplus of beds or the proposed facility will have an impact on other facilities the planning area.

- a) The applicant shall document that the project will not result in an unnecessary duplication of service; and
- b) The applicant shall document that the project will not result in mal-distribution of services; and
- c) The applicant shall document that, within 24 months after project completion, the proposed project will not impact other providers in the planning area.

a) There are thirty four (34) facilities within 30 (thirty) minutes of the proposed facility (see Appendix I). Of these thirty-four (34) facilities, three (3) are not yet operational and the fourth facility is a hospital (Northwestern Medicine Marianjoy Rehabilitation Center) and is not considered in this evaluation. The remaining thirty (30) facilities are operating at an average utilization of approximately 81%. Of thirty facilities, four (4) facilities are at target occupancy.

b) There is one (1) bed for every one hundred ninety five (195) residents in the thirty minute service area compared to the State of Illinois ratio of one (1) bed for every one hundred twenty eight (128) residents. The over age 65 cohort amounts to (1) one bed for every twenty six (26) persons, and the state ratio for this population is one (1) bed for every twenty (20) senior citizens. To have a surplus of beds in this thirty (30) minute service area the thirty (30) minute ratio must be 1.5 times the State of Illinois. To have a surplus in the thirty (30) minute radius the ratio must be (1) resident for every eighty-five (85) individuals

c) There are underutilized facilities in the 30 minute service area, and the apparent surplus of beds in this 30 minute service area it would appear the proposed facility will have an impact on other facilities in the area.

[The State Board Staff Notes the Applicants failed to provide all the facilities within forty-five (45) minutes as required by rule.]

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION/MALDISTRIBUTION/IMPACT ON OTHER FACILITIES (77 ILAC1125.580)

E) Criterion 1125.590 – Staffing

The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that staffing requirements of licensure, certification and applicable accrediting agencies can be met.

The Applicants have attested that the relevant clinical and professional staffing need for the proposed project will be provided that will meet licensure, certification, and accrediting agency standards. The Applicants have supplied a staffing matrix, and attest that recruitment for all openings will occur through Butterfield Health Care Groups Human Resources division [See Application pages 483-487]

F) Criterion 125.600 - Bed Capacity

The maximum bed capacity of a general LTC facility is two hundred fifty (250) long term care beds.

The Applicants are proposing to establish a one hundred fifty (150) bed long term care facility, and are complaint with this criterion. [See Application, page 488].

G) Criterion 1125.610 - Community Related Functions

The applicant shall document cooperation with and the receipt of the endorsement of community groups in the town or municipality where the facility is or is proposed to be located.

The Applicants have provided seventeen (17) letters of support from various individuals and entities in the community. The Applicants note that seven of these letters are from area physicians, attesting to having cared for approximately five hundred thirty five (535) patients from Meadowbrook Manor, Geneva, and attesting to the referral of approximately 49 patients to Meadowbrook Manor in the past twelve (12) months, and the referral of as many patients upon project completion[See Application, pages 490-506]

H) Criterion 1125.620 - Project Size

The applicant shall document that the amount of physical space proposed for the project is necessary and not excessive.

The Applicants propose to establish a 150-bed skilled facility in 94,816 gross square feet of clinical space (or 632.1 GSF per skilled nursing bed). The State Board Standard is 713 GSF per bed or 106,950 GSF.

I) Criterion 1125.630 –Zoning

The Applicants provided a letter from Kevin Burns, Mayor of Geneva, attesting that he proposed site is a suitably zoned site for the proposed LTC facility.

[See Application for Permit page 509-512]

J) Criterion 1125.640 – Assurances

The Applicants have provided necessary attestation that the proposed facility will not be part of a Continuum of Care Retirement Community (CCRC), and will be at target occupancy within two (2) years after project completion. [See Application for Permit page 514]

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA STAFFING, BED CAPACITY, COMMUNITY RELATED FUNCTIONS, PROJECT SIZE, ZONING, ASSURANCES (77 ILAC1125.590, 600, 610, 620, 630, 640)

*“The **Purpose of 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; (2) that promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of such facilities; and (3) that promotes planning for and development of health care facilities needed for comprehensive health care especially in areas where the health planning process has identified unmet needs. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process.” [20 ILCS 3960/2]*

XI. FINANCIAL

A) Criterion 1125.800 - Availability of Funds

To address this criterion the applicant must provide documentation that the funds are available to finance the proposed project.

The Applicants are funding this project with cash and securities totaling \$6,021,169 a Federal Housing and Urban Development (HUD)-backed mortgage totaling \$22,500,000, and Other Funds and Sources totaling \$1,562,699. The cash portion of the project will originate from the facility’s existing cash and cash generated through ongoing operations. The Applicants supplied financial viability ratios and projected audited financial statements (application, pgs 531-539), to prove financial viability.

The Applicants provided documentation from the US Department of Housing and Urban Development (“HUD”), outlining the funding of a loan through Cambridge Realty Capital, Ltd. The financing terms are outlined in proposals, located on pages 518-529 of the application. However, the two documents supplied contain commitment termination dates that have since expired.

Subsequently, the Applicants provided a non-binding letter of intent from Greystone Funding Corporation to fund the loan amount that would be insured by HUD. Greystone & Co., Inc. is a financial services and private investment group whose original core business is multifamily real estate lending. Over the years, Greystone has added business lines that are related to, and natural extensions of, its core business. Greystone is headquartered in New York with a presence in 35 states and 17 offices. Greystone is active in four major business segments: Multifamily Mortgage Finance, Proprietary Investment, Healthcare and Real Estate. Approval from HUD has not been completed.

TABLE SIX			
Butterfield Health Care III and MMG Partners, LP			
Projected Balance Sheets			
2020, 2021, and 2022			
	2020	2021	2022
Cash	(\$326,451)	\$2,087,460	\$4,351,568
Current Assets	\$27,726,161	\$28,755,835	\$34,877,162
Current Liabilities	\$16,856,741	\$18,907,106	\$19,700,886
Total Revenue	\$8,865,729	\$15,432,787	\$15,479,741
Total Expenses	\$10,179,786	\$13,559,563	\$13,573,198
Increase (Decrease) in Net Assets	\$(1,314,056)	\$1,873,224	\$1,906,544

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 ILAC 1125.800)

B) Criterion 1125.800 – Financial Viability

To address this criterion the Applicants must provide financial ratios that will demonstrate that the entities have the ability achieve its operating objectives over the long term.

The Applicants provided projected financial ratios as required. The State Board Staff compares the projected ratios with the standards for long term care facilities with the Applicants projected year after project completion. The ratio comparisons are shown in the table below. The Applicants do not meet all of the State Board Standards for 2022, the first full year after project completion (see shaded areas).

TABLE SEVEN		
MMG Partners, LP-Owner		
	State Board Standard	2022 (Projected)
Current Ratio	1.5	24.93
Net Margin Percentage	2.50%>	6.18%
Percent Debt to Total Capitalization	<50%	63.44%
Projected Debt Service Coverage	>1.5	2.20
Days Cash on Hand	>45 days	382.39
Cushion Ratio	>3	2.44
Butterfield Health Care III-Operator		
	State Board Standard	2022 (Projected)
Current Ratio	1.5	8.75
Net Margin Percentage	2.50%>	10.07%
Percent Debt to Total Capitalization	<50%	0.00%
Projected Debt Service Coverage	>1.5	0.00%
Days Cash on Hand	>45 days	28.30

TABLE SEVEN		
MMG Partners, LP-Owner		
	State Board Standard	2022 (Projected)
Cushion Ratio	>3	6.00
Owner-Operator Combined		
	State Board Standard	2022 (Projected)
Current Ratio	1.5	12.43
Net Margin Percentage	2.50%	9.57%
Percent Debt to Total Capitalization	<50%	60.88%
Projected Debt Service Coverage	>1.5	3.42
Days Cash on Hand	>45 days	75.27
Cushion Ratio	>3	3.02

The Applicants did not meet the Percent Debt to Total Capitalization ratios on behalf of the owners (MMG Partners LP), and the combined entities, and a negative finding results for this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 ILAC 1125.800)

XII. ECONOMIC FEASIBILITY

- A) Criterion 1125.800 – Reasonableness of Financing Arrangements**
- B) Criterion 1125.800 – Terms of Debt Financing**

The Applicants attested that the financial resources will be available and be equal to or exceed the estimated total project cost and any related cost. The project and related costs will be funded in total or in part by borrowing because a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 1.5 times. The Applicants also attest that the form of debt financing will be at the lowest net cost available, and that the project involves leasing in part, as leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment [Application, pgs. 542-543]

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT FINANCING AND TERMS OF DEBT FINANCING (77 ILAC 1125.800)

- C) Criterion 1125.800 - Reasonableness of Project Costs**

The Applicants have met all of the cost standards for long term care facilities as established by the State Board.

**TABLE EIGHT
Reasonableness of Project Costs**

	Project Costs	State Standard		Project	Met Standard?
		Percentage/GSF/Bed	Total		
Pre planning Costs	\$257,156	1.80%	\$286,676	1.75%	Yes
Site Preparation, Site Survey/Soil Investigation	\$423,559	5.00%	\$749,710	3.08%	Yes
New Construction Contracts	\$13,744,676	\$246.95/GSF	\$13,837,102	\$245.30/GSF	Yes
Contingencies	\$1,249,516	10.00%	\$1,249,516	10%	Yes
Architectural/ Engineering Fees	\$1,118,095	8.86%	\$1,217,778	8.13%	Yes
Movable or Other Equipment ⁽¹⁾	\$932,280	\$8,723/bed	\$1,308,450	\$6,215/bed	Yes
Off Site Work	\$300,609				
Consulting and Other Fees	\$468,167				
Net Interest Expense During Construction (project related)	\$310,178		No State Board Standard		
Other Costs to be Capitalized	\$223,529				

1. Moveable Equipment Standard is calculated using the 150 bed proposal

STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS CRITERION (77 ILAC 1125.800 (c)).

D) Criterion 1120.140 (d) – Projected 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 estimated the direct costs per equivalent patient day as \$139.82. This appears reasonable when compared to previously approved projects.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF PROJECTED OPERATING COSTS CRITERION (77 ILAC 1125.800(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 estimated the direct costs per equivalent patient day as \$39.11. This appears reasonable when compared to previously approved projects.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO MEET THE REQUIREMENTS OF TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS CRITERION (77 ILAC 1125.800(e))

Appendix I

Facilities within 30 Minutes of the Proposed Facility							
Facilities	City	Planning Area	Time	Beds	Utilization	Medicare Certified Beds	
Greenfields of Geneva	Geneva	Kane	4.6	43	87.70%	0	0
Covenant Health Care Ctr.	Batavia	Kane	6.9	99	80.80%	99	16
Batavia Healthcare & Rehab Ctr.	Batavia	Kane	8	63	62.70%	0	0
Bria of Geneva	Geneva	Kane	8	107	84.40%	107	11
Presence Pine View Care Ctr.	St. Charles	Kane	11.5	120	74.80%	120	13
Rosewood Care Ctr. St. Charles	St. Charles	Kane	13.8	109	78.00%	49	28
Asbury Gardens Nursing & Rehab	North Aurora	Kane	15	75	42.90%	0	0
Presence McAuley Manor	Aurora	Kane	16.1	87	60.90%	87	10
Countryside Care Ctr.	Aurora	Kane	17.2	203	87.30%	127	9
North Aurora Care Ctr.	North Aurora	Kane	17.2	129	87.40%	0	0
Elmwood Terrace Care Ctr.	Aurora	Kane	18.4	68	89.30%	68	7
South Elgin Rehab & Healthcare Ctr.	South Elgin	Kane	19.5	90	79.60%	14	29
West Chicago Terrace	West Chicago	7-C	19.5	120	92.90%	0	0
Tower Hill Healthcare	South Elgin	Kane	21.8	206	85.40%	206	15
Wood Glen Nursing & Rehab Ctr.	West Chicago	7-C	21.8	213	83.16%	207	1
Arba Care Center	Elgin	Kane	24.1	102	82.90%	52	14
Sherman West Court	Elgin	Kane	24.1	112	62.10%	70	40
The Grove of Fox Valley	Aurora	Kane	24.1	158	94.50%	158	14
Wynscape Health & Rehab	Wheaton	7-C	24.1	209	81.10%	119	19
Rosewood Care Ctr. of Elgin	Elgin	Kane	25.3	139	79%	67	2
Jennings Terrace	Aurora	Kane	26.4	60	88.3%	0	0
Citadel of Elgin	Elgin	Kane	26.4	88	83.50%	88	13
Winfield Woods HealthCare Ctr.	Winfield	7-C	26.4	138	93.90%	0	0
Highland Oaks	Elgin	Kane	27.6	50	96.20%	0	0
Heritage Health-Elgin	Elgin	Kane	27.6	94	87.70%	94	6
River View Rehab Ctr.	Elgin	Kane	27.6	203	89.40%	203	4
Wheaton Care Ctr.	Wheaton	7-C	27.6	123	92.70%	123	6
Assisi Healthcare Ctr. at Clare Oaks	Bartlett	7-A	28.7	120	74.10%	120	28
DuPage Convalescent Home	Wheaton	7-C	28.7	368	87.90%	368	4
The Springs at Monarch Landing	Naperville	7-C	28.7	96	56.10%	96	20
Total Beds/Average Occupancy				3,819	80.89%	2,642	11
Northwestern Medicine Marianjoy Rehab Hospital	Wheaton	7-C	26.4	27	89.30%		
Park Point South Elgin Healthcare ⁽¹⁾	South Elgin	N/A	23	120	0		
Avondale Estates of Elgin ⁽²⁾	Elgin	Kane	26.4	120	0		

Alden Estates of Bartlett ⁽³⁾	Bartlett	7-A	26.4	68	0
Total Beds/Average Occupancy				4,127	74.20%

Source: Information taken from 2016 LTC Profile Information reported by the facilities.

1. Approved as Permit # 10-065 12/14/2010 not yet complete
2. Formerly Addison Nursing and Rehabilitation Center Change of ownership 8/1/2017
3. Approved as Permit #16-006

**Appendix II
Calculation of Bed Excess**

	2015	2015	2015	2020	2020	2020	2020	Sep-17	
Age Groups	Actual Patient Days	Est. Pop.	Kane County Use Rate	Projected Pop	Planned Patient Days	Planned Average Daily Census	Planned Bed Need	Existing Beds	Excess
0-64	175,142	466,500	373.5	502,900	187,602				
65-74	124,153	37,700	3293.2	50,000	164,659				
75+	445,761	23,500	18,968.6	30,200	278,541				
					630,802	2,543.2	2,826	2,934	108

1. Bed need for a planning area is calculated by first determining the minimum and maximum rates of utilization for the entire Health Service Area (HSA) where the planning area is located. These rates are determined for three age groups: 0-64 years, 65-74 years and 75 and over, by dividing the patient days for the age group by the HSA population for that age group. Minimum and maximum rates are set at 60% and 160% of the calculated HSA rate, respectively.
2. Calculations are then made of the planning area rates of utilization for the three age groups. The calculated planning area rates are compared to the minimum and maximum rates for the HSA. If the planning area rate is less than the minimum, the minimum rate is used; if the area rate exceeds the maximum, the maximum is used; otherwise, the area rate is used.
3. In the Kane County Planning Area the actual Kane County usage rate was used.

**Appendix III
Itemization of the Project Costs**

Uses of Funds					
Preplanning Costs			Moveable or Other Equipment		
	Traffic Study	\$1,000		Equipment	\$1,347,578
	Premarketing/Market Study	\$444,152		Minor Moveable	\$140,000
	Total Preplanning Costs	\$445,152		Total Moveable or Other Equipment	\$1,487,578
Site Survey and Soil Investigation			Net Interest Expense During Construction		
	Water IEPA MWRD	\$20,000		Interest Escrow	\$524,875
	Survey	\$30,000	Other Costs to be Capitalized		
	Soil	\$10,000		Taxes	\$70,000
	Phase I ESA	\$5,000		Construction Bond	\$180,000
	Total Site Survey and Soil Investigation	\$60,000		HUD Initial MIP	\$128,250
				Total Other Costs to be Capitalized	\$378,250
	Site Prep	\$651,736			
	Off Site Work	\$508,682			
	Construction Contract	\$21,143,968			
	Contingency	\$2,114,397			
Architectural/Engineering Fees					
	Architectural Engineering/Site Assessment	\$28,500			
	Design and Supervisory Architects	\$1,892,309			
	A&E Coast Reviews	\$20,000			
	Supervisory Architect Fee	\$31,201			
	Total Architectural/Engineering Fees	\$1,972,010			
Consulting and Other					
	Permits	\$90,000			
	State Fire Marshall	\$5,000			
	Impact Fees	\$100,000			
	IDPH Review Inspection Fee	\$20,000			
	Cost Certified Audit Fee	\$9,920			
	Financing Fee	\$114,600			
	Legal	\$50,000			
	Organizational	\$10,000			
	Audit	\$18,400			
	Title and Recording	\$35,000			
	Legal and Organization	\$10,000			
	Title	\$22,500			
	Insurance	\$20,000			
	Appraisal	\$45,000			
	HUD Inspections	\$78,000			
	Interior Design	\$50,000			
	CON Application	\$68,000			
	HUD Application Fee	\$45,800			
	Total Consulting and Other	\$792,220			

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