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November 5, 2015

VIA EMAIL AND FEDERAL EXPRESS
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761
Attention: Chairperson Olson

RECEIVED
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HEALTH FACILITIES & SERVICES REVIEW BOARD

Re: Errors in Findings of Board Staff Report
Project 15-044
Transformative Health of McHenry

Dear Chairperson Olson:

Please accept this letter which addresses certain errors contained in the Board Staff Report for Project 15-044 - Transformative Health of McHenry (the "Staff Report"), in which MS McHenry, LLC and TCO JV, LLC d/b/a Transformative Health Network (collectively, "Mainstreet/Symphony") seek approval to construct a new 98 bed freestanding skilled nursing facility in McHenry County, Illinois. Page 12 of the Staff Report assesses the applicants' compliance with Section 1125.540 of the Illinois Health Facilities and Services Review Board ("IHRSRB") rules and **erroneously** concludes that the criteria in Section 1125.540 are satisfied. Section 1125.540 requires that the applicants' document projected referrals as follows:

"An applicant proposing to establish a category of service or establish a new LTC facility shall submit the following:

1) Letters from referral sources (hospitals, physicians, social services and others) that attest to total number of prospective residents (by zip code of residence) who have received care at existing LTC facilities located in the area during the 12-month period prior to submission of the application. Referral sources shall verify their projections and the methodology used;

2) **An estimated number of prospective residents whom the referral sources will refer annually to the applicant's facility within a 24-month period after project completion**. The anticipated number of referrals cannot exceed the referral sources' documented historical LTC caseload. The percentage of project referrals used to justify the proposed expansion cannot exceed the historical percentage of applicant market share, within a 24-month period after project completion;

3) Each referral letter shall contain the referral source's Chief Executive Officer's notarized signature, the typed or printed name of the referral source, and the referral source's address; and

4) Verification by the referral sources that the prospective resident referrals have not been used to support another pending or approved Certificate of Need (CON) application for the subject services." (emphasis added)

The Mainstreet/Symphony application does not comply with Section 1125.540 of the IHFSRB rules as follows:

(1) **None** of the referral letters commit to make any referrals to the proposed Mainstreet/Symphony facility. Instead, the letters simply provide historical data regarding the number of referrals the hospitals and physicians have made to other LTC facilities for the period from July 1, 2014 through June 30, 2015, without committing to make any referrals to Mainstreet/Symphony.

(2) **None** of the referral letters specify whether such referrals were made to LTC facilities in the area or elsewhere.

(3) The letters from Centegra Hospital – Woodstock and Centegra Hospital – McHenry are not signed by the Chief Executive Officer of the applicable hospital.

(4) Six of the letters are on Centegra Health System's letterhead, which Mainstreet/Symphony acknowledges in its application means that these referrals may be duplicative of the letters submitted by the Centegra hospitals.

Due to the foregoing deficiencies in the referral letters, it is erroneous to conclude that Section 1125.540 of the IHFSRB rules is satisfied. Accordingly, we respectfully request that such error be corrected.

Very truly yours,

By: _____
Donald Reppy
Director, Health Planning
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HCR Healthcare, LLC
HCR ManorCare, Inc.
ManorCare Health Services - Elgin IL, LLC
ManorCare Health Services – Libertyville LLC