



April 18, 2014

Larry D. Carbonneau, CPA
Sr. Healthcare Financial Analyst, HealthCare Oversight Manager
Division of Licensing and Regulatory Services
Department of Health and Human Services
State House Station #11, 41 Anthony Avenue
Augusta, ME 04333

RE: LincolnHealth
Letter of Intent to Increase St. Andrews Village Nursing Facility License from 30 to 42

Dear Larry:

On behalf of our client, LincolnHealth 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

LincolnHealth is part of Lincoln County Health Care, Inc., which has campuses in both Boothbay Harbor and Damariscotta, Maine and operates a full-service health care delivery system. Lincoln County Health Care is a member of MaineHealth.

St. Andrews Village which is located at 145 Emery Lane in Boothbay Harbor is a hospital-based licensed nursing facility, currently operating 30 dually licensed nursing facility beds and 11 residential care beds.

St. Andrews Village would like to expand the Gregory Wing approximately 6,000 to 8,000 square feet to accommodate an additional 10 to 12 beds, all other aspects of its license is expected to remain the same.

Estimated Capital Costs

The additional space is projected to cost an estimated \$2,000,000 to \$2,500,000, of which approximately 50% will be bank financed.

Depreciation costs related to the expansion are approximately \$125,000 to \$150,000 annually.

It is our understanding Lincoln County Health Care has adequate revenue stream available in the State's Reserved Bed Funding Pool to meet MaineCare neutrality requirements associated with this project.

Timing

We anticipate filing the Certificate of Need application as soon as practicable with the expectation to commence construction in the spring of 2015.

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

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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,

A handwritten signature in cursive script that reads "Stephanie Rice". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Stephanie Rice, CPA

cc: Wayne Printy, CFO
Judy McGuire, Senior VP Home Health and Senior Living
Rich Linehan, Director of Planning, MaineHealth