Date: May 13, 2010

Project: Bangor Therapy Addition

Proposal by: Maine Veterans Homes

Prepared by: Phyllis Powell, Assistant Director, Planning, Development and Quality
Larry D. Carbonneau, Health Care Financial Analyst

Directly Affected Party: None

Recommendation: Approve with condition

<table>
<thead>
<tr>
<th>Proposed Per Applicant</th>
<th>Approved CON</th>
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</thead>
<tbody>
<tr>
<td>Estimated Capital Expenditure</td>
<td>$ 2,067,750</td>
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<tr>
<td>Maximum Contingency</td>
<td>$ 103,367</td>
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<tr>
<td>Total Capital Expenditure with Contingency</td>
<td>$ 2,171,118</td>
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<tr>
<td>Third Year Incremental Operating Costs</td>
<td>$ 127,281</td>
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MaineCare Nursing Facility Fund Impact: $ 0 | $ 0
I. Abstract

A. From Applicant

a) Who the applicant is:
“The Maine Veterans’ Homes ("MVH") is a public corporation created by the State Legislature, 37-B M.R.S.A. §601-611 to provide long-term nursing care, skilled nursing care, assisted living care, and therapeutic services to Maine veterans, and the spouses and “gold star” parents of such veterans. The MVH Bangor location is a 150 bed facility which opened in 1995 and consists of 120 duly certified NF/SNF beds and 30 early Dementia PNMI beds. The MVH campus is 22.85 acres in size, which includes a 6.3 acre ground lease parcel designated for a VA Community Based Outpatient Clinic (CBOC). The campus is situated 1.5 miles south of the Maine turnpike exit 187 along Hogan Road and is approximately 1 mile east of Eastern Maine Medical Center. Downtown Bangor is just minutes west of the campus.”

b) A concise summary of the project:
“The planned Therapeutic Services addition to the MVH Bangor nursing facility is a one story, 4,155 square foot building addition (plus a 479 square foot covered walkway) on the west side of the existing MVH Bangor nursing facility. The Therapeutic Services Addition will be constructed of unprotected, non-combustible materials. The use-group/occupancy classification will be institutional/healthcare and it will not be fire separated from the nursing care facility. Access to the addition will be via both a covered entrance canopy on the northwest side and through the nursing care facility’s existing main corridor.”

“The project consists of three distinct parts. The first is the addition itself, adjacent to the existing front entrance to the main nursing home facility, with its own entrance directly accessed from the adjacent parking. The existing parking in this vicinity will be modified to accommodate an increased number of spaces, realigning an existing drive and expanding existing parking to provide approximately 31 spaces in total (including 6 handicapped spaces), plus 6 more handicapped spaces at the traffic calming “roundabout” to the north. The realignment of the drive and parking affords significantly more physical space and “visual comfort” immediately adjacent to the new building addition.”

“The second part of the project is the traffic calming roundabout noted above. This element will consist of the relocation of a raised circular island and the construction of a 24’ wide, one-way drive lane around the island. The island will be edged with sloped granite curbing and in-filled with a paved surface that can accommodate the maneuvering requirements of large radius service and supply and emergency fire and rescue vehicles.”

“The third part of the project is a coordinated effort with the CBOC project. This consists of reorganizing the existing 88 space parking lot into two zones, separated by a raised emergency access lane and an adjacent landscaped zone. The result is that, after implementation of the reorganized layout, the MVH campus will retain approximately 65
spaces in this area. Part of the project will also include the relocation of two existing storage buildings to coordinate their locations better with the reorganized parking lot.”

c) How much will the project cost:
“See Tab #2”

d) When will the project commence:
“It is hoped that construction will begin in the Spring or Summer of 2010 but is dependent on how quickly approvals and permitting can be obtained.”

e) Why is the project being considered:
“This project is being considered to address the complete out-patient needs of veterans in the greater Bangor area. MVH is well prepared, through our mission, to meet the special physical and psychological needs of this population and will be able to provide this care in a setting which caters to veterans, filling an important unmet outpatient rehabilitative services need in this area of the State. While the main thrust of the project is to provide out-patient rehabilitative services, Maine Veterans’ Homes will also use a portion of the office and treatment areas for its in-patient services since current space at the MVH Bangor nursing facility is not adequate to provide the highest quality of service without difficulties in scheduling treatment times and space.”

f) What the project hopes to accomplish:
“Within the next 18 months a new V.A. out-patient primary medical care clinic will be built on the grounds of the MVH Bangor campus. The MVH therapeutic services addition will afford veterans the opportunity to receive their rehabilitative services on the same campus as they receive their primary medical care. We believe that providing this service for veterans in the Bangor area will result in more veterans seeking out and following through with rehabilitative services because they will receive those services in a conveniently-located, centrally-located, veteran facility.”

“MVH also plans to provide follow-up services to those veterans and other eligible persons who are discharged from a skilled nursing stay at the Bangor MVH nursing facility, but have ongoing therapy needs. This will provide better continuity of care for those eligible veterans who are returning home to the community from the Bangor MVH nursing facility.”

“A third goal of the project is to provide increased office and treatment space for our current therapy staff and in-patients. MVH staff currently shares computers and office space and the lack of adequate office space requires that 6-8 staff work in an area that would comfortably accommodate 3 staff. In addition, MVH residents will benefit from increased flexibility in their therapy schedules since, after construction of the project, there will be space to accommodate more simultaneous patient treatment. The addition of the planned therapy pool will provide patients with specific needs the ability to enhance their recovery with water-based therapy modalities which are much more effective than other forms of treatment in many cases.”
B. CONU Discussion

The physical layout of the proposed space includes two entrances from the outside to the new physical therapy space in addition to connections to the corridor running from the main entrance down toward the lower level of the facility where the majority of the NF rooms are located. These wings are behind secured doors. One outside door will be connected to a separate canopy and provide for a waiting room. The second outside door is from the space where the therapy pool is to be located. The initial plans indicate three connections to the facility including two to waiting rooms (main area and therapy pool) and another providing more immediate access to the gym/exercise area. Only the gym access is controlled by a door. It may be necessary to include doors for the two waiting rooms. Based on the information provided to CONU, privacy for the patients is a concern. CONU recommends that MVH presents a plan to assure patient privacy.
II. Fit, Willing and Able

A. From Applicant

“The Maine Veterans Homes is a public non-profit system of State Veterans Homes established by the government of the State of Maine. MVH currently operates 640 skilled nursing, long-term care nursing, and domiciliary beds at six locations throughout the State of Maine, at Augusta, Bangor, Caribou, Scarborough, South Paris, and Machias. The Maine Legislature created MVH by statute in 1977 and MVH opened its first nursing facility at Augusta, Maine in 1983. MVH operates under an eleven-member Board of Trustees appointed directly by the Governor of Maine. MVH is governed by a detailed statute, 37-B M.R.S.A. §601-611. MVH operates much like an arm of State government. MVH is covered by the Maine Tort Claims Act, and MVH employees participate in the Maine State Retirement System.”

“Since it opened its first nursing facility at Augusta in 1983, MVH has steadily increased its services to Maine veterans. MVH opened its second nursing facility of 70 beds at Caribou, Maine in January of 1990. MVH opened its third nursing facility of 120 beds at Scarborough, Maine in July of 1990. In July of 1995 MVH opened its fourth facility, of 90 beds, at South Paris, Maine. In October of 1995, MVH opened its fifth nursing facility, of 120 beds, at Bangor, Maine. In September of 2007, MVH opened its sixth facility at Machias, Maine, a 30-bed residential care facility, providing care to veterans with early stages of Alzheimer’s disease and other forms of dementia. The opening of the Machias facility was coordinated with previously staggered openings of substantially identical 30-bed residential care facilities attached to existing MVH facilities at Scarborough, Augusta, Bangor, and Caribou. All of MVH’s nursing care beds are dually-certified under Medicare and Medicaid. This means that MVH is able to provide a wide range of rehabilitation and skilled nursing care, long-term care, residential care, dementia care, and end of life care to Maine veterans. MVH’s rehabilitation and skilled nursing services, moreover, include physical therapy, occupational therapy, and speech-language therapy. MVH has been successfully operating this system of integrated health care services for veterans for almost 30 years.”

“Currently, MVH is coordinating the provision of its health care services for veterans with the construction of two 40,000 gross square foot Community Based Outpatient Clinics ("CBOCs") at Bangor and Lewiston, Maine on planned “veteran campuses” near major transportation interchanges. The project which is the subject of this CON Application will assist in the provision of the health care services to veterans at the Bangor CBOC and Bangor “veterans campus,” and, if this CON is approved, the State of Maine will move one step closer to having one of the most modern, most integrated, and easily accessible systems of veterans health care services in the nation.”

“The Maine Veterans’ Homes has the financial resources to fund the construction of the Bangor Therapy Addition project, without resorting to external sources of financing. MVH and its architect of over 20 years have substantial experience in successfully constructing and operating long-term care nursing facilities of varying degrees of complexity and size and construction of the project is easily within the limits of our expertise.”
“MVH is ready and willing to commence construction on the project as soon as the regulatory approvals for the project, including the Certificate of Need covered by this application, have been received.”

B. CONU Discussion

i. CON Criteria

Relevant criteria for inclusion in this section are specific to the determination that the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.

ii. CON Analysis

The applicant states, “The Maine Veterans Homes is a public non-profit system of State Veterans Homes established by the government of the State of Maine. MVH currently operates 640 skilled nursing, long-term care nursing, and domiciliary beds at six locations throughout the State of Maine, at Augusta, Bangor, Caribou, Scarborough, South Paris, and Machias. The Maine Veterans’ Homes has the financial resources to fund the construction of the Bangor Therapy Addition project, without resorting to external sources of financing. MVH and its architect of over 20 years have substantial experience in successfully constructing and operating long-term care nursing facilities of varying degrees of complexity and size and construction of the project is easily within the limits of our expertise.”

The applicant is licensed by the State of Maine to operate 120 nursing facility beds and 30 residential care beds at its Bangor location. The Bangor facility was last licensed on October 1, 2009 and its license remains effective until September 30, 2010.

MVH opened its first nursing facility in the State of Maine in 1983. The 120-bed Bangor facility was the fifth MVH facility and has been in operation since October of 1995. CONU concludes that the applicant is fit, willing and able.

iii. Conclusion

CONU recommends that the Commissioner find that Maine Veterans Homes is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant’s control meets industry standards.
III. Financial Feasibility

A. From Applicant

“See Tab #3”

B. CONU Discussion

i. CON Criteria

Relevant criteria for inclusion in this section are specific to the determination that the economic feasibility of the proposed services is demonstrated in terms of the:

- Capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and

- The applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules.

ii. CON Analysis

The applicant projects revenue (primarily from Medicare and VA sources) to be sufficient to cover project expenditures. In year three of operations, revenues are expected to be $139,580 and expenditures are expected to be $137,281. Expenditures related to this project that are not exempt from CON review are $127,281 ($137,281 in total expenditures less $10,000 in land improvements). In 2009, MVH had an operating excess of revenues over expenditures of $2,955,787. This amounts to a 5.3% operating margin. For an organization whose main source of revenues is providing long term care, a 5.3% operating margin is considered very strong. Changes to the Bangor facility will not impact the financial ratios in a significant way except to reduce the return on fixed assets from 7.6% to 7.3%. With or without the project, this ratio is considerably higher than the typical nursing facility. The cash flow from operating activities in 2009 was over $5.1 million.

The applicant has significant capacity to fund this project through operations. MVH has sufficient cash to fund its Bangor outpatient therapy project.

The entirety of the new space will not be included in the allocation for the NF because no reimbursable space will be included. It is expected that the overall allocation of costs to the NF will be reduced because currently 75% of the space is allocated to the NF and 23% to the PNMI facility. After the project is built, the NF will be allocated 69% of the facility costs determined by the square footage method and the PNMI will be allocated 21% with other spaces totaling 10%. By using 2009 as a base year and adding in the marginal expenses for the project in year three it is expected that allocated costs for the NF will decrease by $39,027 and $11,800 for the
PNMI facility. MVH-Bangor has the financial capacity to absorb the increase in non-reimbursable costs.

iii. Conclusion

CONU recommends that the Commissioner determine that Maine Veterans Homes has met their burden to demonstrate: (1) the capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and (2) the applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules.
IV. Public Need

A. From Applicant

a) The current and proposed primary and secondary service areas (inpatient and outpatient, as applicable) of the applicant and the methodology/data source for determining the validity of those areas:

“The current and proposed primary and secondary service areas of the applicant, the Bangor MVH Nursing Facility, and the project to be constructed by the applicant are the same. The primary service area of the Bangor MVH Nursing Facility and the proposed project is an area within approximately a 50 mile distance of Bangor, Maine. As such, the project will primarily serve portions of Penobscot, Piscataquis, Somerset, Washington, Hancock, Waldo, and Kennebec Counties. Because the Maine Veterans’ Homes, including the Bangor MVH Nursing Facility, serves veterans residing throughout the State of Maine, the secondary service area of the project is the entire State of Maine.”

b) The population to be served by the project:

“MVH Bangor currently serves the complete rehabilitative needs of our in-patient SNF, NF and Residential level residents in a manner that requires very careful planning and assignment of work and treatment space due to the severe limitations of our current therapy space. Upon completion of this project we will be positioned to provide enhanced services to our in-patients in addition to addressing the complete out-patient rehabilitation needs of veterans and other eligible persons in an area within approximately a 50-mile distance of Bangor, Maine.”

c) The historical use patterns

“Over the last 3 years approximately one third of the 30-35 residents discharged home from our facility each month have been referred to other sources for continued therapy in an out-patient setting. We do not currently service out-patients since our capacity is too limited.”

d) The current system’s capacity to meet projected need and demand:

“Our present therapy space is meeting the needs of our in-patient population only through very careful planning in terms of scheduling treatment timeframes so that each resident’s needs are met. Office and computer time and space are currently staggered for staff members to be able to complete their documentation requirements. There is presently no excess capacity to be able to meet the demands which exist to treat veterans on an out-patient basis.”

e) A three year projection of both need and demand:

“Most veterans prefer to obtain their services at a facility that specializes in serving veterans. MVH is better prepared, through our mission, to meet the special physical and psychological needs of this population. Being able to provide this care in a setting that caters to veterans is an important unmet need in this area of the state. The V.A. clinic on Hancock Street in Bangor currently out-sources and pays for veterans’ therapy treatment with local providers. Plans are underway for a replacement of the current clinic to be built on the MVH campus within the next 18 months. Veterans will then have the opportunity to receive their Rehabilitative services on the same campus as they receive their medical care, which may
eliminate significant transportation problems for them and provide a readily accessible option to receive the services they need. Since veterans will be offered choices of where they wish to receive their out-patient therapy it is difficult to assess how many will choose MVH but it is assumed that many will choose the new MVH therapy project because of its convenient proximity to the Bangor CBOC and because MVH specializes in serving veterans. We also plan to provide follow-up treatment to those veterans and other eligible persons who are discharged from a skilled stay at our existing Bangor nursing facility and are currently referred elsewhere for further therapy. The majority of these patients inquire about their ability to receive out-patient services at MVH. It is clearly the preference of such veterans to receive out-patient therapy services at the MVH Bangor Facility, but we currently cannot accommodate this out-patient therapy demand due to lack of space. In a survey completed in July 2009 of our current SNF in-patients, 90% stated that if they needed out-patient rehabilitation services following discharge they would choose MVH as their provider. In addition, in the month of June, 2009, MVH exceeded 900 skilled days compared to approximately 700 days provided monthly in 2006. Approximately 1/3 of all residents discharged back to their homes following a skilled stay at MVH’s Bangor nursing facility are referred for out-patient therapy services currently. We expect, with Maine’s relatively large aging veteran population, that skilled days for veterans will continue to increase at the same rate over the next 3 years. Providing this state of the art Rehabilitation facility to which discharged patients can return for out-patient therapy services will result in improved continuity of care for Maine veterans. This will have a positive impact on those served since they will continue to be treated at the same facility and by the same staff who treated them as an in-patient, reducing re-evaluation, care planning and adjustment time. We believe that providing this service for veterans in the Bangor area will result in more veterans seeking out and following through with their rehabilitation needs than currently do so because they will receive those services in a veteran-oriented facility under the care of professional staff who specialize in caring for the rehabilitative needs of veterans. We believe that since the numbers of veterans wishing to receive out-patient therapy services will increase significantly in the near term and over time, there will be no significant negative impact on similar surrounding businesses.”

f) **The project’s capacity to meet projected need and demand:**

“While the main thrust of the project is to provide out-patient Rehabilitative Services MVH will also use a portion of the proposed office and treatment areas for its in-patient services since the current space at the Bangor MVH Facility of approximately 600 square feet is not adequate to provide adequate service without difficulties in scheduling and in space. In this way we will be better able to maximize quality for both in-patient and out-patient services. MVH Bangor currently treats an average of 40 residents per day in its current space; the new space will add more than 4,000 square feet of treatment and office space, affording us the opportunity to at least double our case load while achieving much more freedom in scheduling treatment and providing for private office, consultation and treatment spaces.”

g) **The Basis for these projections:**

“See previous 2 questions”
h) The target population’s access (geographic, financial, etc) to the proposed service:
“As previously stated, MVH is located less than 1 mile off the interstate and is centrally located in the greater Bangor area. It will soon share its campus with the new V.A. outpatient clinic and the expectation is that those veterans who require therapy services will choose to coordinate these services with their medical visits to the clinic. Those services provided to patients who are referred for services from the V.A. will have their services paid for by the V.A. Medicare will reimburse for services provided to patients who are discharged home from our facility or another facility following a skilled stay. Some out-patients receiving services may also have private insurance which will reimburse for services or they will pay out-of-pocket.”

i) Discussion of deficiencies and/or liability coverage that will be resolved due to the project:
“N/A”

j) Need determination methods:
“This determination of need is based on the number of in-patients currently using the limited space at MVH Bangor along with a reasonable projection of increased demand based on the increase in services provided during the last 3 years and projecting this data forward. Given the known expected increase in older Maine veterans it is expected that both the need and demand will continue to increase by at least the same rate in the next 3 years.”

k) A reconciliation of differences between need and demand, and a discussion of the potential for increase in demand and how the project will prevent unnecessary services:
“Please see sections c, e and j above.”
“No therapy treatment modality may be applied without the direct order of the patient’s attending physician and must be re-certified as necessary after each 30 days of treatment. In addition, in order to justify payment for services the professional therapist is required to continuously evaluate the need for treatment based on the patient’s response to therapy. These systems will prevent unnecessary services.”

l) The anticipated benefits to the public associated with the proposed project and the public’s ability to support the project:
“Please refer to e, h and j above.”

m) The intended use of the equipment:
“All department equipment will be used in accordance with the Standards of Practice set forth by the National Guideline Clearinghouse which defines the standards to be followed in the rehabilitative care of patients.”

n) Discussion regarding the Office of Elder Services data pertaining to nursing facility bed needs:
“N/A”
B. CONU Discussion

i. CON Criteria

Relevant criteria for inclusion in this section are specific to the determination there is a public need for the proposed services as demonstrated by certain factors, including, but not limited to:

- Whether, and the extent to which, the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
- Whether the project will have a positive impact on the health status indicators of the population to be served;
- Whether the services affected by the project will be accessible to all residents of the area proposed to be served; and
- Whether the project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project.

ii. CON Analysis

The provision of rehabilitative therapy is an increasing importance to elderly populations, especially veterans. Costs of this program are reimbursed through private and Medicare services and are not reimbursable under MaineCare. The applicant already provides rehabilitative services at this location in non-dedicated space. This application will enable the applicant to repurpose the hallways and corridors in the facility to provide the service. This project is designed to alleviate the problem of providing rehabilitative services to residents of the facility in hallways. There are no plans at this time to extend the service to the general public. Part of the need justification for this project is the development of VA programs in the Bangor area.

The applicant did not state that there had been any licensing concerns discussed with the state licensing authority regarding any limitations in their current services that were caused by the physical space utilized to perform the service currently offered to their inpatients. The needs of the inpatient population are not a deciding factor in contemplating this project.

Groundbreaking on the MVH site occurred on 4-7-2010 for a new Community Based Outpatient Clinic for veterans. This groundbreaking was attended by representatives of Maine’s congressional delegation. Located beside the Maine Veterans’ Home, the 29,000 square foot clinic will become the second facility on what is envisioned as a regional VA Campus. The medical director of Togus VA, indicated that the center will offer primary care and mental health service, laboratory diagnostics and specialty services such as audiology, optometry, physical therapy and dental care. The official identified that many veterans now travel to Togus outside of Augusta for these services.

Rehabilitative care can help patients maximize self-sufficiency and can lead to better outcomes for other chronic conditions. This improvement in self-sufficiency will have a positive impact on
health status indicators of the population to be served. The applicant did not provide benchmark information related to impacts this project may have on patients.

iii. Conclusion

CONU recommends that the Commissioner find that Maine Veterans Homes has met their burden to show that there is a public need for the proposed project as demonstrated by certain factors, including, but not limited to: (1) Whether, and the extent to which, the project will substantially address specific health problems as measured by health needs in the area to be served by the project; (2) Whether the project will have a positive impact on the health status indicators of the population to be served; (3) Whether the services affected by the project will be accessible to all residents of the area proposed to be served; and (4) Whether the project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project.
V. Orderly and Economic Development

A. From Applicant

a) The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;

“There will be no measurable increase in health care expenditures in the Bangor community as a result of this addition, other than the initial construction costs and ongoing annual operating costs of approximately $50,000. Services that would otherwise be provided to the Maine Veterans’ Homes’ discharged patients by providers with whom the patients have had little or no experience will instead be provided by the MVH therapy team that has provided similar services while the patients resided at MVH for post-acute care.”

“MVH intends to use the additional space to enhance therapy services it currently provides to its residents. The use of a small heated pool, for example, will greatly benefit many of the residents currently receiving services. Furthermore, MVH is prepared to provide out-patient therapy services to veterans being cared for at the new Veterans Affairs (‘VA’) community-based out-patient clinic (‘CBOC’), a 40,000 gross square foot facility soon to be built on MVH land and adjacent to the MVH nursing facility. Veterans in the community will be able to obtain medical services and medications at this CBOC. With the construction of the Bangor therapy addition, these veterans will now also be able to obtain VA-prescribed therapy services at the nearby MVH facility.”

b) The availability of state funds to cover any increase in state costs associated with utilization of the project’s services;

“This project will not increase costs to the State of Maine Medicaid program. All costs associated with this project, including ongoing operational costs, are considered non-reimbursable according to the Department of Health and Human Services principles of reimbursement for nursing homes.”

c) The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available;

“MVH intends to purchase modern, state-of-the-art therapy equipment for use in treating its patients. Professional training will be provided to therapy staff on an on-going basis to stay abreast of advances in the therapy industry.”
B. CON Discussion

i. CON Criteria

Relevant criteria for inclusion in this section are specific to the determination that the proposed services are consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by:

- The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;

- The availability of state funds to cover any increase in state costs associated with utilization of the project's services; and

- The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available.

ii. CON Analysis

No additional expenses for the State of Maine are expected to result from this project. The services to be provided are not covered by MaineCare and the fixed costs are excluded from reimbursement. State funds need not be available for this project.

The applicant indicates that operating expenditures are expected to be increased by $137,281 and offset by an additional $139,580 annually. This is a weekly expenditure of $2,640. It is expected that the project will be utilized for 60 patient encounters weekly. It is unlikely that another less costly alternative exists that is more effective or accessible.

iii. Conclusion

CONU recommends that the Commissioner find that Maine Veterans Homes has met their burden to demonstrate that the proposed project is consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by: (1) The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care; (2) The availability of state funds to cover any increase in state costs associated with utilization of the project's services; and (3) The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available.
VI. State Health Plan

A. From Applicant

1. The applicant is redirecting resources and focus toward population based health and prevention.

   a. Applicant’s Discussion on Priority

   “Consistent with the development of a veterans’ campus on its land, the Bangor Maine Veterans’ Home is prepared to provide therapy services to veterans who will use the services already available at the Bangor MVH site, including its own nursing and residential care facility, a planned 40,000 square foot community based VA (Veterans Affairs) out-patient clinic, and future plans for a stand-alone hospice facility and congregate housing for veterans.”

   b. CONU Discussion

   There is a need for Skilled and Long Term Care in this geographic area due to the existing and growing population of veterans aged 65 years and older and who are also disabled. This is evidenced by the VA’s decision to build a community-based outpatient clinic alongside the Maine Veterans’ Home. Patients will be able to transition from hospitals, for example Eastern Maine Medical Center, to MVH to receive their Skilled Care. Having this accessibility may reduce the length of stay in a hospital as inpatients.

   The applicant qualifies for this priority.

2. The applicant has a plan to reduce non-emergent ER use.

   a. Applicant’s Discussion on Priority

   “Persons being treated in our out-patient therapy department will always have a specific order from their physician for treatment. If a patient comes in to our department with a complaint or in some way sustains injury while under treatment the treating therapist will call the personal physician for advice rather than sending the patient to the emergency room. Professional therapists will write a plan of care for each patient and that plan will be discussed with the patient regularly. Part of that discussion and discussion will include what symptoms and/or problems that patient may experience during and following a treatment. If a patient has a clear understanding that he/she may experience pain or swelling of a joint or limb following treatment he/she will be much less apt to present at an emergency room due to those symptoms.”

   b. CONU Discussion

   Patient monitoring for chronic disease and preventable conditions, such as pressure ulcers and complications from chronic illness, is a strategy that long term care facilities, like MVH-Bangor, use to help reduce non-emergent ER utilization. While conducting the public information
VI. State Health Plan - Preliminary Analysis

meeting, March 5, 2010, representatives of the applicant stated that some ways the facility goes about reducing visits to the ER is through participation in initiatives such as the pressure ulcer task force recommendations.

The applicant presents a plan to keep patients informed about what to expect during and following treatments. This is designed to mitigate non-emergent ER use for patients experiencing common symptoms from treatments.

The applicant qualifies for this priority.

3. The applicant demonstrates a culture of patient safety, that it has a quality improvement plan, uses evidence-based protocols, and/or has a public and/or patient safety improvement strategy for the project under consideration and for other services throughout the hospital, as well as a plan – to be specified in the application – to quantifiably track the effect of such strategies using standardized measures deemed appropriate by the Maine Quality Forum.

   a. Applicant’s Discussion on Priority

   “The new therapy addition will be an expansion of services already provided to MVH’s in-patient community. As an integral component of the Bangor Maine Veterans’ Home, the therapy department is held to the same high standards and stringent nursing home regulations as other Maine nursing facilities.”

   b. CONU Discussion

   The applicant stated its commitment to an active, ongoing and comprehensive Continuous Quality Improvement program with the goal of continually monitoring, measuring, evaluating and improving the quality of care, environment and services delivered to its residents and customers. All of the applicant’s facilities will have a progressive safety program that identifies all safety concerns related to patient care and all other departments in the facility. MVH uses evidence-based protocols to assist in identifying targeted areas of oversight by clinical professionals.

   The applicant has stated that the therapy department is held to high. The applicant provided attachments 7 and 8, copies of its safe resident handling and movement procedure policy and Fall Prevention policies and performance improvement plans.

   The applicant qualifies for this priority.
4. **The project leads to lower cost of care / increased efficiency through such approaches as collaboration, consolidation, and/or other means.**
   
a. **Applicant’s Discussion on Priority**

   “It is MVH’s intent to provide therapy services to patients who have been recently discharged from the Bangor facility for post-acute care. MVH therapy staff will have had the experience of having worked with these former patients and can more effectively continue needed treatment that would otherwise be provided by therapists who have not had experience in treating the former MVH patients. Furthermore, MVH therapy staff would be available to provide prescribed therapy treatment to veterans who are being treated at the nearby VA community-based outpatient clinic, a newly built facility located on the MVH campus.”

b. **CONU Discussion**

   Since most of the costs of care ascribed to the project are on a service-based level and are not cost reimbursable through the MaineCare program, this project does not lower cost of care. The project may improve the therapeutic outcomes of the patients and eventually reduce costs of care by allowing for fuller patient recoveries. The project does not qualify for this priority.

5. **The project improves access to necessary services for the population.**
   
a. **Applicant’s Discussion on Priority**

   “As mentioned above in section ‘d’, MVH therapy services will be available to former residents who have been provided with therapy services by MVH staff, who have gained a familiarity with the former residents and with whom the former residents have attained a comfort level. Furthermore, veterans receiving care at the nearby VA outpatient clinic will have ready access to VA-prescribed therapy services.”

b. **CONU Discussion**

   The applicant states that adding rehabilitation space for the services provided by MVH Bangor will provide improved access to the current population; otherwise, residents remain in the hospital at a much higher cost or are forced to go to another facility. The applicant did not provide any data proving the need for improving access. The project does not meet the criteria for this priority.

6. **The applicant has regularly met the Dirigo voluntary cost control targets.**
   
a. **Applicant’s Discussion on Priority**

   “N/A”
b. **CONU Discussion**

This priority does not apply for nursing facilities.

7. **The impact of the project on regional and statewide health insurance premiums, as determined by BOI, given the benefits of the project, as determined by CONU.**

   a. **Applicant’s Discussion on Priority**

   “The Bangor therapy addition will have no impact on regional and statewide health insurance premiums, as determined by BOI, given the benefits of the project, as determined by CONU.”

   b. **CONU Discussion**

   This priority does not apply for nursing facilities. The Bureau of Insurance does not review nursing facility projects.

8. **Applicants (other than those already participating in the HealthInfoNet Pilot) who have employed or have concrete plans to employ electronic health information systems to enhance care quality and patient safety.**

   a. **Applicant’s Discussion on Priority**

   “MVH leads the long term care industry in its move to electronic medical records. In addition to a highly trained information technology staff, it also has an active steering committee whose primary responsibility is to focus the direction and efforts of MVH’s health information systems, including the implementation of national standards.”

   b. **CONU Discussion**

   The applicant meets the criteria for this priority.

9. **Projects done in consultation with a LEEDS certified-architect that incorporate “green” best practices in building construction, renovation and operation to minimize environmental impact both internally and externally.**

   a. **Applicant’s Discussion on Priority**

   “MVH intends to use the services of SMRT, a LEEDS-certified architectural firm based in Portland, Maine.”

   b. **CONU Discussion**

   The applicant meets the criteria for this priority.
iii. **Conclusion**

CONU recommends that the Commissioner find that the project is consistent with the State Health Plan priorities because it meets several priorities in the state health plan.
VII. Outcomes and Community Impact

A. From Applicant

a) All outcomes should be based upon stated goals;
“The goals of the MVH Rehabilitative Services department are to return each individual to his/her highest level of function by evaluating needs and providing treatment as ordered by the attending physician and using the National Guideline Clearinghouse Standards of Practice in the treatment of each person.”
“See Tab #6”

b) State how all outcomes are and will be measured;
“Individual goals are set for every patient and re-evaluated on a regular basis. Outcomes are measured for each individual patient as well using the National Guideline Clearinghouse Standards of Practice.”

c) Detailed quality Assurance/Quality Improvement Plans, as appropriate (including what prevention programs have been or will be incorporated by the applicant in the proposed project:

“Please see Performance Improvement Plan, Fall Prevention Plan and Safe Resident Handling and Movement policy and procedure which are currently in place at the MVH Bangor nursing facility. These policies are house-wide and all departments, including the therapy department, participate in ongoing performance improvement audits and attend meetings to report findings and obtain guidance from the committee to measure and improve performance.”
“See Tab #7”

d) Standards of quality of care;

“See attached Standards of Practice set forth by the National Guideline Clearinghouse which, as previously described, are the standards followed in the treatment of patients in our facility.”

e) Quality measurements must be described in a way that they are meaningful, valid, reliable, specific, risk-adjusted, useful for drawing conclusions and reportable. Collections methods need to be well defined, tied to delivery of care and have audit strategies in place.
“See Tab #8”

f) A discussion of any potential conflict or duplication between the proposed project and current or proposed projects of others in the service area.
“None that we are aware of.”
g) The region’s existing capacity for such services, including how the proposed project impacts volume of services and quality of care of other providers in the local area, as well as the primary or secondary service area, including the rationale for defining the service area.

“Since persons in the community who require therapy services often have some permanent or temporary disability which precludes them from driving a car and requires obtaining transportation from a family member or other source, we used the same service area that is served by the MVH Bangor nursing facility. While there are 10 or more therapy businesses in the Bangor area alone, the number of older people who will require these services over the next several years is growing. MVH plans to specialize in providing services to veterans who were in our own Home and to veterans who may choose to come to us on referral from the CBOC located on our campus. As described earlier, we are aware that some veterans will seek out and follow through on their therapy simply because they can now obtain those services in a veteran-oriented organization that is well educated on the specific needs of such veterans.”

h) How will costs of other providers likely be impacted (for example, will the planned service have an impact on rural providers by altering referral patterns that may impact the viability of such providers and what can mitigate those impacts);

“The service area really does not include many rural providers and would, therefore, not impact the viability of such providers. Persons who reside in rural communities and who cannot easily travel to the Bangor area will continue to use proximity to their home as a key factor in deciding where to obtain their therapy services. Also, since we will provide services to a specialized group (veterans), we do not anticipate negatively impacting other organizations that provide therapy services to a more general population in our geographic area.”

B. CONU Discussion

i. CON Criteria

Relevant criteria for inclusion in this section are specific to the determination that the project ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.

ii. CON Analysis

Since much of the current therapy treatments are presently performed in MVH public spaces, hallways and ad hoc rooms, various safety issues need to be addressed. Most of these system deficiencies are mitigated by a strong process to avoid negative outcomes. The applicant’s proposal will improve its system deficiencies and allow the program to administer safer, and more focused treatment. The alleviation of these system deficiencies should lead to better outcomes.
The improvements to the facility included in this application will not alter the ability of other facilities to compete with this facility to provide the services included in the application.

### iii. Conclusion

CONU recommends that the Commissioner find that Maine Veterans Homes has met their burden to demonstrate that this project will ensure high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.
VIII. Service Utilization

A. From Applicant

“The MVH therapy department currently treats approximately 40 in-patients per day with 15 full and part-time staff members. This can be accomplished in under 600 square feet of space only with very careful time and space management and with use of the resident’s living space and common spaces. We anticipate that we may double our case load over the next 3 years to include our current in-patient case load and adding an out-patient case load. The new space will adequately allow for this expansion of caseload. New therapy professionals will be added incrementally as the case load increases.”

a) Comparative current and projected utilization data and a description of the verifiable data source or methodology:

“As previously stated, Medicare skilled days in our facility have increased by a monthly average of 200 in the last 3 years, this trend is expected to continue. We polled the current 32 residents receiving skilled services in our facility in July of 2009 and more than 90% answered that if they needed further therapy services after discharge they would prefer to come back to MVH as an out-patient for these services. It is expected that over 50% of community veterans who need therapy services would choose to receive those services in a Veterans’ facility if given the choice.”

B. CONU Discussion

i. CON Criteria

Relevant criterion for inclusion in this section are specific to the determination that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum.

ii. CON Analysis

This project will provide adequate space to therapists to provide rehabilitative care to patients of the facility. Utilization of the new space will be primarily for inpatients of the facility; therefore, no additional utilization will be caused by this project. The applicant has addressed the utilization criteria by stating that the initial goal is to provide Medicare services to existing patients and Veterans who have a preference to be cared for at the facility.

It is expected that the project will be able to serve 60 patients per week for physical therapy, and 12 patients per week for occupational therapy and speech therapy, respectively.

iii. Conclusion

CONU recommends that the Commissioner find that Maine Veterans Homes has met their burden to demonstrate that the project does not result in inappropriate increases in service
utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum.
IX. MaineCare Nursing Facility Fund

A. From Applicant

“Not applicable”

B. CONU Discussion

i. CON Criteria

Relevant criteria for inclusion in this section are related to the needed determination that the project can be funded within the MaineCare Nursing Facility Fund.

ii. CON Analysis

CONU has determined that there are no incremental operating costs to the healthcare system and will be no MaineCare Nursing Facility Fund dollars needed to implement this application.

iii. Conclusion

The project is exempt within the Rules for the MaineCare Nursing Facility Funding Pool. CONU concludes that the project need not be funded within the MaineCare Nursing Facility Fund.
X. Timely Notice

A. From Applicant

The applicant did not address this section.

B. CONU Discussion

Letter of Intent filed: May 18, 2009
Technical Assistance meeting held: June 18, 2009
CON application filed: February 17, 2010
CON certified as complete: February 17, 2010
Public Information Meeting Held: March 5, 2010
Public Hearing held: N/A
Public comment period ended: April 4, 2010
XI. Findings and Recommendations

Based on the preceding analysis, including information contained in the record, the CONU recommends that the Commissioner make the following findings and recommendations subject to the conditions below:

A. That the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant’s control meets industry standards.

B. The economic feasibility of the proposed services is demonstrated in terms of the:

   1. Capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and

   2. The applicant’s ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules;

C. The applicant has demonstrated that there is a public need for the proposed services as demonstrated by certain factors, including, but not limited to;

   1. The extent to which the project will substantially address specific health problems as measured by health needs in the area to be served by the project;

   2. The project has demonstrated that it will have a positive impact on the health status indicators of the population to be served;

   3. The project will be accessible to all residents of the area proposed to be served; and

   4. The project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project;

D. The applicant has demonstrated that the proposed services are consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by:

   1. The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;

   2. The availability of State funds to cover any increase in state costs associated with utilization of the project’s services; and
3. The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available was not demonstrated by the applicant;

In making a determination under this subsection, the commissioner shall use data available in the state health plan under Title 2, section 103, data from the Maine Health Data Organization established in chapter 1683 and other information available to the commissioner. Particular weight must be given to information that indicates that the proposed health services are innovations in high quality health care delivery, that the proposed health services are not reasonably available in the proposed area and that the facility proposing the new health services is designed to provide excellent quality health care.

E. The applicant has demonstrated that the project is consistent with and furthers the goals of the State Health Plan;

F. The applicant has demonstrated that the project ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers;

G. The applicant has demonstrated that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum; and

H. That the project need not be funded with the MaineCare Nursing Facility Fund.

**RECOMMENDATION:** For all the reasons contained in the preliminary analysis and in the record, CONU recommends that the Commissioner determine that this project should be approved with the following condition:

1. MVH shall present a plan to assure patient privacy.