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March 18, 2010

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Mr. Michael Constantino, Plan Review Supervisor
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Project Number **09-048**, Ottawa Pavilion
Certificate of Need for Modernization.

Dear Mr. Constantino:

Please accept this correspondence as the Applicant's supplemental information addressing the Board's concerns at its March meeting. The sole voiced concern at this meeting was Ms. Avery's concern regarding the above referenced project proceeding with beds in greater number than the historical occupancy can support. Documentation justifying the increase in licensed capacity of Ottawa Pavilion from 119 up to 129 is provided below.

It was the Applicant's rationale to proceed with the 10-bed licensed capacity increase to address the Board's rule allowing for the increase of 20 beds or 10 percent, whichever is less (**20 ILCS 3960/5.c Ch. 111 ½, par. 1151**). This was to be done up front through this application process and without the maneuver prior to this process. There were also influencing factors ranging from the existing providers unique situations to the deteriorated situation of the Applicant's existing facility.

To address the project's historical utilization it is important to understand the status of the licensed beds and the condition of the existing physical plant. There are three additions known as the existing Ottawa Pavilion. The first part was known as the Highland Sanitarium Building and was built in the 1920's. Part of this building still exists but is not in use and is extremely deteriorated. The Highland Sanitarium Building was partially replaced by the LaSalle County Tuberculosis Sanitarium built in 1940 which constituted the second phase of the building. In 1970-71, the entire facility was turned into a general long-term nursing care facility. Finally, in 1989, a 32-bed nursing wing was added. The 1920 and 1940 era building have been altered and renovated numerous times. As a result, there are not many alternatives left that can improve this institutional space. The 1940 building makes up the majority of the facility and was constructed with a "monumental entrance with two tiers of ceremonial steps to the



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main entry doors, flanked by large terraced planters". The building floor plan is institutional which is not the trend for long-term care. Please refer to the Historic Preservation "Research Survey Report" appended as **ATTACHMENT-5B**, pages 42-68 of the CON application on file.

The existing building was constructed "for a specific utilitarian purpose and function (the care of isolated patients with a highly contagious disease)". This function and purpose is contrary to current trends in the long-term care industry which are to provide a less institutional and more homelike environment in a smaller group or neighborhood concept.

The Applicant's architect, S.J.Hollander, PC has reviewed the facility shortcomings and has outlined those physical plant and life safety code deficiencies. The major facility deficiencies are:

1. The total building does not have fire sprinklers (required by federal law for all facilities to be in compliance by 2013);
2. It has a corridor width of 7 feet 4 inches which is short of the 8 foot minimum requirement;
3. Some of the residents rooms are in excess of the 120 foot code required distance from the nurses' station;
4. There are resident's rooms that do not have access to a toilet room from their bedroom without entering the general corridor. Specifically, 8-single rooms, 31 semi-private rooms and 4-three bed ward rooms for a total of **82 beds that have to utilize four community bathrooms** (2-for men and 2 for women);
5. The existing window configuration does not comply with egress window requirements;
6. Mechanical systems are antiquated and extremely limited;
7. The current roof is flat and has outlived its useful life; and
8. The existing facility has only 15 private resident rooms (23%), 46 double occupancy rooms (71%), and 4 three bed ward rooms (6%).

As a result of what is described above, the Subject facility is not as marketable. However, as the Applicant has been under taking the Certificate of Need application process which has publicized the proposed replacement facility, Ottawa Pavilion's utilization has been increasing. In 2008 the facility reported 32,635 patient days or 74.96% utilization on its annual IDPH facility profile. In Calendar Year 2009, the facility realized occupancy of 33,923 patient days or 78%. As of March 2, 2010, there were 105 actual residents representing 88% utilization in-house. Based on the State's target occupancy rate of 90%, these utilizations justify replacement of 99.1, 103, and 116.7 beds respectively.

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In addition to the increasing utilization of this antiquated facility there are other issues effecting use rates.

1. Pleasant View Lutheran Home and has on average 131 residents (it should be noted that this facility has received approval to reduce its license capacity to 90 nursing care beds). Please note that a letter from Pleasant View Lutheran Home citing their utilization is appended also under **ATTACHMENT-52A**. This will require the displacement of 50 nursing residents from its facility, based on maintaining 90% occupancy.
2. LaSalle County Nursing Home provided a support letter for the proposed project. In this letter, the facility reported that they are optimally utilized at a rate of 94%.
3. There is an unrecognized bed need situation that is created from the inclusion of the Illinois Veteran's Home at LaSalle in the State's bed need calculation. Specifically, the Illinois Veteran's Home at LaSalle was approved under a variance to the State's identified bed need, i.e., the "defined population" variance. Therefore, only veterans and their families can be admitted to this facility. Furthermore, the Illinois Veteran's Home at LaSalle does not have LaSalle County Planning Area as its primary market area as represented through its Certificate of Need application as the facility pulls from the veterans throughout the entire State. Thus, the State has included 200 nursing care beds (14% of licensed capacity) in the 1,400 LaSalle County Planning Area approved beds against a calculated bed need of 1,329 beds. Since these 200 beds do not primarily serve the residents of the County, they should not be included in the calculation as the project was approved as a variance to the bed need calculation. The adjusted calculation would show 1,200 nursing beds approved with the primary use of serving the planning area residents with a calculated need for 1,329 beds. **This would equate to an outstanding need for 129 additional nursing care beds.**
4. It should be noted that the majority of the residents of Ottawa Pavilion have origins from within the Ottawa zip code (66% from zip code 61350)(see **ATTACHMENT-11A** of the application). Nearly 75% originate from within the two zip code areas of Ottawa and Marseilles (74.1% from zip codes 61350 and 61341 respectfully). This illustrates that the LaSalle County Planning Area has distinct community areas or regions that make up individual market or draw areas. Specifically, Streator, LaSalle/Peru, Mendota, and Ottawa/Marseilles create the four primary markets within LaSalle County. The travel times alone document the separation of the market areas. Through the Certificate of Need process, accessibility has also been an indicator of need and typified through the ratio of nursing care beds to total population. In looking at the ratio of beds to

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population for the primary market area consisting of the two zip code areas for Ottawa and Marseilles as compared to LaSalle County as a whole, the issue of accessibility becomes more relevant. The ratio equates to 0.012426 beds to every person within the primary market area and 0.012511 beds to every person within the County. As these numbers are too small to interpret, it is helpful to invert the ratio and look at population per bed and to further limit that calculation to the over 65-population. As such, the ratio equate to 12.48 persons per each nursing care bed in the two zip code area as compared to only 5.86 persons per each nursing care bed in the LaSalle County Planning Area.

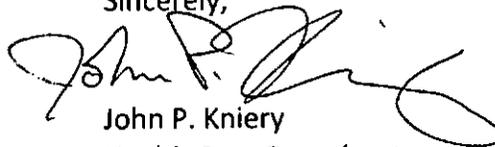
5. The Applicant's future ability to reach and maintain this level of utilization is based on its experience as an existing provider, which is further supported by the State's identified bed need calculation which currently shows an excess of only 71 beds. However, it should be noted that there are only four facilities in the Ottawa/Marseilles area which is the subject facility's primary market area. Furthermore, over half of the planning area's beds (652) are at or in excess of the 30-minute drive time from the Applicant's site.
6. According to the June 15, 2009 update to the State's Inventory of Health Care Facilities and Services and Need Determinations, there is an identified excess of 62 nursing care beds in the LaSalle County Nursing Home. However, there is one facility that was established under the Defined Population Variance (Project Number 05-038), Illinois Veterans Home at LaSalle which limits admissions to veterans only. That project draws admissions from every County of the State with a primary market area of Northern and Northwestern Illinois. This facility's 200-nursing care beds are all included in the LaSalle County Planning Area's need determination where, in fact less than half of their residents are derived from this Planning Area according to their 2005 Certificate of Need Application. Therefore, instead of an excess of 71 beds there should be a need for 129 additional beds or a need for 119 additional beds upon the approval of this project.
7. Finally, the Applicant has received eight referral letters confirming support for the proposed project from area physician's who have historically referred residents to Ottawa Pavilion. These eight letters, appended as **ATTACHMENT-49B** of the CON application, document that during calendar year 2008 these physicians referred 97 (or 43%) of the facility's 224 admissions. Collectively, they will continue to refer between 95 and 137 residents annually. This represents a range that could result in a 41% potential increase in referrals. However, in applying the minimal percentage increase as seen in the percentage increase of those over 65 years of age, the Applicant's facility

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alone could realize projected patient days of 48,875 which would equate to an utilization rate of over 100 percent. This calculation is based on a 4% increase in admissions ($1.04 \times 224\text{-admissions} = 232.96$ total admissions) utilizing the 2007 average length of stay of 209.8 days ($232.96\text{-admissions} \times 209.8$ ALOS days = 48,875 potential patient days). It should be noted that it is the Applicant's contention that this facility would otherwise be optimally utilized if it was not for the limitations or appearance of the physical plant environment of the 69 year old structure.

Thank you for this opportunity to submit this information to address Ms. Avery's concerns. Should you have any questions regarding the materials, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "John P. Kniery", with a large, stylized flourish extending to the right.

John P. Kniery
Health Care Consultant

C: Charles Sheets, Polsinelli Shugart
Marshal Mauer
Steve Goldstein
Margie Lyle, Administrator