

# Sandy River

COMPANY

## LETTER OF INTENT

June 14, 2016

Phyllis Powell, Assistant Director  
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 Health Care Financial Analyst  
Department of Health and Human Services  
#11 State House Station  
41 Anthony Avenue  
Augusta, ME 04333-0011

### **RE: Falmouth Operations LLC-Falmouth, Maine – Letter of Intent Change Mix of NF/SNF and RC Beds**

Dear Phyllis and Larry:

On behalf of Genesis Healthcare of Maine, Inc., 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 Falmouth Operations LLC and Sedgewood Commons, one of the Genesis Healthcare of Maine 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 of a conversion of Sedgewood Commons’ 30 RC beds to 24 NF/SNF beds. We also seek your advice and counsel on how best to satisfy Medicaid Budget Neutrality requirements to the extent they are applicable.

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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 practicable.

#### **Background**

Sedgewood Commons, located at 22 Northbrook Drive in Falmouth, has 65 dually licensed nursing beds (NF/SNF) and 30 licensed residential care beds. The facility specializes in memory care services.

Sedgewood Common’s operating company is Falmouth Operations, LLC, which is a subsidiary of Genesis HealthCare of Maine, Inc. (“Genesis ME”). Genesis ME and Sedgewood Commons are making a business decision to eliminate the residential care beds at Sedgewood Commons

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and add additional nursing facility beds in order to focus on the core business of delivering nursing care level services.

This proposal requests changing Sedgewood Commons' licensed bed capacity from 65 NF/SNF beds to 91 NF/SNF beds and eliminating the 30 RC beds.

### **Capital Costs**

Aside from the purchase of Bed Rights and Revenue Stream, there will be minimal capital costs required to Sedgewood Commons because the current residential care unit was built to NF/Skilled Care Requirements. We believe the capital cost would not be subject to Certificate of Need approval given that such costs are below the CON threshold. We seek your guidance on how best to satisfy this requirement.

### **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 propose that the neutrality be met from the 30 RC beds that are being converted at Sedgewood Commons as well as the purchase of Bed Rights and Revenue Stream from Winthrop Manor Long Term Care & Rehab Center, Inc. in Winthrop, Maine.

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### **Next Steps and Technical Assistance Meeting**

We welcome the opportunity to work with you and look forward to meeting with you soon. My telephone number is 233-7848 and my email is [mtyler@sandyriver2.com](mailto: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 telephone number is 233-8665 and his email address is [dmaguire@sandyriver2.com](mailto:dmaguire@sandyriver2.com). Please include both of us on any correspondence.

Sincerely,

  
Michael Tyler  
On behalf of Genesis Healthcare of Maine