#### Date: April 26, 2016

**Project**: **Transfer of 6 SNF/NF beds from Presque Isle Rehab and Nursing Center to Caribou Rehab and Nursing Center.**

**Proposal by: Caribou Nursing Center, Inc.**

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

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

**Directly Affected Party: None**

**Certificate of Need Unit Recommendation: Approval**

 **Proposed Approved**

 **Per Applicant** **CON**

Estimated Capital Expenditure $125,000 $125,000

Maximum Contingency $0 $0

Total Capital Expenditure with Contingency $125,000 $125,000

Pro-Forma Marginal Operating Costs $ 0 $0

MaineCare Neutrality Established N/A

# I. Abstract

**A.** **From Applicant**

1. Abstract for Caribou Nursing Home, Inc.
2. **The applicant is Caribou Nursing Home, Inc**., which operates two Nursing Facilities in central Aroostook County. The two facilities operate under the dbas of **Caribou Rehab and Nursing Center**, located at 10 Bernadette Street, Caribou, ME 04736 and **Presque Isle Rehab and Nursing Center**, located at 162 Academy Street, Presque Isle, ME 04769. Caribou Nursing Home, Inc. was formed by Albert Cyr in 1972, who then built the Caribou facility in 1973, expanded it in 1975 and acquired the Presque Isle facility in 1976. Mr. Cyr’s 6 children have all worked at these facilities in some capacity with 4 of them serving as licensed Administrators. Caribou’s Administrator is currently Philip Cyr and Presque Isle’s Administrator is currently Rose Marie Cyr Louten.
3. **The project consists of** transferring the license for 6 NF beds from the Presque Isle facility to the Caribou facility.
4. **The project is being considered** primarily due to the inability to secure adequate physician coverage at the Presque Isle facility. Presque Isle struggled to fill its beds in fiscal year 2015. One of two primary physicians retired; in an effort to continue to serve its residents, Rose-Marie appealed to DHHS to allow non-physician practitioners to follow NF level residents. This was denied. The Aroostook Medical Center has a Family Practice physician group. They follow 12 of our 67 residents and are unable to follow SNF level residents. The remaining residents are followed by a semi-retired physician who becomes overwhelmed with the number of residents he cares for. He will periodically place a hold on admissions. A secondary reason is a lack of staff at the Presque Isle facility. Because of inadequate funding to NFs, Presque Isle is unable to compete with The Aroostook Medical Center for wages and benefits. Many staff from Presque Isle will resign to take positions at the hospital.
5. **The project will enable** more residents/patients to be served in central Aroostook County as the Presque Isle facility has times of empty beds with patients awaiting and no doctor willing to provide coverage, therefore preventing admission and beds remaining empty. The Caribou facility has a physician (Dr. Carl Flynn) who is willing to take on more patients and Caribou has had more success in securing CNAs due to the thriving CNA education programs in Caribou.
6. **The project construction will commence** in late spring/early summer with changes in occupancy targeted for July 1, 2016. Contractor availability may impact commencement date.
7. **The project cost is** roughly estimated to be $125,000 for the Caribou renovations; there are no renovations necessary in Presque Isle.

#

**CONU Comment #1**

According to 22 M.R.S.A Section 334-A Section 2 a Certificate of Need is required for:

**Projects to relocate beds.** Nursing facility projects that do not add new nursing facility beds to the inventory of nursing facility beds within the State, but instead propose to relocate beds from one or more nursing facilities to one or more existing or new nursing facilities.

# II. Fit, Willing and Able

1. **From Applicant**

II. Fit Willing and Able for Caribou Nursing Home, Inc.

1. Name and Address of Applicant is: **Caribou Nursing Home, Inc.**,

10 Bernadette Street, Caribou, ME 04736. Telephone number is 498-3102.

1. Caribou Nursing Home, Inc. operates two locations under two dbas: **Caribou Rehab and Nursing Center**, 10 Bernadette Street, Caribou, ME 04736 and **Presque Isle Rehab and Nursing Center**, 162 Academy Street, Presque Isle, ME 04769. The two dbas both use the same Federal tax ID number and file one combined income tax return. They each, however, have separate Medicare/Medicaid and NPI Provider numbers and file separate Medicare/Medicaid Cost Reports.
2. Phil Cyr, Administrator of Caribou Rehab and Nursing Center, is brother to Rose Marie Cyr Louten, Administrator of Presque Isle Rehab and Nursing Center. Their father Albert Cyr built the Caribou facility in 1972-73 and purchased the Presque Isle facility in 1976. Albert and Anne Cyr, their 6 children and 11 grandchildren are all shareholders of Caribou Nursing Home, Inc.
3. Other than the above, there are no other affiliates or principles and none have been involved with any other health care facilities in the last 24 months with the following possible exception: The same 19 shareholders described above did own, until December 31, 2015, Leisure Gardens, Inc., an unlicensed private apartment complex in Presque Isle. Leisure Gardens is now owned by a nephew, Douglas Cyr, one of the 19 prior shareholders. Leisure Gardens caters to the elderly and does offer limited unlicensed personal care attendant services. Phil Cyr did previously own the Katahdin Nursing Home in Millinocket from 1982 to 2009. He also was Executive Director of the Visiting Nurses of Aroostook (private nonprofit) from 1988 to 1996.
4. Caribou Nursing Home, Inc. and its two administrators have been in the nursing home business for multiple decades. As such they have operated high quality 5 star facilities. The proposed project will enable them to continue to do so and the project is being triggered by the Presque Isle facility’s struggle to obtain physician coverage. Transferring 6 beds to the Caribou facility will enable them to continue fully servicing central Aroostook residents and prevent financial jeopardy of the Presque Isle facility due to vacant beds.
5. Enclosed is an MOU signed by all the shareholders with voting stock in Caribou Nursing Home, Inc., agreeing to this transfer of 6 beds from Presque Isle to Caribou.

**B. Certificate of Need Unit Discussion**

1. **CON Standard**

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

1. **CON Unit Analysis**

Caribou Rehab and Nursing Center is licensed for 61 dually licensed SNF/NF beds. The facility is located at 10 Bernadette Street in Caribou, Maine. The administrator is Philip A. Cyr. The license was issued on January 5, 2016 and is valid through January 31, 2017.

A review of Caribou Rehab and Nursing Centers last completed survey data, available from Medicare.gov website revealed the following ratings:

|  |
| --- |
| **Caribou Rehab and Nursing** |
| **Nursing Home Compare Ratings** |
| **Category** | **Ratings** |
| Overall | Much Above Average |
| Health Inspections | Above Average |
| Staffing | Much Above Average |
| Quality Ratings | Much Above Average |

Caribou Rehab and Nursing Center scored “Much Above Average” in three categories rated by CMS, with an overall rating of “Much Above Average”. The last recertification survey was conducted on March 4, 2015. The result of the survey was the identification of two (2) deficiencies. Both deficiencies were Level 2 (minimal harm or potential for actual harm) or below. The average number of health deficiencies identified during a recertification survey in Maine is 3.3; the average number of health deficiencies in the United States is 6.9.

Inspectors determined that the nursing home failed to:

**1)** Store, cook, and serve food in a safe and clean way.

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

All deficiencies were corrected by March 20, 2015.

On February 24, 2016 a complaint survey was conducted for the purpose of investigating allegations of poor quality of care or treatment and poor dietary services. Based upon the information obtained during the investigation, the allegations were unable to be substantiated and regulatory violations were not identified.

Survey data for this facility can be accessed at Medicare.gov and is on file at CONU.

The commissioner can rely on data available to the department regarding the quality of health care provided by the applicant as allowed at M.R.S. 22 §337 (3).

**Deeming of Standard**

As provided for at 22 M.R.S. § 335 (7) (A), if the applicant is a provider of health care services that are substantially similar to those services being reviewed and is licensed in the State, the requirements of this paragraph are deemed to have been met if the services previously provided in the State by the applicant are consistent with applicable licensing and certification standards.

Caribou Rehab and Nursing Center has operated under the ownership of the Cyr family since it was built in 1973 and has been a provider of SNF/NF services since its opening. The services provided by the applicant are consistent with applicable licensing and certification standards.

1. **Conclusion**

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

# III. Economic Feasibility

1. **From Applicant**
2. The cost of this project will basically involve the tearing down and rebuilding of some sheetrock walls at the Caribou Rehab facility to reinstitute resident bedrooms where they were in the past. Included with this will be the building of new bathrooms, fully ADA compliant where space permits.
3. In addition to the construction, we’ll need to purchase 6 new beds and bedroom furniture sets.
4. The anticipated cost for the above is approximately $125,000. (We are awaiting a contractor’s estimate.) This amount is manageable within our normal cash flows and annual renovation-equipment replacement line of credit with Key Bank.
5. These renovations shouldn’t take more than 1-2 months in early summer of 2016.
6. Presque Isle Rehab anticipates reducing CNA’s by three 8 hour positions per day (three 56-hour FTEs) and one 12 hour licensed nurse per day (one and ½ 56-hour FTEs). In addition there will be some minor reductions to dietary staff.
7. Caribou Rehab will add the exact CNA and Licensed Nurse staff that Presque Isle is reducing. In addition Caribou is increasing one 8 hour housekeeper per day (one-56 hour FTE). These facilities’ staff changes will be made to our current (as of this writing) staff levels.
8. Please refer to the following one-year MaineCare Cost Reports for Presque Isle and Caribou. With each Cost Report is an assumptions page that explains:
	1. the anticipated census mix,
	2. the projected staff FTE’s and wages,
	3. our adding 4% inflation to the cost of non-wage expenses for 21 months (1.75 years) of inflation over our Sept. 2015 expenses and
	4. our adding 3.2% to wages and benefits as proposed by legislation currently filed by Senator David Burns for all NFs. This 3.2% is added to the projected staffing.
9. With each Cost Report is a simplified Income Statement prepared by Bryan Smith, CPA who also prepared the projected Cost Reports.

**B. Certificate of Need Unit Discussion**

1. **CON Standard**

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

* Capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and
* The applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules.If the applicant is a provider of health care services that are substantially similar to those services being reviewed and is licensed in the State, the applicant is deemed to have fulfilled the requirements. This is allowable if the services provided in the State by the applicant during the most recent 3-year period are of similar size and scope and are consistent with applicable licensing and certification standards.
1. **CON Unit Analysis**

This project involves relocating six (6) beds from Presque Isle Rehab and Nursing Center to Caribou Rehab and Nursing Center. After this transaction is completed Presque Isle Rehab and Nursing center will decrease its licensed capacity from 67 SNF/NF beds to 61 SNF/NF beds. Caribou Rehab and Nursing Center will increase its licensed capacity from 61 SNF/NF beds to 67 SNF/NF beds. Both these facilities are owned by Caribou Nursing Home, Inc. Expenditures associated with this project involve construction costs of $125,000. No new borrowing is necessary to complete the construction. Additional staffing costs at Caribou Rehab and Nursing Center will be partially offset by staff reductions at Presque Isle Rehab and Nursing Center. The estimated implementation date of this project is the summer of 2016.

As stated in M.R.S.A. §334-A 2, projects to relocate beds are not subject to or limited by the nursing facility MaineCare funding pool. Therefore, MaineCare neutrality provisions do not apply to this transaction. The applicant provided pro forma cost reports and financial projections to CONU. CONU reviewed the underlying assumptions regarding staffing, capital costs, MaineCare utilization and pending inflation adjustments and found them reasonable. Final reimbursement rates associated with this transaction will be computed by DHHS Rate Setting and DHHS Office of Audit.

Philip A Cyr, Administrator of Caribou Rehab and Nursing Center and Rose Marie Cyr Louten, Administrator of Presque Isle Rehab and Nursing Center have been in the nursing home business for multiple decades. This experience coupled with the relocation of beds should have a positive impact on the financial strength of both facilities.

**Changing Laws and Regulations**

CON Unit staff is unaware of any imminent or proposed changes in laws and regulations that would significantly 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 for at 22 M.R.S. § 335 (7) (B), if the applicant is a provider of health care services that are substantially similar to those services being reviewed and is licensed in the State, the applicant is deemed to have fulfilled the requirements of this standard if the services provided in the State by the applicant during the most recent 3-year period are of similar size and scope and are consistent with applicable licensing and certification standards.

The applicant has operated, and will continue to operate Caribou Rehab and Nursing Center facility after the transaction.

1. **Conclusion**

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

# IV. Public Need

**A. From Applicant**

1. As of this writing, Caribou Rehab and Nursing has a recently updated waiting list for long term NF care of **60** people. We are also refusing 1-2 SNF residents per week (7 per month) due to no empty beds. Presque Isle Rehab and Nursing also is refusing people but their reason is lack of a doctor, therefore some of their beds remain empty. Presque Isle’s inability to fill their beds is denying the region needed nursing home services. Caribou’s Medical Director, Dr. Carl Flynn, is willing to take on more patients with us so transferring 6 beds to Caribou will better serve the region.
2. Denying the region of needed NF services results in people either being stuck in local hospitals or being caught in a revolving door of going from home to the hospital for a few days, then back home, then back to the hospital… The Maine Hospital Assoc. has been vocal for several years of how their beds are being clogged by NF patients due to insufficient NF facilities throughout Maine. Maine is the oldest state in the USA and Aroostook is one of the oldest counties in Maine, if not the oldest. Therefore our situation is as bad as or worse than southern Maine and the rest of the USA.
3. Caribou’s market is essentially the same as Presque Isle’s market. We both serve central Aroostook County. Presque Isle families may be inconvenienced somewhat by having to drive 13 miles to visit mother at the Caribou facility, but the alternative is mother isn’t getting any care because Presque Isle Rehab and Nursing has no doctor to care for her. Allowing Caribou to expand its services will impact the region positively.
4. As for quality, Caribou Rehab has been a 5 star rated facility since the rating system was implemented in 2008. We have received awards from My Inner View survey company each of the two times we’ve employed them (2007 & 2011) for being in the top 10% nationally for the number of resident families that would recommend us to their families and friends. Monthly surveys of our discharged Skilled patients show about 95% of them either agree or strongly agree they are satisfied with our services and would recommend us to their friends. Our steadily having more SNF referrals than we are able to accommodate is the result of community word of mouth satisfaction with our services.

**B. Certificate of Need Unit Discussion**

1. **CON Standard**

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

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

In order to determine public need, CONU reviewed the demographic and service use trends in Caribou Rehab and Nursing Center service area (Aroostook 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>.

Aroostook County is the northern-most county in Maine with a population of 68,628 as of July 2015. Although Aroostook County is larger than Connecticut and Rhode Island combined it accounts for only 5% of Maine’s population. Approximately 21.3% of the population is 65 and over. The 65 and over population is expected to experience a 37.5% increase between 2010 and 2022. This coincides with the State of Maine as a whole where the 65 and above population continues to grow at a rate faster than New England and the United States as a whole. Statewide nursing home utilization declined between 2000 and 2008 but leveled off in 2010.

As of 2012 Aroostook County had 39 nursing home beds per 1,000 persons age 65 and above which is higher than the State average of 33 beds per 1,000. This information was updated to reflect the recent closure of St. Joseph Nursing Home in Frenchville. CONU prepared a summary of occupancy data for Caribou Rehab and Nursing Center and other Aroostook County nursing facilities using the latest data available (12/15/2015):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Total** | **Total** | **Occupancy** |
| **Nursing Facilities: Aroostook County** | **City/Town** | **Beds** | **Occupancy** | **%** |
| Borderview Rehab & Living Ctr | Van Buren | 55 | 46 | 83.64% |
| Caribou Rehab And Nursing Center | Caribou | 61 | 58 | 95.08% |
| Forest Hill Manor | Fort Kent | 45 | 47 | 104.44% |
| Gardiner Health Care Facility | Houlton | 45 | 37 | 82.22% |
| High View Manor | Madawaska | 51 | 49 | 96.08% |
| Madigan Estates | Houlton | 99 | 85 | 85.86% |
| Maine Veterans Home - Caribou | Caribou | 40 | 34 | 85.00% |
| Mercy Home | Eagle Lake | 40 | 40 | 100.00% |
| Presque Isle Rehab And Nursing Center | Presque Isle | 67 | 60 | 89.55% |
| TAMC - AHC | Mars Hill | 72 | 54 | 75.00% |

Caribou Rehab and Nursing Centers occupancy rates compare favorably with other providers at 90.12% and is approximately equal to the almost 90% occupancy rate of Aroostook County as a whole. CONU received historical occupancy data for both Presque Isle Rehab and Nursing Center and Caribou Rehab and Nursing Center which demonstrates an occupancy rate of over 90% for the past three years. It should be noted that Borderview and Gardiner had occupancy rates of over 85% in previous months. In addition TAMC-AHC is a hospital-affiliated facility and caters predominantly to SNF patients which skews their average occupancy. This transaction involves the relocation of 6 SNF/NF beds from Presque Isle to Caribou which are in the same service area. The demographics of Aroostook County along with Caribou Rehab and Nursing Centers occupancy data clearly demonstrate a need for SNF/NF services in the area.

Relocating these SNF/NF beds will have a positive impact on the health status indicators of the population to be served. Increasing Caribou Rehab and Nursing Centers total beds by six will reduce their long waiting list and provide patients with the care of a physician. Presque Isle will be able to shed excess beds and right size their capacity which will make them more efficient.

No services will be affected by this project as they will be relocated within the same service area and within a relatively short driving distance (13 miles). Both skilled and long-term care services will be accessible to all residents in the area.

As stated by the applicant this facility strives to provide quality services in the Aroostook County area. The facility has achieved several quality benchmarks and has received recognition from numerous organizations in regards to quality and the array of services the facility offers.

1. **Conclusion**

CON Unit recommends that the Commissioner find that the applicant has met their burden to show that there is a public need for the proposed project.

# V. Orderly and Economic Development

**A. From Applicant**

1. The proposed project has a neutral impact on health care costs both locally and for the state of Maine. The regional number of nursing home beds will remain the same and facilities other than Caribou/Presque Isle will be unaffected.
2. The MaineCare reimbursement will be cost neutral because the 6 beds transferred to Caribou will be used to service Medicare clients. That allows the prior MaineCare NF reimbursement to be used to increase the MaineCare rate for the two involved facilities.
3. The projected Cost Reports show the non-wage facility expenses to increase by 4% to account for 21 months of inflation (2.3% annual rate). The base numbers that the inflation is added to are from our FYE 9/2015 and the projected cost reports are for the 12 month period ending 6/2017. The wage and benefit related expenses are increased by 3.2% over our current staffing costs. This 3.2% is the increase proposed in current legislation introduced by Senator David Burns in accordance with the statute that passed from the Committee to Study the Closure of LTC facilities. The 3.2% is to fund the scheduled NF rebasing to 2013 costs plus a medical CPI COLA.
4. The inflated expenses to the facilities described above place both facilities over our projected estimate of the new peer group caps. Therefore not all of these expenses are covered by MaineCare. Despite some expenses not reimbursed by MaineCare, the two facilities each show a positive profit due to the number of Private and Medicare clients. The Private rates used were inflated similar to the expenses but the Medicare rates used are the current rates not inflated.
5. The net profit to Caribou Nursing Home, Inc., that owns these two facilities, is substantially increased from our experience of FYE 9/2015 of $43,000 to a projected $395,000. This increase is the result of eliminating non-revenue producing empty beds at Presque Isle, moving them to Caribou and filling them with profitable Medicare clients. This strengthens the ability of Caribou Nursing Home, Inc. to continue servicing the central Aroostook area. Should any of the assumptions used in the projected operations not favorably materialize, there is substantial cushion to absorb such.
6. We are unaware of any alternative technologies or methods that will render nursing facility services obsolete. Any residents that can be effectively serviced at home or in residential care facilities are already opting for these less restrictive settings.

**B. Certificate of Need Unit Discussion**

1. **CON Standard**

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

* The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;
* The availability of state funds to cover any increase in state costs associated with utilization of the project's services; and
* The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available.
1. **CON Unit Analysis**

This transaction involves relocating beds from Presque Isle Rehab and Nursing Center to Caribou Rehab and Nursing Center. No major changes to services or to bed licenses are anticipated in the service area but services will be reallocated to meet service demands and improve the financial health of both facilities. The final impact on health care expenditures will be determined by the DHHS Rate Setting and DHHS Office of Audit since this transaction is not subject to MaineCare neutrality requirements.

MaineCare reimbursement rates for direct care, routine services and fixed costs will change for both facilities due to both cost and occupancy changes. These costs are ordinary and necessary and will be paid for with available State funds. It should be noted that the six (6) beds transferred to Caribou Rehab and Nursing Center are projected to be skilled nursing beds and will be reimbursed through Federal Medicare funds.

Caribou Rehab and Nursing Center is an existing nursing facility that has provided necessary services in the Aroostook County area for decades. It is highly unlikely that more effective, more accessible or less costly alternative technologies or methods of service delivery will become available.

1. **Conclusion**

CON Unit recommends that the Commissioner find that the applicant has met its burden to demonstrate that the proposed project is consistent with the orderly and economic development of health facilities and health resources for the State.

# VI. Outcomes and Community Impact

**A. From Applicant**

1. In addition to the discussion of Caribou’s quality of services numbered 4. on document **IV. Public Need**, Caribou Rehab received the AHCA Bronze Award in Oct. 2015.
2. Both Caribou and Presque Isle facilities have begun QAPI (Quality Assurance Process Improvement) programs. Topics that are monitored for improvement include:
	1. Falls with injury reduction
	2. Medication errors
	3. Adverse drug events
	4. Infection control
	5. Pressure ulcers
	6. Unintended weight loss
	7. Pain control
	8. Contractures
	9. CNA job task compliance
	10. Restraint free
3. Caribou Nursing Home, Inc. facilities both have CNA staffing well in excess of 4 hours per resident per day as compared to just over 3 hours average for Maine and 2.5 hours for the USA. We also believe in “do the job right or don’t do it at all”. As such, we maintain high expectations for our staff and strongly enforce discipline. Employees that do not perform their duties to high standards are counseled on how to do a better job. If they continue to fail, they are given a written reprimand and informed that lack of improvement will result in job termination, which occurs if no improvement is shown.
4. Transferring 6 beds from Presque Isle Rehab to Caribou Rehab aids the local communities in that the same service area will make use of them. Lack of physician coverage at Presque Isle Rehab resulted in empty beds, which benefited no one.
5. The intended use of the 6 beds transferred to Caribou Rehab is to service the Skilled Rehab (Medicare) population. The Caribou facility is specializing more in this area and has become the “Go to” facility for orthopedic (hips and knees) rehabilitation. The need for this service continues to grow annually.

**B. Certificate of Need Unit Discussion**

1. **CON Standard**

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

1. **CON Unit Analysis**

The applicant is transferring beds between two existing nursing homes under the same corporate umbrella (Caribou Nursing Home, Inc.). This transaction is occurring between two long established facilities in the service area. Continuing necessary services in the current geographic areas will have a positive impact on the quality of care. The existing scope of services will not be changed but will be relocated. Any future addition of services will be aligned with the needs of the community. Since there will be no overall increase in the number of licensed beds in the area there will likely be no negative impact to any existing service providers in the area. The applicant has begun QAPI (Quality Assurance Process Improvement) programs which are summarized above. In addition Caribou Rehab and Nursing Center has direct care staffing in excess of Maine and National averages.

As noted in the Fit, Willing and Able section of this analysis the facility received an “Much Above Average” rating for quality on the medicare.gov website. Any deficiencies noted on the latest accreditation and complaint surveys were addressed in a timely manner.

1. **Conclusion**

CON Unit recommends that the Commissioner find that the applicant met their burden to demonstrate that this project will ensure high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.

# VII. Service Utilization

1. **From Applicant**
2. Transferring NF beds from Presque Isle to Caribou enables the same market area to access the NF beds.
3. The fact the transferred beds will be utilized to serve Medicare clients, thereby freeing up MaineCare money to increase MaineCare reimbursement to the affected facilities, ensures that the high quality services that the region expects will continue to be provided.
4. Transferring the unable-to-be-used beds to Caribou is logical in that Caribou once was a 110 bed facility and has the ability to grow from the current 61 beds to 67 beds without expanding its footprint. The renovation costs to return rooms that were once bedrooms, back to being bedrooms, are minimal when compared to the cost of new construction to expand a facility.
5. There are no other known projects involving NF beds in the area therefore no potential conflict or duplication of services.

**B. Certificate of Need Unit Discussion**

1. **CON Standard**

Relevant standards for inclusion in this section are specific to the determination that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum as established in Title 24-A, section 6951, when the principles adopted by the Maine Quality Forum are directly applicable to the application.

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.

This application is for a relocation of beds between existing facilities in a specific service area and does not increase the overall number of nursing home beds or drastically change in the services offered. This transaction will not result in inappropriate increases in utilization.

1. **Conclusion**

CON Unit recommends that the Commissioner find that the applicant has met their burden to demonstrate that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum.

# VIII. Timely Notice

**A. From Applicant**

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

**B. Certificate of Need Unit Discussion**

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

Letter of Intent filed: January 18, 2016

Technical Assistance meeting held: February 11, 2016

CON application filed: March 18, 2016

CON certified as complete: March 18, 2016

Public Information Meeting held: Waived

Public Hearing: None requested

Close of Record: April 26, 2016

# IX. Findings and Recommendations

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

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

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

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

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

**C.** There is a public need for the proposed services as demonstrated by certain factors, including, but not limited to;

1. The extent to which the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
2. The project has demonstrated that it will have a positive impact on the health status indicators of the population to be served;
3. The project will be accessible to all residents of the area proposed to be served; and
4. The project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project;

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

1. The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;
2. The availability of State funds to cover any increase in state costs associated with utilization of the project’s services; and
3. The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available was demonstrated by the applicant;

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

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

**G.** The project does not need funding from within the Nursing Facility MaineCare Funding Pool.

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