**Department of Health and Human Services**

**Division of Licensing and Regulatory Services**

**State House Station #11, Augusta, Maine**

**Preliminary Analysis**

**Date: January 20, 2015**

**Project**: **Addition of 12 SNF/NF beds**

**Proposal by: LincolnHealth**

**Facility: Gregory Wing of St. Andrews Village, Boothbay Harbor, Maine**

**Prepared by: Larry Carbonneau, Manager Health Care Oversight**

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

**Directly Affected Party: None**

**Recommendation: Approval**

 **Proposed Approved**

 **Per Applicant** **CON**

Estimated Capital Expenditure $2,816,300 $2,816,300

Maximum Contingency $0 $ 140,815

Total Capital Expenditure with Contingency $2,816,300 $2,957,115

Pro-Forma Marginal Operating Revenue (MaineCare) $935,874 $1,350,214

MaineCare Neutrality Established Yes

# I. Abstract

1. **From Applicant**

The Gregory Wing of St. Andrews Village (Gregory Wing), LincolnHealth’s hospital-based nursing facility, currently operates 30 dually licensed nursing facility (SNF/NF) beds at 145 Emery Lane, Boothbay Harbor, Maine. Gregory Wing offers skilled nursing care (SNF) including occupational, physical and speech therapy, restorative nursing and respite services and intermediate/ long term care (NF).

Since 2008 when governance and management of then St Andrews Hospital and Miles Memorial Hospital were integrated, the Damariscotta campus (Miles) served as Lincoln County Health Care’s principal acute inpatient service while the Boothbay Harbor (St Andrews) Swing Bed Unit served almost exclusively as the skilled nursing (SNF) care service for the Lincoln County Health Care delivery system.

On October 1, 2013 St Andrews Hospital and Miles Memorial Hospital merged into LincolnHealth and consolidated inpatient services on the Damariscotta campus, decommissioning Miles’ 38-bed licensed capacity and relocating St Andrews Hospital’s Critical Access Hospital CMS designation and 25 licensed swing beds to the Damariscotta campus. These remaining 25 licensed swing beds are almost entirely dedicated to serving acute care patients.

Since the consolidation of inpatient care at the Damariscotta campus, much of the need for community-based skilled nursing and rehabilitation therapy services has not been met locally. In February 2014 Gregory Wing increased its dually licensed SNF/NF capacity from six to thirty beds. While Gregory Wing provides SNF level care; it does not have adequate licensed capacity to meet community need for SNF level of care.

LincolnHealth proposes to increase the Gregory Wing’s capacity by 12 beds for a total of 42 SNF/NF licensed beds. The addition of twelve (12) dually licensed SNF/NF beds will expand local access to skilled nursing and rehabilitation therapy services in the community.

LincolnHealth proposes to build a one-story addition to the St Andrews Village main building, which houses independent living apartments, assisted living units and a memory loss program as well as the Gregory Wing SNF/NF program. The project involves the construction of a 7,497 gross square foot addition to the St Andrews Village’s main building.

Please see Exhibit 1-A: St Andrews Village Main Building, Exhibit 1-B: Gregory Wing Current Design, Exhibit 1-C: Proposed Site Plan and Exhibit 1-D: Gregory Wing Addition.

At LincolnHealth’s request, the Maine State Fire Marshall and Maine Department of Health and Human Services (DHHS) Medical Facilities Unit performed preliminary reviews of the project’s conceptual design. Their respective final reviews and approvals as well as Maine Department of Environmental Protection and Town of Boothbay Harbor approvals will be obtained prior to the start of construction.

The capital expenditure is estimated to be $2,816,300. Operating expenses for the first full year of operations are estimated to be $7,994,289.

Please see Section III. Financial Feasibility.

Lincoln County, LincolnHealth’s service area, has the oldest median age and the highest percentage of residents older than 65 among Maine counties. It is the oldest county in one of the oldest states in the nation. Lincoln County’s 65 and older population is expected to increase by 19% between 2010 and 2019.

In 2010 Lincoln County had a ratio of 18 Nursing Facility Beds (NF) per 1,000 residents 65 and older, well below Maine’s state average of 33 NF Beds per 1,000 residents age 65 and older. Based on the projected growth in the county’s 65 and older population, the proposed 12-bed increase in NF capacity would result in a ratio of 17 NF Beds per 1,000 residents 65 and older in 2019.

Please see Section IV. Public Need.

This project is subject to the MaineCare neutrality requirement. The MaineCare impact is calculated to be $935,874 based on an assumed 95% MaineCare occupancy of the 12 SNF/NF beds. LincolnHealth has sufficient MaineCare revenue stream to offset the project’s supposed MaineCare impact.

Lincoln County Health Care, LincolnHealth’s sole corporate member, entered into a purchase and sale agreement with Kindred Nursing Centers West in August 2008 for Fieldcrest Manor, a 70-NF facility located in Waldoboro, and Shores Village Rehabilitation and Nursing Center, a 60-NF facility located in Rockland. The MaineCare revenue stream associated with these two facilities is more than adequate to offset the proposed project’s supposed MaineCare impact.

DHHS has confirmed LincolnHealth retains the remaining bed rights and associated MaineCare revenue stream for possible use, transfer or sale. (Project Technical Assistance Meeting; 41 Anthony Avenue, Augusta, May 2, 2013; Larry Carbonneau, Michael Swann, Richard Dwyer, MaineHealth and LincolnHealth representatives.)

Please see Section VIII. MaineCare Neutrality.

**II. Fit, Willing and Able**

**A. From Applicant**

**The Gregory Wing of St. Andrews Village**

145 Emery Lane

Boothbay Harbor, Maine 04538

The Gregory Wing of St. Andrews Village (Gregory Wing) is LincolnHealth’s hospital based nursing facility located at 145 Emery Lane in Boothbay Harbor.

LincolnHealth has owned and operated the Gregory Wing on the St Andrews Village campus since 1999.

Gregory Wing is currently licensed with 30 dually licensed SNF/NF beds.

The St. Andrews Village campus includes 25 cottages, 29 independent-living apartments, 12 assisted living apartments, an 11-bed dementia unit and the 30-bed Gregory Wing SNF/NF.

**LincolnHealth**

35 Miles Street

Damariscotta, Maine 04543

**Mission:** To ensure access to high quality, patient-centered and affordable care.

**Service Area:** Lincoln County

LincolnHealth is a Centers for Medicare and Medicaid Services (CMS) designated Critical Access Hospital and non-profit § 501(c) (3) health care corporation serving Lincoln County.

Ownership and control of LincolnHealth resides with Lincoln County Health Care, the sole corporate member of LincolnHealth, and ultimately with MaineHealth, Lincoln County Health Care’s sole corporate member.

On October 1, 2013 Lincoln County Health Care merged Miles Memorial Hospital and St. Andrews Hospital. St. Andrews Hospital is the surviving entity and has undergone a name change to “LincolnHealth.”

LincolnHealth maintained its State of Maine hospital and nursing facility licenses, CMS’ provider agreements and Critical Access Hospital designation. The Department has issued a conditional hospital license confirming that LincolnHealth’s services are broad enough to cover the services offered at the former Miles Memorial Hospital. The merger did not affect the ownership or licensing of Gregory Wing.

LincolnHealth operates a maximum of 25 licensed acute care and swing beds and provides 24-hour emergency services at its Damariscotta campus (the former Miles Memorial Hospital campus). The St. Andrews Campus located in Boothbay Harbor continues to support LincolnHealth’s delivery of outpatient and ambulatory care.

Please refer to Exhibit 2-A for LincolnHealth’s organizational chart.

**Lincoln County Health Care**

6 St. Andrews Lane

Boothbay Harbor, Maine 04538

<http://www.mainehealth.org/lch_homepage.cfm?id=5773>

Lincoln County Health Care is the sole corporate member of LincolnHealth.

**Purpose:** Lincoln County Health Care is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of theInternal Revenue Code of 1986 (the **“**Code”). Lincoln County Health Care’s purposes are:

A. To promote and support the provision of integrated health care services for the residents and visitors of Lincoln County and the nearby area within a cost-effective system along a continuum from prevention to long term care for those in need regardless of race, religion, color, age, sex, disability, sexual orientation, national origin and social or economic status.

B. To oversee and coordinate activities of operating nonprofit hospitals and other related organizations in the Lincoln County area engaged in health care activities.

C. To provide for the planning and development and deployment of cost-efficient and effective health care services among health care service organizations in the Lincoln County area and otherwise to assist such organizations in the performance of their activities and pursuit of their charitable purposes.

D. To conduct such other activities which are permitted by Maine law for charitable public benefit corporations and are related to, helpful to, or appropriate to the pursuit of the Lincoln County Health Care’s primary purposes described in paragraphs (a), (b), and (c) above, and to engage in activities that benefit the Lincoln County Health Care’s parent and its subsidiary organizations so long as any of them is similarly operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Code.

**Service Area:** Lincoln County

Please see Exhibit 2-B for Lincoln County Health Care’s organizational chart.

**MaineHealth**

110 Free Street

Portland, Maine 04101

<http://www.mainehealth.com>

MaineHealth is Lincoln County Health Care’s sole corporate member.

**Vision and Purpose:** MaineHealth’s vision is: *Working together so our communities are the healthiest in America*.

MaineHealth is a non-profit § 501(c) (3) health care corporation, with the purpose of developing a broad range of integrated health care services in Maine through member organizations, including hospitals and other health care provider organizations.

**Service Area:** MaineHealth’s service area is defined in the following manner:

Primary: Androscoggin, Cumberland, Franklin, Kennebec, Knox, Lincoln, Oxford, Sagadahoc, Somerset, Waldo and York counties in Maine and Carroll County, New Hampshire.

Secondary: Aroostook, Hancock, Penobscot, Piscataquis and Washington counties.

**MaineHealth Members, Affiliated Entities & Related Parties**

MaineHealth consists of the following members:

Maine Medical Center – hospital; Maine Medical Partners – physician practices, physician and practice management services; MMC Realty Corp - real estate. Maine Medical Center (MMC) is involved in the following joint ventures:

* Maine Heart Center – joint venture with cardiologists, cardiac surgeons and anesthesiologists for managed care contracting;
* MMC Physician Hospital Organization (PHO) - a joint venture with Community Physicians of Maine;
* New England Rehabilitation Hospital of Portland – MMC/HealthSouth joint venture rehabilitation hospital;
* MMC/MaineGeneral Medical Center Joint Venture Cath. Lab; and
* Cancer Care Center of York County –MMC/Southern Maine Health Care joint venture radiation therapy center.

Maine Behavioral Health Partners – psychiatric hospital (Spring Harbor Hospital) and integrated system of mental health providers serving MaineHealth’s primary service area.

Lincoln County Health Care – oversees and coordinates integrated health care services of LincolnHealth, Cove’s Edge and Lincoln County Medical Group.

* LincolnHealth – hospital (Boothbay Harbor and Damariscotta campuses), nursing home, assisted living and retirement community.
* Cove’s Edge - nursing home, home health, assisted living and retirement community.
* Lincoln County Medical Group – physician employment.

Western Maine Health Care – hospital (Stephens Memorial Hospital) and physician practices.

Southern Maine Health Care –hospital (Biddeford and Sanford campus), physician practices, nursing homes, home health agency and Cancer Care Center of York County –MMC/Southern Maine Health Care joint venture radiation therapy center.

Waldo County Healthcare – hospital (Waldo County General Hospital), home health agency, hospice and retirement community.

Pen Bay Healthcare – hospital (Pen Bay Medical Center), nursing home, home health agency and retirement community.

Memorial Hospital, North Conway, New Hampshire – hospital, physician practice, nursing home.

Franklin Community Health Network – hospital (Franklin Memorial Hospital), physician practice, ambulance service, crisis mental health service and community health coalition.

NorDx, Scarborough, Maine – general and reference lab.

Home Health Visiting Nurses of Southern Maine – home health care.

Concentra Health – Formerly Occupational Health & Rehabilitation, Inc., joint venture limited liability corporation providing occupational health services.

Maine Molecular Imaging – joint venture providing positron emission tomography (PET) scans.

Synernet – business corporation providing medical transcription services, revenue cycle management, group purchasing and consulting services for its member organizations.

The rationale for these organizations joining MaineHealth has the following common themes:

* Achievement of clinical and financial benefits from economies of scale;
* Cost effective access to capital;
* Avoidance of unnecessary duplication of services and
* Improving efficiency, access and quality.

In addition to bringing these organizations into its corporate structure, MaineHealth has established strategic affiliation agreements with the following organizations. These affiliations seek to improve quality, access and efficiency through cooperative efforts:

* MaineGeneral Health/MaineGeneral Medical Center
* Mid Coast Health Services/Mid Coast Hospital
* St. Mary’s Regional Medical Center
* New England Rehabilitation Hospital of Portland – Maine Medical Center/HealthSouth joint venture

**Locations of MaineHealth Members and Affiliates**

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MaineHealth members deny no one care, regardless of ability to pay. During Fiscal Year 2012 (October 1, 2011 through September 30, 2012) MaineHealth and its members provided a variety of programs and services without reimbursement or any other compensation. The value of these community benefits in FY 2012 was $315,288,018. (MaineHealth 2012 Community Benefit Report)

Please see Exhibit 2-C: MaineHealth’s organizational chart.

**Fit, Willing and Able**

The Certificate of Need Act states:

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.

(22 MRSA §335, sub-1 §7 A)

Gregory Wing does not have any outstanding or recurring Licensing issues requiring attention or resolution.

Department of Health and Human Services, Division of Licensing and Regulatory Services (DHHS-DLRS) surveyors conducted the most recent Quality Indicator Survey of Gregory Wing on November 21, 2013. Three (3) deficiencies of minimal harm affecting few residents (scope and severity ranging from D to E) were cited. One deficiency was subsequently removed by DHHS-DLRS as the result of the Informal Dispute Resolution process. A Plan of Correction for the deficiencies was submitted.

Gregory Wing’s recertification survey results compare favorably with both Maine (average # of deficiencies per survey = 4.3) and national (6.8 deficiencies/survey) results.

On January 21, 2014, based on a return visit, DHHS-DLRS determined Gregory Wing had achieved substantial compliance with Federal requirements for participation in the Medicare and Medicaid programs.

The following table presents Gregory Wing’s results as reported on the CMS Nursing Home Compare web site, [www.medicare.gov/nursinghomecompare](http://www.medicare.gov/nursinghomecompare). (Results accessed May 7, 2014.) These ratings come from health inspection data, staffing data and quality measures. A rating from 1 (much below average) to 5 (much above average) is given for overall, health inspection, staffing and quality measure categories.

|  |
| --- |
| **The Gregory Wing at St. Andrews Village Nursing Home Compare Results** |
| **5 Star Rating Summary** | **Overall** | **Health** | **Staffing** | **Quality** |  |
|  | 🟉🟉🟉🟉 | 🟉🟉🟉🟉 | 🟉🟉🟉🟉 | 🟉🟉🟉🟉 |  |
|  |  |  |  |  |  |
| **Health Deficiencies** | **Inspection Date** | **# of Health Deficiencies** | **Level of Harm** | **Residents Affected** | **Plan of Correction** |
|  | 11/21/2013 | 3 | Minimal | Few | Yes |

The Maine State Fire Marshal conducted its most recent Life Safety Code Survey of Gregory Wing on October 20, 2013. Two deficiencies were cited; scope and severity ratings are not assigned by the Maine State Fire Marshal. A Plan of Correction for the deficiencies was submitted. The State Fire Marshal determined substantial compliance with Federal requirements for participation in the Medicare and Medicaid programs had been achieved during a return visit on December 30, 2013.

The strength and success of the integration of services made possible by the creation of LincolnHealth is evident in both the financial performance of the system as well as in the high scores achieved in the quality metrics of organizations such as CMS, Anthem and Leap Frog. LincolnHealth provides the health care services that are being reviewed and licensed in the State and its services are consistent with applicable licensing and certification standards.

**Licenses & Certifications**

LincolnHealth (Gregory Wing) provides SNF/NF services and is licensed by the State of Maine. LincolnHealth provides the health care services that are being reviewed and licensed in the State and its services are consistent with applicable licensing and certification standards.

LincolnHealth is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, the quality of the health care provided in the past by St. Andrews Hospital, Miles Memorial Hospital, Cove’s Edge and other MaineHealth members meeting industry standards.

Lincoln County Health Care’s operating entities – LincolnHealth (formerly Miles Memorial Hospital and St. Andrews Hospital), Cove’s Edge and Lincoln County Medical Group – have provided health care services for years in a manner that has been consistent with applicable licensing and certification standards. Any “Statements of Deficiencies" and site visit reports from the previous three years for St. Andrews Hospital, including the Gregory Wing of St. Andrews Village, are on file with the Department of Health and Human Services’ Division of Licensing and Regulatory Services.

MaineHealth’s current member operating entities’ licenses, certifications and accreditations are numerous. All are State Licensed and CMS Certified; several are Joint Commission accredited. MaineHealth has demonstrated that its member organizations are capable of delivering the proposed services at the proper standard of care. Any "Statements of Deficiencies" and site visit reports from the previous three years for all the Maine-based health care facilities and services in which MaineHealth and its members have been involved are on file with the Maine Department of Health and Human Services’ Division of Licensing and Regulatory Services. MaineHealth member Memorial Hospital, located in North Conway, New Hampshire, is licensed by the New Hampshire Department of Health and Human Services’ Bureau of Health Facilities Administration.

MaineHealth members’ current licenses, certifications and accreditations demonstrate that MaineHealth related parties meet industry standards. Please refer to the table on the following page.

|  |
| --- |
| **MaineHealth Members’ Current Licenses, Certifications and Accreditations** |
| **MaineHealth Member** | **Facility/ Service** | **State Licensed** | **CMS Certified** | **JC Accredited** |
| Maine Medical Center | Hospital | ✓ | ✓ | ✓ |
| Maine Behavioral Health Partners | Hospital | ✓ | ✓ | ✓ |
| Lincoln County Health Care | Hospital | ✓ | ✓ |  |
|  | Home Health | ✓ | ✓ |  |
|  | Nursing Home | ✓ | ✓ |  |
|  | Assisted Living | ✓ |  |  |
| Western Maine Health Care  | Hospital | ✓ | ✓ |  |
| Home Health Visiting Nurses of Southern Maine | Home Health | ✓ | ✓ |  |
| NorDx | Lab Services |  | ✓ |  |
| Southern Maine Health Care  | Hospital | ✓ | ✓ | ✓ |
|  | Nursing Home | ✓ | ✓ |  |
| Waldo County Healthcare  | Hospital | ✓ | ✓ |  |
|  | Home Health | ✓ | ✓ |  |
| Pen Bay Healthcare  | Hospital | ✓ | ✓ | ✓ |
|  | Nursing Home | ✓ | ✓ |  |
|  | Assisted Living | ✓ |  |  |
|  | Home Health | ✓ | ✓ |  |
| Memorial Hospital, North Conway, NH | Hospital | ✓ | ✓ |  |
| Nursing Home | ✓ | ✓ |  |
| Franklin Community Health Network  | Hospital | ✓ | ✓ | ✓ |

**B. Certificate of Need Unit Discussion**

1. **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.

1. **CON Unit Analysis**

Gregory Wing of St. Andrews Village (Gregory Wing) is dually licensed for 30 Nursing Facility/Skilled Nursing Facility (NF/SNF) beds. The facility is located at 145 Emery Lane in Boothbay Harbor, Maine. The administrator is Wendy Van Duzer Roberts. The license was issued on March 11, 2014 and is valid from April 1, 2014 through March 31, 2015.

The applicant provided a summary of Gregory Wing’s last completed survey data. Certificate of Need Unit (CONU) verified this survey data utilizing the medcare.gov website and Division of Licensing and Regulatory Services (DLRS) files. This survey revealed the following ratings:

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| --- |
| **Gregory Wing of St. Andrews Village** |
| **Nursing Home Compare Ratings** |
| **Category** | **Ratings** |
| Overall | Above Average |
| Health Inspection | Above Average |
| Staffing | Above Average |
| Quality Measures | Above Average |

Gregory Wing scored “Above Average” in all four categories rated by Centers for Medicare and Medicaid Services (CMS) with an overall rating of “Above Average”. As of the date of submission of this application (12/1/2014) the last completed recertification survey had been conducted on 11/21/2013. The result of the survey was the identification of three deficiencies. All three deficiencies were Level 2 (minimal harm or potential for actual harm). The average number of health deficiencies in Maine is 3.9 and the average number of health deficiencies in the United States is 6.8.

Inspectors determined that the nursing home failed to:

1. Develop a complete care plan that meets all of a resident's needs, with timetables and actions that can be measured.
2. Allow the resident the right to participate in the planning or revision of the resident's care plan.
3. Make sure that the nursing home area is free from accident hazards and risks and provides supervision to prevent avoidable accidents.

All deficiencies cited on the survey were corrected by January 5, 2014.

A new recertification survey was begun on 11/18/2014 and site work was completed on 11/21/2014. No deficiencies were cited.

Survey data for this facility can be accessed at Medicare.gov or at Department of Health and Human Services (DHHS) DLRS 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.

Gregory Wing is under the ownership of LincolnHealth and has been a provider of SNF/NF services since 1999. The services provided by the applicant are consistent with applicable licensing and certification standards.

1. **Conclusion**

CONU 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**

A**.** 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.

**Facility Project**

LincolnHealth proposes to build a one-story, 7,497gross square foot, wood-framed addition to the St Andrews Village main building, which houses independent living apartments, assisted living units and a memory loss program as well as the Gregory Wing SNF/NF program. Materials, fit and finish are comparable to those in the existing building. The existing building includes a basement and second floor and is steel-framed.

The project’s estimated capital expenditure of $2,816,300 includes construction costs, site fees, capitalized construction interest, architectural and engineering services, furniture and fixtures.

Please see Exhibit 3-A: Gregory Wing Addition Estimated Capital Expenditure for a detailed listing of the asset costs and estimated depreciable lives.

The overall project is expected to be owner financed, with the exception of bridge financing. Interest costs attributable to the temporary borrowings are estimated to be $26,663.

The addition has a very efficient, double-loaded corridor configuration. All patient rooms are private and have individual ADA-compliant bathrooms. The addition has 625 square feet (sf) per bed, which would result in Gregory Wing having a proposed average of 590 sf/bed, an increase of approximately 3% per bed.

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| **Gregory Wing Existing and Proposed SF/Bed****Prior to Allocation of Shared Support Services** |
|  |  **Existing**  | **Expansion**  |  **Proposed**  |
| Square Footage |  17,274 | 7,497 | 24,771 |
| # of Beds |  30  |  12  |  42  |
| Sf/Bed |  576 |  625 |  590 |

Please see Exhibit 3-B for detail of square footage including the allocation of space related to shared support services.

LincolnHealth believes there are compelling reasons for continuing to exceed the DHHS guideline of 500 square feet per bed.

* Private rooms enable a more efficient use of patient beds. The use of beds in semi-private rooms is hampered by such roommate factors as gender, age and/or severe dementia as well as infection control isolation requirements.
* Not only are beds in private rooms more efficiently used; staffing is more productive. The same staff can care for more patients due to the higher occupancy rates possible with private rooms.
* Private rooms with dedicated bathrooms support patient privacy and confidentiality and better accommodate patients’ family members in the room.
* The patient rooms’ and bathrooms’ sizes provide sufficient space for one or more staff to access and assist patient transfers between bed and wheelchair and between wheelchair and toilet, reducing the risk of patient and/or staff injuries.
* The patient room dimensions provide adequate space for in-room medical equipment.
* Dedicated bathrooms reduce infection control concerns that are present with shared bathrooms.
* In-room showering reduces patient transports to shared facilities, freeing staff to concentrate on patient care.

The St Andrews Village site presents some challenges. The site has a significant elevation change, which requires backfill and retention for the addition. The site is bordered by wetlands and conservation easements. The developable portion of the site needs to support the addition and a rerouted fire lane providing access to the rear of the facility. The site supports the proposed 12-bed addition; further expansion on this site does not appear feasible.

**Staffing**

Based on increases in patient census, program services and facility size LincolnHealth proposes the following staffing plan, which meets or exceeds Maine State Licensing SNF/NF minimum staffing requirements.

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| **Gregory Wing Proposed Staffing** |
|  | **DIRECT CARE:** |  **Worked Hours**  |  | **Worked Wages** |  | **FTE'S** |
| (1) | R.N. |  22,360  |  |  647,098  |  | 7.68 |
| (2) | L.P.N.  |  3,835  |  |  92,283  |  | 1.32 |
| (3) | C.N.A. |  81,262  |  |  1,231,049  |  | 27.91 |
| (4) | C.M.T. |  -  |  |  -  |  |  -  |
| (5) | Ward Clerks |  -  |  |  -  |  |  -  |
| (6) | Contract Nursing |  -  |  |  -  |  |  -  |
| (7) | Activities |  4,020  |  |  59,458  |  | 1.93 |
| (8) | Total Direct |  111,477  |  |  2,029,888  |  | 38.84 |
|  |  |  |  |  |  |  |
|  | **ROUTINE COSTS:** |  |  |  |  |  |
| (9) | D.O.N. |  1,892  |  |  81,481  |  | 0.91 |
| (10) | Social Service |  1,950  |  |  43,951  |  | 0.94 |
| (11) | Medical Records |  -  |  |  -  |  |  -  |
| (12) | Maintenance |  3,979  |  |  84,725  |  | 1.37 |
| (13) | Housekeeping |  9,380  |  |  107,957  |  | 3.22 |
| (14) | Laundry |  3,827  |  |  44,252  |  | 1.31 |
| (15) | Dietary |  24,648  |  |  347,530  |  | 8.46 |
| (16) | Accountant/Bookkeeper |  2,042  |  |  42,483  |  |  0.98  |
| (17) | Secretary/Receptionist |  -  |  |  -  |  |  -  |
| (18) | Administrator |  1,472  |  |  65,750  |  | 0.71 |
| (19) | Officers |  -  |  |  -  |  |  -  |
| (20) | All Therapy |  -  |  |  -  |  |  -  |
| (21) | Other Non-Reimbursable |  12,587  |  |  255,462  |  | 6.05 |
| (22) | Total Routine |  61,777  |  |  1,073,591  |  | 23.95 |
|  |  |  |  |  |  |  |
| (24) | Totals |  173,254  |  |  3,103,479  |  | 62.79 |

**Financial Feasibility and Assumptions**

LincolnHealth developed projected revenues and expenses based on historical operations and on certain assumptions related to revenues, payor mix, capital costs and operating expenses.

The projected Gregory Wing’s payor mix is based on historic St. Andrews Hospital swing bed payor mix and historic Gregory Wing payor mix. The key financial assumptions are listed below:

**Financial Assumptions**

* The model for adding 12 additional dually licensed beds assumes:
	+ - 95% occupancy
		- A payor mix of 60% Medicare and 40% MaineCare leaving the total payor mix for the 42 bed unit consistent with the historical payor mix including the skilled care provided in SAH swing beds.
		- Average RUG rates consistent with the FY14 RUG rates for Gregory Wing
		- Average LOS consistent with the FY14 ALOS for the Gregory Wing
		- Following increase in staff for RNs and CNAs
			* + Days – 1 additional RN, 2 additional CNAs
				+ Evenings – 1 additional RN, 2 additional CNAs
				+ Nights – 1 additional RN, 1 additional CNA
		- Increase of 4 hours per week for MDS, Social Worker and Activities Coordinator to accommodate increase in patient days.
		- Increase of 21 hours per week in dietary aides to cover additional beds.
		- Additional expense in purchased services for rehab services, lab and imaging based on FY14 cost per patient day times the additional patient days.
		- Additional supplies expense for dietary, laundry, housekeeping and maintenance consistent with the average cost per day in FY14 times the additional patient days.
		- A $2,666,300 capital estimate depreciated over the estimated useful lives required by the Principles of Reimbursement
		- Temporary financing for 50% of the total capital costs for 6 months at 4%
		- An additional $150,000 capital allowance for FF&E depreciated over the estimated useful lives required by the Principles of Reimbursement
* Year 1 of operations is based on the annualized SAV FY14 Projection through March plus the estimated impact of adding 12 beds adjusted for the following inflation:
	+ - 2% increase in net patient service revenue for Medicare
		- 3% increase in net patient service revenue for Commercial & Private payors
		- 2% inflation rate applied annually to salaries & benefits
		- 2-4% inflation rate applied annually to all other supplies & purchased services

**Key Assumptions**

* Other Assumptions
	+ - We expect to achieve efficiency of scale with our current housekeeping staff
		- Case Mix is consistent with historical experience.
		- No change to residential care facility rate or operations.

LincolnHealth presents the following projected income statement for the first three years of the project:

|  |
| --- |
| **St Andrews Village Projected Revenue & Expense in 000s** |
|  |  | Year 1 | Year 2 | Year 3 |
| **Net Patient Service Revenue** |  |  |  |
|  | Gregory Wing | 5,194 | 5,248 | 5,313 |
|  | Assisted Living | 926 | 954 | 983 |
|  | Safe Havens | 620 | 632 | 645 |
|  | Independent Living | 796 | 820 | 844 |
|  | Heart to Heart | 64 | 66 | 68 |
|  | Total NPSR Before Bad Debt | 7,600 | 7,720 | 7,853 |
|  |  |  |  |  |
|  | Bad Debt | (101) | (104) | (107) |
|  |  |  |  |  |
|  | NPSR After Bad Debt | 7,499 | 7,616 | 7,746 |
|  |  |  |  |  |
| **Other Operating Revenue** | 246 | 252 | 258 |
|  |  |  |  |  |
|  | Total Operating Revenue | 7,745 | 7,867 | 8,004 |
|  |  |  |  |  |
| **Operating Expenses** |  |  |  |
|  | Salaries | 3,373 | 3,440 | 3,509 |
|  | Employee Benefits | 1,001 | 1,021 | 1,042 |
|  | Non-Medical Supplies | 464 | 478 | 492 |
|  | Medical Supplies | 246 | 253 | 261 |
|  | Contract Labor |  |  |  |
|  | Purchased Services | 756 | 772 | 788 |
|  | Professional Fees | 10 | 10 | 10 |
|  | State Taxes | 312 | 316 | 319 |
|  | Facility Costs | 419 | 435 | 452 |
|  | Insurance | 6 | 6 | 6 |
|  | Other | 79 | 81 | 82 |
|  | Interest | 360 | 317 | 303 |
|  | Amortization | (12) | (12) | (11) |
|  | Depreciation | 490 | 490 | 490 |
|  | Indirect Allocations (LCHC) | 492 | 502 | 512 |
|  | Total Expenses | 7,995 | 8,108 | 8,254 |
|  |  |  |  |  |
|  | Gain (Loss) from Operations | (250) | (241) | (250) |
|  |  |  |  |  |

The pro forma cost report at Exhibit 3-C incorporates the projected cost and occupancy assumptions. The nursing facility direct care and routine care capitation limits utilize the 2014 rebased limits in effect at July 1, 2014 prior to any direct care add on which may be calculated during the rate setting process . The Residential Care Facility has been reported consistent with historical operations and rate letters currently in effect.

The cost report was prepared utilizing direct costing for the St. Andrews Village and costs were further assigned to a specific operating unit or allocated among the three operational units (NF, RCF and other) as specified on Schedule R.

Please see Exhibit 3-D Lincoln County Health Care’s Audited Financial Statements, which demonstrate LCHC’s ability to support the project financially over its useful life.

**MaineCare Neutrality**

This project is subject to the MaineCare neutrality requirement. The proposed project complies with the requirements for adding new SNF/NF beds as provided in 22 M.R.S. §333-A and 22 M.R.S. §334-A.

Please see Section VIII. MaineCare Neutrality.

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

LincolnHealth is not aware of any imminent or proposed changes in laws and regulations that would affect the project, with the possible exception of 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.

CON Statute states:

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.

22 M.R.S. § 335 (7)(B),

The LincolnHealth (formerly St. Andrews Hospital and Miles Memorial Hospital) has owned and operated acute care, skilled and intermediate nursing care and assisted living services in Lincoln County for years. LincolnHealth has owned and operated the Gregory Wing at St. Andrews Village, a 30-bed dually licensed nursing facility, continuously since 1999.

**B. Certificate of Need Unit Discussion**

1. **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
* 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.
1. **CON Unit Analysis**

**Financial Feasibility and Staffing**

The applicant provided a pro-forma cost report that represents the change in the provided service level. The applicant is proposing to add an additional 12 dually licensed SNF/NF beds. The pro forma cost report includes the capital costs associated with the construction of a 7,947 gross square foot addition to the current St. Andrews Village main building at a cost of $2,816,300. The pro forma cost report also includes the applicants projections of increased staffing levels required to perform the services required by the occupants of the additional SNF/NF beds. CONU reviewed the underlying assumptions used in the preparation of this cost report regarding financing, construction budgets, depreciation/amortization expense and projected payor mix and found them reasonable. Future reimbursement will ultimately be determined by DHHS Rate Setting and DHHS Audit. The increase in SNF/NF care as well as analysis of need located in Section IV of this analysis supports the applicants’ assertion that this project is financially feasible and will maintain the financial stability of this facility.

**Changing Laws and Regulations**

The CONU is not aware 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.

**Deeming of Standard**

As provided 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 the applicable licensing and certification standards.

The applicant has operated a dually licensed SNF/NF nursing home since 1999. The addition of 12 beds will not affect the scope of operations. Schedule L of the applicants proforma cost report demonstrates the need for additional nursing staff to handle the increase in the SNF/NF census.

1. **Conclusion**

CONU 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**

**Community Health Needs: The project will substantially address specific health problems as measured by health needs in the area to be served by the project.**

**Lincoln County Population**

LincolnHealth’s defined service area is Lincoln County. Lincoln County‘s population was 34,457 in 2010. Lincoln County has the oldest median age and the highest percentage of residents older than 65 among Maine counties. It is the oldest county in one of the oldest states in the nation.

While Lincoln County’s total population is projected to decline between 2010 and 2019 while the county’s 65 and older population is expected to grow, becoming an even greater proportion of the county’s population.

|  |
| --- |
| **Lincoln County Population 2010 - 2019** |
| **Lincoln County** | **2010** | **2014** | **2019** | **Change****2010 to 2019** |
| 65-74 | 4,022 | 4,545 | 5,228 | 1,206 |
| 75-84 | 2,340 | 2,398 | 2,443 | 103 |
| 85+ | 1,031 | 1,081 | 1,141 | 110 |
| Total 65+ | 7,393 | 8,024 | 8,812 | 1,419 |
| Total Population | 34,457 | 34,018 | 33,592 | (865) |
| **Lincoln County 65 + Age Cohorts’ Percent of Total Population** |
| **Lincoln County** | **2010** | **2014** | **2019** | **Change****2010 to 2019** |
| 65-74 | 11.7% | 13.4% | 15.6% | 30.0% |
| 75-84 | 6.8% | 7.0% | 7.3% | 4.4% |
| 85+ | 3.0% | 3.2% | 3.4% | 10.7% |
| Total 65+ | 21.5% | 23.6% | 26.2% | 19.2% |
| Total Population |  |  |  | -2.5% |
| Source: Nielsen Population Projections, 2014 |

**Lincoln County Residents’ Projected Need for SNF/NF Care**

The Muskie School of Public Service estimates that .8% of the 65-74 year old group, 3.6% of the 75-84 year old group and 11.5% for the 85+ age group will continue to require nursing facility services. (Fralich, J. et al., Older Adults and Adults with Physical Disabilities: Population and Service Use Trends in Maine, 2012 Edition (Chartbook). Portland, ME, University of Southern Maine, Muskie School of Public Service; 2012.) Applying these use rates to the Lincoln County 65 and older population indicates that there will be an eleven percent increase in nursing facility need between 2010 and 2019.

|  |
| --- |
| **Projected Lincoln County Residents’ Needing NF Level Care** |
| **Age Cohort** | **NF Use Rate** | **2010** | **2014** | **2019** |
| 65-74 | 0.8% | 32 | 36 | 42 |
| 75-84 | 3.6% | 84 | 86 | 88 |
| 85+ | 11.5% | 119 | 124 | 131 |
| Total 65+ |  | 235 | 247 | 261 |
| Sources: Nielsen Population Projections, 2014, Muskie School NF Rates, 2012 |

This need projection may be conservative. Lincoln County’s 65 and older population may be underreported. Lincoln County is acknowledged to have a substantial seasonal population. Embedded within that seasonal population could be a number of area residents who claim residency in states such as Florida for tax purposes, living outside of Maine for at least six months and a day to avoid paying Maine income tax. Thus, reported residency may not be indicative of these persons’ preferred home or principal health care system from which they expect to receive their health care.

In 2010 Lincoln County had a reported 18 NF beds per 1,000 persons age 65 and older, which is well below the State average of 33 beds per 1,000. (Total Lincoln County NF beds = 136.) (Fralich et al, Chartbook)

**St Andrews Hospital Swing Beds’ Use for SNF-Level Care, 2008 - 2013**

From 2008 through September 30, 2013 St. Andrews Hospital’s 25-bed swing bed capacity operated increasingly as a SNF unit while Miles Memorial Hospital addressed most of Lincoln County Health Care’s inpatient acute care needs. In effect there were additional SNF beds available in Lincoln County. With the merger of St. Andrews and Miles Memorial Hospitals into LincolnHealth, the system’s overall acute/swing capacity has been reduced by 38 beds to a total of 25 acute/swing beds, which are required principally for acute care needs. Additional capacity is needed to serve Lincoln County residents’ needs for SNF/NF level of care.

|  |
| --- |
| **St Andrews Hospital Swing Bed Use, FY 2008 – FY 2013** |
| **Level of Care / Statistics** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** |
| Acute Care |  |  |  |  |  |  |
| Patients Days |  981  | 878  | 347  | 78  | 21  | 20  |
| Average Daily Census |  2.7  | 2.4  | 1.0  | 0.2  | 0.1  | 0.1  |
| % of Inpatient Care | 32% | 28% | 11% | 2% | 1% | 1% |
| SNF Care |  |  |  |  |  |  |
| Patients Days | 2,133  | 2,299  | 2,738  | 3,702  | 3,499  | 2,942  |
| Average Daily Census | 5.8 | 6.3 | 7.5 | 10.1 | 9.6 | 8.1 |
| % of Inpatient Care | 68% | 72% | 89% | 98% | 99% | 99% |

**Gregory Wing, Cove’s Edge and Neighboring SNF/NF Facilities’ Current Occupancy**

Lincoln County Health Care’s existing SNF/NF capacity is highly utilized and does not offer a viable option to care for additional SNF/NF patients. The 2010 Maine statewide average NF occupancy rate was 91.8%. (Fralich et al, Chartbook) The Gregory Wing (30 SNF/NF beds) and Cove’s Edge (76 SNF/NF beds) have operated with occupancy rates ranging from 95% to 98% for the past ten years, exceeding the statewide average.

There are five SNF/NF facilities including Cove’s Edge within approximately thirty miles of the Gregory Wing facility. LincolnHealth obtained MaineCare Data Management Reports – MDS for Nursing Facilities Occupancy for September 15, 2013 through August 15, 2014 from the Muskie School of Public Service. These reports provide a “Point-in-Time” occupancy for each nursing facility in Maine for the fifteenth day of each month; they do not provide cumulative (monthly) occupancy information. LincolnHealth developed the following table showing the average occupancy of these facilities for the twelve reported days to smooth out fluctuations in occupancy from one day to the next and to provide more representative information on each facility. For example Country Manor averages 88.6% occupancy for the twelve days while the individual point-in-time occupancy percentages range from 76.7% to 93.3%.

|  |
| --- |
| **Occupancy Rates for Gregory Wing and Nearby SNF/NF Facilities** |
| **Facility / Location** | **# of SNF/NF Beds** | **Distance from Gregory Wing** | **Average Occupancy** **Sep. 15, ’13 – Aug. 15, ‘14** |
| Gregory Wing | 30 | -0- | 97.8% |
| Country Manor, Whitefield | 30 | 33 miles | 88.6% |
| Cove’s Edge, Damariscotta | 76 | 15 miles | 96.7% |
| Horizons, Brunswick | 65 | 32 miles | 97.1% |
| Mid Coast, Brunswick | 42 | 32 miles | 86.7% |
| Winship Green, Bath | 72 | 24 miles | 89.3% |
| TOTAL | 315 |  | 93.1% |
| Source: MaineCare Data Management Reports – MDS for Nursing Facilities, Muskie School of Public Service |

**Current SNF Demand placed on LincolnHealth and Gregory Wing**

Since October 1, 2013, the date when Miles Memorial Hospital’s 38 inpatient beds were decommissioned, LincolnHealth has been monitoring its need for SNF services, both Swing Bed SNF patients and SNF referrals that could not be addressed because no bed was available. The following table presents an unduplicated count of LincolnHealth Swing Bed SNF patients and Gregory Wing SNF referrals denied due to a lack of an available bed.

Actual Swing Bed SNF patients’ patient days and average daily census for the first 6 months of operation are presented. The projected patient days associated with denied referrals are computed by applying Gregory Wing’s SNF average length of stay to the number of denied referrals.

|  |
| --- |
| **LincolnHealth Skilled Nursing Need****October 1, 2013 – September 30, 2014** |
| **Category** | **Swing Bed SNF Experience** | **SNF Referral Denials** | **Total** |
| Individuals | 118 | 139 | 257 |
| Patient Days | 485 | 2,869 | 3,354 |
| Average Daily Census | 1.3 | 7.9 | 9.2 |

**Proposed Incremental Capacity to Meet Existing SNF/NF Need**

Based on the current need presented above, Gregory Wing requires appropriate capacity to care for at least the additional ADC of 7.9 SNF/NF referrals that were denied. Generally accepted planning methodologies for determining appropriate bed capacity to meet need focus on efficiency (occupancy rate) and availability (probability of an available bed when needed). These guidelines are intended to accommodate fluctuations in need that occur throughout a year of operation while also assuring that capacity is used efficiently.

Guidelines published by the Department of Health and Human Services recommend the following:

* 95% probability of a bed being available to accommodate an incoming patient.
* 65% occupancy rate for average daily census (ADC) of 8.8 to 9.5, which is the lowest ADC bandwidth presented by DHHS. (The lower the ADC, the lower the recommended occupancy rate.)

(Health Care Facility/Agency Space and Needs Guidelines, Department of Human Services, Augusta, Maine, 1998.)

The following table presents the recommended capacity using both methodologies.

|  |
| --- |
| **Gregory Wing at St. Andrews Village****Recommended Additional SNF/NF Capacity**  |
| **Planning Method** | **Metric** | **Recommended SNF/NF Capacity** |
| Availability  | 95% Probability | 12.5 |
| Efficiency | 65% Occupancy | 12.2 |

Gregory Wing is proposing an increase of 12 SNF/NF beds, which is supported by capacity methods published by the Department.

The proposed 12-bed expansion would result in a total of 148 SNF/NF beds in Lincoln County and a ratio of 17 SNF/NF beds per 1,000 persons age 65 and older in 2019, which is still well below the state average.

**Constrained SNF Capacity’s Impact on LincolnHealth’s Acute Care Services**

During the first six months of operation (October 1, 2013 through March 31, 2014) after inpatient services were consolidated at the Damariscotta facility, 34 LincolnHealth emergency department patients have been transferred to other hospitals because LincolnHealth had no acute care beds available.  This lack of availability was not because of other acute care patients, but due to skilled care patients in swing beds that could not be placed in skilled nursing facilities.  During that six-month time period 23.4% of LincolnHealth’s total patient days were for skilled nursing patients.  The increased swing bed patients and the 38-bed reduction in licensed beds have combined to make LincolnHealth’s acute care bed availability tenuous. The proposed 12-bed expansion will help alleviate this demand.

**Access to Care: The services affected by the project will be accessible to all residents of the area proposed to be served.**

All services provided by LincolnHealth are accessible to all residents and visitors of Lincoln County. Local access to SNF care will be improved as a result of this proposed project, especially for residents of the Boothbay peninsula (Boothbay, Boothbay Harbor, Southport) region of Lincoln County.

**Quality of Care: The project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project**

Gregory Wing achieves above average ratings for its quality of care as reported on the CMS Nursing Home Compare web site, [www.medicare.gov/nursinghomecompare](http://www.medicare.gov/nursinghomecompare). (Results accessed May 7, 2014.)

Please see Section II. Fit, Willing and Able.

**Health Status: The project will have a positive impact on the health status indicators of the population to be served.**

SNF/NF care addresses the health care needs of an aging population, especially those 75 and older. This population experiences chronic and age-related conditions and disabilities that require both post-acute rehabilitative care and long term care provided in NF facilities as well as in-home care.

Increasing SNF/NF capacity at the Gregory Wing will improve local residents’ access to this level of care within the Lincoln County Health Care integrated health care delivery system. This project will aid Lincoln Health Medical Group providers to more closely manage and monitor their patients’ care across the continuum, a major point of emphasis of the Accountable Care model of patient care being advocated by CMS.

**B. Certificate of Need Unit Discussion**

1. **CON Standards**

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.
1. **CON Unit Analysis**

In order to determine public need, CONU analyzed demographic and service use trends in Gregory Wings service area (Lincoln 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>.

Lincoln County is the third smallest county in Maine (456 square miles) with a 2010 population of 34,457. The applicant correctly points out that Lincoln County is estimated to have the state’s highest percent of population age 65-or-above (23.1%) in 2012. This is significant because this population is the primary consumer of nursing and residential care services.

The applicant submitted a significant amount of demographic information and occupancy data to support the need for the additional 12 SNF/NF beds at Gregory Wing. CONU has verified the data and has summarized the highlights below:

Lincoln County Population Projections:

The total population of Lincoln County is expected to decline slightly between 2010 and 2019. However, the total 65-or-above population is expected to increase by 19.2% from 7,393 to 8,812 over the same time period. This is significant because this population is the primary consumer of nursing and residential care services. The applicant utilized Nielsen Population Projections for their projections. The Nielsen projections of population growth are slightly more conservative than Muskie projections, therefore CONU has accepted the data. This rate of growth coincides with the State of Maine as a whole where the 65 and over population continues to grow at a rate faster than New England and the United States as a whole.

Projected Need for SNF/NF Care in Lincoln County:

The applicant utilized the Muskie School of Public Service estimates that .8% of the 65-74 year old group, 3.6% of the 75-84 year old group and 11.5% of the 85+ group will utilize nursing homes services to project the increase in demand for SNF/NF beds.

|  |  |  |  |
| --- | --- | --- | --- |
| **Age** | **2010** | **% of age group needing** | **Beds** |
| **Group** | **Population** | **SNF/NF Care** | **Required** |
| Ages 65-74 | 5228 | 0.80% | 42 |
| Ages 75-84 | 2443 | 3.60% | 88 |
| Age 85+ | 1141 | 11.50% | 131 |
| **Total** |  |  | **261** |
|  |  |  |  |
| **Age** | **2019** | **% of age group needing** | **Beds** |
| **Group** | **Population** | **SNF/NF Care** | **Required** |
| Ages 65-74 | 4022 | 0.80% | 32 |
| Ages 75-84 | 2340 | 3.60% | 84 |
| Age 85+ | 1031 | 11.50% | 119 |
| **Total** |  |  | **235** |
|  |  |  |  |
| **Increased beds required** | **26** |

Although this methodology relies on statewide averages based on past utilization and does not account for a possible shift of the 65+ population to alternative services in the future, it is reasonable to expect an increased need for nursing services based on an increased Age 65+ population. In addition Lincoln County has 18 nursing home beds per 1,000 persons age 65+ compared to the statewide average of 33 nursing home beds per 1,000 persons age 65+. Two nearby nursing homes, Shore Village in Rockland and Fieldcrest Manor is Waldoboro closed back in 2008 with a resulting loss of 130 nursing home beds.

On May 27, 2014 the applicant received CON approval to merge Miles Memorial Hospital into St. Andrews Hospital. This new entity is named LincolnHealth. This merger had the effect of decreasing the number of Acute Care/Swing beds in Lincoln County as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Licensed Beds** | **Licensed Beds** | **Increase** |
| **Facility** | **Pre-Merger** | **Post-Merger** | **(Decrease)** |
| Miles Memorial | 33 Acute/5 Swing |  | (38) |
| St. Andrews Hospital | 25 Acute Care/Swing |  | (25) |
| Lincoln Health |  | 25 Acute Care/Swing | 25  |
| Total |   |   | (38) |

This reduction in capacity has led to SNF/NF patients utilizing beds which could be better utilized by acute patients due to lack of available SNF/NF placements. During the October 1, 2013 through March 31, 2014 timeframe 23.4% of LincolnHealth’s total patient days were for skilled nursing patients. 139 referrals for SNF/NF care were denied during this time period. In order to alleviate this situation Gregory Wing changed their licensure from 6 SNF beds and 24 NF beds to 30 dually licensed SNF/NF beds effective 2/1/2014. Unfortunately this did little to alleviate the problem since many of the Gregory Wing patients are long-term residents.

Nursing Facility Occupancy Rates

The applicant provided nursing home occupancy data for 3 Lincoln County nursing homes and 3 other facilities within 33 miles of Gregory Wing. The average occupancy of these facilities from September 15, 2013 through August 15, 2014 was 93.1%. CONU examined the 9/15/2014 data to determine if it remains consistent. The average occupancy using the 9/15/2014 data is consistent at 93.6%. See table below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Facility / Location** | **# of SNF/NF Beds** | **Distance from Gregory Wing** | **Average Occupancy** |
|  |  |  | **15-Sep-14** |
| Gregory Wing | 30 | -0- | 100.00% |
| Country Manor, Whitefield | 30 | 33 miles | 93.33% |
| Cove’s Edge, Damariscotta | 76 | 15 miles | 96.05% |
| Horizons, Brunswick | 65 | 32 miles | 100.00% |
| Mid Coast, Brunswick | 42 | 32 miles | 83.33% |
| Winship Green, Bath | 72 | 24 miles | 88.89% |
| TOTAL | 315 |  | 93.60% AVG |
| Source: MaineCare Data Management Reports – MDS for Nursing Facilities, Muskie School of Public Service |

Enhancing needed SNF/NF services in the Lincoln County area will have a positive impact on the health status indicators of the population to be served, primarily those in the 65+ age group. Adding 12 additional SNF/NF beds to Gregory Wing will enable residents to remain close to home and family while receiving services. The facility will continue to provide post-acute rehabilitative care and long term care. As the applicant stated:

“Increasing SNF/NF capacity at the Gregory Wing will improve local residents’ access to this level of care within the Lincoln County Health Care integrated health care delivery system. This project will aid Lincoln Health Medical Group providers to more closely manage and monitor their patients’ care across the continuum, a major point of emphasis of the Accountable Care model of patient care being advocated by CMS.”

The services affected by the project will be accessible to all residents of the area proposed to be served.

With the addition of 12 SNF/NF beds Gregory Wing will enhance its rehabilitation program which will benefit patients by speeding their recovery allowing them to be discharged to more cost effective community based services or to home.

1. **Conclusion**

The CONU 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**

**Impact on Health Care Expenditures:**

**Project’s Benefit and Potential Impact on Other Providers’ Costs**

This project addresses a shortage of SNF/NF beds in Lincoln County, improving local access to necessary care for county residents.

The project should not impact other facilities’ costs.

**Availability of state funds: Impact on MaineCare**

Approval of this project has no impact on MaineCare. The project fulfills the MaineCare neutrality requirement. The estimated MaineCare impact of $935,874 is offset by a MaineCare revenue stream source which makes the project MaineCare neutral. This project does not increase costs to the Maine health care system.

Please see Section VIII. MaineCare Neutrality.

**Alternatives: Potential of More Effective, More Accessible or Less Costly Technologies or Methods**

The decision to increase the Gregory Wing SNF/ NF bed capacity from 30 to 42 beds addresses a demonstrated need for more SNF/NF beds in Lincoln County. This proposed increase in SNF/NF capacity will improve Lincoln County residents’ local access to care.

This project addresses significant losses in SNF/NF capacity that have occurred due to Kindred Nursing Centers West closing Fieldcrest Manor, a 70-NF facility located in Waldoboro (Lincoln County), and Shores Village Rehabilitation and Nursing Center, a 60-NF facility located in Rockland (Knox County) in 2008, and the elimination of 38 swing beds and the use of LincolnHealth’s remaining 25 swing beds to principally address acute care needs in Lincoln County in 2013.

The project proposes expanding SNF/NF capacity by 12 beds, which is sufficient to address current demand placed on LincolnHealth for SNF care. Federal health care reform as part of the Affordable Care Act (ACA) may affect the demand for SNF/NF care; we simply don’t know if the overall result will increase or diminish the demand for SNF/NF.

The St Andrews Village site supports the proposed addition. Further expansion on this site is not feasible. Attempting to repurpose the former St Andrews Hospital facility to provide SNF/NF level care is not financially feasible. Attempting to operate a stand-alone SNF Unit in that physical plant would require LincolnHealth to hire additional staff positions (Director of Nursing, Unit Coordinator, MDS Reimbursement Coordinator) that are already in place at Gregory Wing. Economies of scale would be lost, and anticipated reimbursement would not cover the additional costs.

LincolnHealth is not aware of any potentially more effective, more accessible or less costly technologies or methods of addressing this demonstrated need.

**B. Certificate of Need Unit Discussion**

1. **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.
1. **CON Unit Analysis**

The decision to increase Gregory Wings capacity from 30 to 42 dually licensed SNF/NF beds was made in response to a demonstrated need for additional SNF/NF beds in the Lincoln County area. The increased beds will improve patients’ access to local SNF/NF services.

Competing demands in the local service area are evaluated by looking at the Primary Care Access Area (PCAA). In Maine, the state is divided into 62 discreet rational service areas. These are federally approved and serve as a rational basis to determine many different social and medical needs quantitatively. The PCAA that contains the Gregory Wing is PCAA 10 which includes the following area as seen below.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Town** | **Total Pop** | **100% FPL Pov** | **100% FPL Pov %** | **200% FPL Pov** | **200% FPL Pov %** | **65 and Over** | **65 and Over %** | **MaineCare #** | **MaineCare %** |
| Alna | 634 | 54 | 8.5 | 119 | 18.8 | 106 | 16.7 | 64 | 10.1 |
| Boothbay | 3129 | 513 | 16.4 | 1008 | 32.2 | 664 | 21.2 | 458 | 14.6 |
| Boothbay Harbor | 2415 | 142 | 6.0 | 471 | 19.8 | 743 | 30.8 | 289 | 12.0 |
| Bremen | 675 | 59 | 8.9 | 180 | 27.1 | 185 | 27.4 | 134 | 19.9 |
| Bristol | 2766 | 209 | 7.6 | 569 | 20.6 | 848 | 30.7 | 423 | 15.3 |
| Damariscotta | 2216 | 320 | 15.3 | 696 | 33.2 | 533 | 24.1 | 412 | 18.6 |
| Edgecomb | 1143 | 69 | 6.1 | 185 | 16.2 | 154 | 13.5 | 186 | 16.3 |
| Jefferson | 2529 | 222 | 8.8 | 834 | 33.1 | 366 | 14.5 | 387 | 15.3 |
| Mohegan Pit | 40 | 10 | 25.0 | 13 | 32.5 | 6 | 15.0 | 8 | 20.0 |
| Newcastle | 1576 | 63 | 4.0 | 320 | 20.3 | 403 | 25.6 | 251 | 15.9 |
| Nobleboro | 1647 | 77 | 4.7 | 419 | 25.4 | 256 | 15.5 | 264 | 16.0 |
| South Bristol | 976 | 105 | 10.8 | 301 | 30.8 | 297 | 30.4 | 101 | 10.3 |
| Southport | 541 | 60 | 11.2 | 137 | 25.6 | 214 | 39.6 | 61 | 11.3 |
| Waldoboro | 5111 | 614 | 12.0 | 1933 | 37.8 | 878 | 17.2 | 1425 | 27.9 |
|  | **25398** | **2517** | **10.0** | **7185** | **28.5** | **5653** | **22.3** | **4463** | **17.6** |

Statistically significant outliers are the areas of Waldoboro where 37.8% of the population lives under the 200% poverty level and Southport where 39.6% of the residents are over 65 years old. These residents are served by the Critical Access Hospital in Damariscotta as well as Mid-Coast Hospital in Brunswick to the Southwest and perhaps increasingly because of the changes occurring in 2014, PenBay Hospital in Camden/Rockport to the Northeast.

The increased operating costs associated with the 12 additional SNF/NF beds would be completely offset by the MaineCare revenue stream from Shore Village making this project MaineCare neutral. This project does not increase costs to the Maine health care system and will not impact the availability of State funding for other providers in the area.

The applicant examined several alternatives to this project including building a stand-alone SNF/NF facility or utilizing part of the former St. Andrews hospital building as a SNF/NF wing. The addition of the 12 SNF/NF beds at Gregory Wing is the most cost effective and accessible alternative currently available.

1. **Conclusion**

The CONU 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**

**Gregory Wing Quality Assurance and Performance Improvement Process**

St. Andrews Village as a whole, including Gregory Wing, is dedicated to providing each resident with “the necessary care and services to attain or maintain the highest practicable physical, mental and psychosocial well-being.” To achieve these goals, a robust Quality Assurance and Performance Improvement (QAPI) culture is fostered and supported throughout the organization. The five (5) strategic elements of QAPI are employed at St. Andrews Village are:

1. Design and Scope
* A formal QAPI Self-Assessment is completed annually.
* Each department has a written QAPI Plan, which comprises the overall QAPI Plan for St. Andrews Village. Plans are updated annually.
* These Plans cover all systems of care and management practices, including clinical care, quality of life and resident choice.
1. Governance and Leadership
* The governing body of Lincoln County Health Care supports, St. Andrews Village leadership in seeking feedback and input from all stakeholders (residents, families, staff, etc), and ensures there are adequate resources for QAPI activities.
* The governing body receives regular reports from St. Andrews Village regarding QAPI, including an Annual Appraisal of all QAPI Plans, at regular meetings of the Lincoln County Health Care Senior Living Performance Improvement Committee (LCHC SLPIC), a Board committee of the Board chaired by a LCHC Trustee.
* The St. Andrews Village Operations (Management) Team, chaired by the Executive Director/Administrator serves as the QAPI Steering Committee.
* The Medical Director of St. Andrews Village is involved in QAPI.
* Education is provided to all employees regarding QAPI.
1. Feedback, Data Systems and Monitoring
* Systems are in place to monitor care and services, using data from many sources, including, but not limited to:
* CMS Nursing Home Compare and CASPER
* MDS 3.0
* Quality Indicator Surveys (QIS) and Complaint Surveys
* Grievance/Concern Reports
* *My InnerView* (MIV) customer satisfaction surveys of residents and families
* MaineHealth Employee Engagement surveys
* Staff Turnover Reports
* Risk Management Reports, including adverse events, falls, etc.
* Hospital Re-admission rates
* Performance indicators, benchmarks and targets are employed, and are included in QAPI Plans.
1. Performance Improvement Projects (PIPs)
* Each QAPI Plan includes Performance Improvement Projects, designed as efforts focused on improving care and services by eliminating a particular issue/problem.
* PIP teams are interdisciplinary.
1. Systematic Analysis and Systemic Action
* St. Andrews Village uses a structured, systematic approach to identify study and act on issues; this includes the use of a PDSA report format.
* St. Andrews Village uses Root Cause Analysis to obtain a comprehensive view of all systems, with a focus on continuous learning and improvement, rather than blame or punishment for error made.

The following excerpts from St Andrews Village 2013 Annual QAPI Appraisal indicate Gregory Wing’s QAPI efforts and achievements.

Quality and Patient Safety Summaries, Gregory Wing: 100% of selected key indicators will be reviewed, as follows:

Falls, long stay residents: percent of residents experiencing one/more falls with injury.

Action: The MaineHealth Fall Rate Calculator is used to track all falls and falls with major injury. The MaineHealth benchmark for falls with major injury is 1.4% per 1,000 resident days. Benchmark was met, as the 2013 major injury rate for Gregory Wing was .48, or below 1.4% per 1,000 resident days. A Root Cause Analysis was completed for those falls which resulted in major injuries, including fractures. Will continue to monitor in 2014.

Antipsychotic medication use in absence of psychosis or related condition (CMS Quality Indicator)

Action: The number of residents using antipsychotics in the absence of psychosis or a related condition (without appropriate indication for use) has declined significantly. Benchmark of 100 % of those residents taking antipsychotics will have an appropriate diagnosis for use was met in all four quarters of 2013. Will continue to monitor in 2014.

Antipsychotic usage (CMS Quality Indicator and *Advancing Excellence* goal)

Action: Excellent progress has been made in this area. Gradual dose reductions (GDRs) which often lead to discontinuation are part of the overall strategy. Benchmark of achievement of reduction in antipsychotic usage by at least 15%, or 3.75% per quarter reduction was met and exceeded in 2013. Gregory Wing achieved a 50% reduction overall in 2013. Will continue to monitor in 2014.

Overall satisfaction with Gregory Wing (*My InnerView*/MIV survey item)

Action: Residents and families surveyed twice each year by *My* *InnerView* (MIV). In 2013, surveys conducted in June and December. Benchmark of achievement of 90th percentile ranking for “Good” and “Excellent” responses from combined resident and family surveys not met in June (Q2), but met in December (Q4). Will continue to monitor in 2014.

Recommendation of the Gregory Wing to others (*My InnerView/*MIV survey item)

Action: Residents and families surveyed twice each year by *My* *InnerView* (MIV). In 2013, surveys conducted in June and December. Benchmark of achievement of 90th percentile ranking for “Good” and “Excellent” responses from combined resident and family surveys not met in June (Q2), but met in December (Q4). Will continue to monitor in 2014.

**Gregory Wing High Quality Outcomes**

CMS Five Star Quality Rating System

As of 5/8/14, the Gregory Wing has achieved four-star rating in the Quality Measures domain. CMS considers facilities which achieve a four-star rating to be above average in quality. This information is available to the public.

The rating is based on performance on nine (9) of the eighteen (18) Quality Measures currently posted on the *Nursing Home Compare* web site, which are based on MDS 3.0 resident assessments.

MDS 3.0 Facility Level Quality Measure Report (CASPER Report)

The CASPER Report compares facility scores on seventeen (17) Quality Measures for a six (6) month period to the Group State and National Average scores for the same time period. Facility scores which are lower than the average scores are desirable. This information is not available to the public.

A recent Gregory Wing CASPER Report (run date 4/30/14) shows scores which are lower than the average scores for the following fourteen of the seventeen Quality Measures:

* % residents who have moderate to severe pain (long stay residents)
* % residents who have moderate to severe pain (short stay residents)
* % high risk residents who have pressure ulcers (long stay residents)
* % residents with pressure ulcers which are new or worsened (short stay residents)
* % residents who were physically restrained (long stay residents)
* % high risk residents experiencing one or more falls with major injury (long stay residents)
* % residents who received an antipsychotic medication (long stay residents)
* % residents who received an antipsychotic medication (short stay residents)
* % residents who received an antipsychotic medication (short stay residents)
* % residents who received an anti-anxiety/hypnotic medication (long stay residents)
* % residents whose behavior/symptoms affect others (long stay residents)
* % residents who are more depressed or anxious (long stay residents)
* % residents who have/had a catheter inserted and left in their bladder (long stay residents)
* % residents whose need for help with daily activities has increased

*My InnerView* Customer Satisfaction Survey Scores

Gregory Wing has worked with *My InnerView* (a division of NRC Picker) since 2011, to measure the level of satisfaction among its patients and their families. Residents who are able, and family members, are surveyed twice a year. The most recent survey data was compiled in January 2014.

Gregory Wing’s scores on the two key indicators are:

* Overall satisfaction, percentage of “Excellent” and “Good” responses = 94% (National Peer Group score = 90%)
* Recommendation to Others, percentage of “Excellent” and “Good” responses = 100% (National Peer Group score = 89%)

Gregory Wing also outperformed the National Peer Group scores in all the survey domains: Quality of Life, Quality of Care and Quality of Service.

In 2012, Gregory Wing was one of three (3) nursing facilities in Maine to receive a special award from *My InnerView.* The award recognized Gregory Wing for survey scores which were notably higher than other Maine facilities using *My InnerView.*

**Lincoln County Health Care Award Winning Care**

In addition to Gregory Wing, other Lincoln County Health Care entities are recognized for delivering high quality health care. Their accomplishments include:

LincolnHealth

Healthgrades Outpatient patient experience award 2014

2012 BC HQHIP Top Performer

Leap Frog Small Rural Hospital Award 2013

Leap Frog Safety Rating “A” – 1 of 251 hospitals nationally to have earned an A in all five score releases, 2014

VHA Honor Roll: Top Performer in 3 or More Focus Areas 2013

VHA Honor Roll: Most Improved in Falls Focus Area 2013

Consumer Reports Safest Hospital in America 2014

LincolnHealth Baby Friendly 2013

Harvard Pilgrim Honor Roll 2013

Senior Living:

Cove’s Edge - 5 Star nursing home: Nursing Home.Gov; American Healthcare Association Tier 3 Award for Quality Improvement 2013

Maine Healthcare Association Innovation award to Cove’s Edge and the Gregory Wing for implementing a Falls Management Program

**Potential Impact on Existing Providers’ Quality of Care**

This project has no impact on other provider’s quality of care.

**MaineHealth High Quality Outcomes**

Lincoln County Health Care and its operating entities and providers including the Gregory Wing at St Andrews Village participate in MaineHealth quality improvement initiatives including MaineHealth Elder Care Services and MaineHealth Center for Quality & Safety initiatives.

**MaineHealth Elder Care Services**

Elder Care Services provides support to enable the MaineHealth system deliver high-quality, cost-effective care in partnership with older adults in our communities. Elder Care Services includes representation from all MaineHealth members and affiliates, providing leadership to ensure implementation of the strategic plan to develop a model delivery system that meets the needs of the growing population of older adults, with a focus on the following:

* Coordination of a strategic plan for continuing care and long-term care throughout the MaineHealth system
* Delivery of evidence-based disease and disability prevention programs
* Falls prevention
* Geriatric education and training
* Palliative care in long-term care
* Preventable admissions and readmissions
* Strengthening the connection between healthcare and community services
* Workforce development

**MaineHealth Center for Quality & Safety (CQS)**

CQS provides system-wide direction in the identification, prioritization, implementation, measurement and communication of quality and safety initiatives. CQS supports MaineHealth members and affiliates and also provides support for internal programs. CQS focuses on the following areas:

* Data management, analysis and reporting to support quality and patient safety initiatives;
* Education and consultation on improvement science, methodologies, and system redesign;
* Program evaluation to assist with the design and implementation of methods to assess effectiveness and value of various MaineHealth programs.

**MaineHealth Award Winning Care**

MaineHealth and its members are recognized for delivering quality care. Recent national and statewide awards and recognitions include the following:

The Joint Commission - 2012: Maine Medical Center (MMC) named one of the nation’s Top Performers on Key Quality Measures, one of only 620 hospitals. Goodall Hospital received “Top Performer on Key Quality Measurers” award for heart attack, pneumonia and surgical care. The Pen Bay Medical Center Stroke Program recertified Primary Stroke Center Certification.

The Leapfrog Group – 2013: LincolnHealth (Miles Campus) and Stephens Memorial Hospital receive Top Rural Hospital recognition. 2012: Pen Bay Medical Center Receives National Top Hospital Award, 1 of 67 hospitals nationwide out of 1,200 hospitals that participated in Leapfrog’s survey. Goodall Hospital, Miles Memorial Hospital, Pen Bay Medical Center and Southern Maine Medical Center all received “A” Hospital Safety ScoreSM. Maine Medical Center received a 'B'. 2011: Miles Memorial Hospital named one of three top rural hospitals in the United States for patient safety. MMC granted an “A” Hospital Safety ScoreSM.

Maine Health Management Coalition - 2013: In celebration of their twenty year anniversary, the Maine Health Management Coalition recognized twenty individuals across the state for teaching and inspiring others to work collaboratively to improve quality and lower the cost of healthcare in Maine. Four MaineHealth physicians were honored as part of this group: Jeffrey Aalberg, MD; Peter Bates, MD; Mark Fourre, MD; David Giransiracusa, MD.

American Nurses Credentialing Center - 2013: SMMC was the first community hospital in Maine and one of fewer than 100 hospitals nationwide to receive Pathway to Excellence designation. 2012: Maine Medical Center redesignated as a Magnet hospital.

National Quality Measures for Breast Centers Program - 2012: Waldo County General Hospital’s Coastal Maine Center for Breast Health became a Certified Participant, only the second site in Maine.

Hospital Consumer Assessment of Healthcare Providers and Systems Honors - 2012: Kno-Wal-Lin Home Care and Hospice named Honors recipient, the only home health agency in Maine to receive this honor.

National Consortium of Breast Centers National Quality Measures for Breast Centers Program - 2013: Waldo County General Hospital’s Coastal Maine Center for Breast Health recognized as a Certified Quality Breast Center technology. Kim Lenfestey, MSW, the hospital’s breast care patient navigator, received NCBC Breast Patient Navigator Certification.

Anthem Blue Cross and Blue Shield Quality Insights Hospital Incentive Program - 2012: St. Andrews Hospital and Healthcare Center and Miles Memorial Hospital ranked first and second respectively in their category.

Harvard Pilgrim Health Care Honor Roll - 2013: Lincoln County Healthcarerecognized for performance among the top 25 percent nationally on quality and patient experience measures.

American College of Surgeons - 2013: SMMC’s Center for Breast Care granted a three-year/full accreditation designation by the National Accreditation Program for Breast Centers (NAPBC), a program administered by the American College of Surgeons.

American College of Radiology - 2012: SMMC Center for Breast Care Designated a Breast Imaging Center of Excellence.

American Academy of Sleep Medicine - 2012: Pen Bay Medical Center’s Center for Sleep Medicine accredited

American Diabetes Association - 2012: Pen Bay Medical Center Diabetes and Nutrition Care Center awarded continued recognition.

American Telemedicine Association - 2012: Waldo County General Hospital’s Speech Pathology Department received Training Program Accreditation, only the fourth institution in the United States to receive accreditation.

HomeCare Elite - 2013: Waldo County Home Health and Hospice placed on the Top 500 HomeCare Elite. 2012: HomeHealth Visiting Nurses (HHVN) and Waldo County Home Health and Hospice named to the Top 25% of the 2012 HomeCare Elite™.

US News and World Report - 2013: MMC named the Best Hospital in Maine by US News and World Report and singled out for exemplary quality service in: Cancer, Cardiology and Heart Surgery, Diabetes and Endocrinology, Geriatrics, Gynecology, Nephrology, Orthopedics, and Urology. 2012: MMC named the Best Hospital in Maine by US News and World Report and singled out for exemplary quality service in Cancer, Gynecology, Nephrology, Orthopedics and Urology.

Becker’s Hospital Review - 2012: Waldo County General Hospital listed as one of the 100 Great Community Hospitals across the country.

Maine Tobacco Free Hospital Network Gold Standards of Excellence Program - 2013: Six MaineHealth member hospitals given gold awards**:** Goodall Hospital, Maine Medical Center, Pen Bay Medical Center, Southern Maine Medical Center, Stephens Memorial Hospital and Waldo County General Hospital. Three designated silver: Miles Memorial Hospital, St. Andrew's Hospital and Spring Harbor Hospital.

Beacon Hospice - 2012: Western Maine Health’s Oxford Hills Internal Medicine honored for their commitment to excellence.

**B. Certificate of Need Unit Discussion**

1. **CON Standards**

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.

1. **CON Unit Analysis**

The addition of 12 SNF/NF beds in the Lincoln County area will have a minimal effect on the quality of care delivered by existing service providers. Seniors needing SNF/NF care will have a greater likelihood of finding the services offered in the area where they reside.

This proposal addresses the lack of available nursing home beds in the area. Gregory Wing participates in the MaineHealth quality improvement initiative including MaineHealth Elder Care Services and MaineHealth Center for Quality & Safety initiatives. The applicant states that that St. Andrews Village , including Gregory Wing, is dedicated to providing each resident with “the necessary care and services to attain or maintain the highest practicable physical, mental and psychosocial well-being”. A strong Quality Assurance and Performance Improvement (QAPI) program has been instituted throughout the organization.

The 12 additional SNF/NF beds will focus on rehabilitative services with the goal of returning the patient to their homes and/or community-based services rather than placing residents permanently in a more costly long term care nursing bed. This goal is consistent with the goals of the department and national trends of extending home-based services.

1. **Conclusion**

CONU 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**

**Risk of Inappropriate Increases in Service Utilization**

This project meets a documented health care need as opposed to creating a health care demand. This project will not increase health care utilization unnecessarily and will not create inappropriate or unnecessary demand.

The Maine Quality Forum has not adopted any principles of evidence-based medicine that are directly applicable to this proposed project.

This project is a key aspect of Lincoln County Health Care’s integrated approach to chronic disease management and health status improvement. Lincoln County Health Care, LincolnHealth, Cove’s Edge and Lincoln County Medical Group participate in MaineHealth’s health status improvement, clinical integration and quality improvement initiatives, which should over time impact utilization positively.

**B. Certificate of Need Unit Discussion**

1. **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.

1. **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.

1. **Conclusion**

CONU 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. MaineCare Funding Pool and MaineCare Neutrality**

**A. From Applicant**

This project is subject to the MaineCare neutrality requirement. The proposed project complies with the requirements for adding new SNF/NF beds as provided in 22 M.R.S. §333-A and 22 M.R.S. §334-A.

This project is subject to the MaineCare neutrality requirement. LincolnHealth developed the following calculation of the project’s MaineCare impact based on an assumed 95% NF MaineCare occupancy rate.

|  |
| --- |
| **Gregory Wing MaineCare Funding Stream Calculation** |
| **Bed Complement** | **Historical** | **Proposed** |  |
| SNF/NF | 30 | 42 |  |
| Residential Care | 11 | 11 |  |
| Other | 41 | 41 |  |
|  |  |  |  |
| **NF MaineCare Rate Component** | **Current**  | **Pro Forma** | **Comment** |
| Direct Care (per 7/14 Rate Letter) | $79.04 | $89.50 | Upper Limit |
| Case Mix Adjustment | 1.45 | 1.45 |  |
| Direct Care  | $114.61 | $129.77 |  |
| Routine Care (per 7/14 Rate Letter) | 87.37 | 96.11 | Upper Limit |
| Fixed  | 36.12 | 45.81 |  |
| TOTAL RATE | $238.10 | $271.69 |  |
| MaineCare Days | 6,541 | 9,177 |  |
| MaineCare Funding Stream | $1,557,412 | $2,493,286 |  |
| **MaineCare Funding Stream Increase** |  | **$935,874** |  |

LincolnHealth has sufficient MaineCare revenue stream to offset the project’s estimated MaineCare impact. Lincoln County Health Care, LincolnHealth’s sole corporate member, entered into a purchase and sale agreement with Kindred Nursing Centers West in August 2008 for Fieldcrest Manor, a 70-NF facility located in Waldoboro, and Shores Village Rehabilitation and Nursing Center, a 60-NF facility located in Rockland and has continued to confirm with DHHS LincolnHealth’s continued availability of these bed rights and associated MaineCare revenue stream. No funding is required from the MaineCare funding pool.

Please refer to Exhibit 8-A Stephanie Rice Letter to Larry Carbonneau, April 3, 2013, for the calculation of the MaineCare revenue stream associated with these facilities.

|  |
| --- |
| **MaineCare Neutrality Test** **Sources and Uses of MaineCare Revenue Stream** |
| Sources |  |  | # of Beds | Value |
| Fieldcrest Manor |  |  | 70 | $2,069,683 |
| Shore Village |  |  | 60 | 1,558,993 |
| TOTAL SOURCES |  |  |  | $3,628,676 |
| Uses |  |  |  |  |
| USES (Gregory Wing) |  |  | 12 | ($935,874) |
| **Surplus (Shortfall)** |  |  |  | **$2,692,802** |

DHHS has confirmed LincolnHealth retains the remaining bed rights and associated MaineCare revenue stream for possible use, transfer or sale. (Project Technical Assistance Meeting; 41 Anthony Avenue, Augusta, May 2, 2013; Larry Carbonneau, Mike Swann, Richard Dwyer, MaineHealth and LincolnHealth representatives.)

**B. Certificate of Need Unit Discussion**

1. **CON Standards**

Relevant standards for inclusion in this section are specific to the determination that 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.

1. **CON Unit Analysis**

**MaineCare Neutrality**

This project is subject to MaineCare neutrality. MaineCare neutrality is computed by comparing the utilization of MaineCare resources between Gregory Wings current 30 bed SNF/NF capacity and the proposed 42 bed SNF/NF capacity. Calculations for additional beds are made assuming a 95% MaineCare occupancy rate. The current MaineCare utilization for the 30 bed SNF/NF is $1,557,412 using the 7/1/2014 daily rate of $238.10 and current MaineCare Occupancy. The projected MaineCare utilization for the proposed 42 bed SNF/NF is $2,907,626 using the pro forma cost report rate of $271.69 and the appropriate occupancy percentage. The increase in MaineCare utilization is $1,350,214.

The resources available for the project are listed in Sources and Uses of MaineCare Funding. The applicant has identified a source of revenue available for offsetting the projects annual expenses.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sources/****Uses** | **Facility** | **# of beds** | **Value $** | **Allocated Beds** | **Value $** |
| **Sources:** | Fieldcrest Manor | 70 | $2,069,683 | 0 | $ - |
|  | Shore Village | 60 | $1,558,993 | 52 | $1,351,127 |
|  | Gregory Wing | 30 | $1,557,412 | 30 | $1,557,412 |
|  |  |  |  | 82 | $2,908,539 |
| **Uses:** |  |  |  |  |  |
|  | Gregory Wing- Existing |  |  | 30 | $1,777,124 |
|  | Gregory Wing- New |  |  | 12 | $1,130,502 |
|  |  |  |  | 42 | $2,907,626 |
|  | Maine Care Savings (Deficit) |  |  |  | $913 |

The above table indicates that the revenue stream from 52 Shore Village beds is sufficient to offset the increased incremental revenues of opening 12 new SNF/NF beds at Gregory Wing. This incremental revenue also includes the incremental revenue attributed to operating the existing beds. The applicant will retain the value of the 70 beds of Fieldcrest Manor ($2,069,683) and the 8 remaining Shore Village beds (207,866).

The provider has sufficient resources to make this project MaineCare neutral. The applicant has suggested that the actual use of MaineCare resources will be $2,493,286 this would suggest that the calculated MaineCare neutrality is sufficiently conservative as to ensure MaineCare neutrality in this instance.

No funding is required from the MaineCare funding pool.

1. **Conclusion**

CONU 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**

|  |  |
| --- | --- |
| Letter of Intent filed: April 18, 2014Subject to CON review letter issued: April 23, 2014Technical assistance meeting held: May 2, 2014CON application filed: December 1, 2014CON certified as complete: December 1, 2014Public Information Meeting Held: N/A |  |
| Public Hearing held: N/A |  |
| Comment Period Ended: January 14, 2015 |  |

**X. Findings and Recommendations**

Based on the preceding analysis, including information contained in the record, the CONU 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 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, CONU recommends that the Commissioner determine that this project should be **approved.**