



Genesis HealthCareSM

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LETTER OF INTENT

April 16, 2013

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: Scarborough Operations LLC, dba Pine Point Center– Letter of Intent
To Add 4 NF Beds**

Dear 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 Scarborough Operations, LLC and Pine Point Center, one of the Genesis Healthcare of Maine LLC 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 to add 4 NF beds to Pine Point Center thereby increasing the number of NF beds from 58 NF Beds to 62 NF beds.

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 possible.

Background

In 2012, Pine Point Center eliminated 12 Residential Care beds. Five of the 12 Residential Care beds were used as part of the resources to add NF beds at Windward Gardens as approved in a Certificate of Need for Windward Gardens on January 7, 2013. Scarborough Operations LLC would like to utilize the remaining 7 Residential Care beds (the “excess resources” in the Windward Gardens approved Certificate of Need) to add 4 NF beds to Pine Point Center.

This increase in only 4 NF beds to the Greater Portland/Scarborough service area has very little, if any, impact on the market area. However, adding an additional 4 NF beds to Pine Point Center will further strengthen the economic viability of operations at Pine Point Center.

Capital Costs

There will be minimal additional physical plant capital costs required to add 4 NF beds to Pine Point Center. The facility will reconfigure a short stay unit to accommodate 4 additional beds by taking two large single suites and making those semi-private rooms; converting a current nursing office back into a resident room; and converting another private room from an office back to a resident room. The total estimated cost to make these changes is \$125,000, and 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. 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. Please include both of us on any correspondence.

Sincerely,



Michael Tyler
Vice President of Development