



RECEIVED

JUN 21 2010

Division of Licensing and
Regulatory Services

509 Forest Avenue
Portland, ME 04112
Tel 207 774 8444
Fax 207 774 9643

LETTER OF INTENT

June 17, 2010

Phyllis Powell, Manager
Certificate of Need Unit
Div. of Licensing and Regulatory Services
Department of Health and Human Services
#11 State House Station
41 Anthony Avenue
Augusta, ME 04333-0011

Larry Carbonneau, CPA, Project Analyst
Certificate of Need Unit
Department of Health and Human Services
#11 State House Station
41 Anthony Avenue
Augusta, ME 04333-0011

RE: Springbrook Center – Letter of Intent
Conversion of Residential Care Beds to NF Beds

Dear Phyllis and Larry:

This correspondence constitutes a new Letter of Intent in accordance with Section 71.05(A) of the BEAS Policy Manual, Certificate of Need Regulations for Nursing Facility Level of Care Projects. We are aware that our previous Letter of Intent on this project will expire prior to the deadline of submitting a Certificate of Need Application.

On behalf of Springbrook Center, one of the Genesis Healthcare of Maine, Inc. facilities (“SB”), we seek to initiate the Certificate of Need (“CON”) review process to the extent it applies, to seek your advice and guidance on the best way to proceed, and to obtain an expedited, simplified review and approval of our sale of 23 Residential Care beds to Stroudwater Landing and the acquisition of Reserved NF beds such that the facility can add 13 NF level beds to SB.

We also seek your advice and counsel, on how best to satisfy Medicaid Budget Neutrality requirements to the extent they are applicable.

We understand that this filing triggers the need for another Technical Assistance Meeting (“TAM”) as the appropriate next step. We welcome the opportunity to meet with you and your staff as soon as practicable to discuss our request.

Phyllis Powell, Manager
Re: Springbrook Center – Letter of Intent
June 17, 2010
Page 2 of 3

Larry Carbonneau, CPA, Project Manager

Background

It is the intention and goal of Springbrook Center, located in Westbrook, Maine to eliminate providing Residential Care Services and to effectively convert that space into additional NF services.

Under the proposed transaction SB would sell the income stream of the 23 RC beds to Stroudwater Landing to provide Medicaid RC beds in a proposed new 52 unit Memory Care Facility. Stroudwater Landing is a proposed retirement community on land adjacent to Springbrook. SB would purchase reserved NF beds in order to accomplish the addition of 13 NF beds to the SB facility.

Capital Costs

The estimated capital costs include the acquisition of Reserved NF beds and capital improvements necessary to convert the RC unit to NF, as well as to retrofit and eliminate four bed wards in the facility. The total capital cost is estimated at \$1,200,000.

MaineCare Budget Neutrality

We are also aware of the requirements of §334 of the CON Act that requires demonstration of MaineCare Budget Neutrality as prerequisite for approval. We seek your guidance on how best to satisfy this requirement. We believe it makes sense to satisfy this requirement by acquiring a sufficient Medicaid income stream to meet the neutrality requirement.

Phyllis Powell, Manager
Re: Springbrook Center – Letter of Intent
June 17, 2010
Page 3 of 3

Larry Carbonneau, CPA, Project Manager

Next Steps and Technical Assistance Meeting

We welcome the opportunity to work with you and look forward to meeting with you soon.

I will be following up with you on this matter shortly. In the meantime, please feel free to contact me if I can be of any assistance. My telephone number is 774-8444, ext. 249 and my email is mtyler@sandyriver2.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Tyler", with a stylized flourish at the end.

Michael Tyler
Vice President of Development

cc: Daniel Maguire