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Sent: Wednesday, June 08, 2011 4:25 PM
To: Williams, Don A.
Subject: Comment in Opposition: Project #11-006, Trans. Care Cntr. of Arlington Hghts.
Attachments: LEXINGTONHEALTHNETWORKwrittenoppTCCA6.8.11.doc

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LEXINGTON HEALTH NETWORK

Comment and Analysis
In Opposition to

Project #11-006
Transitional Care Center of Arlington Heights

Lexington Health Network (LHN) is a provider of integrated post-hospital health care services. LHN provides sub-acute, skilled and intermediate nursing care services in our ten nursing homes, as well as home health, CCRC, and associated services.

Lexington Health Network strongly opposes the application for permit submitted by Transitional Care Center of Arlington Heights. We urge the Illinois Health Facilities and Services Review Board to deny this application based upon its failure to comply with the Board's rules, as follows.

1. The project will create a maldistribution of services.

- The application states, on page 98, the proposed facility will not have a general long term care component. Simply put, the proposed facility will not be available to the general population in need of nursing home care, but rather will be restricted to highly-reimbursed, short-stay rehabilitation patients
- In 2009, LTC Planning Area 7-A nursing homes reported 888,710 patient days. Of this total, 215,343 were Medicare days (24.2%) and 393,212 were Medicaid days (44.2%). However, when percentage of net revenue is analyzed, these percentages reverse. In 2009, 40% of net revenue came from Medicare, while only 24% came from Medicaid. Clearly, the proposed project is designed to avoid high-need, low-pay Medicaid patients in order to take advantage of the higher reimbursements offered by Medicare and private insurance.

- In 2010, the average Medicaid resident load across all Lexington nursing facilities was **67.7%**. Our net operating income for Medicaid residents was (\$11.00), while net operating income for Medicare residents was \$269.00. Overall average net operating income per patient day was \$68.00. Two facts are clear: first, we lose money on nearly 70% of our patients; and second, the other payor sources are absolutely essential to our ability to operate and to continue to provide necessary care to the Medicaid population.
- We believe this profile is fairly representative of the other nursing homes in the planning area that care for the Medicaid population. The question becomes: who will assume the Medicaid load if all other revenue sources are siphoned away? What will happen to the residents of our area who need nursing home care, but who have no other resource than Medicaid to pay for that care? The proposed project will create a maldistribution of services not only through restrictive admission policies, but more problematically through causing an eventual domino effect whereby existing facilities are forced to restrict Medicaid admissions or cease operations altogether.

2. The project is not needed.

- According to the most recent (2009) Inventory for Long Term Care, there are currently 20 general nursing homes in LTC Planning Area 7-A. These homes are licensed for a total of 2,973 beds. Since the Inventory was published, at least two new nursing homes (Clare Oaks in Bartlett and Asbury Health Care in Des Plaines) have been approved (195 additional beds).
- The 2009 Inventory calculated total general long term care patient days at 888,710. This represents an overall occupancy rate of 81.9% of total licensed beds, versus the 90% standard included in the IHFSRB's rules. Those patient days translated to an availability of 533 empty licensed beds. Please note the 533 figure does not include the 195 beds that have been approved since the Inventory was published.

- Although the overall occupancy rate was below the standard, the occupancy rate for Medicare beds was lower still. According to the Inventory, the Medicare occupancy rate was less than 25%. Considering that Medicare days can be used as a proxy for sub-acute days (which the Inventory does not break out), it is absolutely clear there is more than adequate capacity in the planning area to handle high-acuity residents well beyond the foreseeable future.

3. The applicant has not demonstrated any ability to achieve and maintain required occupancy levels.

- The application for permit did not include documented, certified referrals from a hospital as required by the Board's rules. Further, the applicant did not provide this information when specifically requested to do so by agency staff.
- The applicant has clearly stated only high-acuity residents will be admitted to the proposed facility. However, the Inventory data noted above indicate a very low percentage of high-acuity patient days in the planning area. These data most likely provide the reason for the fact the applicant has provided no documentation, factual or even anecdotal, to demonstrate that high-acuity patients have any difficulty accessing services in the planning area.
- The only conclusion that can be drawn from the above data is that the proposed project will be able to achieve and maintain occupancy only by capturing a high number of residents currently being cared for in existing facilities in the planning area and well beyond. The following illustrates this point:

Number of beds proposed:	120
Patient days (100%):	43,800
Patient days (90%):	39,420
Number of patients required to meet 90% occupancy with 30-day ALOS:	1,314
Total number of Medicare, Private Insurance and Private Pay residents In LTC PA 7-A in 2009	1,327

4. The application does not address the categories and numbers of staff required to provide the high-acuity level of care proposed, nor does it document how staff will be recruited and retained.

- The ability to attract highly-qualified, highly-trained staff in nursing homes is essential to the provision of quality care. This is especially true in sub-acute units. Not only is it necessary to provide health care professionals such as nurses and CNAs who are proficient and knowledgeable in the treatment of patients with neurological, orthopedic, cardiac, and other specialized needs on the unit; it is also necessary to have allied health professionals such as occupational therapists, physical therapists, and social workers as part of the coordinated treatment team.
- The applicant has not addressed the staffing plan for the proposed facility in any meaningful way, nor has the manner in which experienced staff will be recruited been addressed. Although arrangements with area schools are one way to train and recruit staff, it is not feasible to provide the type of services proposed with nothing but new graduates. Such a staffing scheme would result in substandard care for residents.

Lexington Health Network appreciates the opportunity to present these comments and respectfully requests the Board's consideration.