

**Department of Health and Human Services
Division of Licensing and Regulatory Services
State House Station #11, Augusta, Maine
Preliminary Analysis**

Date: January 11, 2016

Project: Acquisition of Control of Coastal Eye Surgery Center, LLC

Proposal by: Covenant Surgical Partners, 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 Per Applicant	Approved CON
Estimated Capital Expenditure	\$0	\$0
Maximum Contingency	\$0	\$0
Total Capital Expenditure with Contingency	\$0	\$0
Pro-Forma Marginal Operating Costs	\$0	\$0
MaineCare Neutrality Established		N/A

I. Abstract

A. From Applicant

Introduction and Scope of Review

This Certificate of Need (“CON”) application is being submitted for review of a two-step transaction (the “Transaction”) that will result in the shared ownership of an ophthalmology surgery center (“the Eye Center”). The Eye Center will be owned 51% by Covenant Surgical Partners, Inc. (“Covenant”) and 49% by Coastal Eye Center, LLC, an entity that has been licensed since 2008 as an ambulatory surgery center in Maine (“Coastal Eye”). Coastal Eye is an Ambulatory Surgical Facility as defined in 22 M.R.S.A. § 328 (“ASF”). It is wholly owned by Lawrence Piazza, M.D., an ophthalmic surgeon who lives, resides and practices medicine in Maine.

Summary of Project

This change in ownership is intended to accomplish the seamless continuation of a long-standing ophthalmology surgery center, with infused resources, and management expertise. Ostensibly, the involvement of the new investor will have little or no impact on the operations of the facility. Dr. Piazza and his colleagues will continue to provide surgical services in the ASF.

Coastal Eye is a Maine limited liability company with a principal place of business at 128 Bucksport Road, Ellsworth, Maine 04605. Coastal Eye is licensed as an ASF. A floor plan of Coastal Eye is included as **Exhibit 1**. A copy of the Surgery Area Space is attached as **Exhibit 2**. These are the same drawings submitted in the 2006 CON application by Dr. Piazza when the ASF was first opened. The depictions on Exhibits 1 and 2 are not intended to change in any way. Coastal Eye is wholly owned by Lawrence Piazza, M.D., a Maine resident who is Board certified and licensed to practice medicine in the State of Maine. A copy of his license and CV is attached at **Exhibit 3**. Coastal Eye provides the space and equipment for the rendering of a range of surgical eye procedures including but not limited to LASIK/Refractive vision correction, laser assisted and conventional small incision cataract surgery, oculoplastic surgery, YAG Capsulotomy laser treatments, YAG Laser Peripheral Iridotomy treatments, Selective Laser Trabeculoplasty treatments, and a variety of ophthalmic lid procedures. Coastal Eye serves approximately one thousand three hundred (1300) patients annually who are primarily located in Hancock, Penobscot, and Washington counties. More information about Coastal Eye can be found on its website at <http://www.coastaleyecare.net/>.

Covenant is a Delaware corporation with a principal place of business at 401 Commerce Street, Suite 600, Nashville, Tennessee, 37219. Covenant is a privately-held successful owner and operator of single and limited specialty ambulatory surgery centers with physician partners around the country. Covenant has a variety of shareholders including several health care and financial executives. Covenant’s mission includes the delivery of quality patient care in an

I. Abstract

efficient and cost effective manner. More information about Covenant can be found on its website at <http://www.covenantsurgicalpartners.com/>.

The Transaction will involve the transfer of all or substantially all of the assets of Coastal Eye into the Eye Center. In exchange, Coastal Eye will receive cash consideration and a 49% interest in the Eye Center. Covenant will purchase 51% of the assets of the Eye Center. The Transaction will not result in any change in the physical location or operations of Coastal Eye, nor will the transaction alter the current physician-patient relationships or affect how patients interact on a day-to-day basis with the practices. The Eye Center will utilize Covenant's expertise in managing ambulatory surgical facilities so that the physicians can focus on providing quality care to patients.

The parties intend to finalize the proposed Transaction on or before December 31, 2015, and will work with CMS and DHHS licensing to effectuate transfer of the ASF provider numbers to the Eye Center.

Request for Simplified Review

The parties request a simplified review, to the extent a review is required. Because CON review of this matter is limited to the transfer of ownership of Coastal Eye, the parties respectfully request that the Transaction be analyzed under a simplified review process. Under 22 M.R.S.A. §336(3), a certificate of need may be issued for a project under a simplified review if the project involves the acquisition of control of a health facility when the acquisition consists of a management agreement or *similar arrangement* and primarily involves the day-to-day operation of the facility in its current form. Here, the Transaction consists of a management agreement or *similar arrangement* and primarily involves the day-to-day operation of the facility in its current form. The Eye Center will be operated pursuant to a management contract with Covenant. The Transaction will not materially alter the day-to-day operations of Coastal Eye, as the providers rendering the services, including Dr. Piazza, would continue to provide the medical and surgical services. Dr. Piazza will remain the owner of 49% of the membership interests. As a result of the Transaction, the Eye Center will utilize Covenant's expertise in managing ambulatory surgical facilities, with the physicians continuing to provide quality surgical services and related health care to the Eye Center patients. Notably, other than the change in ownership (51%), no other categories of CON criteria are applicable.

CONU Comment #1:

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

Transfer of ownership; acquisition by lease, donation, transfer; acquisition of control. Any transfer of ownership or acquisition under lease or comparable arrangement or through donation or any acquisition of control of a health care facility under lease, management agreement or comparable arrangement or through donation that would have required review if the transfer or acquisition had been by purchase, except in emergencies when that acquisition of control is at the direction of the department.

II. Fit, Willing and Able

A. From Applicant

There can be no doubt that the Eye Center, comprised of every asset and resource of Coastal Eye, including its work force, should be deemed fit, willing and able to successfully undertake this Transaction and to continue to provide the same type and volume of surgical eye procedures that have been rendered by Coastal Eye for years. Indeed, the involvement of Covenant in the ASF will serve to strengthen the facility in every way that is beneficial to patients and the State of Maine.

Coastal Eye, alone, meets applicable standards under this category. Coastal Eye is a thriving ASF recognized as a quality surgical center by national organizations. In 2008, the American Osteopathic Association granted Full Accreditation to the facility. *See Exhibit 4.* Dr. Piazza, the sole owner of the ASF, passed the American Board of Ophthalmology's Demonstration of Ophthalmic Cognitive Knowledge examination, and completed the Maintenance of Certification process. *See Exhibit 5.* In addition, Coastal Eye has received certification from the Center for Medicare Services as an Ambulatory Surgical Center. *See Exhibit 6A.* The certification has been renewed without any findings of deficiencies. *See Exhibit 6B.* Quality assurance data maintained by Coastal Eye reflects that the facility meets or exceeds applicable ASF standards. Indeed, audits by the State in connection with license renewals have yielded high marks. Patient satisfaction surveys meet or exceed the national average of 90%. Data is available upon request. Coastal Eye has performed approximately 2,500 surgical procedures annually over the past three years, of which approximately 1,300 per year are cataract surgery procedures. This is discussed in more detail under the "Public Need" section below.

Covenant brings a longstanding national history of managing successful ambulatory surgery centers, including but not limited to ophthalmology. Ownership by this eminent investor can only improve and ensure the longevity of this facility. Of the 29 centers owned and operated in other states, three are devoted exclusively to ophthalmology.

Covenant brings to the table a breadth of experience in managing ASFs, and has stability in the marketplace, name recognition, substantial resources, and an outstanding reputation across the country. Covenant intends to provide the following administrative and management services to the Eye Center allowing Dr. Piazza and his physicians to focus on their patients:

- Implementing an electronic health record and clinical information system;
- Handling all of the accounts payable and cash management;
- Annual budget preparation;
- Handling all of the supply chain management for the center; and
- Handling all the accreditation, compliance, and credentialing for the center.

II. Fit, Willing and Able

Further, Covenant intends to, and is able to infuse funds, including potential capital expenditures, to keep the equipment current¹, allowing the physicians to continue to provide state of the art surgical eye care services. The ASF will be able to continue its missions of providing high quality cost-effective eye care at less than 50% of the cost of care provided in area hospitals. Covenant's involvement also presents the potential for pursuing cutting edge technologies, practices and standards, well into the future.

Covenant is interested in acquiring an ownership interest in Coastal Eye because it recognizes the existing value of this high quality, thriving facility, and sees an opportunity for further growth, commensurate with trends and practices throughout the United States. As a leader in maintaining and operating ambulatory surgery centers, Covenant is in a strong position to achieve cost efficiencies, maintain and promote national practices and standards, and ensure the ongoing provision of high-quality ophthalmology services to Maine residents.

The Transaction will not cause any changes in the operation of the ASF. No material changes are planned for the ASF relative to current operations.

All of the above illustrates that the Eye Center should be deemed fit, willing and able to own and successfully operate the ASF involved in this Transaction.

¹ Any significant expenditures, not foreseeable at this stage, will be evaluated with respect to whether CON review might be triggered at the time.

B. Certificate of Need Unit Discussion

I. CON Standards

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

II. CON Unit Analysis

The most recent Federal survey of Coastal Eye Surgery was completed on December 17, 2014. Coastal Eye Surgery is in substantial compliance with the “Regulations governing the Licensing of Ambulatory Surgical Facilities” in the State of Maine.

Covenant Surgical Partners is a privately-held operator of 29 single and limited specialty ambulatory surgery centers with physician partners around the country. In order to determine Covenant’s compliance with the Fit, Willing and Able standard CONU requested the most recent Federal/State surveys for the following 6 Covenant partners:

Atherton Endoscopy Center 3351 El Camino Real, Suite 220 Atherton, CA 94027	Paramus Surgical Center, LLC 30 West Century Road, Suite 300 Paramus, NJ 07652
Capitol Surgical Center LLC 6410 Rockledge Drive, Suite 110 Bethesda, MD 20817	Surgery Center Plus 7430 North Shadeland Avenue, Suite 100 Indianapolis, IN 46250
Eynon Surgery Center 681 Scranton Carbondale Highway Eynon, PA 18403	Wisconsin Laser and Surgery Center 10200 W. Innovation Drive, Suite 700 Milwaukee, WI 53226

The applicant provided the surveys and associated plans of corrections for all deficiencies. All of the surveys were complete and plans of correction were approved. All of the facilities reviewed are certified and in good standing.

III. Conclusion

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

III. Economic Feasibility

A. From Applicant

The Transaction meets, if not far exceeds, the economic feasibility criteria applicable to CON applications.

The Eye Center and Covenant each have the ability to support the continued operations of the ASF. There is no anticipated change in operations. The contracts with payors, including with Medicare, are not expected to change. In light of the uncertainties of the health care market, there can be no assurances regarding rates, but that is the case regardless of whether Dr. Piazza continues as the sole owner of his ASF, or whether Covenant becomes a member of the LLC.

The proven track record of the ASF combined with the financial resources of Covenant, provides assurance regarding stability into the future, and the financial feasibility of the project. It is noteworthy that:

- No capital expenditures are anticipated;
- There will be no construction associated with the project.
- Changes to payroll or payroll costs are not anticipated in connection with the project.

The Eye Center and Covenant are well-positioned financially to operate the ASF in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other rules. The Eye Center and Covenant do not anticipate any interruption in services during and after the Transaction. Again, the Eye Center and Covenant will maintain operations substantially in their current form and, other than signage and changes to websites related to potential re-branding, no significant changes in the day-to-day operations of the ASF from a patient or financial perspective are anticipated. Therefore, we do not anticipate any increase in incremental operating expense in the first three (3) years.

I. CON Standards

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.

II. CON Analysis

As stated previously by the applicant this transaction involves the transfer of substantially all of the assets of Coastal Eye into the Eye Center. Covenant will purchase 51% of the assets of the Eye Center. Coastal Eye will receive cash consideration and will hold a 49% interest in the Eye Center. This transaction will not significantly alter the day-to-day operations of Coastal Eye Center. On January 6, 2016 the applicant provided additional information regarding this transaction which is summarized below:

Step One

Coastal Eye Surgery Center LLC ("Coastal") as the owner of a licensed ambulatory surgery center (the "ASC") located in Ellsworth, ME would contribute all of the assets of Coastal relating to the business of the ASC, including equipment, accounts receivable, contracts, licenses (to the extent assignable) and goodwill to a newly formed Delaware limited liability company ("New ASC, LLC") in exchange for 100% of the membership interests in NewASC, LLC.

Step Two

Coastal will sell 51% of the membership interests in NewASC, LLC to Covenant Surgical Partners, Inc. ("Covenant") and NewASC, LLC will enter into a management agreement with Covenant for Coventat to manage the operations of NewASC, LLC.

III. Economic Feasibility

Step Three

Following the purchase by Covenant of 51% of the membership interests in NewASC, LLC from Coastal, NewASC, LLC will be owned 51% by Covenant and 49% by Coastal. The applicant further submitted a flow chart summarizing the transaction which is on file at CONU.

The current providers of medical and surgical services will continue to provide these services. Furthermore, this transaction will involve no capital expenditures or new construction. No changes to payroll and associated costs should result from this transaction. No incremental increase in operating costs are anticipated over the next three years. Affiliation with Covenant is expected to consolidate financial, administrative, regulatory, contracting and human resources management functions and allow physicians at Coastal Eye to concentrate on the practice of medicine and the efficient utilization of its facility and the efficient scheduling of its patients.

Coastal Eye Surgery Center, LLC is profitable as a stand-alone facility. CONU reviewed MaineCare and Medicare utilization statistics for 2013, 2014 and through September of 2015 and concluded that volume has remained fairly consistent for each of the three periods analyzed. CONU requested consolidated balance sheets and consolidated statements of operations to assess Covenant's financial condition and its capacity to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project. Based on our review Covenant has sufficient financial resources to assist Coastal Eye Surgery in the event of unexpected declines in reimbursement and/or utilization.

Changing Laws and Regulation

Certificate of Need Unit staff is not aware of any imminent or proposed changes in laws and regulations that would affect 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.

III. Conclusion

CONU recommends that the Commissioner determine that the applicant has demonstrated that the project is economically feasible.

IV. Public Need

A. From Applicant

The Transaction does not involve a new project or new service. Instead, the ASF will continue to be an available, high-quality and cost effective venue for ophthalmology surgical services for residents of Hancock, Penobscot, and Washington counties.

At the time of the initial 2006 application for the ASF licensure, Dr. Piazza submitted detailed information regarding the geographic scope of his practice, and the demographics of the patients. *See Exhibit 7.* The data shows that the age 65+ population for Hancock and Washington counties are greater than the State as a whole. That trend has not changed.

The ASF meets a need in these regions, particularly as the patient base for the ASF is comprised largely of residents who are 65 years and older. The most common surgical procedure is cataracts performed primarily on individuals close to if not over 65 years of age. Coastal Eye has performed about 2,500 surgical procedures annually over the past three years, of which about 1,300 are cataract surgery procedures. Based on utilization through November 2015, it is anticipated that the Eye Center utilization will continue to exceed these numbers into the future.

Notably, the costs for ophthalmology surgery procedures continue to be far below the costs for the same procedure performed in a hospital setting. Data from the National Surgery Center Association reveals that a Medicare Beneficiary could pay as much as \$496 in coinsurance for a cataract extraction procedure, compared to a coinsurance amount of \$195 for the same procedure at an ASC. The cost differentials (sixty one percent (61%) for this one most-common ophthalmology procedure) further support the justification for permitting ownership arrangements that promote the sustainability of such facilities.

Regarding quality and health status indicators, Coastal Eye already has quality assurance plans and procedures in place that have passed state licensure and audited review standards. A copy of such plans, and/or performance measures can be provided, upon request. These same policies and procedures will continue, except to the extent that Covenant imposes heightened processes. Coastal Eye welcomes the opportunity to learn and consider better and improved means of making ambulatory surgical care available in this region.

Because the day-to-day operations of the ASF will not change as a result of this proposed change in ownership, but could only improve, there is no reason to anticipate any lesser quality outcomes or any reduction in patient satisfaction.

B. Certificate of Need Unit Discussion

I. 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:

IV. Public Need

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

II. CON Unit Analysis

Coastal Eye Surgery primarily treats Washington County and Hancock County residents who are 65 and over. CONU utilized Muskie School of Public Service's *Older Adults and Adults with Physical Disabilities: Population and Service Use Trends in Maine 2012 Edition* to analyze the demographic characteristics of these two counties. Washington Counties population age 65+ is expected to increase 40.9% and Hancock Counties population age 65+ is expected to grow by 57.6% between 2010 and 2022. This data is consistent with Maine as a whole whose 65+ population continues to grow at a faster rate than New England or the rest of the nation. Maines median age is the highest in the United States and that trend is projected to continue. Coastal Eye Surgery conducts a wide range of procedures as noted above in the Abstract section. The most common procedure involves cataract surgery are performed primarily on the 65+ population. Coastal Eye Surgery, founded in 2006, performs approximately 2500 procedures each year. Going forward they are expecting to exceed these numbers in the future based on population growth. This shows that there is a demand for surgical services to meet specific health problems in the area. The applicants believe that their current facility has sufficient capacity to meet demand in the foreseeable future.

Providing needed ophthalmology services in the Washington and Hancock County areas will have a positive impact on the health status indicators of the population to be served.

This proposed transaction will have no impact on the accessibility of services as no changes in location or services are part of this transaction. The services affected by the project will be accessible to all residents of the area proposed to be served.

The applicant has discussed its quality and outcome measure in previous sections of this analysis. As stated previously CONU has a copy of Coastal Eye Surgery and Covenants quality assurance plans and procedures utilized in each facility. Both entities have quality assurance data systems which allow management to track performance measures on an ongoing basis to ensure quality outcomes for its patients. These systems will remain in place post-merger.

III. Conclusion

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

V. Orderly and Economic Development

V. Orderly and Economic Development

A. From Applicant

The Transaction does not involve a new health service or facility. The ASF will continue to operate as it has operated for years. There is not a projected material increase in third year operating costs. There is no anticipated increase in volume of patients or an increase or change in services as a result of the Transaction, other than the annual increases currently experienced by Coastal Eye in the normal course due to population and demographic changes. As such, there is no expectation that revenues and expenses will materially change in connection with the change in ownership of the ASF. The Transaction is not expected to have any impact on total health care expenditures or costs to the State of Maine.

The purchase by an outside investor such as Covenant is a compelling and worthwhile approach to the delivery of ASF services, from an economic perspective. For the purposes of this application, Covenant's ownership investment will help ensure the ongoing viability, growth and succession of the ASF even after the future retirement of its single owner. The alternative is to rely upon a single owner, also serving as the surgeon, to (i) provide the surgical and related health care services; (ii) manage the operations and (iii) attend to the myriad of legal and regulatory matters associated with owning and working in such a facility. In the long term, the involvement through ownership and management by a financially stable, large successful corporation promises to benefit the region and the people of the State of Maine. The economically efficient approach to ophthalmology surgery should be supported here, through a shared ownership with Covenant. There is no alternative service delivery that is less costly for obtaining medically necessary ophthalmological surgical services.

B. Certificate of Need Unit Discussion

I. CON Standards

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

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

V. Orderly and Economic Development

II. CON Unit Analysis

Total health care expenditures are not expected to increase as a result of this transaction. The need for these services is definite and measurable. Current and projected utilization levels of these services make the continuation and availability of these services a necessary component of health care.

State funds should not be impacted by this transaction. There should not be any increased utilization of these services because of this proposed transaction.

Coastal Eye Surgery has provided ophthalmology services in the Washington and Hancock County region since 2006. No planned expansion of infrastructure or services is planned, therefore, it is highly unlikely that a more effective, more accessible or less costly alternatives will become available in the future.

III. Conclusion

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

VI. Outcomes and Community Impact

VI. Outcomes and Community Impact

A. From Applicant

The ASF has been part of the Ellsworth community since its initial license was granted in 2006. The ASF is dedicated to meeting or exceeding all licensing standards, and to promoting the delivery of surgical services in accordance with the highest standards. The ASF is accredited by the AOA and will continue with its quality programs already in place.

B. Certificate of Need Unit Discussion

I. 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.

II. CON Unit Analysis

Coastal Eye Surgery has implemented extensive quality assurance plans and procedures which have passed State of Maine licensure requirements and rigorous review standards. These standards will remain in place and be supplemented by Covenants extensive experience in managing Ambulatory Surgical Centers throughout the United States. CONU requested and received a description of both Coastal Eyes Surgery and Covenants quality assurance programs. This project does not involve an expansion of services and will not negatively affect the quality of care delivered by existing service providers.

III. Conclusion

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

VII. Service Utilization

A. From Applicant

As noted above, this Transaction involves the transfer of ownership of fifty one percent (51%) of an ASF which otherwise maintains its current form. The ASF has been in existence and licensed since July 7, 2008. The parties do not anticipate material increase (or any change) in utilization.

B. Certificate of Need Unit Discussion

I. CON Standards

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

II. CON Unit Analysis

This application involves the purchase of a majority ownership interest in Coastal Eye by Covenant. The transaction does not result in the addition of new health services or the expansion of existing services. This affiliation will improve quality outcomes, address identified community needs, encourage operating efficiencies and improve the health status of the population in the affected Washington and Hancock county service area. This will have a positive impact on patient care.

III. Conclusion

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

VIII. Timely Notice

Letter of Intent filed:	November 6, 2015
Subject to CON review letter issued:	November 10, 2015
Technical assistance meeting held:	Waived
CON application filed:	November 19, 2015
CON certified as complete:	November 19, 2015
Public Information Meeting Held:	N/A
Public Hearing held:	N/A

IX. Findings and Recommendations

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

Preliminary Analysis

IX. Findings and Recommendations

3. The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available was demonstrated by the applicant;
- E.** The project ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers;
- F.** The project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum; and
- G.** The project does not need funding from within the Nursing Facility MaineCare Funding Pool.

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