



Illinois Life Care Program Permit Application and Rules

Application for Permit

to

Offer and Enter Into

Life Care Contracts

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Illinois Department of Public Health
Life Care Program / Health Systems Evaluation Section
Office of Policy, Planning and Statistics
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

The Illinois Life Care Program

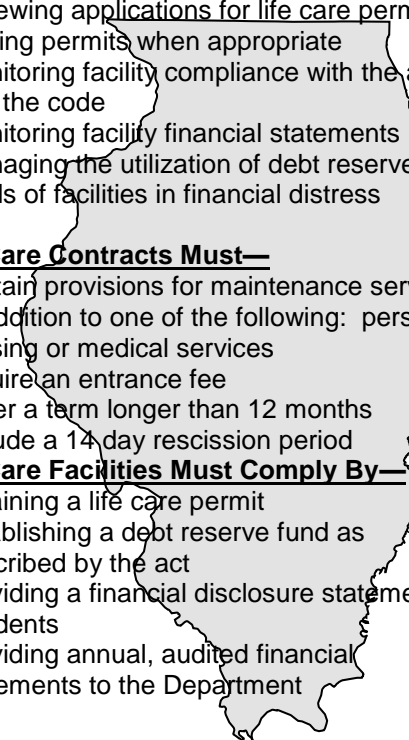
BACKGROUND

In response to growing national concerns regarding the financial stability of facilities offering residency and health care to the elderly, the Illinois General Assembly enacted the *Illinois Life Care Facilities Act* (210 ILCS 40/1 et seq.) in 1982. The act authorizes the Illinois Department of Public Health (IDPH) to regulate residency agreements, referred to as "life care contracts," that require an entrance fee and include personal, nursing or medical care in addition to the residency arrangement.

The Department performs its regulatory function under the provisions of the act and the administrative rules promulgated to implement the act, the *Illinois Life Care Facilities Contract Code* (77 Ill. Adm. Code 396). The act empowers the Department to issue permits allowing facilities to enter into life care contracts, and charges the Department with responsibility for monitoring those facilities for compliance with the act and the code.

The table at the right shows the functions carried out by the Life Care Program to regulate facilities entering into life care contracts, components required for a residency agreement to meet the definition of a life care contract, and the responsibilities that facilities must fulfill to comply with the act and the code.

At present, more than 100 facilities in Illinois hold *permits to offer and enter into life care contracts* issued by the Department, and these facilities together represent more than 23,000 living units that can be occupied under such contracts. Beyond meeting the requirements of the act, life care contracts exhibit a variety of terms, conditions and amenities. Life care facilities that do not offer on-site nursing care have agreements with licensed facilities to deliver those services to residents when needed or provide the option of long-term care insurance. Most Illinois facilities with life care permits are located within the greater Chicago metropolitan area.

 <p>IDPH Regulates Life Care Facilities By--</p> <ul style="list-style-type: none">• reviewing applications for life care permits• issuing permits when appropriate• monitoring facility compliance with the act and the code• monitoring facility financial statements• managing the utilization of debt reserve funds of facilities in financial distress <p>Life Care Contracts Must—</p> <ul style="list-style-type: none">• contain provisions for maintenance services in addition to one of the following: personal, nursing or medical services• require an entrance fee• cover a term longer than 12 months• include a 14 day rescission period <p>Life Care Facilities Must Comply By—</p> <ul style="list-style-type: none">• obtaining a life care permit• establishing a debt reserve fund as described by the act• providing a financial disclosure statement to residents• providing annual, audited financial statements to the Department

INSTRUCTIONS FOR COMPLETION OF APPLICATION

This application is for use by all facilities that are required to obtain a *permit to offer and enter into life care contracts* under the provisions of the *Illinois Life Care Facilities Act* (210 ILCS 40/1 et seq.), hereafter "the act." The act requires that any provider who is entering into life care contracts with residents or extending existing contracts obtain a valid permit from the Department. Persons applying for a *permit* should read and refer to the act and the administrative rules promulgated thereunder, the *Illinois Life Care Facilities Contract Code* (77 Illinois Administrative Code 396), hereafter referred to as "the code." Copies of the act and the code are provided along with this form.

Applicants are required to submit an original application and one additional complete copy.

Please ensure that the application contains original signatures. The application and one copy should be sent to

Illinois Department of Public Health
Life Care Program
Office of Policy, Planning and Statistics
525 W. Jefferson Street; Second Floor
Springfield, IL 62761

Telephone: 217-785-2040

In addition to providing all required information, the following requirements MUST be met:

- DO NOT RETYPE THIS FORM, USE IT AS WRITTEN.
- USE ONLY ONE-SIDED COPYING (ALL DOCUMENTS MUST BE SINGLE- SIDED AND ON 8-1/2" X 11" WHITE PAPER).
- BEGIN EACH ATTACHMENT ON A SEPARATE SHEET.
- UPON COMPLETION OF THE APPLICATION, NUMBER ALL PAGES CONSECUTIVELY AND TYPE ATTACHMENT NUMBERS IN THE LOWER RIGHT-HAND CORNER OF EACH PAGE.
- WHERE SOURCE DOCUMENTS ARE CITED (E.G., RESIDENT HANDBOOK), INCLUDE A COPY OF THESE DOCUMENTS.
- ANY INFORMATION TO BE CONSIDERED AS PART OF THIS APPLICATION MUST BE INCLUDED IN THE APPROPRIATE SECTION.
- APPLICATIONS WILL BE PROCESSED BY THE DEPARTMENT IN A TIMELY MANNER. PERMITS WILL BE ISSUED WITH AN EFFECTIVE DATE THAT REFLECTS THE DEPARTMENT'S DETERMINATION THAT ALL NECESSARY DATA HAVE BEEN CORRECTLY SUBMITTED AND THAT THE APPLICATION HAS BEEN COMPLETELY PROCESSED.

A non-refundable permit application fee of \$100.00 must be submitted with the application. Processing of the application will not begin before the application fee is received. Any check or money order must be made payable to the Illinois Department of Public Health.

The permit, issued by the Department to an applicant provider, is a written authorization to enter into life care contracts. The Department will deny the application for permit if any provision of the act is not met. Existing permits may be revoked or suspended for violation of any provision of the act.

SECTION I: GENERAL APPLICANT INFORMATION

A. Name of the Life Care Facility

Provide the name and contact information *exactly* as it should read on the life care permit. Indicate whether this is a ___ **Proposed** or an ___ **Existing** life care facility.

Name _____
 Address _____
 Telephone _____ Fax _____

B. Applicant Identification

Provide the exact legal name and contact information of the entity that will be the permit holder (the applicant), if application is approved. Indicate the legal entity that best describes the applicant.

Name _____
 Address _____
 Telephone _____ Fax _____

- | | |
|---|---------------------------------|
| ___ An individual (sole proprietorship) | ___ A for-profit corporation |
| ___ A general partnership | ___ A limited partnership |
| ___ A not-for-profit corporation | ___ A limited liability company |
| ___ Other entity (specify) _____ | |

C. Site Ownership

Provide contact information for the owner of the site, if different from the Applicant identified above in Part I-B, or enter "same as applicant," if appropriate.

Name _____
 Address _____
 Telephone _____ Fax _____

D. Operating Entity

Provide contact information for the entity that will operate the life care facility if different from the applicant entity identified in Part I-B, or enter "same as applicant," if appropriate.

Name _____
Address _____
Telephone _____ Fax _____

E. Chief Executive Officer

Provide contact information for the chief executive officer of the applicant, if the applicant is not an individual.

Name _____
Address _____
Telephone _____ Fax _____
E-mail Address _____

F. Correspondence and Inquiries Pertaining to Application

Provide contact information for the person to whom all correspondence and inquiries pertaining to this application are to be directed.

Name _____
Address _____
Telephone _____ Fax _____
E-mail Address _____

G. Correspondence and Inquiries Pertaining to Application Subsequent to Approval

Provide contact information for the person to whom all correspondence and inquiries pertaining to this application are to be directed after its approval.

Name _____
Address _____
Telephone _____ Fax _____
E-mail Address _____

H. Organizational Relationship

Provide an organizational chart containing the name and relationship of any entity that is related to the applicant entity. If the related entity is participating in, or responsible for, the funding of the construction of the project or of the facility, describe the financial relationships in detail, including amount and type of financial contribution. Append as **Exhibit A**.

I. Federal Employer Identification Number

Provide the Applicant's FEIN. _____

J. Accreditation (Existing Facilities Only)

Is the applicant facility accredited through the Continuing Care Accreditation Commission (CCAC) or otherwise accredited?

_____ Yes _____ No Other accreditation (specify) _____

K. Additional Life Care Facilities

Does the Applicant operate other life care facilities?

_____ Yes _____ No

If YES, list the name and address of each facility. Append as **Exhibit B**.

L. Corporate-operated Facilities, Limited Partnerships, or Limited Liability Companies

Provide the following requested information. Append as **Exhibit C**.

Corporation: Submit a copy of a current, signed and sealed Certificate of Good Standing, issued by the Illinois Secretary of State, and copies of the Certificate of Incorporation, Articles and Bylaws. If the applicant is an out-of-state corporation, submit a copy of the certificate to transact business in Illinois, issued by the Illinois Secretary of State.

Illinois File Number _____

Limited Partnership: Submit a copy of the executed partnership agreement, and a copy of the Certificate of Limited Partnership, issued by the Illinois Secretary of State. If the applicant is an out-of-state partnership, submit a copy of the Certificate of Assumed Name.

Illinois File Number _____

Limited Liability Co.: Submit a copy of the signed and sealed Certificate of Organization, issued by the Secretary of State, Articles of Organization, and Operating Agreement.

General Partnership: Provide a list of the general partners, and the mailing address for the partnership. Submit an executed partnership agreement for each partnership. If the applicant is an out-of-state partnership, submit a copy of the Certificate of Assumed Name.

Trust or Endowment: Provide the name and address of the trustee, and a copy of the executed trust agreement or document creating the endowment.

SECTION TWO: LIFE CARE FACILITY

A. Nature of the Permit Application

A-1. The nature of this application is to seek a life care permit for the following situation:

- | | |
|---|--|
| <input type="checkbox"/> New facility/new planned construction
<input type="checkbox"/> Change of ownership
<input type="checkbox"/> Other reason (please specify): | <input type="checkbox"/> First time application as life care facility/existing apartments
<input type="checkbox"/> Change in number of living units |
|---|--|

A-2. Complete the following table regarding the size of the facility and the number of residents.

- | | |
|--|---|
| <input type="checkbox"/> Number of units authorized currently
<input type="checkbox"/> Number of additional units proposed
<input type="checkbox"/> Total number of units after this project | <input type="checkbox"/> Number of residents
<input type="checkbox"/> Number of added residents
<input type="checkbox"/> Total number of residents after this project |
|--|---|

A-3. Provide a brief narrative description of the project or transaction that necessitated this application. If this is a change of ownership, list the name of the facility and the permit number as it appeared on the previous permit. Append the narrative as **Exhibit D**.

B. Life Care Services

The act requires life care permit holders to provide maintenance services and at least one of the following services to facility residents: nursing, medical or personal care services. Indicate below which service(s) the facility will be providing. Include a narrative that identifies the qualifying services to be provided by the applicant, describes the scope of, and estimate the cost of providing those services to residents. Append as **Exhibit E**.

- Nursing
 Medical
 Personal Care

C. Resident Life Care Contract Provide a copy of the proposed life care contract(s) to be executed between the applicant provider and the residents of the applicant provider's facility. Append as "**Exhibit F**."

C-1. Does your life care contract include a term longer than 12 months?
 Yes No Specify the length of the contract term _____

C-2. Does applicant's life care contract include a 14-day rescission period?

- Yes No

If YES, highlight the provision in the contract provided in **Exhibit F**.

C-3. If the response to C-2 above is YES, does the contract provide that the applicant will fully refund all money or property that resident pays or transfers to it if the resident rescinds the contract within the rescission period?

Yes No

C-4. Does the contract specify that no person shall be required to move into the facility, until after the expiration of the 14-day rescission period?

Yes No

If YES, highlight the statement in the copy of the resident contract provided in **Exhibit F**.

D. Facility Financial Disclosure Statement

D-1. Does applicant have a "financial disclosure statement," reflecting the provider's audited financial condition to provide to prospective residents at the time, or before, the resident signs the life care contract?

Yes No

If NO, provide an explanation and append as **Exhibit G-1**.

If YES, does the statement disclose short-term assets and liabilities?

Yes No

If NO, include an explanation in **Exhibit G-1**.

D-2. Provide a copy of the financial disclosure statement to be delivered to the prospective residents of the applicant provider's facility and mark as **Exhibit G**.

SECTION THREE: FINANCIAL INFORMATION**A. Escrow Information**

A-1. Is the escrow amount or letter of credit at least equal to the aggregate principal and interest payments due on long-term debt during the next six months?

_____ Yes _____ No

A-2. Provide escrow agreement or letter(s) of credit and label as **Exhibit H**.

A-3. Provide a description of the type, terms and rates for all long-term debt. Also attach amortization tables for all long-term debt and a detailed description of the calculations used to determine the amount required in escrow as **Exhibit H-1**.

B. Historical Financial Statements

Provide copies of independently audited financial statements for the most recent three years prior to this application, including the following: balance sheet, income statement, changes in fund balance, and change in financial position. If the facility has not previously existed, provide audited financial statements, including an equity statement with descriptions of the Facility's start-up capital and financing. Attach as **Exhibit I**.

C. Availability of Funds and Sources of Project Funding/Acquisition

C-1. The applicant must document that it has sufficient resources available to fund the construction and operation, as applicable, of the facility. For any of the following sources of funds the Applicant intends to use, provide the indicated documentation as **Exhibit J** and indicate the dollar amount to be provided. Provide the amount of each type of funding in the spaces below.

\$_____ Cash and Securities. Provide a statement (e.g., audited financial statements, letters from financial institutions, board resolutions) as to the amount of cash and securities available for the applicant. Identify any security, its value, and the availability of such funds.

\$_____ Pledges. For anticipated pledges, provide a letter or report as to the dollar amount feasible, showing the discounted value and any conditions or actions the applicant would have to take to accomplish the goal. Specify the time period, historical fund-raising experience, and major contributors.

\$_____ Gift and Bequests. For any gifts and bequests available for funding, provide verification of the dollar amount, as well as a description of any conditions of the source and timing of its use.

\$_____ Mortgages. Provide a copy of the instrument or a letter from the prospective lender, attesting to the expectation of making the funds available in the amount and time indicated.

\$ _____ Loans or Promissory Notes. Provide a copy of the instrument or letter from the prospective lender, attesting to the expectation of making the funds available in the amount and time indicated.

\$ _____ Leases. Provide a copy of the lease, specifying all terms and conditions of the lease, including any purchase options.

\$ _____ Grants. Provide a letter from the granting agency specifying the availability of the funds in terms of the amount and time of receipt.

\$ _____ General Obligation Bonds. Provide terms and conditions of the bonds, including any discounting or shrinkage anticipated, proof of passage of the required referendum, or evidence that the government unit has the authority to issue such bonds, and evidence of the dollar amount of the issue.

\$ _____ Revenue Bonds. Provide terms and conditions of the bonds, and proof of the feasibility of securing the specified amount.

C-2. Complete the following table **only** if applicant is using a bond issue to finance the construction and/or operation of the facility.

Bond Issuance Support Schedule	
Item Description	Amount
Bond Issue Amount	\$
Bond Issuance Expense	\$
Debt Service Reserve Fund	\$

C-3. Provide a copy of the bond-issue principal-and-interest schedule.

C-4. Provide a copy of the official statement of bond issue, prospectus, and the bond trust indenture document. Include as **Exhibit K**.

D. Residential Services Fee Structure

D-1. Indicate the amount of the entrance fee: \$ _____. If the amount of the entrance fee varies by unit size or other qualifier, attach the schedule with amount and description. Mark as **Exhibit L**.

D-2. Attach a description and schedule of monthly or specified residential-services fees that residents may incur (e.g., additional housekeeping, hairdressing, therapies, etc.). Mark as **Exhibit L-1**.

D-3. Attach a listing and description of amenities offered to residents at the facility (e.g., game room, library, barber/beauty shop, etc.). Mark as **Exhibit L-2**.

D-4. Attach copies of all advertising/marketing materials used to promote the facility. Mark as **Exhibit L-3**.

SECTION FOUR: CONTINUUM OF CARE

A. Long-term Care

A-1. Provide a description of the facility's plan for providing care for the life care residents in the event that their well-being requires a higher level of nursing, medical, personal care, or maintenance services than can be provided at the provider facility's independent living units. Mark as **Exhibit M**.

A-2. Does the Facility currently have licensed long-term care beds?
 Yes No

A-3. List the long-term care facilities that will, if needed, provide personal care and/or nursing services to residents, as described in Exhibit M. Provide the following information for each facility. Mark as **Exhibit M-1**.

Name _____
 Address _____
 Telephone _____ Fax _____
 Department License # _____

If the facility is not yet licensed, the date licensure is expected.

A-4. Will the long-term care facility be open to persons not party to life care contracts?
 Yes No

A-5. Do other life care facilities have transfer agreements with the long-term care facility?
 Yes No

If known, submit as **Exhibit M-2** the names and addresses of other life care facilities having transfer agreements with the long-term care facility.

B. Long-Term Care Transfer Agreement

Attach copies of the transfer agreements between facility and those long-term care facilities, described in Section IV(A), that have agreed to accept, on a priority basis, residents transferred from the applicant facility. Mark as **Exhibit N**.

C. Long-Term Care Insurance

C-1. Does Facility provide long-term care insurance for residents?

_____ Yes _____ No

- If YES, attach copies of the Insurance Trust Agreement, Insurance Policies, Certificate of Insurance, and Administrative Agreement. Mark as **Exhibit O**.

C-2. Specify the extent of the coverage provided (e.g., extent of benefits – LTC days, level of coverage, payment per day, limits/exclusions, etc.) and cost to resident. Indicate whether this is a group policy. Mark as **Exhibit P**.

SECTION FIVE: CERTIFICATION OF APPLICATION

This APPLICATION for permit is filed on behalf of (exact name of the applicant)

in accordance with the requirements and procedures of the *Illinois Life Care Facilities Act*. I, the undersigned, as the applicant or chief executive officer of the applicant, certify that I have the authority to execute and file this application for a life care permit. I certify that the data and information provided herein, and appended hereto, are complete and correct to the best of my knowledge and belief. I further certify that the required application fee is enclosed herewith. I also certify that I have read, understand, and agree to abide by the requirements and conditions stated below.

CONDITIONS OF PERMITS:

The Department must be notified in writing, by the applicant or grantee, within 30 days of any change in any information provided by this application and upon which the issuance of a permit is based, including, but not limited to, changes in the text of the life care contract, the text of the escrow agreement or letters of credit, the terms on any long-term financing of the facility, the name of the applicant or grantee, the name of the chief executive officer, the name and address of the facility, and any services provided by the facility.

Life care permits are issued to specific grantees, for a specific number of units in a specific facility and are not transferable.

Life care permit holders must comply with the following requirements:

- Annually provide audited financial statements to the Department, within 120 days of the close of the permit holders' fiscal year.
- Comply with the Alzheimer's Special Care Discharge Act and respond to annual Alzheimer's care disclosure questionnaires.
- Comply with audit, survey, and other information requests the Department makes.

Signature _____

Name (Please Print) _____

Title (Please Print) _____

Subscribed and sworn to before me this _____ day of _____, 20____.

NOTARY PUBLIC