



Genesis HealthCare<sup>SM</sup>

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**LETTER OF INTENT**

April 2, 2012

Phyllis Powell, Assistant Director  
Div. of Licensing and Regulatory Services  
Department of Health and Human Services  
#11 State House Station  
41 Anthony Avenue  
Augusta, ME 04333-0011

Larry Carbonneau, CPA,  
Senior Health Care Financial Analyst  
Department of Health and Human Services  
#11 State House Station  
41 Anthony Avenue  
Augusta, ME 04333-0011

**RE: Camden Operations LLC-Windward Gardens, Camden – Letter of Intent  
Change Mix of NF/SNF and RC Beds**

Dear Phyllis and Larry:

This correspondence constitutes a Letter of Intent in accordance with Section 71.05(A) of the BEAS Policy Manual, Certificate of Need Regulations for Nursing Facility Level of Care Projects.

On behalf of Camden Operations LLC and Windward Gardens, one of the Genesis Healthcare of Maine facilities, we seek to initiate the Certificate of Need (“CON”) review process to the extent it applies, to seek your advice and guidance on the best way to proceed, and to obtain an expedited, simplified review and approval of a conversion of Windward Gardens 38 NF/SNF beds and 40 RC beds (of which 20 RC beds are MaineCare eligible) to 53 NF/SNF beds and 20 RC beds (all to be MaineCare eligible). We also seek your advice and counsel, on how best to satisfy Medicaid Budget Neutrality requirements to the extent they are applicable.

We understand that this filing triggers the need for a Technical Assistance Meeting as the appropriate next step. We welcome the opportunity to meet with you and your staff as soon as practicable.

**Background**

It is the intention and goal of Windward Gardens, located in Camden, to “right size” the mix of NF/SNF and RC beds based on market conditions and demand for each service. There is an oversupply of RC beds in the market area and a need for additional NF services. Recognizing the need to remain MaineCare neutral, the resources for this change will come from a variety of sources.

Source	Beds	Cost
Fryeburg Beds	1 Reserved NF Bed	\$ 10,000
High View Manor	12 Reserved NF Beds	138,000
Marshwood Center	1 NF Bed	No Cost
Marshwood Center	16 RC Beds (now out of service)	No Cost
Pine Point Center	12 RC Beds (take out of services)	No Cost
Cedar Ridge	1 NF Bed	No Cost

### **Capital Costs**

There will be minimal, if any, additional capital costs required to Windward Gardens because the current Residential Care Space was built to NF/Skilled Care Requirements. We believe the capital cost would not be subject to Certificate of Need approval given that such costs are below the CON threshold.

### **Simplified Review Under §336**

We request that our proposal be made subject to a simplified (and expedited) review as described under §336 of the CON Law and §71.05(L)(2)(b) and (d) relating to fulfillment of pertinent licensing and other standards. We believe the project should be readily approved under these standards as it will "result in minimal additional expense" and "will be in compliance with other applicable state and local laws and regulations." We wish to work with the CONU to obtain approval of this project as soon as practicable.

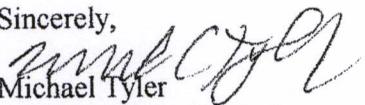
### **MaineCare Budget Neutrality**

We are also aware of the requirements of §334 of the CON Act that requires demonstration of MaineCare Budget Neutrality as prerequisite for approval. We believe the capital required to make this change would not be taken into account in the MaineCare neutrality calculation. We seek your guidance on how best to satisfy this requirement.

### **Next Steps and Technical Assistance Meeting**

We welcome the opportunity to work with you and look forward to meeting with you soon. I will be following up with you on this matter shortly. In the meantime, please feel free to contact me if I can be of any assistance. My telephone number is 774-8444, ext. 249 and my email is [mtyler@sandyriver2.com](mailto:mtyler@sandyriver2.com). Please also note that Daniel Maguire at Sandy River Company will be coordinating and writing the Certificate of Need Application and his email is [dmaguire@sandyriver2.com](mailto:dmaguire@sandyriver2.com). Please include both of us on any correspondence.

Sincerely,

  
Michael Tyler  
Vice President of Development