



Received
MAR 11 2013
Certificate of Need

March 7, 2013

Phyllis Powell, Assistant Director
Division of Licensing and Regulatory Services
Certificate of Need Unit
Department of Health and Human Services
State House Station #11
Augusta, ME 04333-0011

RE: Letter of Intent to Increase St. Andrews Village Nursing Facility License from 30 to 48

Dear Ms. Powell:

On behalf of our client, Lincoln County Healthcare, Inc. and as required by Section 71.05(A) of the Division of Licensing and Regulatory Services, Certificate of Need Regulations for Nursing Facility Level of Care Projects, please accept this correspondence as a Letter of Intent to file a Certificate of Need application.

Background

Lincoln County Healthcare has campuses in both Boothbay Harbor and Damariscotta, Maine and operates a full-service health care delivery system, which includes Miles Memorial Hospital, St. Andrews Hospital & Healthcare Center which includes St. Andrews Village among others. Lincoln County Healthcare is a member of MaineHealth.

The Gregory Wing at St. Andrews Village, located at 145 Emery Lane in Boothbay Harbor, is currently licensed with 30 nursing facility beds and 11 residential care beds.

Brief Description of Project

St. Andrews Hospital & Healthcare Center (SAH), located at 6 St. Andrews Lane in Boothbay Harbor, is a Critical Access Hospital licensed for 25 acute and swing beds. SAH plans to cease providing inpatient acute care services during 2013. Swing bed census at SAH has averaged approximately 10 to 12 patients per day, but has been as high as 17 at certain points during the past year. The loss of these swing beds presents a need for long-term care beds in the community.

Under the proposed plan, approximately 11,600 of existing square footage within the current SAH facility will be converted and utilized to provide long-term care services under an expanded license for Gregory Wing at St. Andrews Village. The plan proposes to increase the current license from 30 nursing facility beds to 48 nursing facility beds. All other aspects of its license will remain the same.

Estimated Capital Costs

Certain space currently utilized to provide inpatient acute care and swing services will be renovated and utilized to provide long-term care services under the plan. Capital costs are estimated as follows:

	<u>Year 1 Capital Outlay</u>
Renovations to existing space	\$550,000 to \$1,000,000
Furnishings	\$20,000 to \$200,000

In addition, depreciation costs related to the conversion of existing space is approximately \$142,000 annually.

This project will not require any financing.

Laundry services currently provided to St. Andrews Village has the capacity to expand and will provide services to this new wing without any additional capital cost. Dietary services will be provided onsite and is included in the 11,600 square feet of existing space that will be converted to provide long-term care services.

MaineCare utilization is estimated at approximately 23%. It is our understanding Lincoln County Healthcare has adequate revenue stream available in the State's Reserved Bed Funding Pool to meet MaineCare neutrality requirements.

Timing

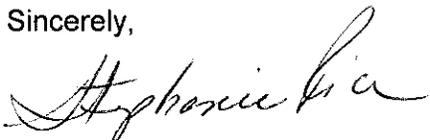
We anticipate filing the Certificate of Need application as soon as practicable with the expectation to admit residents under the revised license upon approval.

Pursuant to Section 71.05(A) of the Division of Licensing and Regulatory Services, Certificate of Need Regulations for Nursing Facility Level of Care Projects, we request verification that this project is subject to review.

We welcome the opportunity to meet with you and your staff at a Technical Assistance Meeting to further discuss the proposal and receive additional guidance and clarification from the Department regarding the Certificate of Need Application.

Please feel free to contact me with any questions at 207.775.2387.

Sincerely,



Stephanie Rice, CPA

cc:

Wayne Printy, CFO
Judy McGuire, Senior VP Home Health and Senior Living