**Preliminary Analysis**

#### Date: October 18, 2013

**Project**: **Acquisition of Control of Cummings Health Care Facility, Inc.**

**Proposal by: Cummings Health Care Facility, Inc.**

**Prepared by: Phyllis Powell, Assistant Director, Medical Facilities**

**Larry Carbonneau, Manager Health Care Oversight**

**Richard Lawrence, Senior Health Care Financial Analyst**

**Directly Affected Party: None**

**Certificate of Need Unit Recommendation: Approval**

**Proposed Approved**

**Per Applicant** **CON**

Estimated Capital Expenditure $1,039,848 $ 1,039,848

Maximum Contingency $ 0 $ 0

Total Capital Expenditure with Contingency $1,039,848 $ 1,039,848

Pro-Forma Marginal Operating Costs $ 70,079 $ 70,079

MaineCare Neutrality Established Yes

# I. Abstract

**A. From Applicant**

“Cummings Health Care Facility, Inc. (CHCF) operates a 34-bed nursing and a 20-bed residential care facility in Howland, Maine. This facility has been a vital part of the community of Howland, Enfield, Maxfield, Medford, Seboeis, Lowell, Burlington, Passadumkeag, Greenbush, Costigan, Millinocket and Lincoln since the late 1950’s. The Cummings family has owned and operated the business since 1973. The facility has consistently complied with both Federal and State regulations. Located in a very rural community in northern Penobscot County, CHCF provides a necessary service to the frail and elderly, rehabilitation services to the population after surgery or illness and various career opportunities. CHCF is one of the largest employers in Howland, second only to the public school system. CHCF has a presence in the area for community involvement with area schools, Boys and Girl Scouts, Vocational Education Programs, churches and other civic organizations. The facility has always prided itself on being a positive, stable environment for those needing services, those seeking good paying jobs and a resource for learning by encouraging an open door policy for those needing guidance for health care.”

“The proposed project involves transferring the remaining 32 shares of CHCF currently owned by Fern P. Cummings to Melinda E. and David B. Goslin. The transfer of the remaining shares will give control to Melinda and David Goslin who currently own 68 shares between them. The transfer of the remaining shares as well as the deeding of the remaining one-third interest in the proprietors’ leased assets will facilitate the refinancing of the outstanding mortgage notes with TD Bank which balloon in September.”

“The following table summarizes ownership in both CHCF and proprietors’ leased asset before and after the proposed transaction:

|  |  |  |
| --- | --- | --- |
| **CHCF** | Current  Ownership | Proposed  Ownership |
|  |  |  |
| Fern P. Cummings | 32 | 0 |
| Melinda E. Goslin | 34 | 50 |
| David B. Goslin | 34 | 50 |
|  |  |  |
| Total (shares) | 100 | 100 |

|  |  |  |
| --- | --- | --- |
| **Proprietors’ Leased Assets** | Current Ownership | Proposed Ownership |
|  |  |  |
| Fern P. Cummings | 34% | 0% |
| Melinda E. Goslin | 33 | 50 |
| David B. Goslin | 33 | 50 |
|  |  |  |
| Total | 100% | 100% |

The transfers will occur as soon as reasonably feasible upon approval of the proposed project by the Division of Licensing and Regulatory Services (DLRS).”

“Melinda and David Goslin have been involved in the administration and management of the facility for a combined 33 years. Accordingly, there will be no changes in the administration and management of the facility as a result of the change in ownership. There will be no changes in the facility’s MaineCare rate, services being offered to the community or finances, nor are there significant costs related to this transfer.”

“In addition, as requested during the Technical Assistance Meeting, we have enclosed photos of both the interior and exterior of the facility (See Exhibit I).””

# II. Fit, Willing and Able

**A. From Applicant**

*Management Team*

“Melinda E. Goslin, Administrator, is the daughter of Fern P. Cummings and Dean O. Cummings (deceased). Melinda has been involved in the business serving in various positions throughout the facility since it was purchased in 1973. Melinda has a Bachelor of Science in Business Administration from Husson College, 1996. Melinda has successfully completed the State of Maine AIT program for Multi-Level Administrators and holds a current, valid license in good standing. Melinda is married to David B. Goslin and the couple has 3 sons, 2 of which currently work within the facility.”

“David B. Goslin is currently the Plant Manager and Financial Planner for Cummings Health Care. David started his career at the facility in 1983 performing maintenance. David has much experience and abilities in the building trades. He has held various other positions with other businesses in the community including Transportation Director for the public school system. This position gained him tremendous experience in budgeting, finance and human resources. In 1998 David started working with Melinda in the administrative part of the facility while continuing to supervise the maintenance and overseeing the mechanical systems. David has a natural ability with math and finance and has taken college courses in accounting to enhance these skills and enable him to be more knowledgeable of reimbursement and the industry in which the facility operates.”

“David and Melinda have been married for 33 years, have raised 3 sons and 1 nephew and have lived at 619 West Old Main Road in Lowell for 25 years. David and Melinda have also owned and operated Cedar Rest Cabins on Cold Stream Pond in Enfield, Maine, a vacation cabin rental business for 16 years. The couple also owns a gravel pit and sells gravel locally on occasion. David and Melinda both grew up in this community, graduated from Penobscot Valley High School in Howland, are members of the Howland Baptist Church and are upstanding members of the community. They enjoy working and living in Maine which includes hunting, fishing, kayaking, camping, skiing, snowmobiling and spending time with their 3 grandchildren.”

*Recent DHHS Survey Results*

“The last survey completed by DLRS was on October 25, 2012. The surveyors identified six deficiencies. Five of the six deficiencies were designated as #2 indicating the level of harm to be “no actual harm with potential for more than minimal harm” and one as #1 indicating the level of harm to be “no actual harm with potential for minimal harm”.

“The deficiencies were addressed immediately and CHCF achieved compliance on its first follow-up visit which occurred on December 28, 2012 (See Exhibit II for copy of Post-Certification Revisit Report and Letter). CHCF has a long standing history of positive survey results and compliance with regulations.”

*Medicare Compare Rating Under Five Star System*

“Quality is important to us and our residents. The results speak for themselves as CHCF has received an overall **5 Star** rating by the Center for Medicare and Medicaid Services.”

“For health inspections ratings, the facility received a mid-range score of 3 (see Recent DHHS Survey Results for further information regarding deficiencies identified and managements Plan of Correction). The total number of deficiencies identified during its most recent survey was 6 compared the State average of 4 and the national average of 6.8. The deficiencies were addressed immediately and CHCF achieved compliance on its first follow-up visit. For staffing ratings, the facility received a high score of 4.”

“For quality measures, the facility achieved a high score of 5.”

“In addition, our Quality Assurance Committee, which consists of the medical director, pharmacist, administrator, director of nursing, charge nurse, social service and activities directors, MDS coordinator and housekeeping supervisor, meets quarterly to implement necessary changes in care and services to meet each resident’s and family’s needs. The Committee also addresses current survey issues, monitors outcomes and makes necessary changes to address specific compliance issues. Utilization review is also a vital part of our Quality Assurance program; to ensure each resident is properly placed and receiving all the services they need to thrive.”

**B. Certificate of Need Unit Discussion**

**Certificate of Need Standard**

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.

**Certificate of Need Unit Analysis**

Cummings Health Care Facility, Inc. is licensed for 34 NF/SNF beds and 20 Level IV Residential Care beds. The facility is located at 5 Crocker Street in Howland Maine. The administrator is Melinda Goslin. The license was issued on November 21, 2012 and is valid from December 1, 2012 through November 30, 2013.

A review of Cummings Health Care Facility, Inc. last completed survey data, available from Medicare.gov website revealed the following ratings:

|  |  |
| --- | --- |
| **Cummings Health Care Facility, Inc.** | |
| **Nursing Home Compare Ratings** | |
| **Category** | **Ratings** |
| Overall | Much Above Average |
| Health Inspections | Average |
| Staffing | Above Average |
| Quality Ratings | Much Above Average |

Cummings scored “Average” or above in all four categories rated by CMS with an overall rating of “Much Above Average”. The last recertification survey was conducted on 10/25/2012. The result of the survey was the identification of six deficiencies. A six deficiencies were Level 2 (minimal harm or potential for actual harm) or below. The average number of health deficiencies identified during a recertification survey in Maine is 4.1 and the average number of health deficiencies in the United States is 6.8.

Inspectors determined that the nursing home failed to:

**1)** Develop policies that prevent mistreatment, neglect or abuse of residents or theft of property.

**2)** Maintain drug records and properly mark/label drugs and other similar products according to accepted professional standards.

**3)** Provide housekeeping and maintenance services.

**4)** Make sure that the nursing home area is free from accident hazards and risks and provides supervision to prevent avoidable accidents.

**5)** Have a program that investigates controls and keeps infection from spreading.

**6)** Make sure that a working call system is available in each resident’s room or bathroom and bathing area.

All deficiencies were corrected by 11/27/2012.

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.

Cummings has been under the ownership of the Cummings family since 1973 and has been a provider of both SNF/NF beds and Level IV Residential Care beds for decades. The services provided by the applicant are consistent with applicable licensing and certification standards.

**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**

“As discussed during the Technical Assistance Meeting and outlined in the Letter of Intent, the proposed change in ownership will have no impact on the facility’s operations or financial results. We have enclosed a copy of CHCF’s 2012 “as filed” MaineCare cost report (See Exhibit III) which provides a representation of the facility’s anticipated operating expenses subsequent to the change in ownership. Staffing patterns will be consistent with the facility’s historical operations and employee benefits currently in place will continue. Other costs are anticipated to remain consistent with 2012 or increase nominally with inflation.”

“We have taken steps in recent years to contain costs and align the facility’s expenses with our reimbursement rates while increasing census. These steps have successfully allowed the facility to return to profitability in 2012 and generate positive cash flows.”

“The following provides a summary of CHCF’s 2011 and 2012 income statements which were excerpted from the reviewed financial statements. The 2011 and 2012 financial statements were reviewed by BerryDunn and their reports dated April 25, 2012 and April 3, 2013, respectively contained no exceptions.”

|  |  |  |
| --- | --- | --- |
|  | 2011 | 2012 |
| Net resident service revenue | $2,759,018 | $2,940,171 |
| Total expenses | 2,887,713 | 2,784,836 |
| Net (loss) income | $ (128,695) | $ 155,335 |

“Due to the current economic environment, management anticipates no significant changes in its rates other than a 2% reduction in its Medicare payments as result of sequestration (Medicare represents less than 10% of the Facility’s NF census). The 2012 cost report and financial statement results reflect a full year of the COLA adjustments (2% for nursing facilities and 1% for residential care facilities) that were effective October 1, 2011.”

“CHCF also operates a 20-bed PNMI Appendix C residential care facility. Although the proposed new model DHHS has set forth for this program includes significant administrative and payment changes for the program, we do not anticipate the changes will have a significant impact on the financial operations of the facility.“

**B. Certificate of Need Unit Discussion**

**CON Standard**

The 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
* 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.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. This is allowable 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.

**Certificate of Need Unit Analysis**

This transaction involves the transfer of ownership shares of Cummings Health Care Facility, Inc. between family members. Thirty-two shares of Cummings Health Care Facility, Inc. will be transferred from Fern P. Cummings to Melinda and David Goslin. As demonstrated in the Abstract section of the application the result will be that Melinda and David Goslin will each own 50% of the facility and be responsible for 50% of the leased assets. No change in cost basis will result from this transaction. No changes to the facilities operations or financial results are expected due to the ownership change. This is demonstrated by the pro forma cost report submitted with the application. No changes in the current reimbursement rates are allowable because of this transaction.

**Changing Laws and Regulations**

Certificate of Need Unit staff is unaware of any imminent or proposed changes in laws and regulations that would impact the project, except for federal health care reform as part of the Affordable Care Act (ACA). The impact of health reform as part of the ACA has not been determined. As stated in the application the expected changes to the PNMI Appendix C program are still not finalized and the impact on the operations of Cummings Health Care Facility, Inc. is unknown.

**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 standard if the services provided in the State by the applicant during the most recent 3-year period are of similar size and scope and are consistent with applicable licensing and certification standards.

The applicant has operated, and will continue to operate a mixed level of care facility with a total of 54 beds (34 SNF/NF and 20 Level IV PNMI RC beds) after the transaction.

**Conclusion**

The Certificate of Need Unit recommends 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**

“CHCF serves many people within a 50 mile radius. Approximately 25% of admissions come from the immediate area, while roughly 25% come from the Bangor and surrounding areas, 20% from the Lincoln area and 30% from the Millinocket area. There are nursing facilities currently offering similar services as CHCF in these areas; however, CHCF maintains a thriving census driven by a reputation and history of quality care. CHCF prides itself on continuity of care, maintaining the same Director of Nursing for 37 years. Working together as a team, the facility has dealt with many unusual and diverse health care issues and clientele to include those with dementia and behavior issues (approximately 75% of our residents exhibit some level of dementia and/or behavior issues). When such behaviors exist, we develop behavior care plans which include medication therapy guided by specialized providers in the area. CHCF uses many resources to keep local people with specific behaviors in the facility. Often Social Workers from Elder and Adult Services have placed people in our facility because of our success with previous clients they have had. Assessing each referral individually and realizing our strengths and weaknesses, we strive to admit only those clients we can successfully and safely care for. This sometimes means reaching out to other agencies to find services for a person to thrive while remaining a resident. Often our staff find themselves performing outside the realm of “normal duty” to make sure a resident’s needs are being met. In some instances, behaviors are so severe that we have to utilize resources outside our immediate area for specific needs. Addressing behaviors in the elderly population and providing access to these specialized services in our local area is vital to our residents and their families.”

“The following table provides a history of the facility’s payor mix and occupancy percentages compared to averages for Region 3 for 2010-2012:

|  | 2010 | | 2011 | | 2012 | |
| --- | --- | --- | --- | --- | --- | --- |
|  | CHCF | Region 3 | CHCF | Region 3 | CHCF | Region 3 |
|  |  |  |  |  |  |  |
| NF - MCD | 69% | 66% | 84% | 67% | 79% | N/A |
| NF - MCR | 8 | 17 | 7 | 18 | 7 | N/A |
| NF - Other | 23 | 17 | 9 | 15 | 14 | N/A |
|  |  |  |  |  |  |  |
| Total | 100% | 100% | 100% | 100% | 100% | N/A |
|  |  |  |  |  |  |  |
| Occupancy | 88% | 91% | 92% | 89% | 93% | N/A |
|  |  |  |  |  |  |  |
| RCF - MCD | 82% | 78% | 98% | 82% | 83% | N/A |
| RCF - Other | 18 | 22 | 2 | 18 | 17 | N/A |
|  |  |  |  |  |  |  |
| Total | 100% | 100% | 100% | 100% | 100% | N/A |
|  |  |  |  |  |  |  |
| Occupancy | 93% | 88% | 77% | 80% | 91% | N/A |

Sources: 2010, 2011 and 2012 as filed cost reports were utilized for occupancy and payor mix percentages. BerryDunn’s database which is a compilation of all non-hospital-based as filed cost reports was utilized for Region 3 averages. “

“As evidenced in the table above, CHCF is meeting a need in the community as well as in the region it services. Occupancy rates for 2010 and 2011 were comparable with regional averages and MaineCare utilizations has historically been and is projected to continue to be higher than the regional average due to the community CHCF services. Current year-to-date occupancy continues to remain consistent with 2012 as the NF unit is at 92% and the RCF unit at 93%. We expect both occupancy and payor mix to remain consistent with historical levels or increase as the population in the surrounding communities continues to age.”

“CHCF has a positive impact on this community because it ensures that residents can stay close to home and loved ones which is necessary to the healing process. We have served many elderly couples, who for various reasons have a spouse in the facility. Having access to skilled services and quality care enables the community spouse not to have to drive to Bangor (40 miles), Dexter (40) Dover-Foxcroft (35), Millinocket (35), Orono (30) and Lincoln (13) in inclement weather to visit, attend care plan meetings, activities and enjoy meals with their spouse. This factor alone has created a wealth of referrals and a very positive impact in the Howland area.”

“When CHCF first opened, its main purpose was to serve the elderly community. Today, as health care is constantly and rapidly changing, we are adapting to those changes by offering more services. We have many in our census that are placed for short-term rehab and return to their homes with full function. We have made good friends with many of these short-term referrals and some continue to come in to volunteer with residents. Quality dental care, optometry, podiatry, hospice, counseling and pet therapy are a few examples of diverse services we are now offering in the facility through licensed agencies.”

“Aging in place is an important factor in serving elderly people. Most residents that choose to reside in our facility do so to stay close to their home town, close to loved ones and friends. Having assisted living services has been a positive for our facility, allowing local residents to age in place in their own community. Many of them enjoy the consistency of seeing the same family members, church family members, friends and pets by staying close to home. There are instances within our community where younger adults have been in need of quality, skilled and maintenance care. CHCF has adapted to meet the challenges of these younger residents with positive outcomes. Some have returned to the community and continue to function well while another ended with securing hospice care within our facility, allowing the family to grieve without the stress of travel. We continue to assess younger referrals to address and train staff in the changes, challenges and improvements necessary for quality outcomes. CHCF has a vision of providing services to more diverse health care issues, younger referrals and more creative approaches to behaviors. The facility works closely with our local provider group, Health Access Network, to continue to offer service locally.”

**B. Certificate of Need Unit Discussion**

**Certificate of Need Standard**

Relevant standards 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.

**Certificate of Need Analysis**

In order to determine public need, CONU analyzed demographic and service use trends in Cummings Health Care Facility, Inc. service area (Penobscot County, Maine). CONU utilized the Older Adults with Physical Disabilities: Population and Service Use Trends in Maine, 2012 Edition, prepared by the Muskie School of Public Service and the U.S. Census Bureau’s website located at <http://quickfacts.census.gov>.

Penobscot County is the third most populous county in Maine with a population of 153,476. Approximately 15% of the population is 65 and over. The 65 and over population is expected to experience a 36% growth rate in the next ten years. This coincides with the State of Maine as a whole where the 65 and above population continues to grow at a rate faster than New England and the United States as a whole. Statewide nursing home utilization declined between 2000 and 2008 but leveled off in 2010. Utilization of residential care facilities grew 30% between 2000 and 2010 before declining slightly in 2010.

Penobscot County had 39 nursing home beds per 1,000 persons age 65 and above which is higher than the State average of 33 beds per 1,000 and 19 residential care beds per 1,000 persons age 65 and above which is below the state average of 20 beds per 1,000. The applicant provided a detailed analysis of Cummings Health Care Facility, Inc. occupancy data for 2010 through 2012 for both SNF/NF and Residential Care beds and compared this to other facilities located in this region. Cummings occupancy rates compare favorably with other providers and exceed 90% in 2012. This transaction involves the change of ownership of Cummings Health Care Facility,

Inc. which has served the Penobscot County area since 1973. The demographics of Penobscot County along with Cummings occupancy data clearly demonstrate a need for SNF/NF and Residential Care services in this region.

Retaining needed SNF/NF and Residential Care services will have a positive impact on the health status indicators of the population to be served. This facility enables residents to remain close to home and family while receiving services. The facility will continue to provide individualized care, continuity of care, and specialized services tailored to the needs of area residents.

The services affected by the project will be accessible to all residents in the area.

Cummings Health Care Facility, Inc. has responded to the evolving health care market by adding an array of services to its’ traditional mission of serving the elderly population. Many residents have responded favorably to short-term rehab and returned home thus avoiding expensive long-term care. Licensed agencies provide a number of services including counseling, hospice, optometry, podiatry, and counseling. The facility has had success with younger adults who have needed skilled and maintenance care. Staff receive ongoing training to meet the challenges necessary for quality outcomes.

**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**

“We have no plans to significantly change the services historically provided and anticipate no significant capital expenditures or borrowings as a result of the change in ownership. The only costs associated with the proposed change in ownership are related to the Certificate of Need filing and minor legal fees.”

“There will be no changes to the MaineCare direct and routine rates paid to the facility. The assumption of current rates and no planned significant capital expenditures or changes to bed licenses as a result of this change of ownership demonstrates MaineCare neutrality.”

“It is highly unlikely that that more effective, more accessible or less costly alternative technologies or methods or service delivery may become available as CHCF is already very well established within the community. In fact, the continuation of nursing and residential care services in Howland is vital to the community and the population being served.”

**B. Certificate of Need Unit Discussion**

**Certificate of Need Standard**

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.

**Certificate of Need Analysis**

This transaction involves changing ownership of an existing facility. No major changes to services or to bed licenses are anticipated. No additional capital expenditures or borrowings will result due to this ownership change. In fact, the refinancing of the current outstanding mortgage note associated with this transaction could result in a small cost savings due to lower interest rates. This refinancing was recently approved by the Division of Licensing and Regulatory Services Office of Health Care Oversight.

MaineCare reimbursement rates for direct care and routine services will not change due to this transaction because allowable costs are subject to existing peer group cost caps for reimbursement.

Cummings Health Care Facility, Inc. is an existing facility providing necessary services in the Penobscot County area. It is highly unlikely that more effective, more accessible or less costly alternative technologies or methods of service delivery will become available.

**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**

“Approval of this project will not negatively affect the quality of care delivered by existing service providers. As previously discussed, CHCF has a demonstrated a strong track record of quality of care and positive outcomes. There will be no change in services offered by CHCF as a result of this change of ownership.”

“See Exhibit IV for copies of letters from community leaders as evidence of quality services offered by the facility and related outcomes. “

**B. Certificate of Need Unit Discussion**

**Standard**

Relevant standards 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.

**Certificate of Need Unit Analysis**

The applicant is assuming control of an existing nursing facility. Continuing necessary services in the current geographic areas will have a positive impact on the quality of care. The existing scope of services will not be changed. Any future addition of services will be aligned with the needs of the community. Since there will be no change in either services or the number of licensed beds, existing service providers will not be negatively impacted. As described in the Fit, Willing and Able section of this preliminary analysis, Cummings Health Care Facility, Inc., is rated “Much Above Average” for overall performance by the CMS rating system.

**Conclusion**

Certificate of Need Unit recommends that the Commissioner find that the applicant 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**

“There will be no changes in the services offered by CHCF as a result of this change of ownership. Historical census data was provided in Section IV. Public Need. We anticipate census and utilization to remain consistent with current market conditions or increase as the population in the surrounding communities continues to age.”

**B. Certificate of Need Unit Discussion**

**CON Standard**

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.

**Certificate of Need 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.

**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. Timely Notice

**A. From Applicant**

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

**B. CONU**

|  |  |
| --- | --- |
|  |  |

Letter of Intent filed: May 28, 2013

Technical Assistance meeting held: August 1, 2013

CON application filed: August 19, 2013

CON certified as complete: August 19, 2013

Public Information Meeting held: N/A

Public Hearing: N/A

Close of Record: September 18, 2013

# 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.** 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.** 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 does not need funding from within the Nursing Facility MaineCare Funding Pool.

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.**