

August 16, 2012

Michael S. Eesley
Chief Executive Officer

Dale Galassie, Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson St, 2nd Floor
Springfield, IL 62761

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: ManorCare Health Services of Crystal Lake (Project No. 12-039)

Dear Chairman Galassie:

In connection with the above project we received a letter earlier this year from Mr. Donald Reppy of HCR ManorCare informing us that they were in the process of preparing a Certificate of Need application to develop a skilled nursing facility in Crystal Lake. Mr. Reppy requested a meeting with representatives from Centegra Health System to discuss these plans and Certificate of Need requirements.

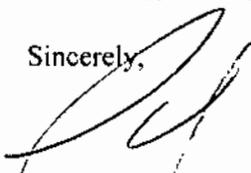
In response to Mr. Reppy's request, representatives from Centegra Health System met with Victoria Strom from HCR ManorCare on June 19, 2012 to discuss the plans for their proposed 130-bed post acute skilled nursing center. Centegra's representatives mentioned to Ms. Strom that Centegra refers to and works with many of the long-term care facilities in the area, and would expect to develop relationships with any new providers that enter our service area in the future, as well as continue to work with existing providers. We subsequently received a request from an attorney for HCR ManorCare on August 2, 2012 for information relating to our patient referrals.

It is difficult to project patient referrals to any new facility two to three years in advance. This is particularly true in light of the fact that each patient's choice and payor status, and the availability of beds in the community where the patient resides, will be guiding factors in determining a patient's nursing home admission. Below are the *historical* referrals from our organization to existing skilled nursing units for the twelve month period ending June 30, 2012:

Facility	Total Patients Discharged to LTC Facilities
Centegra Hospital – McHenry	1,515
Centegra Hospital – Woodstock	1,115

Centegra is supportive of the development of new health care services in McHenry County where a demonstrated need exists, and we are aware that the State's bed need methodology currently shows a projected need for 469 additional long-term care beds in McHenry County. We would anticipate that in the future our organization will continue to refer patients to LTC providers in the area and, as noted above, we would expect to develop relationships with any new facilities established in the area. However, as noted above, we are unable to quantify those referrals with respect to the future establishment of a new facility.

Sincerely,



Michael S. Eesley
Chief Executive Officer
Centegra Health System

cc: Ms. Courtney Avery, Administrator, Illinois Health Facilities and Services Review Board
Mr. Donald Reppy, Director of Health Planning, HCR ManorCare, Inc.