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**VIA EMAIL AND FEDEX**

RECEIVED
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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Courtney Avery
Illinois Health Facilities and Services
Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: **Opposition to Project 15-044, Transformative Care**

Dear Ms. Avery:

On behalf of Florence Nursing Home, Crossroads Care Center, The Springs at Crystal Lake, Fair Oaks Health Care and Crystal Pines Rehabilitation, all facilities that will be negatively impacted by the above project, I am submitting for consideration by the Illinois Health Facilities and Services Review Board ("HFSRB" or "Board") these comments **in opposition** to Project 15-044 (the "Project") which proposes a new 98 bed long term care facility in McHenry County. These comments address the additional requested information sent in by the applicant on 12/13/15.

**No Need for Project**

Health Service Area 8 ("HSA 8") has 8724 beds with a projected bed need of 8015 in 2018. There is an excess of 836 beds in the Health Service Area, although McHenry County which is within the HSA does have a projected need for beds by 2018. This is the sole basis for the applicants' project, but it is wholly unsupported due to the fact that the project's *30 minute service area* has significant excess capacity. In its additional material, the applicant completely ignores the overall health service area excess beds and the excess capacity in its proposed 30 minute service area *despite* six facilities claiming negative impact. In its additional information, the applicant continues to ignore that:

- **8 out of 11** of the facilities **within the 30 minute service area of the proposed new facility have unutilized capacity** that could meet any growing need for services in the service area.

Moreover, the applicants ignore the maldistribution of services throughout the Health Service Area, which is evidenced by the number of facilities that are within the 30 minute service area of the proposed facility that are not at target utilization. The application glosses over many key factors which indicate this facility is unnecessary to provide access to quality care.

Some of the necessary information that is missing or incorrect includes:

- A realistic assessment of the impact the Project will have on existing facilities including:
  - The impact on occupancy rates;
  - The effect on available staffing;
  - The impact of payer mix;
  - The duplication of services created by this Project;
- An accurate assessment of the area providers who service the Medicaid population;
- Necessary information regarding the provision of Medicaid and charity care.

**Existing Facilities /Negative Impact on Medicaid Service**

The applicants state outright within the application that they will serve short stay rehabilitative need patients and patients referred from the Centegra hospitals, all of whom would be primarily Medicare Part A. Indeed, their application is based upon historical referrals of mostly Medicare Part A patients. The fact that all referrals are from hospital discharges underscores that the volume for the proposed facility will all come from existing Part A Medicare volume within the service area. In other words, the proposed facility will cannibalize the lucrative Part A Medicare patients from existing facilities. While the applicants may argue there will be growth in this patient cohort, this argument is not supported by the last 3 years historical volume. In fact, the Medicare patient population in the service area declined in 2014 from 2013 levels.

Also, the recently approved Alden Huntley facility was not addressed in either the initial application or additional information.

The applicant fails to address any of these previously raised points in its additional material.

**Applicant Confusion/Should Symphony Post Acute Care Network be a Co-Applicant?**

The applicant did clear up confusion over whether Symphony Post Acute Care Network ("SPAN") is part of this project. It is not. However, the application initially (and continues) to rely on SPAN data for "background of applicant" information. The applicant also does not adequately explain why the first round of referral letters all stated that the referrals would be made to SPAN. It appears the project as presented was misleading and the applicant cleared up the confusion only when called on it by opposition. The applicant is not being forthcoming on the true nature of this project. This is indicative of the fact the applicant is not proposing a general long term care facility, but rather a facility that will offer short stay rehabilitative care in a long term care facility.

**Referral Letters Are Only Partially Addressed In The Applicants Supplemental Information**

*Criterion 1125.540, Part 1: Document the number of referrals to other facilities, for each proposed category of service, for each of the latest two years. Documentation of the referrals shall include: resident/patient origin by zip code; name and specialty of referring physician or identification of another referral source;* ***and name and location of the recipient LTC facility (emphasis added). (p. 119)***

In response to this question, the Applicants initially provided 11 letters from Centegra hospital and local physicians saying that they would refer to the new SPAN facility. In its additional information, the applicant lists only Centegra as a referral source, and notes the references within the original letter to referrals to SPAN was incorrect. The Centegra letter still does not mention the specific cases that were referred historically and where they were referred to (as required per HFSRB rules). Since the letter is from a hospital, it should have been easy for the letter to note where the historical patient referrals were sent so the Board could analyze the negative impact on other area providers and whether the referrals were for general long term care or rehabilitative long term care. As a result it is difficult to ascertain where the historical referrals were sent previously, obfuscating the negative impact this project will have on area providers.

**Conclusion**

Given the HFSRB goal of orderly and economic development to provide access to care without unduly burdening existing providers with capacity, we respectfully request the Board first consider the potential for better utilization and expansion of the existing facilities in the service area and better distribution overall within the HSA by denying this application. We also urge the Board to consider the impact the proposed facility, dedicated to serving lucrative reimbursement Part A Medicare patients, will have on area facilities that already serve this population, and also serve a significant number of Medicaid patients. These facilities rely heavily on the higher reimbursed Medicare Part A patient population to subsidize losses sustained in serving Medicaid patients so as to allow them to be able to continue to serve these residents.

Sincerely,

Clare Connor Ranalli

cc: Mike Constantino