



Genesis HealthCareSM

Received
AUG 21 2012
Certificate of Need

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August 21, 2012

Phyllis Powell, Manager
Certificate of Need Unit
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 Healthcare Financial Analyst
Certificate of Need Unit
Department of Health and Human Services
#11 State House Station
41 Anthony Avenue
Augusta, ME 04333-0011

RE: Windward Gardens, Camden, Maine – *Revisions* to Certificate of Need
Conversion of Residential Care Beds to Nursing Facility (NF) Beds

Dear Phyllis and Larry:

On behalf of Camden Operations LLC and Windward Gardens, one of the Genesis Healthcare of Maine facilities, please find enclosed *revised Exhibits* to the Certificate of Need application changing the request for approval for the conversion of a 20 RC bed unit to a 20 bed SNF/NF unit, rather than 15 beds SNF/NF as previously requested. As a result of this revised change, Windward Gardens would go from 38 NF/SNF beds and 40 RC beds (of which 20 RC beds are MaineCare eligible) to 58 NF/SNF beds and 20 RC beds (all to be MaineCare eligible).

Please also note that Michael Tyler will continue working directly with you on the resources used to remain MaineCare neutral.

Again, it is the intention and goal of Windward Gardens to “right size” the mix of NF/SNF and RC beds based on market conditions and demand for each service. Please resume processing the Certificate of Need with this revised information.

Economic Feasibility

Please find the following revised Exhibits:

- Exhibit III-A: Operating Statement for past 12 months
- Exhibit III-B: Pro Forma Operating Statement
- Exhibit III-C: Pro Forma MaineCare Cost Report
- Exhibit III-D: Historical Balance Sheet

Exhibit III-E: Most Recent Completed MaineCare Cost Report

Please note that by adding the additional 5 SNF/NF beds, the Pro Forma Income Statement further shows that operations will stabilize with revenues increasing by \$787,220 over current FY 2012 budget.

Public Need

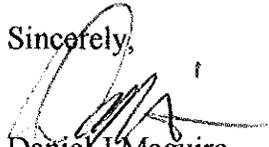
Please note that in the original Certificate of Need request, the conversion of a 20 RC bed unit to 15 bed SNF/NF unit is in a unit called Penobscot House Down. This unit contains 15 units. In this revised proposal, 5 of those units will now become shared and Penobscot House Down will house 20 SNF/NF residents.

There continues to be a compelling financial and market need to “right size” the facility. Attached is an updated Exhibit IV-A: Windward Garden’s Average Daily Census and Payer Mix for 2010, 2011, and YTD 2012. Windward Garden’s occupancy in the RC unit remains at only 47%.

In summary, this *revision* to the Certificate of Need request only further strengthens the financial viability of Windward Gardens and addresses the oversupply of RC beds in the market area and a need for additional NF services.

We look forward to continue working with you on this proposal.

Sincerely,



Daniel J Maguire
Sandy River Company
On behalf of Camden Operations LLC