



LETTER OF INTENT

December 3, 2013

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

Phyllis Powell, Assistant Director
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,
Senior Health Care Financial Analyst
Department of Health and Human Services
#11 State House Station
41 Anthony Avenue
Augusta, ME 04333-0011

**RE: Kennebunk Operations LLC-Kennebunk, Maine – Letter of Intent
Change Mix of NF/SNF and RC Beds**

Dear Phyllis and Larry:

This correspondence constitutes a 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.

On behalf of Kennebunk Operations LLC and RiverRidge Center, one of the Genesis Healthcare of Maine facilities, 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 a conversion of RiverRidge’s 16 RC beds to 14 NF/SNF beds. 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 a Technical Assistance Meeting as the appropriate next step. We welcome the opportunity to meet with you and your staff as soon as practicable.

Background

RiverRidge, 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 that funded under Appendix F: Principles of Reimbursement for Non-Case Mixed Medical and Remedial Facilities. Residents under this program receive specialized Neurobehavioral treatment and intensive rehabilitation.

Proposed Change

It is our understanding that the Maine Department of Health and Human Services intends to submit a 1915C Medicaid Waiver to the Centers for Medicare and Medicaid Services (CMS) in December 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 we 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 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 would propose to continue providing day treatment and rehabilitation services to the relocated residents.

Capital Costs

There will be minimal, if any, additional capital costs required to RiverRidge Center because the current Residential Care Space was built to NF/Skilled Care Requirements. The estimated capital cost is \$200,000. We believe the capital cost would not be subject to Certificate of Need approval given that such costs are below the CON threshold. We seek your guidance on how best to satisfy this requirement.

Simplified Review Under §336

We request that our proposal be made subject to a simplified (and expedited) review as described under §336 of the CON Law and §71.05(L)(2)(b) and (d) relating to fulfillment of pertinent licensing and other standards. We believe the project should be readily approved under these standards as it will “result in minimal additional expense” and “will be in compliance with other applicable state and local laws and regulations.” We wish to work with the CONU to obtain approval of this project as soon as practicable.

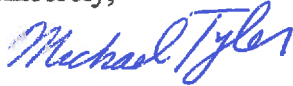
MaineCare Budget Neutrality

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 propose that the Neutrality be met from the 16 RC beds that are being converted at RiverRidge as well as 5 NF beds from Windward Gardens in Camden. We believe the capital cost would not be subject to Certificate of Need approval given that such costs are below the CON threshold. We seek your guidance on how best to satisfy this requirement.

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 mt Tyler@sandyriver2.com. Please also note that Daniel Maguire at Sandy River Company will be coordinating and writing the Certificate of Need Application and his email is dmaguire@sandyriver2.com. Please include both of us on any correspondence.

Sincerely,



Michael Tyler
Vice President of Development