



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

MEMORANDUM

DATE: May 10, 2012

TO: Mike Constantino – Chief Program Review Section
Division of Health Systems Development

FROM: Dale Galassie
Illinois Health Facilities and Services Review Board

RE: Extension of Obligation – #11-006 – Transitional Care Center of Arlington Heights

This is to advise you that I have reviewed the above-captioned extension of obligation with the requirements in 77 Ill. Adm. Code 1130.730 and have determined the following:

- This application is in compliance with the requirements in 1130.730.
- This application is to be reviewed by the Health Facilities and Services Review Board.
- This application is DENIED effective _____ because it does NOT comply with the requirements specified in Ill. Adm. Code 1130.750.
- Other actions as follows:

Dale Galassie, Chairman
Illinois Health Facilities and Services Review Board

5-10-12

Date



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DOCKET ITEM: B-1	BOARD MEETING: June 5, 2012	PROJECT NUMBER: 11-006
PERMIT HOLDERS(S): Transitional Care Center of Arlington Heights, LLC Transitional Care Management		
FACILITY NAME and LOCATION: Transitional Care Center of Arlington Heights, Arlington Heights		

STATE AGENCY REPORT
OBLIGATION EXTENSION REQUEST

On June 28, 2011, the Health Facilities and Services Review Board approved Project #11-006. The permit authorized the establishment of a 120-bed skilled nursing facility in 71,600 GSF of space in Arlington Heights. The State Agency notes the project is not obligated, and the current project completion date is April 30, 2012. Project cost: \$22,275,873.

On March 12, 2012, the permit holders submitted a request to extend the obligation period. The State Agency notes the permit holders are requesting a 12-month extension to the current obligation period, from April 30, 2012 to April 30, 2013. This new obligation extension request accompanies a permit renewal request to extend the project completion date twenty-four months, from April 30, 2102, to April 30, 2014. The State Agency also notes both request were received at least 45 days prior to the permit expiration date (April 30, 2012).

I. The Obligation Extension Request

- A. Requested Obligation Date:** The permit holders are requesting a twelve month extension of the obligation date from April 30, 2012 to April 30, 2013.
- B. Status of the Project and Components Yet to be Finished:** The permit holders state the project is currently in the final steps of the design stage, with final approval from the Arlington Heights Zoning Department occurring on November 7, 2011. The permit holders note the project is 3% complete, with the following components requiring completion:



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- Final working drawings from the Architect
- Approval of final drawings by the Village of Arlington Heights
- Closing on project financing
- Selection of a General Contractor
- Construction, Licensing and Certification

C. **Reason(s) Why the Project Has Not Been Obligated:** According to the permit holders, the project has not been obligated due to the following issues:

- The permit holders state the project encountered an extensive effort and multiple meetings with the Arlington Heights Village Zoning Council to initially approve the facility design for said project. This, in turn, resulted in substantial delays in the schedule for obligating project #11-006.

D. **Evidence of Financial Commitment to Fund the Project:** The permit holders indicate \$649,770 (2.9%) of the total project cost has been expended to date. The project is proceeding with due diligence and within the established amount.

E. **Anticipated Final Cost of the Project:** The permit holders estimate the project will remain within the approved amount of \$22,275,873.

THE STATE AGENCY NOTES IT APPEARS THAT THE PERMIT HOLDERS HAVE SUBMITTED ALL OF THE INFORMATION SPECIFIED IN SECTION 1130.730 FOR AN OBLIGATION EXTENSION REQUEST.

II. **Background Information**

Original Permit Issuance Date:	June 28, 2011
Original Project Completion Date:	April 30, 2012
Extended Project Completion Date:	April 30, 2014 (24 months)
Original Permit Amount:	\$22,275,873
Project Obligation Date:	April 30, 2012
Proposed Project Obligation Date:	April 30, 2013
Proposed Final Project Costs:	\$22,275,873



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III. Applicable Rules for Obligation Extension Requests

77 Ill. Adm. Code 1130.720(a) and (d) states:

- a) Projects for construction, establishment or modification must be obligated no later than:
 - 1) 18 months for major construction projects; or
 - 2) 12 months for all projects that do not include major construction; or
 - 3) The HFPB completion date of the permit, if it occurs before the above-mentioned deadlines.

- d) The permit holder of a project that has a cost shall submit a notarized verification by an authorized representative that the project has been obligated on a stated date certain; that the financial resources to fund the project are available or otherwise committed; and that the project's cost, scope, design, square footage, number of beds or stations, etc. (as applicable) are in compliance with that which HFPB has approved. This submittal must be made within 30 days after obligation. Failure by the permit holder to report obligation in accordance with these provisions shall subject the permit holder to the sanctions and penalties provided by the Act and this Subpart.

77 Ill. Adm. Code 1130.730(a) states:

- a) HFPB may grant the permit holder a single extension of time to obligate the project. An extension shall be for a period of up to one year and shall commence on the previously defined obligation date.

77 Ill. Adm. Code 1130.730(b) (c) & (d) states:

- b) The permit holder shall submit a written request for extension, along with an application processing fee and shall provide the following documentation, as applicable:
 - 1) for major construction projects, evidence that final working drawings have been submitted to IDPH for review or, if IDPH review is not required, evidence that final working drawings have been completed;



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- 2) for projects that are solely for the acquisition of major medical equipment, evidence that suppliers have been solicited and cost estimates received;
 - 3) for projects that are solely for the provision of new services, verification by the permit holder's authorized representative that necessary staff has been recruited or that an application for reimbursement, recognition, or Medicare and/or Medicaid certification has been sought from third party payors or certification agencies;
 - 4) Confirmatory evidence that financial resources are available to complete the project.
- c) A request for extension must be in writing and received by HFPB at least 45 days prior to the permit expiration date. A request for extension shall be assessed a \$500 application processing fee and is subject to the requirements of Section 1130.230. A request for extension that is not received at least 45 days prior to the permit expiration date shall be subject to an additional \$500 late application processing fee. If payment has not been received within 30 days after receipt of written notice for payment, the request for extension shall be considered withdrawn.
- d) IDPH shall review the request for extension and prepare a report of its findings. If the findings are that the request is in conformance with all HFPB criteria, IDPH's findings and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFPB, shall approve or deny the request, or refer the request to HFPB for action. If IDPH finds that all criteria are not positive or if the Chairman refers this to HFPB for action, then the matter shall be sent by IDPH to HFPB and HFPB shall evaluate the information submitted in making its determination whether to grant the extension. Projects that continue to comply with the provisions of 77 Ill. Adm. Code 1110 and 1120 and that have shown good cause by submitting the required information for an extension request specified in subsection (b) of this Section, and for which the causes for delays are beyond the permit holder's control, shall be approved for extension. Denial by HFPB of an



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extension request shall constitute the final HFPB decision and is not subject to administrative appeal.

IV. Other Information

Appended to this report are the following:

- The permit holders' documents for a permit renewal/obligation extension.
- A detailed explanation of the project's financing.
- A copy of the original State Agency Report.



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DOCKET NO: H-9	BOARD MEETING: June 28, 2011	PROJECT NO: 11-006	PROJECT COST: Original: \$22,275,873
FACILITY NAME: Transitional Care Center of Arlington Heights		CITY: Arlington Heights	
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: The applicants (Transitional Care Center of Arlington Heights, LLC, and Transitional Care Management) are proposing to construct and operate a short-term 120 bed skilled rehabilitation and nursing facility in Arlington Heights. The cost associated with this project is \$22,275,873.