



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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|   |                                       |                              |  |
|---|---------------------------------------|------------------------------|--|
| <b>DOCKET NO:</b><br>H-06                                     | <b>BOARD MEETING:</b><br>June 2, 2015 | <b>PROJECT NO:</b><br>15-008 | <b>PROJECT COST:</b><br>Original: \$10,270,327 |
| <b>FACILITY NAME:</b><br>Applewood Rehabilitation Center, LLC |                                       | <b>CITY:</b><br>Matteson     |  |
| <b>TYPE OF PROJECT:</b> Substantive                           |                                       |                              | <b>HSA:</b> VII                                |

**PROJECT DESCRIPTION:** The applicants are (Applewood Property, LLC (Property/Owner) and Applewood Rehabilitation Center, LLC (Operator/Licensee)) proposing the renovation of Applewood Rehabilitation Center to include the modernization of the existing 115 licensed nursing care bed facility and the addition of 39 nursing care beds located at 21020 Kostner Avenue, in Matteson, Illinois. At the conclusion of the project the applicants will have 154 long term care beds. The total project cost is \$10,270,327. **The anticipated completion date is December 31, 2017.**

## EXECUTIVE SUMMARY

### DESCRIPTION:

- The applicants are (Applewood Property, LLC (Property/Owner) and Applewood Rehabilitation Center, LLC (Operator/Licensee)) proposing the renovation of Applewood Rehabilitation Center to include the modernization of the existing 115 licensed nursing care bed facility and the addition of 39 nursing care beds located at 21020 Kostner Avenue, in Matteson, Illinois. At the conclusion of the project the applicants will have 154 long term care beds. The total project cost is \$10,270,327. **The anticipated completion date is December 31, 2017.**

### WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The applicants are proposing to add in excess of the lesser of 10% or 20 beds and the proposed project is in excess of the capital expenditure minimum of \$7,161,646.

### PURPOSE OF THE PROJECT:

- The purpose of the project is to modernize the existing 115 long term care beds and add 39 private bed rooms to reduce the high utilization at the facility.

### PUBLIC COMMENT:

- An opportunity of a public hearing was provided however no hearing was requested. No letters of support or opposition were received by the State Board Staff.

### SUMMARY:

- For the modernization and the expansion of an existing facility the State Board requires the applicants to provide documentation that the facility will provide care to residents of the planning area, there is demand for the nursing care service in the planning area, the proposed expansion will improve access, and the proposed expansion will not result in an unnecessary duplication or mal-distribution of service or will have an impact on other long term care facilities in the planning area.
- The applicants have averaged 89% occupancy over the past 3 years (CY 2011-2013). **Medicaid residents** accounted for 76% of the patient days over these three years. Further, Medicare patients accounted for **15% of the patient days** over this same three year period. The facility has a two-star rating from the Medicare Nursing Home website: <http://www.medicare.gov/nursinghomecompare/search.html>. However the facility has not received any fines or payment denials from Medicare over the past 3 years.
- The applicants have provided care to residents in the planning area and there appears to be sufficient demand for the additional beds, based upon the historical utilization of the facility. It does appear that access will be improved with the expansion based on the large number of Medicaid days currently being provided at the facility. In addition the proposed expansion does not appear to be an unnecessary duplication or maldistribution of service because of the high utilization at the facility. Nor does it appear that other facilities will be impacted by the proposed project. **However the proposed additional beds will be in private rooms**

- However the State Board Staff is concerned with the financing of the project. The loan of \$9 million is a five year construction loan and not permanent financing. There was nothing in the application material that indicated that long term financing had been secured. The cash portion of the financing will be from current operations. The applicants have provided unaudited financial information for the licensee operating entity and no financial statements for the owner of the property. The unaudited financial statements indicate the facility is profitable and has averaged approximately \$400,000 annually in net income (unaudited) from CY 2011-CY2013. However there was no information provided by the applicants of the amount of free cash flow that would be used to finance the cash portion of the project.

| <b>State Board Standards Not Met</b> |  |
|--------------------------------------|--|
| <b>Criteria</b>                      | <b>Reasons for Non-Compliance</b>  |
| 1125.800 – Availability of Funds     | The mortgage loan is not permanent financing (construction loan), and it is unclear if the non permanent financing will be secured from the materials provided by the applicants. Further it is unclear if sufficient cash is available. |

**STATE BOARD STAFF REPORT**  
**Applewood Rehabilitation Center, LLC**  
**Project #15-008**

| <b>APPLICATION SUMMARY/CHRONOLOGY</b>            |   |
|--|---|
| Applicants(s)                                    | Applewood Property, LLC and Applewood Rehabilitation Center, LLC. |
| Facility Name                                    | Applewood Rehabilitation Center, LLC                              |
| Location   | 21020 Kostner Avenue, Matteson, Illinois                          |
| Permit Holder                                    | Applewood Rehabilitation Center, LLC                              |
| Operating Entity                                 | Applewood Rehabilitation Center, LLC                              |
| Owner of the Site                                | Applewood Property, LLC   |
| Application Received                             | February 9, 2015  |
| Application Deemed Complete                      | February 10, 2015   |
| Can applicants request a deferral?               | Yes   |
| Review Period Extended by the State Board Staff? | No  |

**I. Project Description**

The applicants are (Applewood Property, LLC (Property/Owner) and Applewood Rehabilitation Center, LLC (Operator/Licensee)) proposing the renovation of Applewood Rehabilitation Center to include modernization of the existing 115 licensed nursing bed facility and the addition of 39 nursing care beds located at 21020 Kostner Avenue, in Matteson, Illinois. At the conclusion of the project the applicants will have 154 long term care beds. The total project cost is \$10,270,327. **The anticipated completion date is December 31, 2017.**

**II. State Board Findings**

- A. The State Board Staff finds the proposed project is in conformance with Part 1125.
- B. The State Board Staff finds the proposed project is in conformance with Part 1125.800.

**III. General Information**

The applicants are Applewood Property, LLC and Applewood Rehabilitation Center, LLC. The owner of the site is Applewood Property, LLC and the operating entity licensee is Applewood Rehabilitation Center, LLC. The facility is located at 21020 Kostner Avenue, Matteson, Illinois in the long term care planning area 7-E. The operating entity licensee is Applewood Rehabilitation Center, LLC and the owner of the site is Applewood Property, LLC. Project obligation will occur after permit issuance. This project is a substantive project subject to Part 1125 and 1125.800 review.

**IV. Health Planning Area 7-E**

There is a calculated excess of 879 long term care beds in the 7-E long term care planning area. Long term care planning area 7-E consists of the Cook County Townships of Lyons, Lemont, Palos, Orland, Stickney, Worth, Calumet, Bremen, Thornton, Rich and Bloom. In 2013 there were 57 long term care facilities in this long term care planning area with 9,007 licensed nursing care beds. At the conclusion of this report is a listing of facilities in the 7-E long term care planning area.

| <b>TABLE ONE</b><br><b>Summary of 7-E Planning Area CY 2013 <sup>(1)</sup></b> |                  |                |             |             |                |                        |                           |
|--|------------------|----------------|-------------|-------------|----------------|------------------------|---------------------------|
| Licensed Beds  | Peak Beds Set-Up | Peak Beds Used | Beds Set-up | Beds In Use | Available Beds | Licensed Bed Occupancy | Peak Bed Set-Up Occupancy |
| 9,007  | 8,686            | 7,881          | 8,602       | 7,147       | 1,860          | 79.00%                 | 81.90%                    |
| 1. Information taken from Long term care 2013 Annual Questionnaire             |                  |                |             |             |                |                        |                           |

**V. Project Details**

The applicants, Applewood Property, LLC (Owner) and Applewood Rehabilitation Center, LLC (Operator/Licensee) together are proposing the renovation of Applewood Rehabilitation Center to include the modernization of the existing 115 licensed nursing bed facility and the addition of 39 additional nursing care beds located at 21020 Kostner Avenue, Matteson, in Health Planning Area 7E. If the project is approved the total licensed nursing care beds will be 154 beds in a total of 67,853 gsf comprised in a single story structure with a partial basement. There are 39,141 gsf of existing space (28,905 gsf renovated, 9,722 gsf as is, and 514 gsf vacated) and 29,226 gsf of newly constructed space. The total project cost is estimated to be \$10,270,327 of which will be funded with \$1,270,327 of cash and the balance of \$9,000,000 will be financed through a mortgage.

**VI. Project Costs and Sources of Funds**

The applicants are funding this project with cash of \$1,270,327 and a mortgage of \$9,000,000.

| <b>TABLE TWO</b>   |                    |                    |                     |
|--|--------------------|--------------------|---------------------|
| <b>Project Costs and Sources of Funds</b>                  |                    |                    |                     |
| <b>USE OF FUNDS</b>  | <b>Clinical</b>    | <b>Nonclinical</b> | <b>Total</b>        |
| Site Survey and Soil Investigation                         | \$10,541           | \$6,959            | \$17,500            |
| Site Preparation   | \$60,233           | \$39,767           | \$100,000           |
| Off Site Work  | \$14,701           | \$9,706            | \$24,407            |
| New Construction Contracts                                 | \$3,872,446        | \$2,556,648        | \$6,429,094         |
| Modernization Contracts                                    | \$1,087,093        | \$717,716          | \$1,804,809         |
| Contingencies  | \$128,773          | \$85,018           | \$213,791           |
| Architectural/Engineering Fees                             | \$402,153          | \$265,507          | \$667,660           |
| Consulting and Other Fees                                  | \$48,187           | \$31,813           | \$80,000            |
| Movable or Other Equipment (not in construction contracts) |                    |                    |                     |
| Bond Issuance Expense (project related)                    | \$51,509           | \$34,007           | \$85,516            |
| Other Costs To Be Capitalized                              | \$510,506          | \$337,044          | \$847,550           |
| <b>TOTAL USES OF FUNDS</b>                                 | <b>\$6,186,142</b> | <b>\$4,084,185</b> | <b>\$10,270,327</b> |
| <b>SOURCE OF FUNDS</b>                                     | <b>Clinical</b>    | <b>Nonclinical</b> | <b>Total</b>        |
| Cash and Securities  |                    |                    |                     |
| Pledges  | \$765,158          | \$505,169          | \$1,270,327         |
| Mortgages  | \$5,420,984        | \$3,579,016        | \$9,000,000         |
| <b>TOTAL SOURCES OF FUNDS</b>                              | <b>\$6,186,142</b> | <b>\$4,084,185</b> | <b>\$10,270,327</b> |

**VII. Costs Space Requirements**

The applicants are proposing 40,870 gsf of clinical space and 26,983 gsf of non-clinical space. Only the clinical space is being reviewed as per 20 ILCS 3960.

| <b>TABLE THREE</b>              |                    |                          |                 |  |                   |              |                      |
|---------------------------------|--------------------|--------------------------|-----------------|--|-------------------|--------------|----------------------|
| <b>Costs Space Requirements</b> |                    |                          |                 |  |                   |              |                      |
| <b>Dept. / Area</b>             | <b>Cost</b>        | <b>Gross Square Feet</b> |                 | <b>Amount of Proposed Total Gross Square Feet That Is:</b> |                   |              |                      |
|                                 |                    | <b>Existing</b>          | <b>Proposed</b> | <b>New Const.</b>  | <b>Modernized</b> | <b>As Is</b> | <b>Vacated Space</b> |
| <b>CLINICAL</b>                 |                    |                          |                 |  |                   |              |                      |
| New Resident Rooms and Bathroom | \$1,628,649        | 376                      | 10,760          | 10,384   | 376               |              |                      |
| Existing Rooms                  | \$2,136,618        | 14,116                   | 14,116          |  | 14,116            |              |                      |
| Existing Room Closet            | \$161,805          | 1,069                    | 1,069           |  |                   | 1,069        |                      |
| Nursing Support                 | \$84,006           | 555                      | 555             |  | 555               |              |                      |
| Utility Support                 | \$114,278          | 755                      | 755             |  |                   | 755          |                      |
| Living Dining Activity          | \$1,059,681        | 3,544                    | 7,001           | 3,717  | 3,284             |              |                      |
| PT/OT                           | \$407,616          |                          | 2,693           | 2,693  |                   |              |                      |
| Shower rooms Toilet             | \$129,111          | 853                      | 853             |  | 183               | 670          | 260                  |
| Exam Dr. Lounge                 | \$43,592           | 288                      | 288             |  | 288               |              |                      |
| Food Service                    | \$264,428          |                          | 1,747           | 1,747  |                   |              |                      |
| Laundry Service                 | \$89,606           | 592                      | 592             |  | 592               |              |                      |
| Beauty Parlor                   | \$66,750           | 441                      | 441             |  | 441               |              |                      |
| <b>Total</b>                    | <b>\$6,186,140</b> | <b>22,589</b>            | <b>40,870</b>   | <b>18,541</b>  | <b>19,835</b>     | <b>2,494</b> | <b>260</b>           |
| <b>NON CLINICAL</b>             |                    |                          |                 |  |                   |              |                      |
| Office Administration           | \$485,567          | 1,326                    | 3,208           | 2,035  | 1,173             |              | 153                  |
| Commons                         | \$153,935          |                          | 1,017           | 1,017  |                   |              |                      |
| Canopies                        | \$256,104          |                          | 1,692           | 1,692  |                   |              |                      |
| Electrical Room                 | \$91,574           | 504                      | 605             | 101  | 128               | 376          |                      |
| Mechanical/Trash                | \$103,531          |                          | 684             | 684  |                   |              |                      |
| Maintenance                     | \$81,735           | 540                      | 540             |  |                   | 540          |                      |
| Building Support                | \$1,365,280        | 3,864                    | 9,020           | 5,156  | 319               | 3,545        |                      |
| Building Storage                | \$344,499          | 2,276                    | 2,276           |  |                   | 2,276        |                      |
| Existing Corridor/Vestibule     | \$1,201,961        | 8,042                    | 7,941           |  | 7,450             | 491          | 101                  |
| <b>Total</b>                    | <b>\$4,084,186</b> | <b>16,552</b>            | <b>26,983</b>   | <b>10,685</b>  | <b>9,070</b>      | <b>7,228</b> | <b>254</b>           |

**VIII. Section 1125.320 and 1125.330 - Purpose and Alternatives**

**A) Criterion 1125.320 – Purpose of the Project**

**The applicants shall document the purpose of the project.**

The applicants are proposing this project to provide for private rooms at the existing facility. The facility currently has 115 long term care beds with 1 private room. In addition this modernization and expansion is to address the high utilization of the facility, meet current standard of care, and update a 50 year old facility.

**B) Criterion 1125.330 - Alternatives to the Proposed Project**

The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the LTC needs of the population to be served by the project.

**1. Project of Lesser Scope**

The applicants rejected the alternative of modernizing the existing facility because it would not meet the need for private rooms and would not meet current standards of care. The anticipated cost of the modernization only is \$2,075,530.

**2. Total Replacement of the facility**

The applicants rejected this because it would be too costly approximately \$15,248,310.

**3. Joint Venture**

This alternative was not considered.

**IX. Section 1125.520 - Planning Area Need**

**A) Criterion 1125.520 (b) (1) (3) - Background of Applicant**

**An applicant must demonstrate that it is fit, willing and able, and *has the qualifications, background and character, to adequately provide a proper standard of LTC service for the community***

The applicants are Applewood Property, LLC and Applewood Rehabilitation Center, LLC. The applicants identified all members of the licensee/operating entity that own 5% or more of the limited liability company as required and identified the related entities. See below.

|                                   |               |
|-----------------------------------|---------------|
| Atied Associates, LLC             | 30.60%        |
| Barrish Bryan trust dtd 9/1/04    | 11.35%        |
| Barrish Group Limited Partnership | 11.35%        |
| Gesualdo Ralph                    | 11.35%        |
| Ralph Gesualdo Childrens Trust    | <u>11.35%</u> |
| Total                             | 76.00%        |

|                                 |                       |                        |                        |
|---------------------------------|-----------------------|------------------------|------------------------|
| <b>The related entities are</b> | <b><u>Barrish</u></b> | <b><u>Gesualdo</u></b> | <b><u>Giannini</u></b> |
| Albany Care, Inc.               | 7.314%                |                        | 7.314%                 |

|  |         |         |         |
|--|---------|---------|---------|
| Bryn Mawr Care, Inc.                       | 13.506% |         |         |
| Columbus Park Nursing & Rehab Center, Inc. | 7.193%  |         | 6.604%  |
| Decatur Manor Healthcare, LLC              | 8.799%  | 8.799%  |         |
| Elmwood Care, Inc                          | 14.250% |         | 11.574% |
| Generations HCN at Oakton Pavillion, LLC   | 16.375% | 8.188%  |         |
| Greenwood Care, Inc.                       | 15.517% |         |         |
| Neighbors Rehabilitation Center, LLC       | 12.748% | 12.748% | 10.786% |
| Regency Rehabilitation Center, LLC         | 12.153% | 12.153% | 10.417% |
| Rock Island Nursing & Rehab Center, LLC    | 9.479%  | 9.479%  |         |
| Wilson Care, Inc.                          | 11.111% |         |         |

The applicants have provided the necessary information to be in compliance with Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas and with the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1) that no historic, architectural or archeological sites exist within the project area. The applicants have attested that no adverse actions have occurred within the past three years of filing of this application for permit for Applewood Rehabilitation Center, LLC and related facilities.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION BACKGROUND OF APPLICANT (77 IAC 1125.520 (b) (1) (3))**

**B) Criterion 1125.530 (b) - Service to Planning Area Residents**

**Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary LTC to the residents of the area in which the proposed project will be physically located.**

The applicants have stated their primary service area as 30 minutes in all directions. The applicants have provided resident/patient origin information for all admissions for the last 12-month period, that verified that at least 50% of admissions were residents of the area.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION SERVICE TO PLANNING AREA RESIDENTS (77 IAC 1125.530 (b))**

**C) Criterion 1125.550 – Service Demand**

**The number of beds to be added at an existing facility is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service.**

The applicants over the past three years have averaged 89% occupancy for their current 115 bed facility. Seventy-six percent of the applicants' patient days over the past three years have been Medicaid days and 14% have been Medicare days. In addition the applicants were unable to provide a bed to 45 individuals that were referred to the facility over the past 12 months because there was no bed. The applicants also provided referral letter from the following:

|                                  |                             |
|----------------------------------|-----------------------------|
| Advocate South Suburban Hospital | 50 patients annually        |
| Franciscan Physician Network     | 100 patients annually       |
| Franciscan Saint James Health    | 111 patients annually       |
| MetroSouth Medical Center        | <u>24 patients annually</u> |
| Total                            | 285 annually                |

It would appear that there is sufficient demand for the additional 39 beds.

| Calendar Year | Medicare      | Medicaid      | Other Public | Private Insurance | Private Pay  | Charity Care | Total   | Bed Utilization |
|---------------|---------------|---------------|--------------|-------------------|--------------|--------------|---------|-----------------|
| 2011          | 6,100         | 26,642        | 1,927        | 309               | 2,669        | 0            | 37,647  | 89.69%          |
| 2012          | 5,060         | 27,834        | 0            | 615               | 3,151        | 0            | 36,660  | 87.34%          |
| 2013          | 4,887         | 29,995        | 0            | 492               | 2,130        | 0            | 37,504  | 89.35%          |
| Total         | 16,047        | 84,471        | 1,927        | 1,416             | 7,950        | 0            | 111,811 | 88.79%          |
|               | <b>14.35%</b> | <b>75.55%</b> | <b>1.72%</b> | <b>1.27%</b>      | <b>7.11%</b> |              |         |                 |

**THE STATE BOARD STAFF FINDS THE PROPOSE PROJECT IN CONFORMANC WITH CRITERION SERVICE DEMAND (77 IAC 1125.550)**

**D) Criterion 1125.590 - Staffing Availability**

**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 facility is currently certified for Medicare and Medicaid; therefore the State Board is relying on that certification that appropriate staff will be hired and maintained to meet Medicare and Medicaid standards.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION STAFFING AVAILABILITY (77 IAC 1125.590)**

**E) Criterion 1125. 600 - Bed Capacity**

**The maximum bed capacity of a general LTC facility is 250 beds, unless the applicant documents that a larger facility would provide personalization of patient/resident care and documents provision of quality care based on the experience of the applicant and compliance with IDPH's licensure standards (77 Ill. Adm. Code: Chapter I, Subchapter c (Long-Term Care Facilities)) over a two-year period.**

The applicants are proposing a 154 bed facility; which is less than the maximum capacity of 250 beds.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION BED CAPACITY (77 IAC 1125.600)**

**F) Criterion 1125.620 Project Size**

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

Upon project completion, Applewood Rehabilitation Center will comprise 67,853 gross square feet of space for 154 nursing care beds. This equates to 440.60 gsf per bed upon project completion. It should be noted that the proposed project is in compliance with this criterion as the full bed compliment is within the range limit of 435-713 gross square feet per bed.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION PROJECT SIZE (77 IAC 1125.620)**

**G) Criterion 1125.640 - Assurances**

**The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in Section 1125.210(c) for each category of service involved in the proposal.**

*Dianne O'Connor Facility Administrator stated "this is to certify that Applewood Rehabilitation Center understands and intends to maintain capacity of newly constructed unit at an in house annual bed census of 90% or greater by the second year of operation after the project completion. The facility will provide sorely needed private rooms within this unit which are currently often requested by consumers but that the facility is currently unable to provide. In addition, the proposed therapy gym will be of an adequate size to allow facility to provide additional equipment needed by therapists to properly treat a variety of diagnosed conditions thus allowing facility to accept a wider range of potential consumers."*

**H) Criterion 1125.650 – Modernization**

**If the project involves modernization of a category of LTC bed service, the applicant shall document that the bed areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized.**

*The applicants stated the following: "More specifically, Applewood Rehabilitation Center is currently less able to attract and accommodate many potential residents due to the following issues: The number of residents requiring isolation has risen due partly to the increased infection screenings done at hospitals. This facility consists of all but one two-bed rooms with a connecting bathroom. Should a resident require strict isolation, two two-bed rooms are often utilized to accommodate just one resident due to the fact that an isolated resident must have a private bathroom that cannot be shared with any other resident. Additionally, potential residents are demanding private rooms with private bathrooms. Many potential admissions are not interested in recuperating in a semiprivate room and sharing a toilet with up to three other patients. The facility also lacks the space to provide a state of the art therapy gym and equipment as well as other therapy related lab-areas such as a home type bedroom, kitchen, and laundry room.*

*These areas are needed by professional therapists to work with patients in a home-like environment in order to prepare them for their return to the community. Finally, the building, although clean and well maintained, is lacking in the updates aesthetics that both families and residents desire. Collectively, for the aforementioned issues the modernization is being proposed.*

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION MODERNIZATION (77 IAC 1125.650)**

**FINANCIAL**

**A. Criterion 1125.800 – Availability of Funds**

The applicants are funding this project with cash of \$1,270,327 and a mortgage of \$9,000,000. The cash and securities that will be used to fund the project are coming out of the facility's existing cash and the cash generated through ongoing operations. The mortgage will be a construction loan for 18 months and min-perm mortgage for 42 months. The total term of the loan is 60 months. Monthly payments are estimated to be \$16,000 per month.

| <b>TABLE FIVE</b>                           |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| <b>Applewood Rehabilitation Center, LLC</b> |                     |                     |                     |
| <b>Financial Statements</b>                 |                     |                     |                     |
| <b>Assets</b>                               |                     | <b>Review</b>       | <b>Review</b>       |
| <b>Current assets:</b>                      | <b>2013</b>         | <b>2012</b>         | <b>2011</b>         |
| Cash  | 51,340.00           | 8,900.00            | 48,412.00           |
| Accounts receivable                         | 1,419,847.00        | 2,108,292.00        | 3,393,070.00        |
| Pre-paid expenses                           | 25,976.00           | 40,515.00           | 33,669.00           |
| <b>Total current assets</b>                 | <b>1,497,163.00</b> | <b>2,187,707.00</b> | 3,475,151.00        |
|   |                     |                     |                     |
| <b>Fixed assets:</b>                        | <b>2007</b>         | <b>2008</b>         | 2008                |
| Property and equipment                      | 470,049.00          | 333,882.00          | 255,035.00          |
| Less accumulated depreciation               | (55,780.00)         | (25,211.00)         | (6,558.00)          |
| <b>Total fixed assets</b>                   | <b>414,269.00</b>   | <b>308,671.00</b>   | 248,477.00          |
|   |                     |                     |                     |
| <b>Other assets:</b>                        | <b>2013</b>         | <b>2012</b>         | 2011                |
| Other                                       | 815,180.00          | 624,352.00          | 620,083.00          |
| <b>Total other assets</b>                   | <b>815,180.00</b>   | <b>624,352.00</b>   | 624,352.00          |
|   |                     |                     |                     |
| <b>Total assets</b>                         | <b>2,726,612.00</b> | <b>3,120,730.00</b> | <b>4,343,711.00</b> |
|   |                     |                     |                     |
| <b>Liabilities and owner's equity</b>       |                     |                     |                     |
| <b>Current liabilities:</b>                 | <b>2013</b>         | <b>2012</b>         | 2011                |
| Accounts payable                            | 157,063.00          | 191,818.00          | 247,839.00          |
| Accrued liabilities                         | 351,317.00          | 937,888.00          | 678,760.00          |
| Line of Credit                              | -                   | -                   | 1,725,000.00        |
| Other                                       | 61,396.00           | 8,943.00            | 4,694.00            |
| <b>Total current liabilities</b>            | <b>569,976.00</b>   | <b>1,138,649.00</b> | 2,656,293.00        |

| <b>TABLE FIVE</b>                           |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| <b>Applewood Rehabilitation Center, LLC</b> |                     |                     |                     |
| <b>Financial Statements</b>                 |                     |                     |                     |
| <b>Assets</b>                               |                     | <b>Review</b>       | <b>Review</b>       |
|   |                     |                     |                     |
| <b>Owner's equity:</b>                      | <b>2013</b>         | <b>2012</b>         | 2011                |
| Investment capital                          | 1,270,000.00        | 1,707,419.00        | 1,230,000.00        |
| Accumulated retained earnings               | 886,636.00          | 274,662.00          | 457,418.00          |
| <b>Total owner's equity</b>                 | <b>2,156,636.00</b> | <b>1,982,081.00</b> | 1,687,418.00        |
|   |                     |                     |                     |
| <b>Total Liabilities Equity</b>             | <b>2,726,612.00</b> | <b>3,120,730.00</b> | <b>4,343,711.00</b> |
|   |                     |                     |                     |
|   | <b>2013</b>         | <b>2012</b>         | <b>2011</b>         |
| Resident Income                             | \$6,686,795.00      | \$6,748,197.00      | \$5,772,889.00      |
| Expenses                                    | \$6,354,427.00      | \$6,346,535.00      | \$5,315,471.00      |
| Net Income                                  | \$332,368.00        | \$401,662.00        | \$457,418.00        |

The mortgage as outlined above is not permanent financing and there was no indication in the information provided by the applicants that permanent financing has been obtained. There has been no commitment from Private Bank that the construction loan and min-perm financing has been approved.

The amount of cash for the project will come from cash from operations. To assess whether the applicants had sufficient cash the applicants provided 2 years of reviewed financial statements for Applewood Rehabilitation Center, LLC and 1 year of financial information that was not audited, reviewed or compiled by an outside auditor

The State Board Staff have reviewed the historical and projected financial data provided by the applicants and have concluded that it is unclear where the cash for this project will come from and the uncertainty with the mortgage financing.

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

**B. Criterion 1125.800 - Financial Viability**

The applicants are funding this project with cash of \$1,270,327 and a mortgage of \$9,000,000. The applicants do not meet the debt capitalization ratio for all years presented for Applewood Properties, LLC.

| <b>TABLE SIX</b>   |                 |             |             |             |             |
|--|-----------------|-------------|-------------|-------------|-------------|
| <b>Applewood Rehabilitation Center, LLC (operator/ licensee)</b> |                 |             |             |             |             |
|  | <b>State</b>    |             |             |             |             |
| <b>Ratios</b>  | <b>Standard</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2019</b> |
| Current Ratio  | >1.5            | 2.6         | 1.9         | 1.6         | 1.9         |
| Net Margin %   | 2.5%            | 24.80%      | 30.70%      | 41.70%      | 44.10%      |
| Debt Service Coverage  | >1.5            | 1274.5      | 0           | 86.6        | 339.2       |
| Debt Capitalization Ratio  | <80%            | 0           | 0           | 0           | 0           |
| Days Cash on Hand  | 45 days         | 136.7       | 68.6        | 98.9        | 81.5        |
| Cushion Ratio  | 3               | 28.6        | 14.3        | 21.5        | 25.6        |
| <b>Applewood Property, LLC (property owner)</b>                  |                 |             |             |             |             |
|  | <b>State</b>    |             |             |             |             |
|  | <b>Standard</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2019</b> |
| Current Ratio  | >1.5            | 8           | 9.3         | 9.8         | 6.4         |
| Net Margin %   | 2.5%            | 87.80%      | 89.30%      | 89.80%      | 67.70%      |
| Debt Service Coverage  | >1.5            | 18.1        | 44.6        | 46.7        | 2.1         |
| Debt Capitalization Ratio  | <80%            | 56.10%      | 53.20%      | 50.20%      | 75.30%      |
| Days Cash on Hand  | 45 days         | 314.3       | 630.5       | 954.1       | 572.5       |
| Cushion Ratio  | 3               | 8.9         | 39.4        | 63.1        | 2.1         |

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 IAC 1125.800)**

### **Economic Feasibility**

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

The applicants are funding this project with cash of \$1,270,327 and a mortgage of \$9,000,000. The cash and securities that will be used to fund the project are coming out of the facility's existing cash and the cash generated through ongoing operations. The mortgage will be a construction loan for 18 months and min-perm mortgage for 42 months. The total term of the loan is 60 months. Monthly payments are estimated to be \$16,000 per month. The mortgage as outlined above is not permanent financing and there was no indication in the information provided by the applicants that permanent financing has been secured.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 IAC 1125.800(a) (b))**

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

**Site Survey Soil Investigation and Site Preparation** – these costs are \$70,774 and are 1.39% of new construction, modernization and contingencies. This appears reasonable when compared to the State Board Standard of 5%.

**Off Site Work** – these costs are \$14,701. The State Board does not have a standard for these costs.

**New Construction and Contingencies** – these costs are \$3,972,889 or \$208.86. This appears reasonable when compared to the State Board Standard of \$254.36

**Modernization and Contingencies** – these costs are \$1,115,423 or \$56.23. These costs appear reasonable when compared to the State Board Standard of \$178.05.

**Contingency costs** – these costs are \$128,773 or 2.6% of new construction and modernization costs. This appears reasonable when compare to the State Board Standard of 10-15%.

**Architectural and Engineering Costs** are \$402,153. These costs are 7.9% of new construction modernization and contingency costs.

**Consulting costs** are \$48,187. The State Board does not have a standard for these costs.

**Interest Costs** during construction are \$51,509. The State Board does not have a standard for these costs.

**Other costs** to be capitalized – these costs are \$510,506. The State Board does not have a standard for these costs.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION PROJECT OPERATING COSTS (77 IAC 1125.800 (c))**

**D) Criterion 1125.800 (d) - Project Operating Costs**

**The projected operating cost per patient day is \$114.10 for CY 2019.**

|              |   |
|--------------|---|
| Salaries     | \$4,474,000   |
| Benefits     | \$ 912,000  |
| Supplies     | \$ 388,000  |
| Patient Days | (90% 50,589)  |
| Total        | Operating Cost/PT Day \$5,774,000/ 50,589<br>\$114.10 |

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION PROJECT OPERATING COSTS (77 IAC 1125.800 (d))**

**E) Criterion 1125.800 (e) - Total Project Capital Costs**

The capital costs per patient day is \$17.38 for CY 2019

|                             |              |
|-----------------------------|--------------|
| Depreciation Expense        | \$327000     |
| Interest Expense            | \$552,000    |
| PT Days                     | (90% 50,589) |
| Total/Operating Cost/PT Day | \$879,000    |
|                             | \$17.38      |

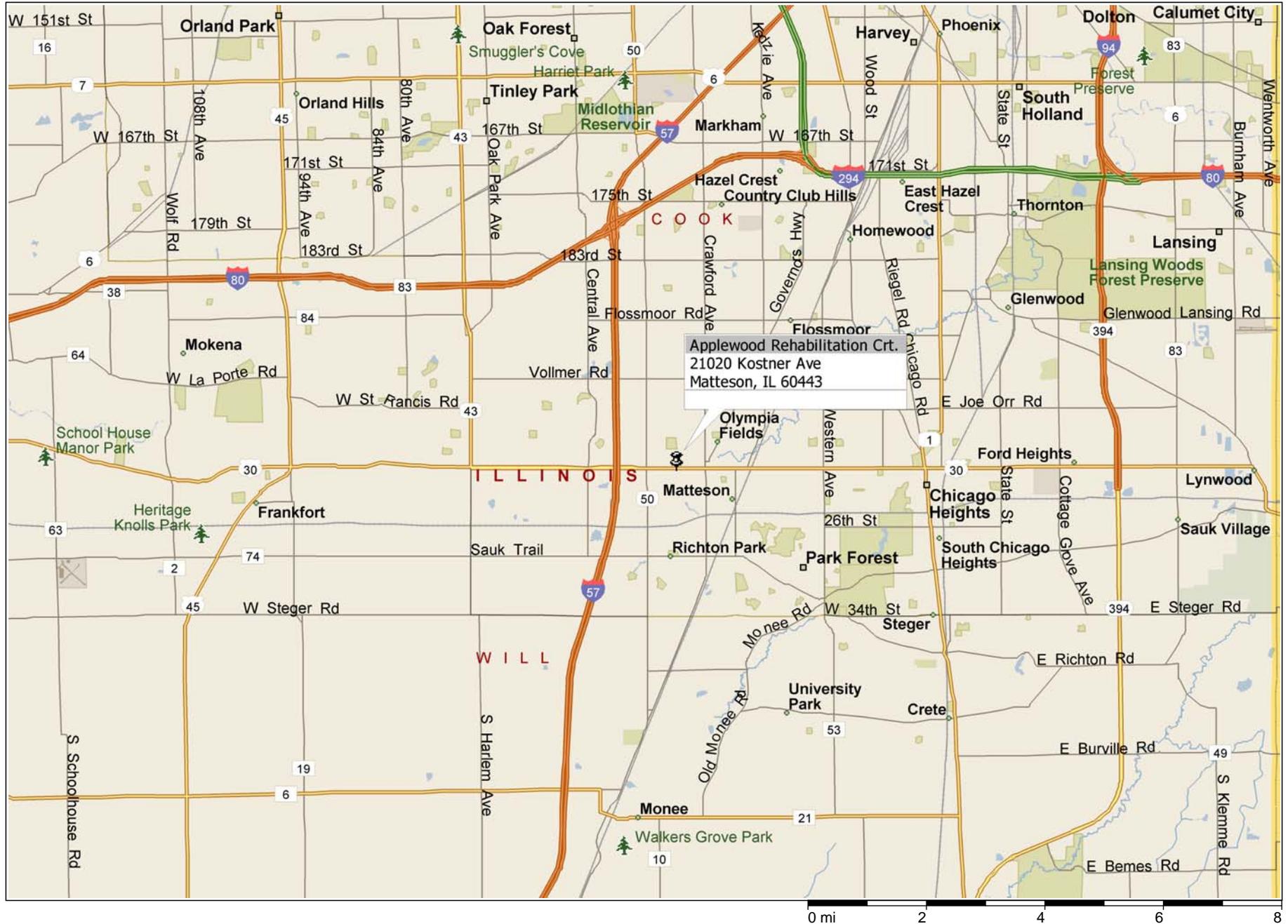
**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION TOTAL PROJECT CAPITAL COSTS (77 IAC 1125.800 (e))**

| Facility                                   | City             | Beds       | Medicare      | Medicaid      | Private Insurance | Private Payment | Charity      | Other Payment | Occupancy     |
|--|------------------|------------|---------------|---------------|-------------------|-----------------|--------------|---------------|---------------|
| Advocate South Suburban Hospital           | Hazel Crest      | 41         | 66.27%        | 0.00%         | 33.73%            | 0.00%           | 0.00%        | 0.00%         | 69.92%        |
| Alden Estates Of Orland Park               | Orland Park      | 200        | 61.69%        | 18.11%        | 4.95%             | 12.43%          | 0.00%        | 2.82%         | 71.39%        |
| <b>Applewood Nrsng. &amp; Rehab Center</b> | <b>Matteson</b>  | <b>115</b> | <b>13.01%</b> | <b>80.00%</b> | <b>1.31%</b>      | <b>5.68%</b>    | <b>0.00%</b> | <b>0.00%</b>  | <b>89.32%</b> |
| Brentwood Sub-Acute Hlth.-Care             | Burbank          | 163        | 59.94%        | 0.00%         | 32.52%            | 7.54%           | 0.00%        | 0.00%         | 57.52%        |
| Briar Place                                | Indian Head Park | 232        | 4.09%         | 90.53%        | 0.09%             | 1.20%           | 0.00%        | 4.09%         | 92.65%        |
| Bridgeview Health Care Center              | Bridgeview       | 146        | 13.02%        | 64.26%        | 0.00%             | 22.72%          | 0.00%        | 0.00%         | 79.62%        |
| Chicago Ridge Nursing Center               | Chicago Ridge    | 231        | 6.12%         | 84.90%        | 1.72%             | 4.72%           | 0.00%        | 2.54%         | 94.55%        |
| Concord Nursing & Rehab Center             | Oak Lawn         | 134        | 7.84%         | 71.79%        | 0.11%             | 5.72%           | 0.00%        | 14.53%        | 87.32%        |
| Countryside Nursing & Rehab Ctr            | Dolton           | 197        | 7.33%         | 90.80%        | 0.01%             | 1.53%           | 0.00%        | 0.33%         | 86.80%        |
| Crestwood Terrace Nursing Center           | Crestwood        | 126        | 0.00%         | 99.28%        | 0.00%             | 0.72%           | 0.00%        | 0.00%         | 92.83%        |
| Dolton Nursing & Rehabilitation            | Dolton           | 80         | 14.75%        | 82.30%        | 0.12%             | 2.82%           | 0.00%        | 0.00%         | 83.63%        |
| Evergreen Health Care Center               | Evergreen Park   | 242        | 40.18%        | 32.46%        | 22.00%            | 5.36%           | 0.00%        | 0.00%         | 51.78%        |
| Exceptional Health Care                    | Burbank          | 56         | 22.34%        | 68.96%        | 0.60%             | 8.09%           | 0.00%        | 0.00%         | 95.68%        |
| Franciscan Village                         | Lemont           | 127        | 24.88%        | 20.10%        | 0.77%             | 54.25%          | 0.00%        | 0.00%         | 84.24%        |
| Glenshire Nursing & Rehab Centre           | Richton Park     | 294        | 6.69%         | 87.58%        | 1.97%             | 1.37%           | 0.00%        | 2.38%         | 67.62%        |
| Glenwood Healthcare & Rehab                | Glenwood         | 184        | 9.53%         | 74.66%        | 0.00%             | 2.19%           | 0.00%        | 13.62%        | 75.22%        |
| Heather Health Care Center                 | Harvey           | 173        | 3.59%         | 91.73%        | 0.03%             | 0.80%           | 0.00%        | 3.84%         | 71.29%        |
| Hickory Nursing Pavilion                   | Hickory Hills    | 74         | 5.65%         | 94.32%        | 0.00%             | 0.02%           | 0.00%        | 0.00%         | 87.87%        |
| Holy Family Villa                          | Palos Park       | 99         | 8.38%         | 42.88%        | 0.16%             | 47.47%          | 1.10%        | 0.00%         | 94.89%        |
| King-Bruwaert House                        | Burr Ridge       | 49         | 0.00%         | 0.00%         | 0.00%             | 78.06%          | 21.94%       | 0.00%         | 83.71%        |
| Lemont Nursing & Rehab Center              | Lemont           | 158        | 35.56%        | 41.42%        | 1.26%             | 21.75%          | 0.00%        | 0.00%         | 89.19%        |
| Lexington Health Care Center               | Orland Park      | 278        | 21.67%        | 71.62%        | 3.21%             | 3.50%           | 0.00%        | 0.00%         | 80.93%        |
| Lexington Of Chicago Ridge                 | Chicago Ridge    | 203        | 20.22%        | 60.30%        | 12.98%            | 6.51%           | 0.00%        | 0.00%         | 85.51%        |
| Lexington Of Lagrange                      | Lagrange         | 120        | 60.19%        | 18.97%        | 11.53%            | 9.31%           | 0.00%        | 0.00%         | 79.95%        |
| Lydia Healthcare                           | Robbins          | 412        | 0.00%         | 54.53%        | 41.78%            | 0.55%           | 0.00%        | 3.15%         | 83.04%        |
| Manorcare Of Homewood                      | Homewood         | 132        | 37.95%        | 40.67%        | 7.61%             | 3.59%           | 0.02%        | 10.17%        | 84.56%        |
| Manorcare Of Oak Lawn East                 | Oak Lawn         | 122        | 45.54%        | 29.75%        | 19.15%            | 5.23%           | 0.06%        | 0.27%         | 87.06%        |
| Manorcare Of Oak Lawn West                 | Oak Lawn         | 192        | 39.22%        | 41.04%        | 7.96%             | 7.95%           | 0.16%        | 3.66%         | 71.43%        |
| Manorcare Of Palos Heights East            | Palos Heights    | 184        | 69.87%        | 15.29%        | 8.38%             | 6.37%           | 0.10%        | 0.00%         | 90.24%        |
| Manorcare Of Palos Heights West            | Palos Heights    | 130        | 53.61%        | 22.96%        | 6.08%             | 11.22%          | 0.19%        | 5.94%         | 87.68%        |
| Manorcare Of South Holland II, Llc         | South Holland    | 216        | 43.42%        | 34.13%        | 13.95%            | 4.95%           | 0.18%        | 3.38%         | 77.42%        |

| Facility                            | City                  | Beds | Medicare | Medicaid | Private Insurance | Private Payment | Charity | Other Payment | Occupancy |
|-------------------------------------|-----------------------|------|----------|----------|-------------------|-----------------|---------|---------------|-----------|
| Mcallister Nursing & Rehab          | Tinley Park           | 111  | 19.28%   | 69.93%   | 0.00%             | 10.79%          | 0.00%   | 0.00%         | 56.01%    |
| Meadowbrook Manor Lagrange          | Lagrange              | 197  | 9.41%    | 62.08%   | 1.14%             | 27.37%          | 0.00%   | 0.00%         | 65.89%    |
| Midway Neurological & Rehab Center  | Bridgeview            | 404  | 5.48%    | 92.51%   | 1.14%             | 0.86%           | 0.00%   | 0.00%         | 80.63%    |
| Oak Lawn Respiratory & Rehab Center | Oak Lawn              | 143  | 9.04%    | 90.37%   | 0.00%             | 0.59%           | 0.00%   | 0.00%         | 60.06%    |
| Palos Hills Healthcare              | Palos Hills           | 203  | 12.84%   | 78.19%   | 1.00%             | 7.97%           | 0.00%   | 0.00%         | 69.31%    |
| Park Villa Nursing & Rehab Center   | Palos Heights         | 101  | 48.48%   | 44.18%   | 3.76%             | 3.58%           | 0.00%   | 0.00%         | 70.15%    |
| Pershing Gardens Healthcare Center  | Stickney              | 51   | 15.65%   | 72.86%   | 2.13%             | 9.35%           | 0.00%   | 0.00%         | 74.85%    |
| Pine Crest Health Care              | Hazel Crest           | 199  | 5.46%    | 92.14%   | 0.05%             | 0.01%           | 0.00%   | 2.34%         | 84.56%    |
| Plaza Nursing & Rehab Center        | Midlothian            | 91   | 7.37%    | 92.15%   | 0.35%             | 0.13%           | 0.00%   | 0.00%         | 84.65%    |
| Plymouth Place                      | Lagrange Park         | 86   | 45.82%   | 0.00%    | 1.77%             | 52.41%          | 0.00%   | 0.00%         | 84.78%    |
| Prairie Manor Nursing & Rehab       | Chicago Heights       | 148  | 27.81%   | 60.60%   | 0.39%             | 11.21%          | 0.00%   | 0.00%         | 88.99%    |
| Providence Of Palos Heights         | Palos Heights         | 193  | 44.06%   | 24.43%   | 10.48%            | 21.03%          | 0.00%   | 0.00%         | 67.88%    |
| River Oaks Healthcare And Rehab     | Burnham               | 309  | 10.86%   | 88.90%   | 0.05%             | 0.18%           | 0.00%   | 0.00%         | 95.67%    |
| Riviera Care Center                 | Chicago Heights       | 200  | 0.00%    | 99.94%   | 0.06%             | 0.00%           | 0.00%   | 0.00%         | 96.77%    |
| Rosary Hill Home                    | Justice               | 29   | 0.00%    | 0.00%    | 0.00%             | 95.05%          | 4.95%   | 0.00%         | 100.00%   |
| South Suburban Rehab Center         | Homewood              | 259  | 12.15%   | 80.26%   | 0.42%             | 7.16%           | 0.00%   | 0.00%         | 65.85%    |
| Symphony Of Crestwood               | Crestwood             | 303  | 14.13%   | 65.22%   | 4.35%             | 15.97%          | 0.00%   | 0.33%         | 74.61%    |
| The Grove Of Lagrange Park          | Lagrange Park         | 131  | 18.82%   | 63.02%   | 5.99%             | 12.17%          | 0.00%   | 0.00%         | 86.01%    |
| The Villa At South Holland          | South Holland         | 171  | 51.94%   | 32.46%   | 4.67%             | 10.93%          | 0.00%   | 0.00%         | 45.67%    |
| Thornton Heights Terrace            | Chicago Heights       | 222  | 0.00%    | 99.82%   | 0.00%             | 0.18%           | 0.00%   | 0.00%         | 88.74%    |
| Tri-State Manor Nursing Home        | Lansing               | 84   | 20.67%   | 75.47%   | 0.71%             | 3.15%           | 0.00%   | 0.00%         | 90.34%    |
| Windmill Nursing Pavilion           | South Holland         | 150  | 10.07%   | 81.92%   | 0.00%             | 8.01%           | 0.00%   | 0.00%         | 64.04%    |
| Woodside Manor                      | South Chicago Heights | 112  | 10.22%   | 88.72%   | 0.26%             | 0.79%           | 0.00%   | 0.00%         | 95.78%    |

1. Information taken from 2013 IDPH Annual Long Term Care Profile Information

# 15-008 Applewood Rehabilitation Center



**APPLEWOOD NRSG & REHAB CENTER**21020 KOSTNER AVENUE  
MATTESON, IL. 60443Reference Numbers Facility ID 6000467  
Health Service Area 007 Planning Service Area 705**Administrator**  
Dianne O'Connor**Contact Person and Telephone**  
DIANNE O'CONNOR  
708-747-1300**Registered Agent Information**  
Sarah Barrish  
6840 N. Lincoln Ave  
Lincolnwood, IL 60712**Date Completed**  
4/1/2014**ADMISSION RESTRICTIONS**

|                                 |   |
|---------------------------------|---|
| Aggressive/Anti-Social          | 1 |
| Chronic Alcoholism              | 0 |
| Developmentally Disabled        | 1 |
| Drug Addiction                  | 1 |
| Medicaid Recipient              | 0 |
| Medicare Recipient              | 0 |
| Mental Illness                  | 0 |
| Non-Ambulatory                  | 0 |
| Non-Mobile                      | 0 |
| Public Aid Recipient            | 0 |
| Under 65 Years Old              | 0 |
| Unable to Self-Medicate         | 0 |
| Ventilator Dependent            | 1 |
| Infectious Disease w/ Isolation | 0 |
| Other Restrictions              | 0 |
| No Restrictions                 | 0 |

*Note: Reported restrictions denoted by '1'*

**RESIDENTS BY PRIMARY DIAGNOSIS**

|                                |    |
|--------------------------------|----|
| DIAGNOSIS                      |    |
| Neoplasms                      | 3  |
| Endocrine/Metabolic            | 2  |
| Blood Disorders                | 0  |
| *Nervous System Non Alzheimer  | 9  |
| Alzheimer Disease              | 2  |
| Mental Illness                 | 0  |
| Developmental Disability       | 0  |
| Circulatory System             | 67 |
| Respiratory System             | 6  |
| Digestive System               | 0  |
| Genitourinary System Disorders | 1  |
| Skin Disorders                 | 0  |
| Musculo-skeletal Disorders     | 5  |
| Injuries and Poisonings        | 1  |
| Other Medical Conditions       | 2  |
| Non-Medical Conditions         | 0  |
| TOTALS                         | 98 |

|                   |                     |
|-------------------|---------------------|
| <b>Building</b>   | <b>Reported Age</b> |
| <b>Building 1</b> | 0                   |
| <b>Building 2</b> | 0                   |
| <b>Building 3</b> | 0                   |
| <b>Building 4</b> | 0                   |
| <b>Building 5</b> | 0                   |

**ADMISSIONS AND DISCHARGES - 2013**

|                         |     |
|-------------------------|-----|
| Residents on 1/1/2013   | 103 |
| Total Admissions 2013   | 187 |
| Total Discharges 2013   | 192 |
| Residents on 12/31/2013 | 98  |

|   |    |
|---|----|
| <b>Total Residents Diagnosed as Mentally Ill</b>        | 53 |
| <b>Total Residents Reported as Identified Offenders</b> | 2  |

**LICENSED BEDS, BEDS IN USE, MEDICARE/MEDICAID CERTIFIED BEDS**

| LEVEL OF CARE    | LICENSED BEDS | PEAK BEDS SET-UP | PEAK BEDS USED | BEDS SET-UP | BEDS IN USE | AVAILABLE BEDS | MEDICARE CERTIFIED BEDS | MEDICAID CERTIFIED BEDS |
|------------------|---------------|------------------|----------------|-------------|-------------|----------------|-------------------------|-------------------------|
| Nursing Care     | 115           | 115              | 109            | 115         | 98          | 17             | 115                     | 115                     |
| Skilled Under 22 | 0             | 0                | 0              | 0           | 0           | 0              |                         | 0                       |
| Intermediate DD  | 0             | 0                | 0              | 0           | 0           | 0              |                         | 0                       |
| Sheltered Care   | 0             | 0                | 0              | 0           | 0           | 0              |                         |                         |
| TOTAL BEDS       | 115           | 115              | 109            | 115         | 98          | 17             | 115                     | 115                     |

**FACILITY UTILIZATION - 2013****PATIENT DAYS AND OCCUPANCY RATES BY LEVEL OF CARE PROVIDED AND PATIENT PAYMENT SOURCE**

| LEVEL OF CARE    | Medicare  |           | Medicaid  |           | Other Public | Private Insurance | Private Pay | Charity Care | TOTAL | Licensed Beds | Peak Beds |
|------------------|-----------|-----------|-----------|-----------|--------------|-------------------|-------------|--------------|-------|---------------|-----------|
|                  | Pat. days | Occ. Pct. | Pat. days | Occ. Pct. | Pat. days    | Pat. days         | Pat. days   | Pat. days    |       | Occ. Pct.     | Occ. Pct. |
| Nursing Care     | 4877      | 11.6%     | 29995     | 71.5%     | 0            | 492               | 2130        | 0            | 37494 | 89.3%         | 89.3%     |
| Skilled Under 22 |           |           | 0         | 0.0%      | 0            | 0                 | 0           | 0            | 0     | 0.0%          | 0.0%      |
| Intermediate DD  |           |           | 0         | 0.0%      | 0            | 0                 | 0           | 0            | 0     | 0.0%          | 0.0%      |
| Sheltered Care   |           |           |           |           | 0            | 0                 | 0           | 0            | 0     | 0.0%          | 0.0%      |
| TOTALS           | 4877      | 11.6%     | 29995     | 71.5%     | 0            | 492               | 2130        | 0            | 37494 | 89.3%         | 89.3%     |

**RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2013**

| AGE GROUPS | NURSING CARE |        | SKL UNDER 22 |        | INTERMED. DD |        | SHELTERED |        | TOTAL |        | GRAND TOTAL |
|------------|--------------|--------|--------------|--------|--------------|--------|-----------|--------|-------|--------|-------------|
|            | Male         | Female | Male         | Female | Male         | Female | Male      | Female | Male  | Female |             |
| Under 18   | 0            | 0      | 0            | 0      | 0            | 0      | 0         | 0      | 0     | 0      | 0           |
| 18 to 44   | 0            | 0      | 0            | 0      | 0            | 0      | 0         | 0      | 0     | 0      | 0           |
| 45 to 59   | 2            | 3      | 0            | 0      | 0            | 0      | 0         | 0      | 2     | 3      | 5           |
| 60 to 64   | 3            | 3      | 0            | 0      | 0            | 0      | 0         | 0      | 3     | 3      | 6           |
| 65 to 74   | 3            | 5      | 0            | 0      | 0            | 0      | 0         | 0      | 3     | 5      | 8           |
| 75 to 84   | 17           | 25     | 0            | 0      | 0            | 0      | 0         | 0      | 17    | 25     | 42          |
| 85+        | 6            | 31     | 0            | 0      | 0            | 0      | 0         | 0      | 6     | 31     | 37          |
| TOTALS     | 31           | 67     | 0            | 0      | 0            | 0      | 0         | 0      | 31    | 67     | 98          |

## APPLEWOOD NRSG &amp; REHAB CENTER

21020 KOSTNER AVENUE  
MATTESON, IL. 60443

## Classification Numbers

License Number 6000467  
Health Service Area 007  
Planning Service Area 705 Planning Area 7-E

## RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

| LEVEL OF CARE    | Medicare | Medicaid  | Other Public | Insurance | Private Pay | Charity Care | TOTALS    |
|------------------|----------|-----------|--------------|-----------|-------------|--------------|-----------|
| Nursing Care     | 7        | 85        | 0            | 2         | 4           | 0            | 98        |
| Skilled Under 22 | 0        | 0         | 0            | 0         | 0           | 0            | 0         |
| Intermediate D   |          | 0         | 0            | 0         | 0           | 0            | 0         |
| Sheltered Care   |          |           | 0            | 0         | 0           | 0            | 0         |
| <b>TOTALS</b>    | <b>7</b> | <b>85</b> | <b>0</b>     | <b>2</b>  | <b>4</b>    | <b>0</b>     | <b>98</b> |

## AVERAGE DAILY PAYMENT RATES

| LEVEL OF CARE    | SINGLE | DOUBLE |
|------------------|--------|--------|
| Nursing Care     | 225    | 168    |
| Skilled Under 22 | 0      | 0      |
| Intermediate DD  | 0      | 0      |
| Sheltered Care   | 0      | 0      |

## RESIDENTS BY RACIAL/ETHNICITY GROUPING

| RACE                  | Nursing Care | Skilled Under 22 | Intermediate DD | Sheltered Care | Totals    |
|-----------------------|--------------|------------------|-----------------|----------------|-----------|
| Asian                 | 0            | 0                | 0               | 0              | 0         |
| American Indian       | 0            | 0                | 0               | 0              | 0         |
| Black                 | 53           | 0                | 0               | 0              | 53        |
| Hawaiian/Pacific Isl. | 0            | 0                | 0               | 0              | 0         |
| White                 | 45           | 0                | 0               | 0              | 45        |
| Race Unknown          | 0            | 0                | 0               | 0              | 0         |
| <b>Total</b>          | <b>98</b>    | <b>0</b>         | <b>0</b>        | <b>0</b>       | <b>98</b> |

| ETHNICITY         | Nursing Care | Skilled Under 22 | Intermediate DD | Sheltered Care | Totals    |
|-------------------|--------------|------------------|-----------------|----------------|-----------|
| Hispanic          | 1            | 0                | 0               | 0              | 1         |
| Non-Hispanic      | 97           | 0                | 0               | 0              | 97        |
| Ethnicity Unknown | 0            | 0                | 0               | 0              | 0         |
| <b>Total</b>      | <b>98</b>    | <b>0</b>         | <b>0</b>        | <b>0</b>       | <b>98</b> |

## FACILITY STAFFING

| Employment Category | Full-Time Equivalent |
|---------------------|----------------------|
| Administrators      | 1.00                 |
| Physicians          | 0.00                 |
| Director of Nursing | 1.00                 |
| Registered Nurses   | 13.00                |
| LPN's               | 8.00                 |
| Certified Aides     | 44.00                |
| Other Health Staff  | 2.00                 |
| Non-Health Staff    | 35.00                |
| <b>Totals</b>       | <b>104.00</b>        |

## NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

| Medicare  | Medicaid  | Other Public | Private Insurance | Private Pay | TOTALS    | Charity Care Expense* | Charity Care Expense as % of Total Net Revenue |
|-----------|-----------|--------------|-------------------|-------------|-----------|-----------------------|--|
| 29.9%     | 41.1%     | 3.3%         | 6.6%              | 19.0%       | 100.0%    |                       |  |
| 2,303,870 | 3,166,323 | 256,136      | 510,259           | 1,462,567   | 7,699,155 | 0                     | 0.0%   |

\*Charity Care Expense does not include expenses which may be considered a community benefit.