

## **BRIEFING MEMO**

### **St. Joseph's Nursing Home Inc.**

**Bernard E. Davis, Jr. to Purchase 100% of the stock in St. Joseph Nursing Home Inc. Proposal for a new entity named St. Joseph's Operating Company to lease operations from St. Joseph Nursing Home and operate the existing facility.**

**TO:** Brenda M. Harvey, Commissioner, DHHS

**THROUGH:** Catherine Cobb, Director, Division of Licensing and Regulatory Services

**FROM:** Phyllis Powell, Manager, Certificate of Need Unit  
Larry D. Carbonneau, CPA, Healthcare Financial Analyst

**SUBJECT:** Proposal by Bernard E. Davis, Jr. to Purchase 100% of the stock in St. Joseph Nursing Home Inc. Proposal for a new entity named St. Joseph's Operating Company to lease operations from St. Joseph Nursing Home and operate the existing facility at an estimated capital cost of \$850,000.

**DATE:** March 7, 2008

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**ISSUE ACTIVATED BY:** The referenced proposal requires Certificate of Need approval as defined in "The Maine Certificate of Need Act of 2002," 22 MRSA Section 326 et seq., as amended.

**REGISTERED AFFECTED PARTIES:** None.

#### **BACKGROUND:**

- Bernard E. Davis Jr. owns 10 Level IV PNMI Assisted Living facilities in the State of Maine. Each facility is currently licensed in good standing with no directed plan of corrections, sanctions or citations in place. Each facility is managed by a licensed Residential Care Administrator duly licensed by the Maine Nursing Home Administrators Board.
- Bernard E. Davis, Jr. proposes to purchase 100% of the stock of St. Joseph's Nursing Home from its current owner. He then plans to establish an operating company and lease the facility to that entity. Current and proposed capacity of the facility is 42 NF beds. Completed capacity will be 50 NF beds and 15 residential care beds. The cost of the transaction is projected to be \$850,000.
- The current owner is also the administrator and is will be replaced by Jonathan Roy, a licensed administrator.
- The *Division of Licensing and Regulatory Services, Medical Facilities Unit*, confirms that St. Joseph's Nursing Home is a fully licensed nursing home in the State of Maine and is MaineCare and Medicare certified. The Division's most recent survey was completed on June 21, 2007. There were deficiencies that were corrected and currently the facility is in good standing.

***The CONU has determined that the applicant is fit, willing and able to manage this project and continue to provide services at the proper standard of care.***

- CONU has determined that the capital cost for this project is \$850,000.
- There will be no costs to the MaineCare system because of the transaction. The applicant will not be reimbursed for the purchase of the facility as this is not a reimbursable cost.

***The CONU has determined that the applicant could financially support this project.***

- St. Joseph's Nursing Home is currently constructed to house 43 patients. It has a high occupancy rate. The need for nursing facility care is expected to grow over the next few years based upon literature and statistics provided by the applicant regarding the average number of nursing facility beds to support a given population. The present owner has determined that it is in his best interests to sell the facility. The best interests of the community are maintaining a facility in the area. A Maine facility operator has offered to purchase the rights to the facility.
- The community needs as projected by census figures outlined in the preliminary report indicate the need for these beds in this community.

***The CONU has determined that the applicant has demonstrated a need for the proposed project.***

- Patient volume has remained strong. A waiting list is being maintained.
- The CONU has determined that there are no alternatives that would better meet the goals of the community, the current owner and the prospective owner.

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- The changes to the ownership of the facility will not increase expenses. This transaction will be MaineCare neutral because the applicant will not be able to be reimbursed for its costs of purchasing the facility.
- The operator will be part of the Davis Long-Term Care Group of facilities.

***The CONU has determined that the proposed services are consistent with the orderly and economic development of health facilities and health resources for the State.***

- The CONU has evaluated this proposal against the criteria set forth in the 2007 State Health Plan. This project addresses several of the criteria, including the first tier priority: Projects with the primary objective of eliminating threats to patient safety. Without this project the nursing home risks the health and safety of patients in the community by not ensuring the availability of care in the community.

***The CONU has determined that the project would be consistent with the State Health Plan.***

- St. Joseph's Nursing Home serves a geographically isolated area and by insuring continuity of care will allow patients to reside closer to home.
- The continuation of these services is not expected to adversely impact the quality of similar services in the community since there is no change in bed capacity or complement.

***The CONU has determined that this project would ensure high-quality outcomes and does not negatively affect the quality of care provided by existing service providers.***

- The continuation of these services is expected to improve the quality of services available in the area by incorporating the best practices of Davis Long-Term Group.

***The CONU has determined that this project would not result in inappropriate increases in service utilization.***

## **HIGHLIGHTS:**

Letter of Intent dated October 8, 2007  
Technical Assistance Meeting held on October 15, 2007  
Application filed and certified as complete-November 1, 2007  
Applicant's public informational meeting held-November 16, 2007  
A public hearing was not requested  
Preliminary Analysis Released-February 20, 2008  
Preliminary Analysis Published February 22, 2008  
Record closed March 7, 2008

**Comments From Public:** No public comments were received.

**CONU Conclusion:**

For all the reasons set forth in the preliminary review, based solely on a review of the record, we conclude that the review criteria have been satisfied as follows:

- The applicant is fit, willing and able to provide the proposed services at the proper standard of care.
- The economic feasibility of the proposed services has been demonstrated.
- A public need for the proposed services has been demonstrated.
- The proposed services are consistent with the orderly and economic development of health facilities and health resources for the State.
- The proposed project is consistent with the State Health Plan.
- The proposed project ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.
- The proposed project does not result in inappropriate increases in service utilization.

**RECOMMENDATION:** The Certificate of Need Unit recommends this proposal be **Approved.**

<u>Capital Costs</u>	
\$ 850,000	Capital Costs As Approved
\$ _____ 0	Contingency Approved
\$ 850,000	Total Approved Capital Budget