CRYSTAL PINES
REHABILITATION & HEALTH CARE CENTER

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

RECEIVED
MAY 31 2016
HEALTH FACILITIES & SERVICES REVIEW BOARD

Re: #15-044

Dear Ms. Avery:

The additional information submitted by the applicants for the above referenced project does nothing to address the concerns raised by the Illinois Health Facilities & Services Review Board ("HFSRB") when it issued "Intent to Deny" on February 16, 2016. To the contrary, the information confirms the negative impact the facility will have on other area providers of care (Crossroads, Crystal Pines, Florence and The Springs at Crystal Lake), and the lack of need for the types of services proposed. While we hope you review this entire response, key take aways are as follows:

Crossroads:

Private Rooms	4
Rehab Beds	30 of 115 total
Medicaid (2015)	60%
Percent of Rehab Referrals from Centegra	75%
Current Utilization	84%
Percent of beds in use (setup and staffed 2016 to date)	84%

Crystal Pines:

Private Rooms	7
Rehab Beds	24 of 108 total
Medicaid (2015)	65%
Percent of Rehab Referrals from Centegra	50%

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DM_US 72520312-1.098233.0011

Current Utilization	83%
Percent of beds in use (setup and staffed 2016 to date)	83%

Florence:

Private Rooms	10
Rehab Beds	31 of 56 total
Medicaid (2015)	50%
Percent of Rehab Referrals from Centegra	80%
Current Utilization	90%
Percent of beds in use (setup and staffed 2016 to date)	90%

The Springs:

Private Rooms	14
Rehab Beds	50 of 97 total
Medicaid (2015)	2%
Percent of Rehab Referrals from Centegra	80%
Current Utilization	56%
Percent of beds in use (setup and staffed 2016 to date)	53%

- Crystal Pines in Crystal Lake is 10 minutes from Centegra offers the exact services the proposed facility offers. While it is 38 years old, it has invested several million dollars in renovations over the years.

- Of the 39 facilities in a 30-minute service area 39 have rehab beds for LTC patients, and all are underutilized. None has seen growth over the past few years.

- Lengths of stay are decreasing due to government and private payer mandates. As a result, if there is growth in the future it will be offset by shorter ALOS.

- Short-term rehab stays are almost all paid for by Medicare, and Medicare and private pay support LTC facilities in providing care to Medicaid insureds. The proposed facility will skim the Medicare patients from existing area facilities that have combined served the area over 50 years.

Negative Findings.

The applicants argue that the State Board staff erroneously determined the project did not meet criterion 1125.570 (Service Area Accessibility) because the applicants need only meet one of five criteria within that subsection. The applicants say they met the criterion because there are census tracts within McHenry County that are medically underserved. McHenry County is a big county and these tracts are not within the 30-minute service area of the proposed facility. **Therefore, the applicants are incorrect in stating that MOUs in the County means they meet the criterion, given the location of the facility proposed – it is not in one of the MOUs.** To meet the criteria it must be. Further, it is ludicrous to state that the HFSRB staff was wrong to render a negative finding on this criterion because there are multiple facilities within the 30 minute proposed service are that are underutilized. One such facility is 10 minutes away from the proposed facility and offers the exact services proposed.

The applicants also say that the Board's projected need for beds in McHenry County belies the negative impact. **The bed need is for long-term care generally, and not specific to short-term rehab services, which are what, the proposed facility is going to provide. There is no need for acute rehab beds in the service area.** The applicants note population growth projections to support the projected bed need. However, despite projected population growth of 10% in the age cohort 65 and older in McHenry County from 2010 to 2015, the utilization o has remained static

Obviously, population growth in and of itself does not always translate to need for care. Further, a number of new facilities have been approved in McHenry County, and particularly within the 30-minute service area. This influx of new beds has kept area providers at static growth rates, and there is no reason to believe the proposed new facility would not do the same and even devastate the existing facilities.

The Proposed Facility Will Skim Top Paying Medicare Discharges from Centegra Hospital.

The proposed facility will not offer traditional long-term care services. Rather, it will offer short term stays to elderly patients requiring rehabilitation services post discharge to help them gain activities of daily living prior to going home. These patients no longer need acute hospital care, but are not quite ready to go home. Given changes in reimbursement and lengths of stay, the

goal is to get a patient home as soon as he or she is considered able to engage in essential activities of daily living, taking into account the home environment (e.g. stairs, a companion at home, etc.) In the past, individuals would and could stay in a long-term care setting until they felt comfortable to go home, meaning they might be more than able to engage in activities of daily living. Those days have past, as payers will no longer pay for extended stay and the general thought is that most patients will recover more quickly at home, as long as they are considered able, again, to navigate their home setting from a physical activity standpoint.

These patients are, for the most part, Medicare or private pay patients who are discharged directly from the hospital to a long-term care facility that offers these "step down" rehabilitative services on a short-term stay basis. The social services department of the hospital (in this case Centegra) typically will work with the patient and patient's family to arrange for placement among local area providers. In this case, the applicants note their location on Centegra's campus and that they will provide a "continuum of care". Translated, this means they will take almost all of Centegra's discharges in this patient population. **As an example, Crystal Pines in Crystal Lake receives 80% of its patients requiring these types of services from Centegra. If these discharges are diverted to the proposed facility, it will be devastated.**

There is a business relationship between Centegra and the proposed facility – a ground lease worth well over a million dollars to Centegra. Given this, and its proximity to the Hospital there is every reason to suspect a multitude of Centegra discharges which currently go to existing area facilities that are even so underutilized will be diverted to the proposed facility. In 2015, the referrals from Centegra comprised a significant number of patients for these facilities.

There is no question the loss of these patients will have a negative impact on area facilities that have capacity.

Also important to note is the applicants mixed numbers on utilization and length of stay. In its application, the applicants state the average length of stay will be approximately 13 days and it will see over one thousand patients – that number of patients allows the applicants to meet target utilization for the beds proposed. However, in later submitted material, presumably to mute the opposition claims of negative impact, the applicants state they will take only 20-30% of Centegra's discharges (belying the alleged continuum of care argument made in its supplemental submission). The 20-30% number is approximately 550 patients. If this is the case, with a 13 day ALOS, there is no way the facility could operate at the required utilization target for 98 beds. It is important the HFSRB inquire as to which number is correct. If the first number stated in the application of 1,000 plus patients is correct than the facility will operate at target utilization, but will devastate area facilities by diverting all of the Centegra discharges that currently go to them. If the second number is correct, there still will be a negative impact, and the proposed facility will come nowhere close to meeting target utilization for 98 beds.

The fact is, if the facility is approved, a majority of Centegra's discharges will go to it, as stated in the original application and the supplemental material referencing a "continuum of care" for Centegra's patients. Area facilities that are already below target utilization will see even fewer patients. There simply is no need for the proposed facility at this time.

Area Facilities Provide The Same Quality Services The Applicants Propose.

Unfortunately, the applicants "go negative" by claiming the area facilities are old and provide poor care. This is not only untrue, but also a poor indicator of the applicants character. At the HFSRB meeting on 02/16, the Board inquired as to what the applicants proposed that was really different or innovative. In the supplemental material, the applicants response, in a nutshell is that the facility will be new (it is true it will be newer than existing facilities, and there is no reason to believe it will not be nice), and that it will have a pub and a putting green. These "differences" do not justify approving a facility that will devastate other area providers. All area providers have a gym, many have private rooms and bathrooms with showers and all have the capabilities to provide the same care proposed by the applicants. Piped oxygen and gas is only necessary for ventilator patients, and the Alden Terrace facility provides this care – there is no need for it at the proposed facility. Further, it is unlikely it will be necessary for most patients who require short-term rehab services. The same is true for a pub and a putting green. These amenities are better suited to a traditional long-term care facility as opposed to a short stay rehab focused LTC facility. If a patient can partake at a pub and play golf, he or she should not be in an inpatient rehab facility but should be discharged home!

The applicants note various distinctive features, which in fact are not so distinctive, as referenced below:

- Our facilities are purpose-built to treat high acuity patients in a short-term and transitional healthcare environment designed with the express purpose of promoting healing and wellness and to get patients or residents functional and to return them back to work or home as quickly as possible. RESPONSE: So are the other facilities offering rehab services.
- The design includes the provision of 100% private rooms to limit the transfer of disease and aid in the comfort of the patient. Our private rooms allow patients to receive the proper amounts of rest needed to recover with total privacy and the maintenance of dignity. RESPONSE: Many of the facilities in the area have private rooms and/or due to utilization offer privacy as the double rooms are occupied by only one patient.
- All private rooms include attached bathrooms that are fully equipped with a toilet, sink, and shower to further aid in the prevention of disease, and improve comfort for the patient. Private rooms and baths also help protect patients' statutory privacy rights. RESPONSE: All facilities offer private bathrooms, although not all have showers in each room.

- Therapy gyms provide larger than average square footage per patient to allow patients to receive the full range of mobility therapy during rehab to aid in their recovery and in most cases will provide more than double the current space of existing providers in the PSA. RESPONSE: All facilities have a gym.
- Because the therapy gym is new, all equipment is also new and state of the art. RESPONSE: Equipment is updated and modern.
- Occupational therapy has kitchens and bathrooms built into the therapy gyms provide practical training to help patients continue their healing at home and lessen the risk of hospital readmission from an accident. RESPONSE: This service is provided at Crystal Pines.
- Multiple dining areas with an onsite chef allow patients access to high quality, made to order, meals to provide the proper nutrition to heal. The restaurant style dining also allows family and friends the ability to eat with the patient taking stress off the entire family. RESPONSE: Patients order off a menu at all facilities and have dining rooms where families and friends can dine with patients.

In addition, area facilities are beautiful and have invested significant capital in recent years

Lastly, the applicants note facility deficiency notices in an attempt, (apparently) to convince the HFSRB that area facilities provide poor care and the proposed facility will "save the day". This is an unfortunate attempt to get around the lack of need for the proposed facility. The support letters in the record show that the area facilities provide excellent care in the community and are well respected. In sum, the area facilities offer the same services as the proposed facility.

The Proposed Facility Will Hinder Access for Medicaid Recipients

Several facilities provide care to a significant Medicaid population and are within the 30 minute proposed service area. This facility relies on Medicare and private pay residents to assist it in meeting its financial margins, in order to serve Medicaid patients. If these patients are diluted due to the proposed facility, it as well as other area Medicaid providers, will have to curtail services and improvements, hindering access to quality care for Medicaid recipients. It is simple math.

We urge you to again turn down the proposed facility. The applicants have provided no information that should ameliorate the negative findings or concerns of the Board that resulted in the initial Intent to deny vote.

Respectfully Submitted

Daniel Krug

Administrator Crystal Pines Nursing and Rehabilitation