

**Department of Health and Human Services
Division of Licensing and Regulatory Services
11 State House Station
Augusta, ME 04333
Preliminary Analysis**

Date: May 11, 2011

Project: Transfer of Bed Rights to Ross Manor from CA Dean Memorial Hospital

Proposal by: Ross Manor

Prepared by: Larry D. Carbonneau, Senior Health Care Financial Analyst
Richard F. April, Senior Health Care Financial Analyst
Phyllis Powell, Assistant Director, Planning, Development and Quality

Directly Affected Party: None

Recommendation: Approve

	Proposed Per Applicant	Approved CON
Estimated Capital Expenditure	\$ 340,000	\$ 340,000
Maximum Contingency	\$ 5,000	\$ 5,000
Total Capital Expenditure with Contingency	\$ 345,000	\$ 345,000
Third Year Incremental Operating Costs	\$ 594,736	\$ 594,736
<hr/>		
MaineCare Neutrality:	Neutral	

I. Abstract

A. From Applicant

Project Description

“Ross Manor a 159 bed health care campus located in Bangor Maine, seeks certificate of need (CON) approval under the simplified process or waiver of CON to relocate up to 20 of the 24 NF beds from CA Dean Hospital, county of Piscataquis to Ross Manor located in Bangor Maine, county of Penobscot subject to the Mainecare revenues associated with the acquired bed rights and sufficient to cover the additional requested MaineCare costs associated with the bed relocation in accordance with Mainecare budget neutrality policy.”

“Ross Manor has the capacity to add these beds without any new construction. As such we ask the Department to consider the expedited review standards which only require that the applicant demonstrate neutrality with respect to historic costs. Ross’s Mainecare rate will not increase as a result of adding up to 20 NF beds and thus while Ross’s project is not to convert banked beds, it seems reasonable to substitute the evidence of neutrality for the intensity of preparing a proforma and cost report. Otherwise we have prepared our response to the determinations required and to decision criteria.”

“Ross Manor has agreed to pay CA Dean a value for the resources according to a certain letter of intent (attached). Further, Ross Manor acknowledges that the price paid for the bed rights is not includable in future MaineCare rates.”

“It is also expected that the amount of resources needed for neutrality associated with this project will be less than the amount available. Accordingly, a letter of intent will be filed with the Department for inclusion of the balance of the resources in a replacement facility project in Ellsworth, Maine or for a new facility in Bucksport, Maine or for both.”

II. Fit, Willing and Able

A. From Applicant

“The applicant for this project is Ross Manor the owners of which are Rosscare, Inc. and Frist Atlantic Corporation. Rosscare and First Atlantic Healthcare have been successful joint venture partners for approximately 20 years, owning Stillwater Healthcare, Colonial Healthcare, Dexter Manor, Katahdin Healthcare and Ross Manor.”

Profile of First Atlantic Corporation:

“The following individuals comprise the senior executives at FAH:

Kenneth Bowden, CEO	19 years with FAH
Craig Coffin, COO	27 years with FAH
Vicki White, VP/Corporate Compliance Officer	16 years with FAH
Wanda Pelkey, CFO	13 years with FAH”

“The facilities managed by First Atlantic Healthcare are as follows”:

Atlantic Rehab & Nursing. Calais, Maine	Collier's Rehabilitation & Nursing Center Ellsworth, Maine	Colonial Healthcare Lincoln, Maine	Dexter Healthcare Dexter, Maine
Falmouth By the Sea Falmouth, Maine	Freeport Place Freeport, Maine	Hawthorne House Freeport, Maine	Katahdin Healthcare Millinocket, Maine
Portland Center for Assisted Living Portland, Maine	Marshall's Healthcare Machias, Maine	Ross Manor Bangor, Maine	Seal Rock Healthcare Saco, Maine
Seaside Healthcare Portland, Maine	Stillwater Healthcare Bangor, Maine	Washington Place Calais, Maine	Woodlawn Rehabilitation and Nursing Center Skowhegan, Maine

“The applicant refers the Bureau to the Division of Licensing and Certification for confirmation that the above named entities has had isolated deficiencies that have been corrected on a timely basis.”

“Neither First Atlantic nor Rosscare or any of the principals of either organization been barred from participation in the Medicare or Mainecare programs at any time or found guilty of any infractions that would eliminate their participation in this project.”

“Principal profiles for First Atlantic Corporation are as follows”:

Ronald C. Coffin.

“Mr. Coffin is Founder and President of First Atlantic Healthcare. He has been involved in healthcare services since 1964. A graduate of University of Maine and Boston University School of Law, Coffin has strong ties with Maine’s long-term care community. From 1968 through 1984 he was the owner and operator of First Allied Corporation, which owned and operated nursing facilities in Maine, Massachusetts, Florida and California. First Allied was sold to Hillhaven corporation in 1984. One year later Mr. Coffin started First Atlantic Corporation the successor to First Allied.”

“In the intervening years of 1985 through 2003, Mr. Coffin and First Atlantic Corporation/Healthcare have acquired and managed all of the facilities named above and additionally have operated and owned an institutional pharmacy known as Downeast Pharmacy and First Allied Home Health, a twelve office home health company which operated in Maine.”

“Mr. Coffin’s operations have a reputation for quality and sound fiscal management. Today, his enterprises employ nearly 1,500 individuals ranking on a combined basis in the top fifteen employers in Maine.”

Kenneth W. Bowden

“Mr. Bowden serves as First Atlantic Corporation’s Chief Executive Officer and is responsible for overall First Atlantic activities including management, consulting, development and regulatory compliance.”

“A graduate of Ellsworth High School in 1973, he continued his education at the University of Maine at Orono, earning a Bachelor’s degree in Accounting in 1977 and an M.B.A. in 1979. Employed by Ernst & Whinney from 1979 to 1981 in public accounting, many of his audit client’s were from the health care field; including St. Mary’s General Hospital, Penobscot Bay Medical Center and Northern Maine Medical Center to name a few.”

“In 1981, Bowden joined St. Mary’s as their Cost and Reimbursement Specialist where he had responsibility for preparation of that organization’s annual operating budget and all cost reports. In addition to hospital operations he also had responsibility for Marcott Nursing Home, a 350-bed facility owned and operated by the Sisters of Charity. In 1984, Bowden became the first Chief Financial Officer at Jackson Brook Institute, a newly opened Psychiatric and Drug Rehabilitation Hospital located in South Portland, Maine. In 1991, he joined First Atlantic Corporation as Chief Financial Officer where his duties included financial oversight of the nursing, pharmacy and home health divisions. Promoted to Chief Executive Officer in 1995, he continues to serve in this capacity today.”

“For more than 20 years, Mr. Bowden has been involved with healthcare services. He is a past board chair of Maine Healthcare Association and Goodwill Northern New England. Bowden is currently a member of the Council of Ministries at the Falmouth Congregational Church.”

Craig G. Coffin

“Mr. Coffin is the company’s Chief Operating Officer and as such he oversees all operational and development aspects of the company. A licensed Nursing Facility Administrator in Maine (license number AD 523) and Florida, Mr. Coffin began working in the field of geriatric healthcare in 1985. He has run several nursing facilities including the flagship facility Falmouth by the Sea from 1990 to 1993. He was instrumental in the development and construction of Ross Manor a 119 bed facility with 83 skilled and long term care beds, 24 Residential Alzheimer’s beds and 12 Assisted living beds. In 1994 he joined the company’s corporate offices and held the position of Vice-President. Promoted again in 1995 to the position of Chief Operating Officer, Coffin is responsible for all land acquisition, permitting, development and operations of the company. Most recently, he oversaw our development in Saco Maine.”

“Born in Massachusetts and educated at Proctor Academy, Dean College and the Florida State College of Healthcare for his AIT program, he has for nearly 20 years, been involved with the provision, direction and management of healthcare to the elderly.”

Profile of Rosscare:

“As a member of Eastern Maine Health Systems (EMHS) , Rosscare’s philosophy is to value aging and strive to improve the lives of older adults through a network of senior services that provide resources, education, housing, and support services for older adults, their families, and caregivers throughout the EMHS service region.”

“Rosscare, a tax-exempt organization, provides or supports a continuum of nonacute health care services including a boarding home facility, an emergency responder program, a telephone reassurance program, primary care to geriatric patients and a continuing care information center. Rosscare is the sole shareholder of Rosscare Nursing Homes, Inc ("RNHI") and is a 50% owner in Dirigo Pines Inn, LLC ("DPI").”

“RNHI is also a 50% partner in four separate partnerships that own and operate nursing homes. On a combined basis, the nursing homes offer 300 long-term care beds and a 24-bed Alzheimer unit to the residents of central maine.”

“DPI is a limited liability company formed for the construction and operation of an apartment style retirement community in Orono, Maine. Operations to date have been restricted to start-up activities of this project.”

Principal profiles of Rosscare, Inc. are as follows:

“Lisa Harvey-McPherson, RN, MBA, MPPM is Vice President, Continuum of Care EMHS with responsibility for overseeing all Rosscare operations. Lisa has been with Eastern Maine for 13 years and affiliated with Rosscare since joining Eastern Maine.”

“Amy Cotton MSN, GNP-BC, FNP-BC, FNGNA is Director of Operations for Rosscare was originally employed at Eastern Maine Medical Center and has been with Rosscare 23 year.”

B. CONU Discussion

i. CON Criteria

Relevant criterion for inclusion in this section are specific to the determination that the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.

ii. CON Analysis

Ross Manor is owned by a partnership consisting of Eastern Maine Healthcare Systems' subsidiary Rosscare, Inc. and First Atlantic Healthcare. Ross Manor is located at 758 Broadway in Bangor, Maine. The administrator is Garth Berenyi. Mr. Berenyi is a licensed administrator in good standing according to records on file with the department. The facility has multiple levels of care including 83 nursing home beds, 24 Level IV residential care beds for Alzheimer's patients and 52 assisted living beds. The nursing beds are all Medicare and MaineCare certified. The current license for Ross Manor was issued in November 2010 with an expiration of October 31, 2011 and remains in good standing.

The facility has had no recurring survey findings. The surveys are on file with the Long-term Care Unit of the Division of Licensing and Regulatory Services. In the latest available Roster Occupancy Report prepared by the Muskie School, Ross Manor had an 81.93% occupancy rate. Ross Manor payment distribution consists of 55.88% MaineCare, 33.9% Medicare and 10% private pay. Ross Manor is the preferred referring facility for Eastern Maine Medical Center for rehabilitation patients.

First Atlantic Corporation has proven itself to be a steady and reliable provider of care. It has submitted numerous projects for CON review since 2005 including:

- The development and opening of Seal Rock Healthcare in Saco, Maine;
- The acquisition of Marshall Healthcare in Machias, Maine;
- The renovation and addition of capacity at Seaside Healthcare in Portland; and
- The acquisition of Katahdin Nursing Home in Millinocket, Maine.

The applicant has demonstrated a history of providing quality nursing facility services in the communities where its facilities are located. By operating multiple facilities in compliance with regulatory guidelines, the applicant has demonstrated the ability to continue this standard of care at Ross Manor in Bangor, Maine.

iii. Conclusion

CONU recommends that the Commissioner find that Ross Manor is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.

III. Economic Feasibility

A. From Applicant

“As noted in the project description, we propose to transfer as many of the Mainecare resources from CA Dean to Ross Manor as required for neutrality and acknowledge the purchase price for resources will not be reimbursable; **therefore, this proposal is DHHS budget neutral.**”

“Bed Right Purchase Price \$240,000”

“We estimate total new project capital costs will be less than applicable CON thresholds and will not exceed \$100,000. First year annual operating costs will amount to approximately \$697,150. Utilization will be 95%. Management services of the new project will commence on the date the transaction closes. Mainecare utilization is expected to equal the historic level of 50%.”

“The project will lower Mainecare rates of Ross Manor in an amount equal to total fixed costs divided by the new number of resident days even though the total number of beds at Ross will increase by up to 20-beds. Since the new number of resident days as a ratio to total days will be greater than the ratio of any increase in annual capital costs. Thus, adding the beds will cause Ross Manor’s fixed costs per day to lower.”

“We have not included a financial pro forma as we believe the high bar test of this project is need coupled with neutrality. See below for our response to other financial based criteria. If the Department determines that a full proforma and projected cost report is required one will be filed timely.”

“Therefore we expect that of the Mainecare resources purchased of approximately \$1,187,308 approximately up to \$693,318 will be paid on an on-going basis to Ross Manor using our most recent Mainecare utilization of 50%. Remaining resources would be linked to letter(s) of intent linked to a replacement facility in Ellsworth, Maine or a new facility in Bucksport, Maine.”

“Total healthcare expenditures are expected to remain unchanged.”

B. CONU Discussion

i. CON Criteria

Relevant criterion for inclusion in this section are specific to the determination that the economic feasibility of the proposed services is demonstrated in terms of the:

- a. Capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and
- b. The applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules.

ii. CON Analysis

Ross Manor is owned in a 50/50 partnership of Rosscare, the Long term care subsidiary of Eastern Maine Health Systems and First Atlantic HealthCare. Both organizations have demonstrated fiscal responsibility based on the completion of prior year audited costs reports and information available from the Maine Health Data Organization's website. Both organizations have demonstrated the financial capability of completing projects of this magnitude.

The project will not raise direct or routine costs because of peer limits.

TABLE 1

MaineCare Neutrality	\$	Beds
Resources Available:		
Ross Manor – NF Resources	\$2,593,281	83
CA Dean Resources	\$1,187,309	24
Total Program Revenues	\$3,780,590	107
Resources Needed:		
Ross Manor Proforma	\$3,188,017	103
Remaining Resources	\$592,573	4

Table 1 demonstrates that 20 beds can be added at Ross Manor and the project will maintain MaineCare neutrality.

Ross Manor has the capacity to offset a lower reimbursement rate from MaineCare due to the facility's relatively high level of Medicare revenue. Ross Manor's peers often depend on more of their funding from MaineCare revenue sources. (Information derived from Census Reports from Muskie School.)

The applicants have demonstrated their ability to adapt to changing regulatory conditions and licensing requirements.

The bed rights are being acquired for \$240,000. The applicant has estimated that the equipment necessary for the additional beds will not exceed \$5,000 per bed. This indicates that the project includes allowable capital expenditures of \$340,000 with a 5% contingency. Only \$100,000 of capital expenditures are reimbursable expenditures as the \$240,000 is not allowable for reimbursement purposes under the provision of reimbursement rules.

iii. Conclusion

CONU recommends that the Commissioner determine that Ross Manor has met their burden to demonstrate: (1) the capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and (2) the applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules.

IV. Public Need

A. From Applicant

“As noted earlier, Bangor Maine will experience an increasing need for NF beds from now through 2015 and the relocation of up to 20 CA Dean beds addresses approximately 19% of the expected demand.”

“Ross Manor has a strong record of compliance and quality service to elders. The relocation of up to 20 beds will not negatively impact Ross Manor’s ability to serve the intended population. Ross is a CMS five star facility.”

“The services offered at Ross Manor will be accessible to all residents of the area proposed to be served. The service area demographics indicate need, Ross has a history of serving the intended population without discrimination and regional transportation is available in the greater Bangor area for individuals needing transportation support. Finally, there are no present plans to reduce Ross Manor capacity.”

“As noted above, adding the 20 beds will not cause deterioration in service quality as all systems, management and policies will continue that have generated excellent clinical results for many years running.”

“According to data provided by the Muskie School there were 931 NF beds in Penobscot county in 2000. By 2010, Muskie reported a decrease of beds to 835 and projected a further decline to 763 by 2015 a decline of 168 beds from 2000 to 2015 projected. At the same time Muskie reported that 815 NF beds would be needed by 2015 to accommodate an increase in the number of individuals 65 and over (using the Department’s standard of 110 persons over the age of 75 per 1,000 in population 835 beds will be needed). Thus conservatively stated, we conclude that Penobscot county has or will have a bed shortage of 52 nursing facility beds in the near future.”

“CA Dean on the other hand is located in Piscataquis County and serves mostly individuals living in Greenville.”

“After CA Dean relicenses its NF beds, the hospital will still remain as a critical access hospital with swing beds capable of providing transitional NF services for Greenville residents. Furthermore, within the generally accepted radius of 50 miles there are 125 NF beds currently operating at approximately 90% occupancy that provide necessary services.”

Conclusion

“Muskie data illustrates an unmet need in Penobscot county of 52 beds by 2015. Our proposal, subject to verification of neutrality, requests approval for up to 20 additional NF beds at Ross Manor or 38% of the expected unmet need.”

B. CONU Discussion

i. Criteria

Relevant criterion for inclusion in this section are specific to the determination there is a public need for the proposed services as demonstrated by certain factors, including, but not limited to:

- a. Whether, and the extent to which, the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
- b. Whether the project will have a positive impact on the health status indicators of the population to be served;
- c. Whether the services affected by the project will be accessible to all residents of the area proposed to be served; and
- d. Whether the project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project.

ii. CON Analysis

CONU informed the Office of Elder Services (OES) about the proposal and provided OES with copies of the application. OES reviewed the application and determined that the project met OES's criteria for consistency with their expected demands for nursing care beds for the area served by the facility. After CA Dean Memorial Hospital delicensures its nursing facility beds, the hospital will still remain as a critical access hospital with swing beds capable of providing transitional nursing facility services for Greenville residents. Furthermore, within the general area there are 125 nursing facility beds operating and providing services.

The project will increase the availability of beds in a much more populated part of Eastern Maine than in the Greenville area where CA Dean Memorial Hospital is located. Ross Manor serves primarily the Bangor area. Bangor area facilities demonstrate higher occupancy levels currently than the area around CA Dean Memorial Hospital. Bed need is a measurable health need.

Ross Manor has a higher ratio of skilled care occupancy compared to its peers. The current operators of the facility provide competent care and have provided evidence of the programs in place to assure positive health outcomes. The applicant had provided CONU with some of its numerous projects that impact quality health. The facility monitors many health quality indicators. Ross Manor will provide its services to all patients in the area who require nursing facility services.

iii. Conclusion

CONU recommends that the Commissioner find that Ross Manor has met their burden to show that there is a public need for the proposed project as demonstrated by certain factors, including, but not limited to: (1) Whether, and the extent to which, the project will substantially address

specific health problems as measured by health needs in the area to be served by the project; (2) Whether the project will have a positive impact on the health status indicators of the population to be served; (3) Whether the services affected by the project will be accessible to all residents of the area proposed to be served; and (4) Whether the project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project.

V. Orderly and Economic Development

A. From Applicant

“Our proposal is budget neutral as the payment by Mainecare for services will not exceed total payments received by CA Dean. Also, the bed rights purchase price will not be reimbursable.”

B. CONU Discussion

i. CON Criteria

Relevant criteria for inclusion in this section are specific to the determination that the proposed services are consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by:

- a. The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;
- b. The availability of state funds to cover any increase in state costs associated with utilization of the project's services; and
- c. The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available.

ii. CON Analysis

As Table 1 in section III of this report illustrates, the regional impact on healthcare expenditures of this project would be a reduction in costs of \$592,573. As a result the state's MaineCare expenditures would be expected to decrease. MaineCare neutrality ensures compliance with this provision. The remaining resources from CA Dean Memorial Hospital are included in other pending Certificate of Need proposals and will not default back into the Nursing Facility Funding Pool.

The application provides for a lower-cost alternative to the beds that were available at CA Dean Memorial Hospital. Due to economies of scale, it would be more expensive to operate a 24 bed facility than to run a facility such as Ross Manor. Finally, reimbursement for nursing bed care will not be at the higher hospital-based reimbursement level.

iii. Conclusion

CONU recommends that the Commissioner find that Ross Manor has met their burden to demonstrate that the proposed project is consistent with the orderly and economic development of health facilities and health resources for the State.

VI. State Health Plan

Relevant criterion for inclusion in this section are specific to the determination that the project is consistent with the State Health Plan.

The most recent State Health Plan was developed in the summer of 2010. This State Health Plan developed priorities to be considered when assessing hospital-based CON projects. The criterion for approving an application still requires the project to be consistent with the goals of the State Health Plan. In order to accomplish this, CONU requires the applicant to address the following:

Priority: Please describe your population-based health and prevention programs and involvement in state-wide programs such as the Pressure Ulcer Task Force. Please describe any training programs you provide staff to identify and mitigate health concerns in the facility, especially those that may have an impact on reducing non-emergent emergency room use by your residents.

a. **Applicant's Discussion on Priority**

"We believe that the services we propose in our application do not contradict the state health plan developed by the Department."

"Adding up to 20 beds will not provide demonstrable improvements in quality and outcomes, however adding the beds will not cause deterioration in service quality either for the following reasons":

"Over many years, Ross Manor has adopted evidence based clinical best practices, some based on the NHQF's effort to reduce negative outcomes in the areas of dehydration, pressure sores, treatment of depression in elderly and fall prevention. The effort entails implementation of best practices, tracking results against prescribed standards to ascertain variation, employ root cause analysis to understand variations and act on what is learned to improve processes leading to improvement/desired outcomes."

"First Atlantic Healthcare and Ross Manor participate in the Maine LANE (Local Areas Networks For Excellence) project. LANE, identifies, disseminates and/or develops practical and evidence-based technical assistance resources to help nursing homes achieve their quality and organizational goals. The national Campaign's Technical Assistance Work Group makes available targeted resources to support Campaign goals, which the LANE is able to promote and disseminate to Campaign participants. In addition, LANEs develop and host local educational events for participating nursing homes, staff, and consumers and encourage the sharing of best practices among all participants."

"A few of the initiatives undertaken in Maine and which Ross Manor utilizes in its operations include:

- Consistent assignment
- Resident and family satisfaction studies

- Monitoring with the goal of reducing pressure ulcers
- Limiting the spread of infectious disease through immunizations and use of proper hand washing techniques”

“Throughout our organization and at Ross Manor we follow the PDSA (plan, do, study, act) sequence of continuous quality improvement as it relates to the LANE goals.”

“Additionally, Ross utilizes American Data Systems technology to produce an all-electronic medical record. The electronic record among other things provides secure access to vital health information in the event of a disaster. It also, highlights documentation voids, for example helps to ensure proper medication management by noting when scheduled medications are not given.”

“Electronic charting also enhances productivity - here are but a few worth mentioning”:

- “Information must flow TO and FROM the staff member. Collecting data might have many useful purposes, but unless information is also flowing to the caregiver, greater quality of care is hard to achieve. Electronic charting makes retrieving information easy and reliable for front line workers. It’s accuracy and the real time availability of information is key to quality, especially on a shift-to-shift basis.”
- “Charted information populates many fields thus duplication is eliminated.”
- “Critical documentation such as incidents, critical lab values, the MAR, physician orders, weight loss, and acute condition changes to name but a few will be reported instantly and automatically to the Director of Nursing and Unit Managers among others within the organization when it occurs, not just when requested in some graphic summary or report after the fact.”
- “Our system is easy to use and requires minimal computer knowledge or typing skills to operate.”

“As noted above, FAH utilizes its Regulatory Compliance Committee coupled with the partnership Quality of Care committee to facilitate peer reviews in all of our facilities and to provide a mechanism for communicating compliance information throughout our company. Because we place such emphasis on this committee and require every Administrator and DON to serve on it and on peer review teams, we believe our leadership teams are always in command of the appropriate knowledge they need to set policy and systems into motion that generate appropriate outcomes for our clients.”

“Please see our Mission and Values statement which is included as Exhibit V. It is the foundation of our company culture and it speaks directly to our quest for therapeutic interventions that are curative, comforting and dynamic. As well, it speaks to consumer satisfaction and quality of residential environments that are comfortable, clean and appropriate for consumer needs thus enabling providers under our banner to become the place of choice in the communities we serve.”

“Ross a CMS 5 star facility has an annual licensing survey record which is exemplary.”

b. CONU Findings

The applicant has demonstrated consistency with this priority.

Priority: Please describe the facility's culture of patient safety. Please provide a quality improvement plan that uses evidence-based protocols, a patient safety improvement strategy for the project under consideration and for other services throughout the facility.

a. Applicant's Discussion on Priority

"Please refer to our response above and note that our most recent plan of correction regarding our most recent state survey is attached."

"Also, we enclose a copy of our Mission and Values Statement which speaks directly to our patient centric culture and the promotion of safe, evidence healthcare practices designed to reduce pain, promote quality of life and well-being."

b. CONU Findings

Ross Manor, as the primary long-term care subsidiary of Eastern Maine Healthcare Systems, has a leading role in the long term care of patients in the Bangor area. The applicant has demonstrated in their responses to several other priorities that they exhibit and promote a culture of patient safety. The applicant meets this priority.

Priority: Describe how the project leads to lower cost of care / increased efficiency.

a. Applicant's Discussion on Priority

"Our project financial statement pro-forma including the pro-forma cost report, which illustrates its financial feasibility, is attached. As the pro-forma demonstrates, with the desired room rates all of the costs typically associated with a nursing facility are met. The proposal does not contain features that are likely to materially change the historic level of operating costs. We have no plans to change the current charge structure at the facility as a result of this Mainecare resource transfer request. As noted above, the cost to purchase of the bed rights is not includable in MaineCare rates thus the project is budget neutral. Demand for the 10 beds has been demonstrated. In short, demand is expected to be firm, costs will be well managed to historic levels and thus the real question emerges concerning funding at levels that ensure solvency. Again the answer lies more with regulators, governors and legislators. The best we can conclude in answer to this question is to say simply that healthcare providers are a vital part of ensuring quality care for elderly in their service areas and the need will remain as demand for long-term-care increases due to an aging population."

b. CONU Findings

The quality matrix entitled "Northeast Integrated Geriatrics Care" submitted by the applicant indicates that the length of stay of transferred patients has decreased dramatically since 2009.

This decrease in length of stay is attributable to several factors. One of the factors that the applicant has identified is patient satisfaction. The facility participates in a resident satisfaction survey as well as a family satisfaction survey. Monitoring quantitative and qualitative data is necessary to achieve greater efficiencies. The marginal costs of adding these beds is less than the fixed costs currently and therefore will reduce the fixed costs per bed ratio. The applicant has met this priority.

Priority: If applicable, describe how the project meets at least "Gold Standard" certification by the Leadership in Energy and Environment Design (LEED) by incorporating "green" best practices in building construction, renovation and operation to minimize environmental impact both internally and externally.

a. Applicant's Discussion on Priority

"This criterion is not applicable because we seek transfer of beds and resources to the applicant without construction."

b. CONU Findings

This priority does not apply to this proposed project.

iii. Conclusion

CONU recommends that the Commissioner find that the project is consistent with the State Health Plan.

VII. Outcomes and Community Impact

A. From Applicant

“The project is expected to neither increase nor decrease competition in a manner that is likely to impact the supply of services locally available in the market served by Ross Manor. As noted earlier, while this proposal seeks to add 10 beds to Ross Manor, it is in answer to the increase in population demographics. Thus, competition is not expected to change as a result of the project, the impact on system wide cost of health care while minimal will be beneficial.”

B. CONU Discussion

i. CON Criteria

Relevant criterions for inclusion in this section are specific to the determination that the project ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.

ii. CON Analysis

The applicant has met the criteria for demonstrating need for the requested beds. As part of that assessment it was demonstrated that the area would benefit from the additional capacity and would not strain the resources of the facility or affect the ability of other existing providers to maintain adequate levels of service. The proposal will ensure high-quality outcomes for the patients served in the enlarged facility.

iii. Conclusion

CONU recommends that the Commissioner find that Ross Manor has met their burden to demonstrate that this project will ensure high-quality outcomes while not negatively affecting the quality of care delivered by existing service providers.

VIII. Service Utilization

A. From Applicant

“This section appears to be more relevant to hospitals than to NFs however, we will comment on the intent of this criterion as it pertains to nursing facility services.”

“Prior to admission to a licensed nursing facility that is Mainecare certified a Gould assessment must be completed that finds a minimum of ADL or cognitive loss that qualifies the prospective admission for NF services in accordance with Maine law and regulations. Therefore, we assert that this gate keeping function eliminates inappropriate service utilization of Mainecare resources.”

B. CONU Discussion

i. CON Criteria

Relevant criterion for inclusion in this section are specific to the determination that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum.

ii. CON Analysis

The applicant has met the criteria for demonstrating need for the requested beds. As part of that assessment it was demonstrated that the area would benefit from the additional capacity and would not strain the resources of the facility. The Maine Quality Forum has not adopted any principles for nursing facilities that are applicable to this particular application.

iii. Conclusion

CONU recommends that the Commissioner find that the Ross Manor has met their burden to demonstrate that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum.

IX. Funding in MaineCare Nursing Facility Fund

A. From Applicant

“We are not seeking additional funds from the MaineCare Nursing Facility Fund as needed resources are provided from the purchase of bed rights.”

B. CONU Discussion

i. CON Criteria

Relevant criterion for inclusion in this section are related to the needed determination that the project can be funded within the MaineCare Nursing Facility Fund.

ii. CON Analysis

There are no funds being requested from the MaineCare funding pool. This proposal demonstrates MaineCare neutrality.

iii. Conclusion

CONU has determined that there are no incremental operating costs to the healthcare system there and will be no MaineCare Nursing Facility Fund dollars needed to implement this application.

X. Timely Notice

A. From Applicant

“We believe that our letter of intent coupled with this application following the DHHS CON template complies with all timely notice requirements of the applicant at this stage of the review process.”

B. CONU Discussion

Letter of Intent filed:	January 26, 2011
Technical Assistance meeting held:	January 26, 2011
CON application filed:	February 7, 2011
CON certified as complete:	February 7, 2011
Public Information Meeting Held:	March 3, 2011
Public comment period ended:	April 4, 2011

XI. Findings and Recommendations

Based on the preceding analysis, including information contained in the record, the CONU recommends that the Commissioner make the following findings and recommendations:

- A. That the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.
- B. The economic feasibility of the proposed services has been demonstrated in terms of the:
 - 1. Capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and
 - 2. The applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules;
- C. The applicant has demonstrated that there is a public need for the proposed services as demonstrated by certain factors, including, but not limited to:
 - 1. The extent to which the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
 - 2. The project has demonstrated that it will have a positive impact on the health status indicators of the population to be served;
 - 3. The project will be accessible to all residents of the area proposed to be served; and
 - 4. The project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project;
- D. The applicant has demonstrated that the proposed services are consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by:
 - 1. The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;
 - 2. The availability of State funds to cover any increase in state costs associated with utilization of the project's services; and

3. The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available was not demonstrated by the applicant;

In making a determination under this subsection, the commissioner shall use data available in the state health plan under Title 2, section 103, data from the Maine Health Data Organization established in chapter 1683 and other information available to the commissioner. Particular weight must be given to information that indicates that the proposed health services are innovations in high quality health care delivery, that the proposed health services are not reasonably available in the proposed area and that the facility proposing the new health services is designed to provide excellent quality health care.

- E. The applicant has demonstrated that the project is consistent with and furthers the goals of the State Health Plan;
- F. The applicant has demonstrated that the project ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers;
- G. The applicant has demonstrated that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum; and
- H. That the project need not be funded within the MaineCare Nursing Facility Fund.

For all the reasons contained in the preliminary analysis and in the record, CONU recommends that the Commissioner determine that this project should be **Approved**.