**Date: May 1, 2014**

**Project**: **RiverRidge Bed Complement Change**

**Proposal by: Genesis HealthCare Kennebunk Operations, LLC**

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

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

**Directly Affected Party: None**

**Certificate of Need Unit Recommendation: Approval**

 **Proposed Approved**

 **Per Applicant** **CON**

Estimated Capital Expenditure $ 200,000 $ 200,000

Maximum Contingency $ 0 $ 0

Total Capital Expenditure with Contingency $ 200,000 $ 200,000

Pro-Forma Marginal Operating Costs $ 1,315,230 $ 1,315,230

MaineCare Neutrality Established Yes

# I. Abstract

1. **From Applicant**

“RiverRidge Center for Neurorehabilitation, located at 3 Brazier Lane in Kennebunk, is Maine’s first facility designed and dedicated to provide rehabilitation services for people with brain injuries. The original concept of RiverRidge was put together as a collaborative effort working in concert with the State of Maine to fill a service gap that was identified by both the health planners and legislative committees.”

“RiverRidge Center offers a continuum of care including Post-Acute Brain Injury and Stroke Rehabilitation, as well as Transitional, Residential and Outpatient Rehabilitation Services. The facility is accredited by the Commission on Accreditation of Rehabilitation Facilities and provides comprehensive services that include Physical, Speech, Occupational and Recreational Therapy, 24-hour Skilled Nursing Care, Case Management, Social Services and Community Integration.”

“RiverRidge has 48 dually licensed nursing beds (NF/SNF) and 16 licensed residential care beds funded under the MaineCare Benefits Manual, Chapter 101, Chapters II and III, Section 97 [Appendix F:](http://www.maine.gov/sos/cec/rules/10/144/ch101/c3s097f.doc) Principles of Reimbursement for Non-Case Mixed Medical and Remedial Facilities. Residents under this program receive specialized Neurobehavioral treatment and intensive rehabilitation.”

“RiverRidge’s operating company is Kennebunk Operations, LLC, which is a subsidiary of Genesis HealthCare of Maine, Inc. (“Genesis ME”). On December 5, 2006, Genesis ME was granted a Certificate of Need (“CON”) to lease and operate, among other facilities, RiverRidge. A new license for RiverRidge was issued to Kennebunk Operations, LLC on December 29, 2006, effective January 1, 2007. Please refer to Exhibit I-A for an Organization Chart related to Genesis ME and Kennebunk Operations, LLC.”

“It is the applicant’s understanding that the Maine Department of Health and Human Services has submitted a 1915C Medicaid Waiver to the Centers for Medicare and Medicaid Services (CMS) that would require Neurobehavior Residential Support be provided only in “home and community based” settings and not attached to a nursing care/residential care center such as RiverRidge Center. While RiverRidge would prefer to continue providing this service at RiverRidge and continue being licensed with 16 Residential Care beds under Appendix F, RiverRidge proposes that the 16 RC beds be converted to 14 NF/SNF beds upon successful completion of this CON review and implementation of a transition and discharge plan. Under this “still to be determined” transition/discharge plan which would comply with all regulatory requirements for safe and appropriate discharge and transfer, RiverRidge’s 16 RC residents would be relocated to smaller community-based group homes.”

“Given the uncertainty on the timing of the 1915C Medicaid Waiver approval, and timing on the development of “home and community based” discharge options, the applicant has not attempted to outline a schedule for the implementation of this Certificate of Need. The applicant will work closely with the Maine Department of Human Services in implementing an acceptable transition and discharge plan.”

“Thus, this proposal requests changing RiverRidge’s licensed bed capacity from 48 NF/SNF beds and 16 RC beds to 62 NF/SNF beds. Please note that RiverRidge proposes to continue providing day treatment and rehabilitation services to the relocated residents.”

“RiverRidge’s existing residential care units were constructed to nursing facility standards and the conversion of the 16 RC beds to 14 NF beds requires no additional capital costs as a result of this proposed project. However, GHC has decided to use the opportunity of converting the unit to add in piped oxygen and make refurbishments with a budget of $200,000.”

“Recognizing the need to remain MaineCare neutral, the resources for this change will come from the existing 16 RC beds at RiverRidge as well as 5 NF beds at Windward Gardens.”

“Attached as Exhibit I-B is a floor plan of the facility showing the location of the 16 RC bed unit (known as the Saco River Unit) to be converted to a 14 NF/SNF bed unit.”

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# II. Fit, Willing and Able

1. **From Applicant**

“RiverRidge has been operated by Genesis Healthcare Corporation and Kennebunk Operations, LLC since January 1, 2007.”

“Prior to the transfer of operations and Kennebunk Operations, LLC becoming the operator, RiverRidge was operated by the Sandy River Health System (“Sandy River”). In order to accomplish the transfer of operations, a CON was obtained on December 5, 2006 by Genesis ME, a subsidiary of Genesis HealthCare Corporation. The CON determined that Genesis ME was “fit, willing and able to provide the proposed services at the proper standard of care” – i.e., appropriate to operate the 11 Sandy River nursing and long term care facilities. Genesis ME formed 11 separate limited liability companies (“LLCs”) to operate the 11 facilities, including forming Kennebunk Operations, LLC to operate RiverRidge. As part of the CON review process, extensive information was provided regarding the extent of Genesis HealthCare Corporation’s overall operations. Genesis HealthCare Corporation, now Genesis HealthCare LLC, has subsidiaries which own, lease and manage over 400 healthcare facilities in twenty-eight states, including 11 skilled nursing centers in Maine.”

“RiverRidge Center has an excellent reputation providing neurorehabilitation services in Maine. RiverRidge Center offers a continuum of care including Post-Acute Brain Injury and Stroke Rehabilitation, as well as Transitional, Residential and Outpatient Rehabilitation Services.”

“Perhaps the best evidence of being “Fit, Willing and Able” is achieving the rigorous accreditation by the Commission on Accreditation of Rehabilitation Facilities (CARF).”

“Achieving accreditation requires a service provider to commit to quality improvement, focus on the unique needs of each person the provider serves, and monitor the results of services. A service provider begins the accreditation process with an internal examination of its program and business practices. Then the provider requests an on-site survey that will be conducted by a team of expert practitioners selected by CARF. During the survey, the provider must demonstrate that it conforms to a series of internationally recognized CARF standards. Based on the results of the survey, CARF prepares a written report of the provider’s strengths and areas for improvement. If a provider has sufficiently demonstrated its conformance to the standards, it earns CARF accreditation.”

“CARF accreditation provides a visible symbol that assures the public of a provider's commitment to continually enhance the quality of services and programs with a focus on the satisfaction of the persons served. Service providers earning CARF accreditation are recognized for their ongoing innovation and continued conformance to the standards.”

“RiverRidge Center has achieved three-year CARF accreditation under three different CARF accreditation programs.”

**“Comprehensive Integrated Inpatient Rehabilitation Programs”**

“A Comprehensive Integrated Inpatient Rehabilitation Program is a program of coordinated and integrated medical and rehabilitation services that is provided 24 hours a day and endorses the active participation and preferences of the person served throughout the entire program.”

**“Outpatient Medical Rehabilitation Programs”**

“An Outpatient Medical Rehabilitation Program is an individualized, coordinated, outcomes-focused program that promotes early intervention and optimizes the activities and participation of the persons served.”

**“Residential Rehabilitation Programs”**

“Residential Rehabilitation Programs are provided for persons who need services designed to achieve predicted outcomes focused on home and community integration and engagement in productive activities. Consistent with the needs of the persons served services foster improvement or stability in functional and social performance and health.”

“Genesis ME and RiverRidge intends to continue providing a high level inpatient and outpatient program that provides intensive, targeted transdisciplinary neurorehabiliation for survivors of acquired brain injury.”

“Please refer to Exhibit II-A for the resume and license of the facility Administrator, and resume of the Director of Brain Injury Services.”

“Please refer to Exhibit II-B for a copy of the license to operate RiverRidge.”

“Please refer to Exhibit II-C: CARF Accreditation Letter and Survey Report.”

“Please refer to Exhibit II-D: 2013 CARF Medical Rehabilitation Program Descriptions.”

**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**

River Ridge Center is licensed for 48 SNF/NF beds and 16 Level IV Residential Care beds. The facility is located at 3 Brazier Lane in Kennebunk, Maine. The administrator is Rebecca Gagnon. The license was issued on February 20, 2014 and is valid from March 1, 2014 through February 28, 2015.

A review of River Ridge Center’s last completed survey data available from Medicare.gov website revealed the following ratings:

|  |
| --- |
| **RiverRidge Center** |
| **Nursing Home Compare Ratings** |
| **Category** | **Ratings** |
| Overall | Below Average |
| Health Inspections | Much Below Average |
| Staffing | Much Above Average |
| Quality Ratings | Above Average |

River Ridge scored “Above Average” or above in two out of four categories rated by CMS with an overall rating of “Below Average”. The last recertification survey was conducted on 3/28/2013. The result of the survey was the identification of three health deficiencies. All three deficiencies were Level 2 (minimal harm or potential for actual harm) or below. The average number of health deficiencies identified during a recertification survey in Maine is 4.3 and the average number of health deficiencies in the United States is 6.8.

Inspectors determined that the nursing home failed to:

**1)** Ensure housekeeping and maintenance services were provided to ensure suction/aspirator equipment was maintained in a sanitary manner and doors were free from chips in 21 of 29 Resident Rooms.

**2)** Ensure that an ice machine was plumbed in accordance with code requirements to prevent contamination on 1 of 4 days of survey.

**3)** Ensure that outdated medications were removed from 1 of 2 medication storage rooms and 2 of 6 medication carts.

All deficiencies were corrected by April 26, 2013.

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.

River Ridge Centers operating company is Kennebunk Operations, LLC which is a subsidiary of Genesis Health Care of Maine, Inc. which became licensed to operate River Ridge Center on January 1, 2007. The facility has been a provider of both SNF/NF beds and Level IV Residential Care beds for over seven years. The services provided by the applicant are consistent with applicable licensing and certification standards.

**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.

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# III. Economic Feasibility

1. **From Applicant**

“RiverRidge is seeking CON approval for the conversion of a 16 bed RC unit to a 14 bed SNF/NF unit. As a result of this change, RiverRidge would go from 48 NF/SNF beds and 16 RC beds to 62 NF/SNF.”

“Recognizing the need to remain MaineCare neutral, the resources for this change will come from the existing 16 RC beds at RiverRidge as well as 5 NF beds at Windward Gardens. It is understood that DHHS will determine the actual number of beds, and the accompanying MaineCare resources, that will need to be acquired to remain Medicaid neutral. Attached as Exhibit III-A is the Sources and Uses of available MaineCare Income Stream.”

“RiverRidge’s existing residential care units were constructed to nursing facility standards and the conversion of the 16 RC beds to 14 NF beds requires no additional capital costs as a result of this proposed project. However, GHC has decided to use the opportunity of converting the unit to make refurbishments with a budget of $200,000 which will include new medical gas piping, a suction pump, nurse call upgrades, and exterior oxygen and manifold to service the 8 rooms. The 8 rooms and common areas will receive new finishes and furniture. These anticipated improvements are well below the current capital expenditure CON threshold.”

“Attached as Exhibit III-B is RiverRidge’s Operating Statement for the past 12 months. RiverRidge had a Net Operating Income (EBITDA) of $495,574 for the most recent 12 month period.”

“Attached as Exhibit III-C is a Pro Forma Operating Statement and a table with the proposed changes in census, bed type and utilization (including “Quality Mix” percent). The Pro Forma Income Statement and related supplemental data show that proposed changes to RiverRidge will result in a Net Operating Income (EBITDA) of $380,109. Both Revenues and Expenses will increase as a result of converting 16RC beds to 14 additional NF/SNF beds.”

“Attached as Exhibit III-D is a pro forma MaineCare cost report. Attached as Exhibit III-E is the Historical Balance Sheet for RiverRidge and Balance Sheet projections.”

“Attached as Exhibit III-F is the most recent completed MaineCare cost report for RiverRidge.”

**B. Certificate of Need Unit Discussion**

**i. CON Standards**

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

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

**ii. 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 convert the current 16 acquired brain injury residential care beds to fourteen SNF/NF beds. This conversion is taking place because the Department of Health and Human Services has submitted a 1915C Medicaid Waiver to the Centers for Medicare and Medicaid Services (CMS). If approved this waiver would require that Neurobehavior Residential Support be provided in a home and community based setting. This would mean that many of the current residents would need to be discharged and relocated to a different facility. The pro-forma cost report demonstrated that the applicant is aware that there will be different staffing levels required to perform the services required by the occupants of the additional SNF/NF beds. The change over to SNF/NF care as well as the 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.

**MaineCare Neutrality**

This project is subject to MaineCare neutrality. MaineCare neutrality is computed by comparing the utilization of MaineCare resources between RiverRidge’s current 48 beds NF/SNF and 16 bed RCF bed capacity and the proposed 62 bed NF/SNF bed capacity. The current calculated MaineCare utilization for NF/SNF is $6,216,201. The proposed calculated MaineCare utilization is $7,531,431. This increase in MaineCare utilization is $1,315,230 which is based on 95% occupancy.

The resources available for the project are listed in Table 1: Sources and Uses of MaineCare Funding. The applicant identified two sources of revenue for offsetting the project’s annual expenses.

**Table 1: Sources and Uses of MaineCare Funding:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Source** | **Facility** | **# of Beds** | **$ Value** | **Allocated Beds** | **$ Value** |
|  | RiverRidge Center RCF | 16 | $993,203 | 16 | $993,203 |
|  | Windward Gardens | 5 | $353,685 | 5 | $353,685 |
|  | **Total** | **21** | **$1,346,888** | **21** | **$1,346,888** |
|  |  |  |  |  |  |
| **Use** | RiverRidge SNF/NF | 14 | $1,315,230 | 14 | $1,315,230 |
|  |  |  |  |  |  |
| **Excess Resources** |  |  | $31,658 |  | $31,658 |

The chart indicates that the revenue stream from 21 beds would offset the potential costs of the 14 new SNF/NF beds. The value of the revenue stream is $1,346,888. The expected costs to the MaineCare program are calculated to be $1,315,230. The excess, $31,568, in resources from the transaction would be placed in the MaineCare Nursing Facility Funding Pool.

**Changing Laws and Regulations**

Certificate of Need Unit staff is not aware of any imminent or proposed changes in laws and regulations that would impact the project, except for federal health care reform as part of the Affordable Care act (ACA). The impact of health reform as part of the ACA has not been determined. As stated earlier in the application the Department of Health and Human Services has applied for a 1915C waiver. If this waiver is approved a transition and discharge plan would need to be developed to relocate the current 16 residents of the RCF. The timing of this approval and implementation is unknown.

**Deeming of Standard**

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

The applicant has operated a mixed level of care facility with a total of 64 beds (32 SNF/NF, 16 RCF and 16 Acquired Brain Injury Nursing Beds). If this application were to be approved the applicant would be operating a mixed level of care facility with 62 SNF/NF (46 SNF/NF and 16 Acquired Brain Injury Nursing Beds). The operations are of a similar size and scope. Schedule L of the applicant’s pro forma cost report demonstrates the need for additional nursing staff to handle the increase in the SNF/NF census.

**iii. Conclusion**

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

# IV. Public Need

1. **From Applicant**

“As previously stated, it is the applicant’s understanding that the Maine Department of Health and Human Services has submitted a 1915C Medicaid Waiver to the Centers for Medicare and Medicaid Services (CMS) that would require Neurobehavior Residential Support be provided only in “home and community based” settings and not attached to a nursing care/residential care center such as RiverRidge Center. While RiverRidge would prefer to continue providing this service at RiverRidge and continue being licensed with 16 Residential Care beds under Appendix F, RiverRidge proposes that the 16 RC beds be converted to 14 NF/SNF beds upon successful completion of this CON review and implementation of a transition and discharge plan, which will comply with all regulatory requirements for safe and appropriate discharge and transfer. Under this “still to be determined” transition/discharge plan, RiverRidge’s 16 RC residents would be relocated to smaller community-based group homes. We would anticipate working with existing Residential Service providers. Given the uncertainty on the timing of the 1915C Medicaid Waiver approval, and timing on the development of “home and community based” discharge options, the applicant has not attempted to outline a schedule for the implementation of this Certificate of Need. The applicant will work closely with the Maine Department of Human Services in implementing an acceptable transition and discharge plan.”

“Thus, this proposal involves taking out of service 16 residential care beds at RiverRidge and adding back 14 licensed nursing care beds in the unit that held the 16 residential care beds.”

“RiverRidge Center offers a continuum of care including Post-Acute Brain Injury and Stroke Rehabilitation, as well as Transitional, Residential and Outpatient Rehabilitation Services. The facility is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF) and provides comprehensive services that include Physical, Speech, Occupational and Recreational Therapy, 24-hour Skilled Nursing Care, Case Management, Social Services and Community Integration.”

“RiverRidge, is Maine’s first facility designed and dedicated to provide rehabilitation services for people with brain injuries. The original concept of RiverRidge was put together as a collaborative effort working in concert with the State of Maine to fill a service gap that was identified by both the health planners and legislative committees. The need for high level neurorehabiliation services for patients with Acquired Brain Injuries (ABI) and Traumatic Brain Injuries (TBI) continues to be critical in Maine.”

“The Muskie School of Public Service issued a report in January, 2010 titled *“Brain Injury in Maine, A Needs Assessment”.* Citing from that report-

*“A brain injury can impact cognitive, physical and behavioral functioning, may have lifelong consequences for health, and, when associated with a permanent disability, can have a profound impact on an individual’s economic and social well-being. An estimated 37% of the people hospitalized with a brain injury each year, or 80,000 to 90,000 people, will end up with a permanent disability as a result of that injury; current estimates indicate that 6 million people in the United States live with permanent disability resulting from a traumatic brain injury. Of those, an estimated 6%, or 360,000 people in the United States, are in need of intensive and ongoing behavioral supports.”*

*“The severity of a brain injury is categorized as mild, moderate or severe based on the severity of the injury to the brain, not its resulting impact on function and health. The impact of a mild brain injury can sometimes be as severe as those brain injuries classified as moderate or severe. A mild brain injury is often more related to a dysfunction of brain metabolism rather than an anatomic of structural injury to the brain, which is commonly associated with moderate or severe brain injury. Between 75 to 90 percent of all TBI-related deaths, hospitalizations and emergency room visits are some form of mild TBI.”*

*“Each year 1.4 million American children and adults seek treatment for identifiable brain injuries from falls, motor vehicle crashes and other external blows: 50,000 die, 235,000 are hospitalized and 1.1 million are treated and released from the emergency room. These numbers do not include those who do not seek treatment or do so at a doctor’s office. Another 1 million brain injuries are the results of strokes, infections, tumors, toxins, and metabolic causes. At least 5.3 million people, or two percent of the population, have long-term or a lifelong need for help performing activities of daily living as a result of a traumatic brain injury.”*

*“In Maine, is an average of 5 deaths and 20 hospital discharges related to traumatic brain injury each week. The leading causes of traumatic brain injury are falls, motor vehicle accidents, and assaults. In Maine, 7 of 10 deaths due to unintentional falls (73.8%) and one of every 10 unintentional fall related hospital discharges (11.8%) involved a traumatic brain injury. Additionally, 40.2% of unintentional motor vehicle traffic deaths and 33.5% of unintentional motor vehicle traffic hospital discharges involved a traumatic brain injury.”*

“According to the 2013 Annual Report of the Acquired Brain Injury Advisory Council of Maine, more than 10,000 Mainers experience brain injuries each year. Up to 15% of those who experience a brain injury will live with very difficult, life-altering disabilities. Over 6,000 Maine citizens are living with long-term disabilities due to brain injuries.”

“An estimated 1.7 million children and adults in the U.S. sustain a traumatic brain injury (TBI) and another 795,000 individuals sustain an acquired brain injury (ABI) from non-traumatic causes each year. Currently more than 3.1 million children and adults in the U.S. live with a lifelong disability as a result of TBI and an estimated 1.1 million have a disability due to stroke.”

“Traumatic brain injury (TBI) is a serious public health problem in the United States and in Maine. While there is no one size fits all solution, there are interventions that can be effective to help limit the impact of this injury. These measures include primary prevention, early management, and treatment of severe TBI. RiverRidge is a critical component to Maine’s brain injury service programs.”

**RiverRidge Occupancy History and Payer Mix**

“Again, the original concept of RiverRidge was put together as a collaborative effort working in concert with the State of Maine to fill a service gap in providing brain injury rehabilitation services as identified by both the health planners and legislative committees. The facility opened in February, 1991 with 48 dually licensed nursing beds (NF/SNF) and 16 licensed residential care beds offering a continuum of care including Post-Acute Brain Injury and Stroke Rehabilitation, as well as Transitional, Residential and Outpatient Rehabilitation Services.”

“RiverRidge has been a critical and needed component of Maine’s available neurorehabilitation services for over 20 years.”

“RiverRidge averages over 120 admissions and discharges annually with approximately 80% of admissions coming directly from an acute care hospital. There were 146 admissions and 145 discharges in FY2013. (Refer to Exhibit IV-A, RiverRidge Center Admit/Discharge Report).”

“RiverRidge had an overall occupancy in 2012 of 95.3%. YTD 2013 the occupancy has been approximately 96% with the 16 RC beds remaining 100% occupied and the 48 NF beds at 95% occupancy. (Refer to Exhibit IV-B RiverRidge Center’s Average Daily Census and Payer Mix for 2012, YTD 2013).”

“Clearly, there has been an ongoing strong need for the services provided at RiverRidge.”

**“RiverRidge Inpatient Services and Units”**

“Please note that RiverRidge is the only licensed nursing (NF) facility in Maine that provides a comprehensive high level neurorehabiliation impatient service for patients with Acquired Brain Injuries (ABI) and Traumatic Brain Injuries (TBI). Brewer Rehab now offers a limited NF level brain injury rehabilitation program. New England Rehabilitation Hospital of Portland, a joint venture of Maine Medical Center and HealthSouth, is the only free-standing acute rehabilitation hospital in Maine. New England Rehab, a 90 bed acute rehab hospital offers inpatient and outpatient rehabilitation services to include brain injury rehabilitation services.”

“RiverRidge is designed with three units. Please refer to Exhibit I-A, a floor plan of the facility.”

**“Mousam River Unit** is a 24 bed NF unit primarily with patients that have Acquired Brain Injuries (ABI) and provides an inpatient neurorehabilitation program. This program offers intensive, targeted transdisciplinary neurorehabilitation for survivors of acquired brain injury who have functional limitations and the potential to benefit from skilled care and to discharge to a less restrictive environment.”

“The program serves adults, 18 years or older, and utilizes community resources to ensure that program participants have their individual ethnic, cultural and religious needs met during their admission. The individuals served have a variety of impairments to include cognitive, social, emotional, functional, and physical. Many of the program participants have comorbid psychological, behavioral, and substance abuse needs. The ABI program works to emphasize each individual’s abilities and strengths while working to remediate their impairments.”

“Skilled nursing services are provided 24 hours per day, 7 days per week. Rehabilitation services (ST, OT, PT) are provided 7 days per week during business hours and additional evenings as needed. Recreational therapy services are provided 6-7 days per week including daytime and evening hours depending on specific programming needs. Neuropsychological services are provided Monday-Friday during business hours as well as on-call 24 hours per day, 7 days per week.”

“The program accepts a variety of payer sources including Mainecare, Medicare, commercial payers, and private pay. Intensity and frequency of rehabilitation services are determined by individual clinical need up to 5 sessions per week for each discipline.”

**“Kennebunk River Unit** is also a 24 bed NF unit that was originally intended as a geriatric unit. Today, it is a mix of long term care geriatric residents and long term care brain injury clients.”

**“Saco River Unit** is a 16 bed RC unit serving adults 18 years of age and older who have been diagnosed with an acquired brain injury. This unit serves long term residents who benefit from outpatient therapy program (from within the building) to maintain their current level of function to foster their independence and promote quality of life, as well persons coming to the program as a continuum of their recovery process by participating in an intensive rehabilitation program with the goal of transitioning to a less restrictive environment.”

“RiverRidge proposes to take out of service16 RC beds and convert the unoccupied 16 bed RC unit to 14 NF/SNF beds. Please note that as of the date of this application, 3 of the residential care residents would qualify for NF level services and remain on the unit. Thus, it is anticipated that there will be a need to discharge at least 13 RC level residents upon implementation of a transition and discharge plan. Under this “still to be determined” transition/discharge plan, which would comply with all regulatory requirements for safe and appropriate discharge and transfer, RiverRidge’s 16 RC residents would be relocated to smaller community-based group homes either in need of being developed or beds that would be available within existing Residential Service providers such as Goodwill Industries, Charlotte White Center, Creative Work Systems, or NeuroRestorative.”

**“Saco River Unit as a 14 bed NF/Skilled Unit”**

“RiverRidge proposes that the 16 bed RC unit be converted to a 14 bed NF/Skilled unit that would admit CVA/Stroke patients, Acquired Brain Injury patients, Spinal Cord patients, and other traditional geriatric rehabilitation patients. There is a continued need for additional NF/Skilled beds in the market area.”

“In referencing a report by the Muskie School of Public Service titled *Older Adults and Adults with Disabilities: Population and Service Use Trends in Maine -2012 Edition*, please note the number of NF beds in York County is 24 beds per 1,000 persons age 65+ which is significantly lower than the state average of 33 beds per 1,000. The number of persons age 65 and older in York County is projected to increase from 31,859 in 2013 to 37,165 by 2018.”

“Sandy River Company completed an analysis of projected NF bed need in York County and assuming the bed need in York County is at least at the current level of beds per 1000 age greater than 65, there would be an additional NF bed need of approximately 130 beds in the county by 2018. Assuming the NF bed need in York County was brought to the State of Maine average beds per 1000 age greater than 65, there would be an additional NF bed need of approximately 470 beds in the county by 2018. (Please see Exhibit IV-C, List of Existing NF beds in York County and Projected Need).”

“Clearly, as the State of Maine and York County continues to significantly age, there will be increasing demand for additional NF/Skilled beds including a need for the proposed 14 additional NF/Skilled beds at RiverRidge Center.”

**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:

* 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**

As stated earlier in this application this project is being undertaken in response to the Department of Human Services 1915C Medicaid Waiver application. If this application is approved Neurobehavior Residential Support will have to be provided in a home and community based setting**.** This will require the discharge and relocation of 16 residents currently residing inthe residential care beds. The applicant proposes adding 14 SNF/NF beds. CONU utilized the Muskie School of Public Service’s Older Adults and Adults with Physical Disabilities: Population and Service Use Trends in Maine 2012 Edition to determine if there is a need for additional nursing home beds in York County Maine. Attached is a table showing the nursing facilities in York County and their occupancy rates.

|  |  |  |  |
| --- | --- | --- | --- |
| **Facility Names** | **Beds** | **% Occupancy** | **Occupied Beds** |
| Durgin Pines | 81 | 85.19% | 69 |
| Evergreen Manor | 42 | 97.62% | 41 |
| Greenwood Center | 86 | 90.70% | 78 |
| Kennebec Center for Health & Rehab | 78 | 91.03% | 71 |
| RiverRidge Center | 48 | 95.83% | 46 |
| Seal Rock Health Care | 105 | 96.19% | 101 |
| Southridge Rehab & Living | 65 | 95.38% | 62 |
| St. Andrew Health Care | 96 | 83.33% | 80 |
| The Newton Center | 74 | 94.59% | 70 |
| Varney Crossing | 64 | 96.88% | 62 |
| **Total** | **739** |  | **680** |

Utilizing the most recent occupancy data from the Muskie Institute the average occupancy rate in York County is 92.67% which exceeds the statewide occupancy rate of 91.8%. **(It should be** **noted that both St. Andrew’s and Durgin Pines achieved occupancy levels of over 90% in previous** **months)**. The average payor mix is 62.01% MaineCare, 13.73% Medicare and 24.26% Other. York

County has 739 nursing beds which averages 24 beds per 1000 persons age 65 and above. This is below the State average of 33 beds per 1,000 persons age 65 and above. The York County 65 and above population is expected to increase by 63% between 2012 and 2022 and the 85 and above population is expected to increase by 9.5% during the same time period. Only Florida and West Virginia ranked higher than Maine in the percent of population age 65 or above. As the population ages there will be an increased demand for nursing home level of care.

This project will substantially address specific health problems as measured by health needs in the area to be served by the project. The applicant states that the new 14 SNF/NF beds will admit CVA/Stroke patients, Acquired Brain Injury patients, Spinal Cord patients and other traditional geriatric rehabilitation patients.

There is a demonstrated need for additional SNF/NF services in the area. The RiverRidge facility was specifically designed to provide rehabilitation services for people with brain injuries. The need for high level neurorehabilitation services for patients with Acquired Brain Injuries (ABI) and Traumatic Brain Injuries (TBI) is critical in Maine. The applicant submitted excerpts from the Muskie School of Public Services titled Brain Injury in Maine, A Needs Assessment and the 2013 Annual Report of the Acquired Brain Injury Advisory Council of Maine demonstrating the extent of brain injuries and the need for treatment nationwide and in the State of Maine. The applicant would have to seek approval for the provision of Acquired Brain Injury services in these additional beds from the Office of Aging and Disability Services in compliance with provisions of Section 67 of the MaineCare Benefits Manual.

The project will have a positive impact on the health status indicators of the population to be served. The applicant described the many services provided by RiverRidge (see Table 2 below). The addition of the new skilled services will decrease healing time and allow patients to return home faster. Providing needed services will have a positive impact on health status indicators.

**Table 2 Summary of Proposed Services**

|  |  |  |
| --- | --- | --- |
| Mousam River Unit | 24 Beds | Neurorehabilitation services, skilled nursing, ST, OT, PT rehabilitation services, recreational therapy, neuropsychological services |
| Kennebunk River Unit | 24 Beds | Geriatric long term care services and long term care brain injury services. |
| Saco River Unit | 14 Beds | Rehabilitation services for CVA/Stroke patients,Acquired Brain Injury patients, and Spinal Cord Injury patients as well as traditional geriatric services. |

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

The project will provide demonstrable improvements in the outcome measures for patients that require skilled services, ABI and TBI services.

There are timing issues associated with the approval of the 1915C Medicaid Waiver and the implementation of a transition and discharge plan for residents who will need to be relocated to a home and community based setting. The following condition is necessary to ensure that current residents of the 16 bed RC unit at RiverRidge have no disruption in neurorehabiliation services. **Condition:** This certificate of need approval will not be valid until each resident needing to relocate from the 16 bed RC unit at RiverRidge has a placement in a home and community based setting and the 1915C Medicaid Waiver has received CMS approval.

**iii. Conclusion**

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

# V. Orderly and Economic Development

**A. From Applicant**

“Again, as previously stated, it is the applicant’s understanding that the Maine Department of Health and Human Services has submitted a 1915C Medicaid Waiver to the Centers for Medicare and Medicaid Services (CMS) that would require Neurobehavior Residential Support be provided only in “home and community based” settings and not attached to a nursing care/residential care center such as RiverRidge Center. While RiverRidge would prefer to continue providing this service at RiverRidge and continue being licensed with 16 Residential Care beds under Appendix F, RiverRidge proposes that the 16 RC beds be converted to 14 NF/SNF beds upon implementation of a transition and discharge plan. Under this “still to be determined” transition/discharge plan, RiverRidge’s 16 RC residents would be relocated to smaller community-based group homes.”

“Thus, this proposal involves taking out of service 16 residential care beds at RiverRidge and adding back 14 licensed nursing care beds in the unit that occupied the 16 residential care beds. Alternatives considered include: 1) continuing the existing configuration of nursing facility and residential care beds as is (which is not a choice given the direction in State policy; 2) close down the 16 beds residential care unit and add 14 nursing facility beds.”

“The residential care unit was originally constructed to nursing facility standards and offers an excellent environment for RiverRidge to expand its nursing care business with a primary focus on rehabilitation services for CVA/Stroke patients, Acquired Brain Injury patients, Spinal Cord patients, and other traditional geriatric “short stay” Medicare skilled rehab services. This proposal will also improve the operating efficiencies of RiverRidge’s nursing care business with more focus on nursing care services.”

“Given that the availability of the Mainecare income stream is being used to offset any increase in costs from adding 14 NF beds at RiverRidge, there will be no overall increase in costs to the Maine healthcare system and health care expenses. This proposal will be Medicaid neutral and add no additional cost to the State’s Medicaid program.”

“The proposed 14 NF/Skilled beds are being used to expand RiverRidge’s skilled rehab program which focuses on providing services to persons who have had an acute event and with appropriate rehabilitation services can return back home or to the community. Without the strong rehab programs of facilities such as RiverRidge, there would be increased usage of NF Mainecare beds and increased financial pressure on Maine’s health care expenses. Patients with high acuity care needs would either remain in the acute care sector longer, or be admitted inappropriately to a traditional long term care setting within a nursing home. Allowing RiverRidge to focus more of its resources on the core business of providing rehabilitation services benefits Maine and its overall NF program and resources. RiverRidge's focus on a strong transitional care unit and program actually saves the State resources by transitioning acute care residents through specialized rehab programs and returning them back home. Without such programs, the percentage of seniors with an acute episode/event who would end up in long term care within a nursing home could be much higher.”

**B. Certificate of Need Unit Discussion**

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.

**ii. CON Unit Analysis**

The decision to increase RiverRidge’s SNF/ NF bed capacity by 14 beds and close the 16 bed RCF ABI unit was made in response to proposed regulatory changes from the Department of Health and Human Services (1915C Waiver application) and a need for additional SNF/NF services in the York County area. The change in service will improve patients’ access to choice and limit restrictions of service caused by the lack of available beds in the area.

The increased allowable operating costs of $1,315,230 will be offset by a source of MaineCare revenue which will make the project MaineCare neutral (See Economic Feasibility section of this preliminary analysis). This project will result in no increased costs to the Maine health care system. Since total health care expenditures are zero thanks to the MaineCare neutrality provisions, this project will not impact the availability of State funding for other providers in the area.

This project will not increase total healthcare costs and therefore additional State funding is not required.

The applicant states that the 14 new NF/SNF beds will be used to expand RiverRidge’s skilled rehab program. The focus will be on providing rehabilitative care. This aids in transitioning patients back to their own homes. This is in contrast to a more institutional model of care whereupon seniors remain in a long term care facility for what can be lengthy and costly stay.

The proposed services are the most effective and accessible delivery model for rehabilitative care available at this time.

1. **Conclusion**

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

#

# VI. Outcomes and Community Impact

**A. From Applicant**

“RiverRidge appreciates the Maine Department of Health and Human Services decision to submit a 1915C Medicaid Waiver to the Centers for Medicare and Medicaid Services (CMS) that would require Neurobehavior Residential Support be provided only in “home and community based” settings. While RiverRidge would prefer to continue providing this service at RiverRidge and continue being licensed with 16 Residential Care beds under Appendix F, RiverRidge proposes that the 16 RC beds be converted to 14 NF/SNF beds upon successful completion of this CON review and implementation of a transition and discharge plan. Under this “still to be determined” transition/discharge plan, which will comply with all regulatory requirements for safe and appropriate discharge and transfer. RiverRidge’s 16 RC residents would be relocated to smaller community-based group homes.”

“These 14 new NF beds will be used to expand RiverRidge’s rehabilitation program which focuses on providing services to persons who have had an acute event and with appropriate rehabilitation services can return back home. Without the strong rehab programs of facilities such as RiverRidge, there would undoubtedly be increased usage of NF Mainecare beds and a decrease in positive outcomes for Maine’s elderly and patients with brain injuries.”

“RiverRidge has a strong reputation as a rehabilitation provider and hospital discharge option in the service area and throughout Maine. Most admissions for the facility come directly from a hospital for rehabilitative services following an acute event, which is typical for a nursing facility with such a strong Medicare skilled program. The best measure of outcome is that patients complete appropriate sub-acute rehab and end up returning home, sometimes with the support of home and community-based services, rather than placed as residents in long term care beds in nursing homes.”

“The addition of 14 NF beds at RiverRidge would not have a negative impact on quality and outcome of their services, but rather would have several positive attributes.”

“In addition, these enhanced NF resources at RiverRidge would also foster fulfillment of the provisions of Section 3025 of the Affordable Care Act added section 1886(q) to the Social Security Act establishing the Hospital Readmissions Reduction Program, which requires CMS to reduce payments to IPPS hospitals with excess readmissions, effective for discharges beginning on October 1, 2012. The regulations that implement this provision are in subpart I of 42 CFR part 412 (§412.150 through §412.154). These regulatory provisions expose hospitals to reimbursement penalties for excessive readmissions to a hospital within 30 days of discharge.”

**“Quality and Outcome Measures”**

“RiverRidge continuously evaluates the effectiveness of both its Inpatient Program and Outpatient Program and establishes measurable target goals. Please find attached Exhibit VII-A: Quality Plan: 2012 Inpatient Program Evaluation Report and Quality Plan: Outpatient Program Evaluation Report.”

“Genesis also has been, and continues to be, a leader in Culture Change nationally and in states where it operates. In the Northeast, select Genesis HealthCare administrators and regional staff serve on state Culture Change coalitions, offer Center tours for organizations pursuing culture change, and present on culture change topics to hospitals. Genesis leaders have served on the RI DPH pilot to use the survey process to impact culture change, the CARF standards for Person-Centered Long-Term Care Communities, and the Hartford Foundation’s study on nurses in culture change. Genesis Centers have been featured in the CMS DVD series on Culture Change.”

“Genesis Centers participate in monthly Culture Change conference calls targeted to teams working on making change in the Centers. Topics rotate each month and calls consist of research or other descriptive material on the practice and examples of success from Genesis Centers. The calls are transcribed and posted, with their attachments, to an electronic site where any Genesis employee can read and download. Past topics have been consistent assignments, building community, creating neighborhoods, bathing approaches, eliminating noise in the environment, staff self-scheduling, reducing unnecessary medications and streamlining the med pass, customizing daily routines.”

“Genesis believes culture change must be supported by the relationship between supervisors and direct care workers. To strengthen that key relationship, Genesis contracts with PHI for Coaching Supervision and has trained 80 leaders to be trainers for the 2-day program. All Department Heads and a portion of the nursing staff complete this 2-day skills training. Genesis Northeast has trained nearly 2000 supervisors over the last three years – the Maine Centers have access to training every other month in either the Portland or Augusta area.”

“Genesis uses the Learning Collaborative model to advance culture change and provides conferences, on-site learning sessions and written resources to support Center-level change. Genesis still uses the RI QIO’s holistic framework of People, Care, and Environment as its guiding model and continues to support learning through the RI QIO’s materials. Genesis centers pursue change at their own pace, but are expected to use consistent assignments, offer choice in meals and dining, minimize environmental noise, offer choice for waking and sleeping, and provide respectful options for bathing. Genesis offers training to Centers who wish to convert to a neighborhood model for their long-term care communities and supports use of this model for long-term care.”

“The same elements apply for our short stay patients, with additional emphasis on a stimulating and responsive environment for regaining function to return home successfully.”

“All Genesis Centers, including RiverRidge, participate in Advancing Excellence. The Quality Department supports all qualifying Centers to pursue the AHCA Quality Award application process.”

“Genesis’ resources will continue to be focused on strengthening RiverRidge’s commitment to outstanding clinical and rehabilitation services and culture change.”

**B. Certificate of Need Unit Discussion**

1. **CON Standards**

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 14 SNF/NF beds, focusing on rehabilitative services, in the York County area will have a positive effect on the quality of care delivered. Seniors needing SNF/NF care will have a greater likelihood of finding the services offered in the area they reside. Rehabilitative services increase the likelihood that patients completing appropriate sub-acute rehab will end up returning home and/or to community-based services rather than placed in a costly long-term care setting. This reintroduction of a patient into the at-large community is consistent with the goals of the department and national trends of extending home-based services.

The increase of 14 SNF/NF beds in the York County area equates to a 1.9% increase. Given the demographics of York County (discussed in the Public Need section of this application) there will be a greater need for SNF/NF beds in the near future. The level of occupancy of other providers in the region indicate an average occupancy exceeding 90%. In addition RiverRidge’s specialized focus on sub-acute rehabilitation services for the elderly and brain injured patient serves a specialized niche in the area. This increase in beds 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**

“RiverRidge would like to convert a 16 bed RC unit to a 14 bed NF/SNF = unit. Increasing the number of nursing facility beds will complement the nursing care services already offered at the facility. RiverRidge will continue its ongoing rehabilitation and nursing care programs and continue to be part of the strong tradition of Genesis HealthCare, which is very proud of its quality care record and ranks among the top providers for overall customer satisfaction and quality medical care according to national independent research.”

“Genesis has some of the best staff retention rates in the long-term care industry. As part of the Genesis HealthCare system, RiverRidge is dedicated to providing excellent care to its short stay, rehabilitation and long term care residents. RiverRidge provides opportunities for professional development and advanced clinical training in order to ensure that its clinical practice aligns with the changing needs of the patient population.”

“RiverRidge tracks and measures 19 Quality Measures as well as its own internal clinical benchmarks as part of a commitment to “Advancing Excellence,” a voluntary initiative focused on continuous quality improvement practices and consistent measurement in order to support better quality care. Please also refer to the previous Section on RiverRidge’s Quality Plan.”

“Genesis and RiverRidge maintain a dynamic customer satisfaction focus, putting the patient/resident at the center of the care process. In order to continuously understand the changing needs of its customers, Genesis HealthCare routinely measures patients/resident and family satisfaction and participates in a survey process provided by My InnerView, an independent research organization that benchmarks satisfaction data in the long-term care industry.”

“Genesis offers each of its patients/residents outstanding clinical care, delivered by highly skilled practitioners in a warm and comfortable setting. The organization is focused on becoming the recognized leader in clinical quality and customer satisfaction in every market it serves, including at RiverRidge. RiverRidge also continues to be a leader in rehabilitative skilled services.”

“Below are the Mission Statement, Vision Statement, and Core Values of Genesis HealthCare and RiverRidge:

**“Our Mission”**

“We improve the lives we touch through the delivery of high-quality health care and everyday compassion.”

“Our employees are the vital link between Genesis HealthCare and our patients/residents. They are the service we provide and the product we deliver – they are our most valuable resource. Achievement of our vision comes only through the talents and extraordinary dedication our employees bring to their jobs each and every day.”

**“Vision”**

“Genesis HealthCare will set the standard in nursing and rehabilitative care through clinical excellence and responsiveness to the unique needs of every patient/resident we care for. We will be the recognized leader in clinical quality and customer satisfaction in every market we serve.”

**“Core Values**

* Care & Compassion for every life we touch.
* Respect & Appreciation for each other.
* Teamwork & Enjoyment in working together.
* Focus & Discipline on improving quality of care.
* Creativity & Innovation to develop effective solutions.
* Honesty & Integrity in all dealings.”

“The change proposed in this CON will only serve to strengthen RiverRidge’s core business of providing high quality skilled rehabilitative and nursing care services.”

1. **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.

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**

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.

No funding is utilized from the MaineCare funding pool.

1. **Conclusion**

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

# VIII. Consistency with MaineCare Funding Pool

1. **From Applicant**

“RiverRidge is seeking CON approval for the conversion of a 16 bed RC unit to a 14 bed SNF/NF unit. As a result of this change, RiverRidge would go from 48 NF/SNF beds and 16 RC beds to 62 NF/SNF.”

“Recognizing the need to remain MaineCare neutral, the resources for this change will come from the existing 16 RC beds at RiverRidge as well as 5 NF beds at Windward Gardens. It is understood that DHHS will determine the actual number of beds, and the accompanying MaineCare resources, that will need to be acquired to remain Medicaid neutral. Attached as Exhibit III-A is the Sources and Uses of available MaineCare Income Stream.”

1. **Certificate of Need Unit Discussion**

 **i. CON Standards**

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

1. **CON Unit Analysis**

The resources available for the project are listed in Table 1: Sources and Uses of MaineCare Funding. The applicant identified two sources of revenue for offsetting the project’s annual expenses.

**Table 1: Sources and Uses of MaineCare Funding:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Source** | **Facility** | **# of Beds** | **$ Value** | **Allocated Beds** | **$ Value** |
|  | RiverRidge Center RCF | 16 | $993,203 | 16 | $993,203 |
|  | Windward Gardens | 5 | $353,685 | 5 | $353,685 |
|  | **Total** | **21** | **$1,346,888** | **21** | **$1,346,888** |
|  |  |  |  |  |  |
| **Use** | RiverRidge SNF/NF | 14 | $1,315,230 | 14 | $1,315,230 |
| **Excess Resources** |  | 7 | $31,658 |  | $31,658 |

The chart indicates that the revenue stream from 21 beds would offset the potential costs of the 14 new SNF/NF beds. The value of the revenue stream is $1,346,888. The expected costs to the MaineCare program are calculated to be $1,315,230. The excess, $31,568, in resources from the transaction would be placed in the MaineCare Nursing Facility Funding Pool.

No funding is utilized from the MaineCare funding pool.

1. **Conclusion**

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

# IX. Timely Notice

|  |  |  |  |
| --- | --- | --- | --- |
| Letter of Intent filed: | December 3, 2013 |  |  |
| Subject to CON review letter issued: | January 27, 2014 |  |  |
| Technical assistance meeting held: | Waived |  |  |
| CON application filed: | February 19, 2014 |  |  |
| CON certified as complete: | February 19, 2014 |  |  |
| Public Information Meeting Held: |  |  |  |
| Public Hearing held: | March 19, 2014 |  |  |
| Comment Period Ended:  | April 18, 2014 |  |  |

# X. Findings and Recommendations

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

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

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

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

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

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

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

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

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

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

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

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

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

**Condition:** This certificate of need approval will not be valid until each resident needing to relocate from the 16 bed RC unit at RiverRidge has a placement in a home and community based setting and the 1915C Medicaid Waiver has received CMS approval.