

Briefing Memo
Caribou Nursing Home, Inc.
Transfer of Nursing Home Beds

DATE: May 17, 2016
TO: Mary C. Mayhew, Commissioner, DHHS
THROUGH: Phyllis Powell, Director, DLRS
FROM: Larry D. Carbonneau, Manager, Health Care Oversight, DLRS
Richard S. Lawrence, Senior Health Care Financial Analyst, DLRS
SUBJECT: Adding 6 SNF/NF beds to Caribou Rehab and Nursing Center by transferring
6 SNF/NF beds from Presque Isle Rehab and Nursing Center

ISSUE ACTIVATED BY: The referenced proposal requires Certificate of Need (CON) approval as defined in "The Maine Certificate of Need Act of 2002," 22 M.R.S.A. §326 et seq., as amended.

REGISTERED AFFECTED PARTIES: None

I. BACKGROUND

The applicant is Caribou Nursing Home, Inc., which operates two Nursing Facilities in central Aroostook County. The two facilities operate under the names: Caribou Rehab and Nursing Center, located at 10 Bernadette Street, Caribou, ME 04736 and Presque Isle Rehab and Nursing Center, located at 162 Academy Street, Presque Isle, ME 04769. Caribou Nursing Home, Inc. was formed by Albert Cyr in 1972, who then built the Caribou facility in 1973, expanded it in 1975 and acquired the Presque Isle facility in 1976. Mr. Cyr's 6 children have all worked at these facilities in some capacity with 4 of them serving as licensed Administrators. Caribou's Administrator is currently Philip Cyr and Presque Isle's Administrator is currently Rose Marie Cyr Louten.

II. PROJECT DESCRIPTION

This project consists of transferring the license for 6 SNF/NF beds from the Presque Isle Rehab and Nursing Center to Caribou Rehab and Nursing Center.

III. HIGHLIGHTS

Letter of Intent dated:	January 18, 2016
Technical Assistance meeting held:	February 11, 2016
CON application filed:	March 18, 2016
CON certified as complete:	March 18, 2016
Public Information Meeting Held	N/A
Public Hearing held:	N/A
Preliminary Analysis released:	April 26, 2016
Close of Public Record	May 16, 2016

IV. PUBLIC COMMENTS RECEIVED IN RESPONSE TO THE PRELIMINARY ANALYSIS

No public comments were received following the release of the preliminary analysis.

V. CERTIFICATE OF NEED UNIT ANALYSIS

a) Fit, Willing and Able

Caribou Rehab and Nursing Center is licensed for 61 dually licensed SNF/NF beds. The facility is located at 10 Bernadette Street in Caribou, Maine. The administrator is Philip A. Cyr. The license was issued on January 5, 2016 and is valid through January 31, 2017.

A review of Caribou Rehab and Nursing Centers last completed survey data, available from Medicare.gov website revealed the following ratings:

Caribou Rehab and Nursing Nursing Home Compare Ratings	
Category	Ratings
Overall	Much Above Average
Health Inspections	Above Average
Staffing	Much Above Average
Quality Ratings	Much Above Average

Caribou Rehab and Nursing Center scored “Much Above Average” in three categories rated by CMS, with an overall rating of “Much Above Average”. The last recertification survey was conducted on March 4, 2015. The result of the survey was the identification of two (2) deficiencies. Both deficiencies were Level 2 (minimal harm or potential for actual harm) or below. The average number of health deficiencies identified during a recertification survey in Maine is 3.3; the average number of health deficiencies in the United States is 6.9.

Inspectors determined that the nursing home failed to:

- 1) Store, cook, and serve food in a safe and clean way.
- 2) Maintain drug records and properly mark/label drugs and other similar products according to accepted professional standards.

All deficiencies were corrected by March 20, 2015.

On February 24, 2016 a complaint survey was conducted for the purpose of investigating allegations of poor quality of care or treatment and poor dietary services. Based upon the information obtained during the investigation, the allegations were unable to be substantiated and regulatory violations were not identified.

Survey data for this facility can be accessed at Medicare.gov and is on file at CONU.

The commissioner can rely on data available to the department regarding the quality of health care provided by the applicant as allowed at M.R.S.A. 22 §337 (3).

Deeming of Standard

As provided for at 22 M.R.S.A. § 335 (7) (A), if the applicant is a provider of health care services that are substantially similar to those services being reviewed and is licensed in the State, the requirements of this paragraph are deemed to have been met if the services previously provided in the State by the applicant are consistent with applicable licensing and certification standards.

Caribou Rehab and Nursing Center has operated under the ownership of the Cyr family since it was built in 1973 and has been a provider of SNF/NF services since its opening. The services provided by the applicant are consistent with applicable licensing and certification standards.

b) Economic Feasibility

This project involves relocating six (6) beds from Presque Isle Rehab and Nursing Center to Caribou Rehab and Nursing Center. After this transaction is completed Presque Isle Rehab and Nursing center will decrease its licensed capacity from 67 SNF/NF beds to 61 SNF/NF beds. Caribou Rehab and Nursing Center will increase its licensed capacity from 61 SNF/NF beds to 67 SNF/NF beds. Both these facilities are owned by Caribou Nursing Home, Inc. Expenditures associated with this project involve construction costs of \$125,000. No new borrowing is necessary to complete the construction. Additional staffing costs at Caribou Rehab and Nursing Center will be partially offset by staff reductions at Presque Isle Rehab and Nursing Center. The estimated implementation date of this project is the summer of 2016.

As stated in M.R.S.A. §334-A 2, projects to relocate beds are not subject to or limited by the nursing facility MaineCare funding pool. Therefore, MaineCare neutrality provisions do not apply to this transaction. The applicant provided pro forma cost reports and financial projections to CONU. CONU reviewed the underlying assumptions regarding staffing, capital costs, MaineCare utilization and pending inflation adjustments and found them reasonable. Final reimbursement rates associated with this transaction will be computed by DHHS Rate Setting and DHHS Office of Audit.

Philip A Cyr, Administrator of Caribou Rehab and Nursing Center and Rose Marie Cyr Louten, Administrator of Presque Isle Rehab and Nursing Center have been in the nursing home business for multiple decades. This experience coupled with the relocation of beds should have a positive impact on the financial strength of both facilities.

Changing Laws and Regulations

CON Unit staff is unaware of any imminent or proposed changes in laws and regulations that would significantly impact the project, except for federal health care reform as part of the Affordable Care Act (ACA). The impact of health reform as part of the ACA has not been determined.

Deeming of Standard

As provided for at 22 M.R.S.A. § 335 (7) (B), if the applicant is a provider of health care services that are substantially similar to those services being reviewed and is licensed in the State, the applicant is deemed to have fulfilled the requirements of this standard if the services provided in the State by the applicant during the most recent 3-year period are of similar size and scope and are consistent with applicable licensing and certification standards.

The applicant has operated, and will continue to operate Caribou Rehab and Nursing Center facility after the transaction.

c) Public Need

In order to determine public need, CONU reviewed the demographic and service use trends in Caribou Rehab and Nursing Center service area (Aroostook County, Maine). CONU utilized the Older Adults with Physical Disabilities: Population and Service Use Trends in Maine, 2012 Edition, prepared by the Muskie School of Public Service and the U.S. Census Bureau's website located at <http://quickfacts.census.gov>.

Aroostook County is the northern-most county in Maine with a population of 68,628 as of July 2015. Although Aroostook County is larger than Connecticut and Rhode Island combined it accounts for only 5% of Maine's population. Approximately 21.3% of the population is 65 and over. The 65 and over population is expected to experience a 37.5% increase between 2010 and 2022. This coincides with the State of Maine as a whole where the 65 and above population continues to grow at a rate faster than New England and the United States as a whole. Statewide nursing home utilization declined between 2000 and 2008 but leveled off in 2010.

As of 2012 Aroostook County had 39 nursing home beds per 1,000 persons age 65 and above which is higher than the State average of 33 beds per 1,000. This information was updated to reflect the recent closure of St. Joseph Nursing Home in Frenchville. CONU prepared a summary of occupancy data for Caribou Rehab and Nursing Center and other Aroostook County nursing facilities using the latest data available (12/15/2015):

Nursing Facilities: Aroostook County	City/Town	Total Beds	Total Occupancy	Occupancy %
Borderview Rehab & Living Ctr	Van Buren	55	46	83.64%
Caribou Rehab And Nursing Center	Caribou	61	58	95.08%
Forest Hill Manor	Fort Kent	45	47	104.44%
Gardiner Health Care Facility	Houlton	45	37	82.22%
High View Manor	Madawaska	51	49	96.08%
Madigan Estates	Houlton	99	85	85.86%
Maine Veterans Home - Caribou	Caribou	40	34	85.00%
Mercy Home	Eagle Lake	40	40	100.00%
Presque Isle Rehab And Nursing Center	Presque Isle	67	60	89.55%
TAMC - AHC	Mars Hill	72	54	75.00%

Caribou Rehab and Nursing Centers occupancy rates compare favorably with other providers at 90.12% and is approximately equal to the almost 90% occupancy rate of Aroostook County as a whole. CONU received historical occupancy data for both Presque Isle Rehab and Nursing Center and Caribou Rehab and Nursing Center which demonstrates an occupancy rate of over 90% for the past three years. It should be noted that Borderview and Gardiner had occupancy rates of over 85% in previous months. In addition TAMC-AHC is a hospital-affiliated facility and caters predominantly to SNF patients which skews their average occupancy. This transaction involves the relocation of 6 SNF/NF beds from Presque Isle to Caribou which are in the same service area. The demographics of Aroostook County along with Caribou Rehab and Nursing Centers occupancy data clearly demonstrate a need for SNF/NF services in the area.

Relocating these SNF/NF beds will have a positive impact on the health status indicators of the population to be served. Increasing Caribou Rehab and Nursing Centers total beds by six will reduce their long waiting list and provide patients with the care of a physician. Presque Isle will be able to shed excess beds and right size their capacity which will make them more efficient.

No services will be affected by this project as they will be relocated within the same service area and within a relatively short driving distance (13 miles). Both skilled and long-term care services will be accessible to all residents in the area.

As stated by the applicant this facility strives to provide quality services in the Aroostook County area. The facility has achieved several quality benchmarks and has received recognition from numerous organizations in regards to quality and the array of services the facility offers.

d) Orderly and Economic Development

This transaction involves relocating beds from Presque Isle Rehab and Nursing Center to Caribou Rehab and Nursing Center. No major changes to services or to bed licenses are anticipated in the service area but services will be reallocated to meet service demands and improve the financial health of both facilities. The final impact on health care expenditures will be determined by the DHHS Rate Setting and DHHS Office of Audit since this transaction is not subject to MaineCare neutrality requirements.

MaineCare reimbursement rates for direct care, routine services and fixed costs will change for both facilities due to both cost and occupancy changes. These costs are ordinary and necessary and will be paid for with available State funds. It should be noted that the six (6) beds transferred to Caribou Rehab and Nursing Center are projected to be skilled nursing beds and will be reimbursed through Federal Medicare funds.

Caribou Rehab and Nursing Center is an existing nursing facility that has provided necessary services in the Aroostook County area for decades. It is highly unlikely that more effective, more accessible or less costly alternative technologies or methods of service delivery will become available.

e) **Outcomes and Community Impact**

The applicant is transferring beds between two existing nursing homes under the same corporate umbrella (Caribou Nursing Home, Inc.). This transaction is occurring between two long established facilities in the service area. Continuing necessary services in the current geographic areas will have a positive impact on the quality of care. The existing scope of services will not be changed but will be relocated. Any future addition of services will be aligned with the needs of the community. Since there will be no overall increase in the number of licensed beds in the area there will likely be no negative impact to any existing service providers in the area. The applicant has begun QAPI (Quality Assurance Process Improvement) programs which are summarized above. In addition Caribou Rehab and Nursing Center has direct care staffing in excess of Maine and National averages.

As noted in the Fit, Willing and Able section of this analysis the facility received a “Much Above Average” rating for quality on the medicare.gov website. Any deficiencies noted on the latest accreditation and complaint surveys were addressed in a timely manner.

f) **Service Utilization**

The Maine Quality Forum has not adopted any principles of evidence-based medicine directly applicable to the application; therefore this application meets the standard for this determination.

This application is for a relocation of beds between existing facilities in a specific service area and does not increase the overall number of nursing home beds or drastically change the services offered. This transaction will not result in inappropriate increases in utilization.

VI. CONCLUSION

For all the reasons set forth in the Preliminary Analysis and in the record, CONU concludes that the review standards have been satisfied. CONU recommends the approval of the CON.

VII. RECOMMENDATION

CONU recommends that this application be **Approved**.