



FIRST ATLANTIC HEALTHCARE

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Division of Licensing and  
Regulatory Services

Ms. Phyllis Powell  
Manager Certificate of Need  
Division of Licensing and Regulatory Services  
Department of Human Services  
Medical Facilities Unit  
Augusta, Maine 04333-0011

Wednesday, March 30, 2011

Subject: Letter of Intent

Re: Replacement of Collier's Nursing and Rehabilitation Center located in Ellsworth, Maine

Dear Ms. Powell,

We are sending this **Letter Of Intent (LOI)** as required by Section 71.05 of the Bureau of Elder and Adult Services Policy Manual, titled, CERTIFICATE OF NEED FOR NURSING FACILITY LEVEL OF CARE PROJECTS.

Pursuant to this section we are providing the following information and seek a determination whether or not this particular project is subject to CON review by your office.

Brief Description:

We propose to combine the operations of Atlantic Rehabilitation located in Calais, Maine with the operations of Collier's Healthcare located in Ellsworth, Maine. The merger of operations will require the expansion of Collier's Healthcare at its present site, generate greater economies from operations and will resolve a variety of physical problems with the Calais location. We plan to construct 60 new NF beds, offered as both private and semi-private accommodations.

Atlantic Rehabilitation currently serves on average 46 patients per day down from the 100 patients it served a decade ago. We believe there is capacity within the Calais region to accommodate these patients as our NF operations in Calais phase out.

Medicaid resources available from the most recently filed cost reports of both facilities equal approximately \$3,890,000. Total available resources is a key metric, as it is the limiting element governing how many beds will be offered in Ellsworth.

We expect the replacement facility will take approximately 16 months to construct, and will be built with proceeds from a mortgage on the property. Once completed, we plan to relocate residents now living at Atlantic Rehab and Nursing to the newly renovated facility if they so choose or into surrounding facilities including Marshall's Healthcare in Machias.

Capital and First Year Operating Costs:

Summary of capital costs	Depreciation	
Land	250,000	0
Land improvements	1,000,000	40,000
Building	6,192,149	206,405
Fixed equipment	750,000	41,667
Major movable equipment	300,000	30,000
Vehicles	50,000	10,000
	<u>8,542,149</u>	<u>328,072</u>

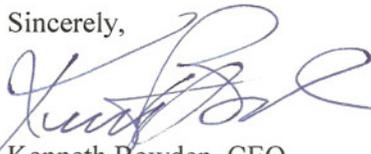
We estimate total project capital costs will be \$8,542,149 and first year annual operating costs will amount to approximately \$ 4,033,000. Utilization will be 95%.

Condition of Atlantic Rehabilitation and Nursing Center – brief statement of critical concern:

Attached please find our consultants report describing the condition of Atlantic Rehabilitation and Nursing Center. The report details the several physical problems with the building. Substantial repairs, more than \$300,000, is needed for the roof alone, if we are to keep this building serviceable. Based on age, construction type and market limitations we urge the Department to allow the closure of the facility and the relocation of resources to our replacement facility project in Ellsworth. This thirty-nine year old building does not meet current licensing standards for room size; there are many structural constraints with the building that limit modifications and repair or replacement costs for major building components such as the heating system and roof are wasteful expenditures to such a deficient building. Also, the Department lists both facilities as needing replacement and we refer you to licensing staff that have been to the facility for more information on either buildings condition.

In closing, we request a technical assistance meeting with your staff to more fully discuss our proposal and to solicit your feedback. Projects of this nature can generate concern from residents, their families and from employees. Therefore we have limited the knowledge of this letter to just the executive management of First Atlantic Healthcare. If you feel our proposal may have merit, we will file the certificate of need application and inform various stakeholder groups of our plans at that time.

Sincerely,



Kenneth Bowden, CEO  
First Atlantic Healthcare

Cc: Ronald Coffin, President  
Craig Coffin, COO  
Wanda Pelkey, CFO