Date: October 18, 2019

Proposal by: Fallbrook Care Operations, LLC

Prepared by: Larry Carbonneau, Health Care Compliance and Operations, DLC
Richard Lawrence, Senior Health Care Financial Analyst, DLC

Directly Affected Party: None

Certificate of Need Unit Recommendation: Approval

<table>
<thead>
<tr>
<th>Proposed Per Applicant</th>
<th>Approved CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Capital Expenditure</td>
<td>$ 27,484,407</td>
</tr>
<tr>
<td>Maximum Contingency</td>
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</tr>
<tr>
<td>Total Capital Expenditure with Contingency</td>
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</tr>
<tr>
<td>Pro-Forma Marginal Operating Costs</td>
<td>$ 11,047,200</td>
</tr>
<tr>
<td>MaineCare Neutrality Established</td>
<td>Yes</td>
</tr>
</tbody>
</table>
I. Abstract

A. From Applicant

St Joseph's Manor, a Maine corporation, currently owns and operates St Joseph’s Rehabilitation and Residence, a 121-bed nursing home located on Washington Avenue in Portland. St Joseph’s Manor (hereinafter “St Joseph”) and Sandy River Company (“Sandy River”) have entered into an Agreement whereby St Joseph will convey the associated MaineCare revenue stream from the St Joseph’s Rehabilitation and Residence to be used to develop Fallbrook Commons, a new 90-bed licensed nursing care center in Portland on the campus of Fallbrook Woods. Fallbrook Woods is a 56-bed assisted living facility specializing in memory care services.

The development and ownership of Fallbrook Commons is a joint venture between the ownership of two successful Maine companies: Sandy River Company, headquartered in Portland, and North Country Associates (“North Country”), an operator and manager of over 25 senior care facilities throughout Maine, including Fallbrook Woods.

The structure for the joint venture will include an operating entity (Fallbrook Care Operations, LLC) and a real estate entity (Fallbrook Care Development, LLC). There will be a lease agreement between the two entities. See Exhibit I-A: Organization Chart.

St Joseph is outdated in today’s skilled nursing facility standards. The proposed new facility will be a two-story design of approximately 56,000 square feet, on approximately 8 acres of land abutting Fallbrook Woods.

It is anticipated the new facility will take 16 months to construct with an estimated opening date in the 3rd QTR, 2021, and sooner if possible. Once constructed, the existing residents of St Joseph will be transferred to the new facility if they so choose or into other area facilities.

The total project budget is estimated at $28,452,040. This includes the acquisition of the MaineCare income stream from St Joseph.

Please note that Sandy River has extensive experience developing senior care facilities. Sandy River owns 11 nursing homes in Maine that are leased to Genesis Health Care Corporation. Sandy River has also recently completed several new senior care facilities in Maine to include:

- Avita of Stroudwater, 60 unit assisted living memory care center in Westbrook
- Avita of Wells, a 60 unit assisted living memory care center in Wells
- Avita of Brunswick, a 60 unit assisted living memory care center in Brunswick
- Stroudwater Lodge, a 95 unit independent and assisted living center in Westbrook

Currently, Sandy River, in partnership with John Orestis, owner of North Country, has a new 66 bed memory care assisted living facility under construction on the campus of Schooner Estates Retirement Community in Auburn, as well as Certificate of Need approval to develop a new 94 bed facility in Sanford scheduled to start construction in the Fall, 2019.

Working collaboratively with North Country on the design of Fallbrook Commons, Sandy River has assembled a seasoned team to support the permitting and development of Fallbrook Commons. Gawron Turgeon is the architect, Sebago Technics is the site engineer, and Landry French is the construction manager.

Attached as Exhibit I-B is a floor plan and site plan of the new facility. Upon receipt of the Certificate of Need, the final building and site working drawings will be completed. It is recognized that receipt of all necessary state and local permits will be a condition of the Certificate of Need.

Please note that North Country currently is under a consulting agreement to manage the day-to-day operations of St Joseph.

**CONU Comment #1:**

According to 22 M.R.S.A §329 (6) a certificate of need is required for:

Nursing projects with capital expenditures exceeding $6,028,609 (2019 Threshold).
II. Fit, Willing and Able

A. From Applicant

The development and ownership of Fallbrook Commons is a joint venture between two successful Maine companies: Sandy River, a developer and owner of over fifteen senior care facilities, is headquartered in Portland, and will take the lead role in the joint venture in developing the new facility. North Country, an operator and manager of over 25 senior care facilities throughout Maine and headquartered in Lewiston will manage the facility once constructed.

Sandy River Company

Sandy River Company has a long history in the healthcare and senior care industry in Maine and New England. Beginning in the early 1980’s, Sandy River developed innovative buildings and programs from the ground up. In 1983, Sandy River Nursing Care Center opened its doors with a new approach to nursing homes designed with several “houses” and a more homelike environment for elderly and caregivers.

Sandy River has successfully operated healthcare and senior care facilities whether it is the startup of a new building or turning around an existing asset that needs a fresh set of eyes and vision. Over the course of its history, Sandy River created and managed one of the largest healthcare systems in Maine.

By the mid 1990’s, Sandy River had developed numerous nursing care and assisted living projects with various operating partners. In 1996, Sandy River acquired the ownership interests of its operating partners and created Sandy River Health System, an integrated system of over a dozen healthcare facilities including RiverRidge, the state’s first traumatic brain injury rehab center and Sedgewood Commons, the state’s first multi-level 100% Alzheimer’s care center. Sandy River also developed more upscale assisted living facilities such as Harbor Hill in Belfast and Windward Gardens in Camden.

After successfully operating its portfolio of facilities, Sandy River represented the partners of the facilities on a sale of the operating companies to Genesis in 2007. The partners continue to own the real estate and lease the buildings to Genesis with Sandy River representing the owners. While Sandy River no longer operates its original portfolio of facilities in Maine, Sandy River continues to offer its long history of experience in healthcare and senior care by providing transaction services, development services, financing services and advisory services to clients throughout Maine.
With over 30 years working together, the three principals of Sandy River chose to focus its activities on senior healthcare because it is good financial business and because it is an opportunity to meet a commitment to be socially responsible in the process.

**Michael Tyler** served in various financial positions with Northeast Health/Pen Bay Medical Center in Rockport, Maine prior to joining Sandy River Health System in 1987. Serving as President, Michael was instrumental in leading the growth and operations of Sandy River’s healthcare portfolio from its initial two facilities to eleven facilities and its 1600 employees. In January 2007, he led the sale of the Sandy River facilities to Genesis. Since 2007, Michael continues as a partner at Sandy River Company, providing consulting, financing and development services including arranging financing for several new senior care facilities. As a seasoned operator and developer of senior care services, Michael has served as Chairman of the Maine Health Care Associations and continues to serve as a Board member.

**David Friedman** attended Harvard University where is graduated cum laude in Economics in 1969. After graduating from Harvard Business School, David moved to Maine where is founded a real estate brokerage firm, which later evolved into real estate development. David has been the creator of many successful enterprises within the arenas of real estate and health care. In 1980, David co-founded Sandy River Nursing Center, the first of what would be 11 facilities. The company grew to be Maine’s largest provider of skilled and assisted living care. In addition, he has served as Chair of several national and international non-profit organizations. He is a natural team builder and facilitator and thrives on choosing and then empowering teams to grow.

**Daniel Maguire** began his career as Development Finance Officer with Eastern Maine Development Corporation in 1981 and later became part of Maine State Development Office coordinating trade missions working closely with the Governor’s Office. In 1984, Daniel joined Sandy River Group as VP of Development where he directed the development and construction of a $100 million portfolio of senior care facilities throughout Maine, as well as numerous development consulting assignments for other providers throughout the Northeast. In 2007, following the sale of the 11 Sandy River facilities to Genesis, Daniel has continued as a partner at Sandy River Company providing consulting and development services for several senior care projects. Daniel has also been a major fundraiser for the Maine Alzheimer’s Association.
North Country Associates and John Orestis

North Country Affiliated Entities comprise Maine's largest long-term care and senior living company.

Founded in 1981 with the purchase of five assisted living facilities and growing over the ensuing years, North Country now owns and/or operates 25 facilities. These facilities comprise more than 1500 beds and units serving Maine's elder population. The enterprise has more than 2000 employees and generates 75 million dollars in annual revenues.

With a corporate headquarters in Lewiston, Maine, and a highly respected senior operations team, North Country is recognized as a leader offering a continuum of health care options which include independent living apartments, assisted living, skilled nursing care, rehabilitation, specialized memory care, outpatient therapies, adult day care, as well as services and living assistance to those with intellectual disabilities. More than 25% of their beds are assisted living and a high percentage of those are devoted to memory care.

Led for 30 plus years by John Orestis, the enterprise prides itself on delivering the highest quality care and service to its residents in a culture that encourages employee growth and retention. Most of the senior management staff each have decades of service at North Country and are considered leaders in Maine's senior care industry.

John Orestis is President and CEO of North Country Associates. Prior to joining North Country John was a real estate and tax lawyer and partner at Skelton, Taintor, Abbott and Orestis in Auburn. He practiced law for almost 20 years. Mr. Orestis was a staff member of the late Senator Edmund Muskie and graduated from Georgetown University and American University Law School during his eight years in Washington. He served in the Maine House of Representatives, was a two term Mayor of Lewiston and has remained politically active for decades. John has been President of the Maine Health Care Association and on the Board of the American Health Care Association and has served several community based non-profit endeavors over the years.

In addition to John, the senior management team comprises Mary Jane Richards - Chief Operating Officer, Glen Cyr - Senior Vice President of Finance, Douglas Gardiner – Senior Vice President of Development and Operations, Sandy Pomelow - Senior Vice President of Human Resources and Customer Service, Eric Pooler – Facility Operations Managers, Holly Poirier, Facility Operations Manager and Lori Pomelow, Facility Operations Manager, Kim Dufour- Director of Clinical Services and Quality Improvement, and Tamra Deering, Senior Director of Admissions Management. This team combines many years of experience and professional talent and has served the
company well in achieving its goal of delivering high quality service and care to its patients and residents.

North Country’s seasoned leadership team offers expertise that spans multiple sectors and includes:

- Clinical Operations
- Financial Management
- Property/Environmental Management
- Safety and Risk Management
- Human Resource Oversight
- Occupancy Development and Strategic Positioning
- Registered Dietician Consultation
- Information Technology
- Therapy Oversight
- Reimbursement Specialists

North Country and John Orestis have a long and successful history of operating diverse and complicated long-term care services throughout the facilities. As the manager of the proposed new facility, North Country is well positioned with decades of experience and a wide range of talent, ability, and dedication to the task of delivering long term care to frail elderly citizens in a challenging business and regulatory environment. The delivery of quality skilled, long term and residential level care to Maine's frail elderly is the foremost goal of both North Country and Sandy River.

**Transition Approach**

North Country has a long history of transitioning operations and has learned from previous experience that an implementation plan needs to be well thought out prior to commencing and that facility staff, residents and families need to be at the forefront.

From the beginning of our services North Country considers itself to be a partner with the facility Administrator and staff. This partnership will be felt immediately by Department Managers. Again, please note that North Country currently manages St Joseph. The relationship will allow for a more seamless transition of staff and residents to the new replacement facility.

Initial phase of integrating our services will include an extensive review of the following:

Organizational structure
Personnel audit
Physical Plant
Ancillary
Third party contracts
Financial audit
Clinical
Operations

Second phase will identify points of contact. Scheduling of North Country staff onsite to meet residents, staff and families and begin weekly meetings with department managers. Priorities will be assigned as a result of Initial Phase findings. Goals for each department will be established.

Third phase will be determined by the information garnered in the Initial and Second phases and will be unique to St Joseph. Regular visitation will take place by the executive team and managers. Conference call schedules will be developed. Networking with other facilities that are part of North Country will begin. Third phase will continue until conclusion.

Transition of Current Employees

Many of St Joseph’s employees have a long history with St Joseph’s residents and families. North Country’s intent is to hire as many employees of the St Joseph as they can and will handle all new hires in accordance with current policies and procedures. Top performing staff will be given preference. Staff vacancies that are not hired with current staffing will be hired from the greater Portland Community and or North Country employees interested in job growth/opportunities.

Facility Transition

Immediately following the transfer of ownership staff will begin to learn the Northern Hospitality, North Country Associates is known for. We will ensure that staff have the following resources available:

- Regular staff meetings on all shifts with all departments to address transition concerns or questions.
- Customer satisfaction surveys with families and discharged residents
- Access to a compliance hot line so that families, and or residents can contact us confidentially about any concerns
- Clinical and Operations cell phone and home numbers

Clinical Structure

Our clinical operations consist of the Vice President of Clinical Services and Quality Improvement, an Electronic Health Record specialist, Case Mix Reimbursement
specialist and a Residential Care specialist. Our clinical team provides support to all facilities either by phone or through frequent visits to each of the centers.

Below is a list of the many ways our Clinical Support team provides oversight and guidance to each center:

- Survey Support
- Expert clinical record review prior to release of information
- NCA clinical support team is available 24 hours a day.
- Provide access and education to North Country clinical reports.
- Provide education related to Requirements of Participation.
- Clinical audits such as Pressure Ulcer, Pain
- Improve Quality Measures
- Improve 5 Star Rating
- Provide onsite education to help meet goals

In order to provide a consistent, comprehensive transition of care for our residents from the time of their hospital stay to their time of admission to the facility and ongoing to their discharge home, North Country’s VP of Admissions Management has collaborative relationships with:

- Area hospitals
- Physicians
- Nurse Practitioners
- Hospice Agencies
- Home Care services

North Country has been successful in forging these partner relationships through our Clinical Liaison model. North Country has five Clinical Liaisons covering all major hospitals throughout the state of Maine. They establish initial contact with the patients and their families to ensure a smooth “hand-off” in moving the resident to their respective facility. Such collaboration has contributed to decreasing the overall rate of re-hospitalizations at North Country supported facilities.

North Country’s highly skilled Case Mix Specialist assists each of its facilities to monitor regulatory compliance, provide support to in-house MDS (Minimum Data Set) Coordinators and monitor action plans identified for improvement.

**Nursing Home Compare Ratings Under 5 Star Systems**
North Country's comprehensive approach to providing solid transitional care along with having seasoned leadership and committed staff has helped to produce outstanding ratings under the Medicare 5 Star Rating System. On average our facilities earned 3.7 stars for Overall Ratings; 2.6 stars for Health Inspections; 4.9 stars for Staffing and 3.6 stars for Quality Measures. These results fall in line with National and State averages.

**Health Inspections**

Through its Peer Review process and Quality Improvement/Performance Improvement initiatives North Country has seen a reduction in overall numbers of deficiencies.

**North Country Associates Health Inspections- August, 2019**

<table>
<thead>
<tr>
<th>Facility</th>
<th>Date of Inspection</th>
<th>Number of Deficiencies</th>
<th>Scope and Severity</th>
</tr>
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<tr>
<td>Borderview</td>
<td>06/06/19</td>
<td>3</td>
<td>D,D,D</td>
</tr>
<tr>
<td>Courtland</td>
<td>07/10/19</td>
<td>7</td>
<td>B,E,B,D,D,D,E,D</td>
</tr>
<tr>
<td>Edgewood</td>
<td>06/17/19</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Gardiner</td>
<td>01/10/19</td>
<td>7</td>
<td>D,E,E,E,E,D,D</td>
</tr>
<tr>
<td>Heritage</td>
<td>07/08/19</td>
<td>4</td>
<td>B,B,D,D</td>
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<tr>
<td>Klearview</td>
<td>03/20/19</td>
<td>2</td>
<td>No scope and severity</td>
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<tr>
<td>Maplecrest</td>
<td>01/31/19</td>
<td>10</td>
<td>B,B,E,D,D,D,D,E,E,D</td>
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<tr>
<td>Market Square</td>
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<td>Russell Park</td>
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<td>Sanfield</td>
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<td>D,B,D,D,D,D</td>
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<td>Southridge</td>
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<td>D,D</td>
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<tr>
<td><strong>Average</strong></td>
<td></td>
<td><strong>3.9</strong></td>
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**Programs and Services**

**Corporate Compliance Program:**
North Country Associates has always prided itself on its commitment to operate in a legal and ethical manner. Our comprehensive Corporate Compliance Program was developed to ensure that all employees are educated to our Standards and Code of Conduct. To ensure that all employees understand and share our commitment, we
explain our expectations at hire and annually thereafter. Beyond outlining the expectations, our program provides encouragement and guidance to employees in reaching legal and ethical solutions to the challenges they face in their daily activities. The employee Standards and Code of Conduct indicate how business is to be conducted at North Country Associates and reiterates North Country's longstanding commitment to integrity in our dealings with residents, customers, suppliers and competitors.

**Policy and Procedures:**
Manuals written and designed specifically for Long Term Care to offer facilities a foundation for achieving operational and clinical continuity as well as regulatory compliance. Our manuals are a culmination of best practices in each of the facility realms to include:

- Human Resource
- Clinical
- Information Technology
- Vision – Electronic Health Records
- Dietary
- Preventative Maintenance
- Pharmacy

Policies are reviewed on an annual basis or more often as needed. The review of these policies will be completed by facility personnel, North Country's counterparts and Medical professionals as appropriate.

**Emergency Response Plans:**
Each North Country Associates facility has an Emergency Response Plan designed precisely for each site. We have a trained individual, familiar with CMS regulations that will work directly with Fallbrook Commons and local Emergency Management and First Responders to develop a plan that is right for the facility and consistent with CMS requirements.

**Monitoring of Quality Improvement Program:**
Quality Improvement management is handled among our clinical team with our Quality Improvement Specialists. They monitor facility performance and use their findings to guide program improvement activities. By applying organizational and system-wide strategies, methods and tools they have developed a consistent program across all sites, all the while honoring each facilities culture and skill sets.

**Adherence to State and Federal Regulations:**
Compliance with all state and federal regulations is paramount to the success and integrity of our business. North Country has an outstanding working relationship with members of Licensing and Certification. This relationship has often put North Country in the position of advising key officials of regulation changes. Having a Quality Improvement Specialist that used to be a State and Federal Surveyor gives its team a level of expertise that few other Operators in Maine have. North Country’s policies and procedures correlate with the state regulations.

Support Services:

**Case Mix Specialist** – Support for facility MDS Coordinator. Oversight of RAI process from completion of the MDS through submission to the fiscal intermediaries. Committed to compliance of documentation. Regularly audits clinical documentation and provides feedback to facility clinical staff.

**Registered Dietician** – Support for facility Food Service supervisors. Develops menus in six-week cycles for each season throughout the year. Liaison with food vendors. Develops/Maintains policies and procedures. Monitors food costs and procurement. Monitors compliance. Recommends equipment replacement. Evaluates dietary staff work flow. Conducts regular Food Service Supervisor meetings. Coordinates coverage when an FSS is absent from their facility for vacations or medical leave. Provides hands on education to food service staff. Educates Food Service Supervisors on Safe Serve.

**Physical Plant Engineer** – Support for Environmental specialists. Co-coordinator of service contracts to insure contractors are insured and cover their employee’s worker’s compensation. Organizes requests for capital purchases. Liaison with vendors for renovations, repairs, purchases as needed. Assists in correcting deficiencies listed with Fire Marshal’s office. Networks all Environmental Specialists, allowing for a wide range of skill sets available to each of our facilities.

**Assistant Physical Plant Engineer** – Co-coordinator of service contracts to insure contractors are insured and cover their employee’s worker’s compensation. Reviews quotes for repairs and purchases to ensure fair bidding process.

**Emergency Response Manager** – Support to facility Administrator and Environmental service directors. Educated in fire safety and disaster preparedness. Good working relation with local emergency management teams. Familiar with CMS requirements for an emergency response plan. Audits existing plans for each facility and makes recommendations for alterations of the plans.

Reimbursement Specialist – Develops all cost reports and submits timely to state. Develops budgeting spreadsheets. Develops interim cost reports to determine reimbursement maximization. Recommends changes as needed.

Rehabilitation Coordinator – Physical Therapist, Co-Rehabilitation Coordinator. Provides support to the Rehab Manager and staff Educaes Rehabilitation Managers and staff as needed. Develops Rehab staff work flow. Utilizes and trains Rehab managers to use a Therapy analyzer aimed at compliance and reimbursement maximization. Monitors productivity levels to ensure therapists are meeting acceptable benchmarks. Networks all therapy managers within NCA. Provides education to therapists and coordinates outside education for therapists. Certified in specialized seating. Determines staffing levels based on acuity, skilled census and facility needs.

Electronic Health Record Specialist - Sarah does ongoing training with our software. She has built a Resource Manual for our clinical software as well as the individual disciplines. She assists the Facilities as a help desk support and by doing audits and one on one Facility training on a routine basis.

B. Certificate of Need Unit Discussion

i. CON Standards

Relevant standards 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 Unit Analysis

This proposal involves the replacement of St. Joseph’s Manor, a 121-bed nursing home located in Portland, ME with a new 90-bed SNF/NF named Fallbrook Common to be located on the campus of Fallbrook Woods a 56-bed Level IV PNMI located at 60 Merrymeeting Drive, Portland, Maine. The new nursing home location is approximately 1.2 miles away from the current location of St. Joseph’s Manor. This project is a joint venture between Sandy River Company and North Country Associates. Both companies are headquartered in Maine and have a long history of owning and operating senior care facilities in this State. The joint venture will include an operating entity (Fallbrook Care Operations, LLC) and a Real Estate Company (Fallbrook Care Development LLC). North Country Associates will operate and manage Fallbrook Commons; therefore, the applicant provided several performance measures relating to North Country’s facilities in Maine. CONU has prepared a table summarizing North Country’s Nursing Home Compare ratings:
<table>
<thead>
<tr>
<th>North Country Facility</th>
<th>Overall</th>
<th>Health Inspections</th>
<th>Staffing</th>
<th>Quality Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borderview</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Courtland</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Edgewood</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Gardiner</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Heritage</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Maplecrest</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Market Square</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Orchard Park</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Russell Park</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Sanfield</td>
<td>4</td>
<td>3</td>
<td>5</td>
<td>3</td>
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<td>Somerset</td>
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<td>3</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Sonogee</td>
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<td>1</td>
<td>5</td>
<td>1</td>
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<tr>
<td>Southridge</td>
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<td>3</td>
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<td><strong>AVERAGE</strong></td>
<td>3.5</td>
<td>2.8</td>
<td>4.3</td>
<td>3.1</td>
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</table>

Nursing Home Compare provides details on nursing homes across the country. Nursing Home Compare features a star rating system that gives each facility a rating between 1 and 5 stars for health inspections, staffing and quality of resident care measures. The Centers for Medicare & Medicaid Services also calculates an overall rating. This information is important due to the variation in the quality of care and services each nursing home provides to their residents. This data is updated on a monthly basis.

Facility ratings are determined using these criteria:
- The best 10 percent in each State receive a five-star rating.
- The middle 70 percent of facilities receive a rating of two, three, or four stars, with an equal number (approximately 23.33 percent) in each rating category.
- The worst 20 percent receive a one-star rating.

The above table indicates that North Country has solid ratings in 3 out of four categories and is in the middle 70 percent of all facilities nationally with regards to health inspections ratings.
The Division of Licensing and Certification, as the State survey agency, investigates all complaints of regulatory violation regarding health care facilities, agencies and services subjected to its licensing and certification authority. The Division then evaluates whether the complaints can be substantiated and initiates whatever action is necessary.

The applicant provided a detailed chart of inspection dates and scope and severity of findings. CONU reviewed all nursing home surveys and determined that all findings have been closed out and that North Country nursing facilities are in compliance with 42 CFR Part 483, Subpart B, Requirements for Long Term Care Facilities. The table below shows the date when all survey findings were resolved for each facility.

<table>
<thead>
<tr>
<th>Facility</th>
<th>Date of Inspection</th>
<th>Findings Resolved</th>
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<tbody>
<tr>
<td>Borderview</td>
<td>06/05/2019</td>
<td>07/25/2019</td>
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<tr>
<td>Courtland</td>
<td>09/03/2019</td>
<td>09/23/2019</td>
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<td>Edgewood</td>
<td>04/26/2019</td>
<td>06/03/2019</td>
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<td>01/10/2019</td>
<td>02/20/2019</td>
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<td>12/03/2018</td>
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<tr>
<td>Southridge</td>
<td>05/23/2019</td>
<td>07/11/2019</td>
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</table>

It should be further noted that no survey findings rose to the level of actual harm or immediate jeopardy.

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. 22 §337 (3).
Deeming of Standard

As provided for at 22 M.R.S. § 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.

North Country has provided SNF/NF and Residential Care services in Maine for decades. The services provided are consistent with applicable licensing and certification standards in the State. The Deeming of Standard provisions apply to this CON application.

iii. Conclusion

The Certificate of Need Unit recommends that the Commissioner find 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.
III. Economic Feasibility

A. From Applicant

The development and ownership of Fallbrook Commons is a joint venture between the owners of Sandy River Company and the owner of North Country Associates. The structure for the joint venture will include an operating entity (Fallbrook Care Operations, LLC) and a real estate entity (Fallbrook Care Development, LLC). There will be a lease agreement between the two entities. Again, the actual name of the new facility has yet to be determined.

Additional, Fallbrook Care Operations, LLC will have a consulting agreement with North Country Associates.

The applicant will utilize the acquired MaineCare revenue stream to construct a new state-of-the-art licensed 90-bed skilled nursing care center.

Recognizing the need to remain MaineCare neutral, Fallbrook Commons will utilize the acquired MaineCare income stream to construct the new facility. It is understood that DHHS will determine the actual number of beds, and the accompanying MaineCare resources, that will need to be acquired to remain Medicaid neutral. It is anticipated that the new facility will require $9,537,012 in MaineCare resources.

Please see attached the following exhibits:

Exhibit III-A, Sources and Uses of available MaineCare Income Stream

Exhibit III-B, Purchase and Sale Agreement on the purchase of MaineCare income stream (bed rights) from St Joseph.

Exhibit III-C, Purchase and Sale Agreement on the purchase of land from Fallbrook Woods.

The total project budget is $28,452,040. Attached as Exhibit III-D is the project budget which includes the cost of acquiring MaineCare income stream. Also attached as Exhibit III-E is a furniture and equipment budget for the new facility.

The proforma financial statements demonstrate the feasibility of the proposed project. Attached as Exhibit III-F is a Pro Forma Income Statement for three full years of operation as well as a census and revenue projections and payroll budget for each year. The Pro Forma Income Statement shows that Fallbrook Commons will result in a Net Operating Income of $366,220 in the first full year of operations.
Attached as Exhibit III-G is a pro forma MaineCare cost report for the first full year of operations. Attached as Exhibit III-H is the proposed terms of the bank financing.

Sandy River, as the developer, is responsible for obtaining the necessary financing to construct the building. Sandy River works closely with several Maine banks that want to provide financing for this project.

In summary, the Pro Forma financial statements demonstrate the feasibility of the new project and (1) the capacity 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 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.

B. Certificate of Need Unit Discussion

i. CON Standards

Relevant standards 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
- 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 Unit Analysis

Fallbrook Commons, a 90-bed SNF/NF will replace St. Joseph's Manor, an aging 121-bed SNF/NF constructed in 1974. The site for this 56,916 square foot facility is on an 8.28 acre lot adjacent to Fallbrook Woods. The Sanford Facility has a projected opening date in the 3rd Quarter of 2020. The total project budget is estimated at $28,858,627 as shown below:

<table>
<thead>
<tr>
<th>Fallbrook Commons Capital Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Acquisition</td>
</tr>
<tr>
<td>MaineCare Bed Rights</td>
</tr>
<tr>
<td>Site Work</td>
</tr>
<tr>
<td>Building Construction</td>
</tr>
<tr>
<td>Furnishings/Equipment</td>
</tr>
</tbody>
</table>

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The original development budget submitted by the applicant of $28,452,040 was increased to $28,858,627 to allow for a 5% contingency.

The project will be financed as follows:

<table>
<thead>
<tr>
<th>Debt Financing (Commercial Bank)</th>
<th>$19,916,478</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid in Capital</td>
<td>$8,942,149</td>
</tr>
<tr>
<td>Total Sources of Capital</td>
<td>$28,858,627</td>
</tr>
</tbody>
</table>

Sandy River Company, the project developer, has obtained term sheets from several banks. The terms of the loan are interest-only for 26 months. There will be a fixed rate of interest of 4.125% for 7 years, with a balloon payment due at the end of 7 years. The amortization period will be 25 years.

In order to support the financial feasibility of this project the applicant supplied financial projections for the first three full years of operations of the new facility with census, revenue projections and a payroll budget for each year. In addition, the applicant submitted a cost report for the first full year of operations. CONU reviewed the underlying assumptions regarding capital
costs, MaineCare utilization and pending inflation adjustments and found them reasonable. Wherever possible existing staff at St. Joseph’s Manor will be utilized at the new facility. The documentation submitted by the applicant supports the assertion that this project is financially feasible. Final reimbursement rates associated with this transaction will be computed by DHHS Rate Setting and DHHS Office of Audit.

MaineCare Neutrality

This project is subject to MaineCare neutrality. MaineCare neutrality is computed by comparing the utilization of MaineCare resources between St. Joseph’s Manor 121 bed SNF/NF capacity and the proposed Fallbrook Commons 90 bed SNF/NF. The proposed calculated MaineCare utilization is $9,536,541. The MaineCare income stream purchased from St. Joseph Manor (See purchase and sale agreement dated April 4, 2019) is $10,758,614. These calculations are based on 95% occupancy. See below for calculation:

<table>
<thead>
<tr>
<th>Facility</th>
<th>Beds</th>
<th>Days</th>
<th>Occupancy</th>
<th>Utilization</th>
<th>MaineCare Rate</th>
<th>MaineCare Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Joseph's Manor</td>
<td>121</td>
<td>365</td>
<td>95%</td>
<td>41957</td>
<td>$256.42</td>
<td>$10,758,614</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$10,758,614</td>
</tr>
<tr>
<td>Fallbrook Commons</td>
<td>90</td>
<td>365</td>
<td>95%</td>
<td>31208</td>
<td>$305.58</td>
<td>$9,536,541</td>
</tr>
<tr>
<td>Excess funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,222,073</td>
</tr>
</tbody>
</table>

Due to the acquisition of MaineCare bed rights from St. Joseph Manor MaineCare neutrality has been achieved. The excess MaineCare funding of $1,222,073 may be utilized for other projects.

Deeming of Standard

As provided for at 22 M.R.S. § 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 subparagraph 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.

North Country Associates has been a provider of SNF/NF nursing services for many years. The operations of the proposed Fallbrook Commons facility are of similar size and scope and are consistent with applicable licensing and certification standards.

Changing Laws and Regulations

Certificate of Need Unit staff is not aware of any imminent or proposed changes in laws and regulations that would impact the project.
iii. Conclusion

Certificate of Need Unit staff recommend that the Commissioner determine that the applicant 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

The primary need for this project is the replacement of an outdated 45-year old nursing care facility, St Joseph Manor. The existing facility does not meet today's skilled nursing facility standards and has outlived its useful life as a nursing home.

- Built in 1974, the facility is an old-style long double loaded corridor facility with dead end corridors.
- The layout of the building does not allow for efficient programming and caregiving.
- The resident rooms are small, shared rooms, and four persons to a bathroom that do not meet ADA standards.
- The physical plant is in poor condition with failing or outdated mechanical systems, heating inefficiencies and a roof that needs replacing; there is an entire wing that is not operational.

Clearly, replacing St Joseph Manor with a new state-of-the-art nursing center will have a dramatic positive impact on the quality of life of residents and improve the emotional health of residents and their families. Please note that they proposed new replacement facility is within a mile (actually walking distance) of St Joseph, allowing for a nearby transition for residents, family and staff.

The proposed new facility will consist of 90 dually licensed NF beds with three NF “neighborhoods” offering the opportunity to create both a traditional long-term care neighborhood and short stay rehabilitation neighborhoods. The new facility is replacing 121 licensed nursing beds with a new 90 bed state-of-the-art senior care center.

Licensed Nursing Care Beds

In the historically cited report by the Muskie School of Public Service titled Older Adults and Adults with Disabilities: Population and Service Use Trends in Maine -2012 Edition, the number of persons age 65 and older in Cumberland County is projected to increase from 43,258 in 2012 to 65,701 by 2022. Maine has the oldest median age in the country and the highest percentage of so-called “baby boomers” (born between 1946 and 1964). The oldest baby boomers are now turning 72 and as they continue to age, the need for nursing care and skilled rehab services will dramatically increase in Maine and Cumberland County and throughout the United States. There will be increasing demand for NF/Skilled beds including a continued need for the proposed 90 additional NF/Skilled beds at Fallbrook Commons. Again, the proposed new facility will offer the
opportunity to create both a traditional long-term care neighborhoods and short stay rehabilitation neighborhoods. The demand for high-level short-term rehabilitation services will be a primary focus of Fallbrook Commons.

Please refer to Exhibit IV-A: Historical Occupancy of St Joseph Manor.

Clearly, there is a continued need for the nursing care services now provided at St Joseph and replacing this outdated facility will improve the wellbeing of residents to be served at the new facility for years to come. It is important to remember that this facility is being developed to provide senior care services for the next 40+ years. Fallbrook Commons will replace an outdated facility with a new facility that meets the demand for state-of-the-art rehab gyms and rehab programs, a large number of private rooms that will be demanded by baby boomers and beyond and offers a more residential “neighborhood” environment for our aging population.

Fallbrook Commons will become a model for the next generation of nursing care facilities in Maine.

B. **Certificate of Need Unit Discussion**

   **i. CON Standards**

   Relevant standards for inclusion in this section are specific to the determination that 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 Unit Analysis**

   The applicant is proposing to replace 121 SNF/NF beds at St. Joseph’s Manor with 90 SNF/NF beds at Fallbrook Commons. In order to determine public need, CONU analyzed demographic and service use trends in Fallbrook Commons service area (Cumberland County, Maine). CONU utilized the Older Adults with Physical Disabilities: Population and Service Use Trends in Maine, 2012 Edition and the Adults Using Long Term Services and Supports: Population and Service Use Trends in Maine, 2016 Edition prepared by the Muskie School of Public Service and the U.S. Census Bureau’s website located at https://www.census.gov/quickfacts/
Cumberland County Maine has an estimated population of 293,557 as of July 1, 2018 with approximately 18.4% of the population age 65 or older. This population is the primary consumer of nursing care services. Maine’s 65 and above age group continues to grow at a rate faster than New England and the USA as a whole. The percentage of Cumberland County population over the age of 65 will rise to 24.1% in 2027. With the projected increase in the 65+ population it is likely that SNF/NF beds will be required over the next decade. Retaining SNF/NF beds while modernizing a 40-year old facility will substantially address specific health problems associated with an aging population which is increasingly requiring more intensive care. The new facility will handle both a long-term care population and a short stay rehabilitation population. Needed residential care services will be provided at Fallbrook Woods which will be adjacent to the new facility. This will have a positive impact on the health status indicators of the population to be served. CONU examined the latest occupancy data available for nursing services in Cumberland County:

<table>
<thead>
<tr>
<th>Town</th>
<th>Nursing Facility</th>
<th>Total Capacity</th>
<th>Total Occupancy</th>
<th>% Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portland</td>
<td>Barron Center</td>
<td>219</td>
<td>177</td>
<td>80.82%</td>
</tr>
<tr>
<td>Yarmouth</td>
<td>Brentwood Center</td>
<td>78</td>
<td>67</td>
<td>85.90%</td>
</tr>
<tr>
<td>Portland</td>
<td>Cedars Nursing Care</td>
<td>102</td>
<td>87</td>
<td>85.29%</td>
</tr>
<tr>
<td>Yarmouth</td>
<td>Coastal Manor</td>
<td>39</td>
<td>39</td>
<td>100.00%</td>
</tr>
<tr>
<td>Falmouth</td>
<td>Falmouth by the Sea</td>
<td>65</td>
<td>55</td>
<td>84.63%</td>
</tr>
<tr>
<td>Gorham</td>
<td>Gorham House</td>
<td>69</td>
<td>61</td>
<td>88.41%</td>
</tr>
<tr>
<td>Freeport</td>
<td>Hawthorne House</td>
<td>81</td>
<td>79</td>
<td>97.53%</td>
</tr>
<tr>
<td>Brunswick</td>
<td>Horizons Living</td>
<td>65</td>
<td>64</td>
<td>98.48%</td>
</tr>
<tr>
<td>Kennebunk</td>
<td>Kennebunk Center</td>
<td>78</td>
<td>71</td>
<td>91.03%</td>
</tr>
<tr>
<td>Scarborough</td>
<td>Maine Vets. Home</td>
<td>120</td>
<td>118</td>
<td>98.33%</td>
</tr>
<tr>
<td>Brunswick</td>
<td>Mid Coast Senior</td>
<td>42</td>
<td>36</td>
<td>85.71%</td>
</tr>
<tr>
<td>Scarborough</td>
<td>Pine Point</td>
<td>61</td>
<td>51</td>
<td>83.61%</td>
</tr>
<tr>
<td>Scarborough</td>
<td>Piper Shores</td>
<td>40</td>
<td>32</td>
<td>80.00%</td>
</tr>
<tr>
<td>Kennebunk</td>
<td>River Ridge</td>
<td>62</td>
<td>50</td>
<td>80.65%</td>
</tr>
<tr>
<td>Portland</td>
<td>Seaside Rehab</td>
<td>147</td>
<td>125</td>
<td>85.03%</td>
</tr>
<tr>
<td>Falmouth</td>
<td>Sedgewood Commons</td>
<td>91</td>
<td>88</td>
<td>96.70%</td>
</tr>
<tr>
<td>South Portland</td>
<td>South Portland NH</td>
<td>73</td>
<td>65</td>
<td>89.04%</td>
</tr>
<tr>
<td>Westbrook</td>
<td>Springbrook Center</td>
<td>123</td>
<td>109</td>
<td>88.62%</td>
</tr>
<tr>
<td>Portland</td>
<td>St. Josephs</td>
<td>121</td>
<td>105</td>
<td>86.78%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>1676</td>
<td>1479</td>
<td>88.77%</td>
</tr>
</tbody>
</table>

In 2010 Cumberland County had 41 nursing beds per 1,000 persons age 65 and above as compared to the State average of 33 beds per 1,000 persons age 65 and above. The available beds in Cumberland County is above the State average but the most recently available occupancy statistics above show an
average occupancy of 88.77%. This demonstrates a continuing need for SNF/NF services in the Cumberland County area. This project is not adding additional beds to the system (this project actually reduces nursing home beds by approximately 2%) but is simply creating an updated facility.

The applicant will offer the services affected by the project to all residents of the area proposed to be served and therefore will ensure accessibility of the service.

The project will provide demonstrable improvements in the outcome measures for patients that require skilled and long-term services. This new facility will be replacing St. Joseph’s Manor which was built in 1974. As stated by the applicant the existing building is outdated and the layout of the building does not allow for efficient programming and caregiving. The resident rooms are small, shared rooms, with four persons sharing bathrooms that do not meet ADA standards. The physical plant is in poor condition with outdated mechanical systems, a roof that needs replacement and an inefficient heating system. Building a state-of-the art replacement facility will positively impact the quality of life of residents.

iii. Conclusion

The Certificate of Need Unit recommends that the Commissioner find that the applicant has met their burden to show that there is a public need for the proposed project.
V. Orderly and Economic Development

A. From Applicant

This proposal involves meeting the budget neutrality requirements for nursing facility projects in Maine as shown in the Economic Feasibility section. The new facility also replaces a 40 plus year old outdated facility with a new state-of-the-art nursing facility that will serve elderly in Greater Portland for the next 40 years.

North Country will continue to be managing the existing St Joseph facility during construction and relocate NF level residents that choose to move to the new facility upon opening. Existing staff will have the opportunity to move with residents to the new facility. This will reduce startup costs.

North Country has a strong relationship with MaineHealth and discussions are underway to work together programmatically both on this new center and other nursing facilities in Maine.

Again, given that the availability of the Mainecare income stream is being used to offset the cost of constructing a new replacement facility, there will be no overall increase in costs to the Maine healthcare system and health care expenses. This proposal will be Medicaid neutral and add no additional cost to the State’s Medicaid program.

Furthermore, the facility will replace the existing St Joseph facility and offer a high-level skilled rehab program focusing on providing services to persons who have had an acute event and with appropriate rehabilitation services can return home or to the community. Without the strong rehab programs of facilities such as the proposed new facility, there would be increased usage of NF Mainecare beds and increased financial pressure on Maine’s health care expenses. Patients with high acuity care needs would either remain in the acute care sector longer or be admitted inappropriately to a traditional long-term care setting within a nursing home. The new facility’s focus on a strong transitional care unit and program saves the State resources by transitioning acute care residents through specialized rehab programs and returning them back home. Without such programs, the percentage of seniors with an acute episode/event who would end up in long term care within a nursing home could be much higher.
B. Certificate of Need Unit Discussion

i. CON Standards

Relevant standards 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 Unit Analysis

This transaction involves building a replacement facility for an outdated nursing facility (St. Joseph Manor). The decision to build the Sanford replacement facility was made in response to a demonstrated need for these services in Cumberland County. The 90 bed SNF/NF will offer both long-term care and skilled rehab services.

As discussed in the Economic Feasibility section of this analysis, increased operating costs were offset by the purchase of the MaineCare revenue stream from St. Joseph Manor. This project will not increase total healthcare costs therefore additional State funding is not required.

St. Joseph Manor provided necessary services in the Cumberland County area for decades. The decision to build a replacement facility was made after careful review. It is not feasible to upgrade the current facility due to design and space constraints of the existing facility which makes it inadequate to meet current and future needs. The proximity of the new Fallbrook Common facility to the existing St. Joseph Manor will allow for an easy transition for residents and family when the St. Joseph Manor closes. Current St. Joseph Manor staff will have an opportunity to move with residents to the new facility reducing startup costs. In addition, the new facility will be close to Fallbrook Woods a Level IV PNMI. This provides a greater continuum of care located in close proximity to each other. It is unlikely that a more effective, more accessible or less costly alternative for providing needed SNF/NF services is available.

iii. Conclusion

The Certificate of Need Unit recommends that the Commissioner find that the applicant has met its burden to demonstrate that the proposed project is consistent with the orderly and economic development of health facilities and health resources for the State.
VI. Outcomes and Community Impact

A. From Applicant

The proposed replacement facility for St Joseph Manor will improve rehabilitation services with a focus on providing services to persons who have had an acute event and with appropriate rehabilitation services are able to return home. Without the strong programs of facilities such as the proposed new facility, there would undoubtedly be increased usage of NF Mainecare beds and a decrease in positive outcomes for Maine's elderly. Fallbrook Commons will have an excellent reputation as a leader in long term care services in Maine as well as strong reputation as a rehabilitation provider and hospital discharge option in the service area.

This project would not have a negative impact on quality and outcome of its proposed services, but rather would have several positive attributes.

Improving Healthcare Outcomes

Fallbrook Commons will be affiliated with a network of skilled nursing facilities located throughout Maine operated by North Country. Each facility has an excellent track record of providing high quality services to its residents. Through its division of professional services, North Country provides program enhancement, policy development, care audits and inspection, clinical nurse consultants, and compliance monitoring with Federal and State regulations. These services along with on-site professional staff training have aided in the development of policies and procedures that lead to positive health outcomes. These program enhancements and procedures are shared with the other facilities allowing for continuous feedback and education of the staff. This enables each facility to develop new knowledge bases and put new treatment strategies into practice for improving health outcomes. Through ongoing involvement in the Advancing Excellence Campaign our goal would be for the facility to continue to improve in areas such as consistent assignments, reducing hospitalizations or reducing antipsychotic medication, to name a few.

High Quality Care

As detailed further in other sections, North Country has consistently fostered a culture that promotes high quality care in a safe environment. Its mission is to provide residents and their families with superior care delivered by staff dedicated to the principals of kindness, compassion, service and excellence in an environment where individuality, dignity and value of those who are served, as well as those who serve, is nurtured and appreciated. As part of the North Country network and in concert with its mission, employees will be sufficiently trained through educational programs for continued implementation of these goals and values. All North Country facilities are involved in a corporate structure designed to review resident/facility safety as well as quality assurance and performance improvement.
B. **Certificate of Need Unit Discussion**

   i. **CON Standards**

   Ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.

   ii. **CON Unit Analysis**

   The replacement of outmoded facilities with a modern, state of the art facility focusing on long-term care and skilled rehab leads to significant improvements in health and satisfaction as outlined in previous sections of this analysis. A focus on skilled beds and rehabilitative services, in the Cumberland County area will have a positive effect on the quality of care delivered. This project will not have a negative effect on the quality of care delivered by existing service providers. No change in the scope of services is proposed as a result of this project. Seniors needing short term care will have a greater likelihood of finding the services offered in the area they reside. Rehabilitative services increase the likelihood that patients completing appropriate sub-acute rehab will end up returning home and/or to community-based services rather than placed in a costly long-term care setting. This reintroduction of a patient into the at-large community is consistent with the goals of the department and national trends of extending home-based services. North Country’s has documented its focus on program enhancement, policy development, care audits and inspection, clinical nurse consultants, staff training and compliance monitoring with Federal and State regulations. This focus leads to high-quality outcomes.

   iii. **Conclusion**

   Certificate of Need Unit recommends that the Commissioner find that the applicant 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.
VII. Service Utilization

A. From Applicant

The Maine Quality Forum is geared towards Hospital and Physician based healthcare and thus its evidence-based medicine principals are generally not applicable to this application. Yet the underlying theme of inappropriate admissions, services or testing is pertinent in all healthcare delivery settings; nursing facilities included.

There is a combination of ways inappropriate NF and residential care utilization is mitigated.

Consumers seeking NF admission and who will rely on MaineCare to pay for their care must have a physician’s order, meet the strident medical eligibility standards of DHHS and qualify based on an assessment of their income and assets. They must also receive a Goold assessment that documents NF level of care is needed based on DHHS medical eligibility standards. Generally speaking, MaineCare consumers who seek NF admission must have a three ADL loss or have cognition challenges which qualify them under Maine’s eligibility standards. The assessments continue a set schedule to assure continuing need for NF level of services.

Medicare also establishes medical necessity standards for skilled care thus insuring only appropriate cases are served. Prior to the expansion of skilled care in nursing facilities most cases were treated in hospitals at significantly higher cost.

North Country has written corporate compliance policies that require all employees to follow State and Federal laws governing the provision of nursing facility and residential care services. North Country offers employees a compliance hot line whereby they can anonymously contact its corporate compliance officer, who follows up on all reports. The hot line is a vital component for learning of and stopping inappropriate practices that do not comply with laws and regulations.
B. Certificate of Need Unit Discussion

i. CON Standards

Relevant standards 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 as established in Title 24-A, section 6951, when the principles adopted by the Maine Quality Forum are directly applicable to the application.

ii. CON Unit Analysis

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 will decrease the number of MaineCare funded SNF/NF beds in the Cumberland County service area by 31. This will not drastically change the services offered in the area and will not result in inappropriate increases in utilization.

iii. Conclusion

Certificate of Need Unit recommends that the Commissioner find that the applicant 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.
VIII. Consistency with MaineCare Funding Pool

A. From Applicant
N/A

B. Certificate of Need Unit Discussion

   i. CON Standards

In the case of a nursing facility project that proposes to add new nursing facility beds to the inventory of nursing facility beds within the State, is consistent with the nursing facility MaineCare funding pool and other applicable provisions of sections 333-A and 334-A.

   ii. CON Unit Analysis

The applicant is not adding new nursing facility beds to the inventory of nursing facility beds within the State.

No funding is utilized from the MaineCare funding pool.

   iii. Conclusion

Certificate of Need Unit recommends that the Commissioner find that the applicant has met their burden to demonstrate that the project is consistent with the nursing facility MaineCare funding pool and other applicable provisions of sections 333-A and 334-A.
IX. Timely Notice

A. From Applicant

The applicant fully intends to follow the appropriate procedures outlined in the CON Procures Manual to include all requirements for public meetings.

B. Certificate of Need Unit Discussion

<table>
<thead>
<tr>
<th>Event</th>
<th>Date/Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letter of Intent filed</td>
<td>August 7, 2019</td>
</tr>
<tr>
<td>Technical assistance meeting held</td>
<td>Waived</td>
</tr>
<tr>
<td>CON application filed</td>
<td>September 17, 2019</td>
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<td>CON certified as complete</td>
<td>September 17, 2019</td>
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<td>Public Information Meeting held</td>
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<td>Public Hearing held</td>
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X. Findings and Recommendations

Based on the preceding analysis, including information contained in the record, the Certificate of Need Unit recommends that the Commissioner make the following findings:

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

F. 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

G. The project is consistent with the nursing facility MaineCare funding pool and other applicable provisions of sections 333-A and 334-A.

For all the reasons contained in this preliminary analysis and based upon information contained in the record, Certificate of Need Unit recommends that the Commissioner determine that this project should be approved.