#### Date: January 17, 2014

**Project**: **Acquisition of Market Square Health Care Center**

**Proposal by: Mr. John Orestis**

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

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

**Directly Affected Party: None**

**Certificate of Need Unit Recommendation:**

 **Proposed Approved**

 **Per Applicant** **CON**

Estimated Capital Expenditure $ 500,000 $ 500,000

Maximum Contingency $ 0 $ 0

Total Capital Expenditure with Contingency $ 500,000 $ 500,000

Pro-Forma Marginal Operating Costs $(181,858) $(181,858)

MaineCare Neutrality Established Yes

# I. Abstract

**A. From Applicant**

“The focus of this application is the acquisition of the assets of Western Maine Health Care Corporation owner of Market Square.”

“The seller is a Maine corporation. The facility is a 98 bed long term care facility located in South Paris. It has 76 dual certified nursing beds and 22 residential care beds. It also has 9 independent living apartments attached to the facility. It is a participating provider in both the MaineCare and federal Medicare programs. The facility has been in operation for many years with its primary historical service area comprising an approximate 25 mile radius of South Paris.”

“Since the applicant and his company North Country Associates have operated similar facilities for many years, and the applicant intends to buy consulting services from NCA no operating changes are anticipated other than the ordinary change of staff, the ramping up of skilled services and the necessary changes to meet regulatory change, challenges and demands.”

“Several significant capital improvements are anticipated in the first year after completion of the transaction as the facility has not had many needed capital expenditures made for several years due the financial constraints of the present ownership. The nature of the capital improvements is as yet undetermined but it is anticipated that a minimum of $500,000. will be invested in the physical plant in the first two years.”

# II. Fit, Willing and Able

**A. From Applicant**

“The applicant John C. Orestis is an established long term health care provider of long standing in Maine. Mr. Orestis, North Country Associates, and his affiliated companies own sixteen long term care facilities in Maine and one in Massachusetts. They also manage three other long term care facilities in Maine and provide comprehensive consulting services to seven more facilities in Maine.”

“A list of facilities is provided in the attachments to this application. In total services are provided to 1253 beds.”

“Market Square Health Care Center, the subject of this application, is a 98 bed facility located in South Paris. It has 76 dual certified nursing beds and 22 residential care beds.”

“North Country Associates and Mr. Orestis have a long and successful history of operating diverse and complicated long term care services throughout the facilities. The applicant is well positioned to meet the challenging of delivering long term care in Maine. They acquired their first homes in 1981 (residential care) and 1984 (nursing care) and have been continually in the business since.”

“He has a strong and continuing commitment to quality patient and resident care. He brings many years of experience and a wide range of talent, ability, and dedication to the task of delivering long term care to frail elderly citizens in a challenging business and regulatory environment.”

“The delivery of quality skilled, long term and residential level care to Maine's frail elderly is the foremost goal of the applicant and his associated professionals. The applicant intends to buy management consulting services on an arms’ length as needed basis from NCA. The table of organization of the company attached to this application is reflective of the number and quality of professionals who lend their talent to that task.”

“The senior management team comprises John C. Orestis - President and CEO, Mary Jane Richards - Chief Operating Officer, Glen Cyr - Senior Vice President of Finance, Sandy Pomelow - Senior Vice President of Human Resources and Customer Service, Rosanne Tousignant - Vice President of Operations, Eric Pooler – Facility Operations Managers, Diane Sinclair - Director of Clinical Services and Quality Improvement, and Tamra Deering, Senior Director of Admissions Management. This team combines many years of experience and professional talent and has served the company well in achieving its goal of delivering high quality service and care to its patients and residents.”

“We have attached an organizational chart illustrating NCA’s focus of supporting our facilities in all aspects of care. Our seasoned leadership team offers expertise that spans multiple sectors and includes:

* Clinical Operations
* Financial Management
* Property/Environmental Management
* Safety and Risk Management
* Human Resource Oversight
* Occupancy Development and Strategic Positioning
* Registered Dietician Consultation
* Information Technology
* Therapy Oversight
* Reimbursement Specialists”

**“Transition Approach**

NCA has a proven track record of successfully bringing additional skilled nursing facilities into its network, and maintaining its high standards in all of these facilities. Over the years, NCA has increased the size of the company through a thoughtful approach to growth and has never acquired a facility and then sold it.”

“Senior Leaders from North Country Associates have met with residents, staff and families at Market Square Health Care in order to communicate our intent to file this Certificate of Need application. We feel it is important for the entire community of South Paris to feel included in decision making and changes. This approach to communication has served North Country well among all of our facilities.”

“Through our initial meetings with residents, staff and families we have gained a great deal of insight about the current services offered and those areas needing improvement. With this information we have begun strategic planning in order to best assist the future growth of this facility under the NCA umbrella.”

“As we develop priorities and tasks, we will meet with employees in small focus groups so that they can share their ideas about issues they see facing their facility and community. From these groups, we identify additional priorities. Our experience has shown that many of these additional priorities require simple solutions, which we have dealt with in the past and have required limited resources. Where necessary, we will move swiftly to dedicate the necessary resources to implement changes needed, and will not change anything that already works well.”

**“Transition of Current Employees**

Due to the financial urgency, it is our intent to maintain as many of the current benefits as possible but to bring the staff’s benefit package more in line with NCA’s. As it has been discussed with current staff, we intend to not disrupt staffing levels in any department until we have spent time analyzing care practices and service delivery. Our hope is to address staffing levels only through attrition within the first year of operations so that current employees will not experience a loss of their job in these difficult economic times. An immediate goal is to eliminate all contract labor currently in place for nursing, aides and therapy. We will continue to stand by the philosophy NCA has used for years, that is, in-house staff creates a better environment for residents and staff by offering consistency, loyalty and longevity.”

**“Transition of Current Medical Director, Administrator and Other Key Employees**

NCA has coordinated with Market Square Health Care Facility to reach out to the Medical Director and key management employees, and has learned from MSHC that these individuals intend to continue to work at this facility following the transition to NCA. This continuity will contribute strongly to maintaining quality services and oversight.”

**“Facility Transition**

Immediately following the transfer of ownership staff will begin to learn the Northern Hospitality, North Country Associates is known for. We will ensure that staff has the following resources available:

* Regular staff meetings on all shifts with all departments to address transition concerns or questions.
* Customer satisfaction surveys with families and discharged residents
* Access to a compliance hot line so that families, and or residents can contact us confidentially about any concerns.
* Clinical and Operations cell phone and home numbers.”

**“Clinical Structure**

Our clinical operations consist of the Senior Director of Clinical Services and Quality Improvement and three Professional Services Consultants. Our clinical team provides support to all of our facilities either by phone or through frequent visits to each of the centers.”

“The Senior Director of Clinical Services and Quality Improvement is responsible for the overall clinical operations of NCA, including providing direct leadership, setting clinical benchmarks and goals for NCA, oversight of nursing budgets to ensure adequate staffing at each facility, and the development of clinical programs and accompanying policies and procedures for the facilities. She coordinates this oversight with the North East Quality Improvement Organization and is aligned with Advancing Excellence and Maine’s LANE Culture Change Coalition to develop policies and procedures that are in line with up to date clinical practices while maintaining our goals of changing our culture to meet the needs of our residents, families and staff. She is also responsible for the direct oversight of the Professional Services Consultants (PSC) and assists them with prioritizing facility visits and support, providing orientation to new Directors of Nursing Services, education on all clinical issues, mentoring and being a clinical resource. The PSC’s are also the point persons for advancing new policies, programs and company initiatives. They hold regular meetings with the DNS’s and other clinical managers to review clinical indicators, Quality Measure reports, Five Star ratings, re-hospitalizations, and recent survey updates. Each PSC also schedules mock Peer Review surveys, reviewing all deficiency reports and assisting with developing and implementing Plans of Corrections.”

“In order to provide a consistent, comprehensive transition of care for our residents from the time of their hospital stay to their time of admission to the facility and ongoing to their discharge home, the Senior Director of Clinical Services and Quality Improvement also works with the Senior Director of Admissions Management to establish collaborative relationships with:

* Area hospitals
* Physicians
* Nurse Practitioners
* Hospice Agencies
* Home Care services”

“NCA has been successful in forging these partner relationships through our Clinical Liaison model. We have five Clinical Liaisons covering all major hospitals throughout the state of Maine. They establish initial contact with the patients and their families to ensure a smooth “hand-off” in moving the resident to their respective facility. Such collaboration has contributed to decreasing the overall rate of re-hospitalizations at NCA supported facilities.”

“Our highly skilled Case Mix Specialist assists each of our facilities to monitor regulatory compliance, provide support to in-house MDS (Minimum Data Set) Coordinators and monitor action plans identified for improvement.”

**“Nursing Home Compare Ratings Under 5 Star Systems**

NCA’s comprehensive approach to providing solid transitional care along with having seasoned leadership and committed staff has helped to produce outstanding ratings under the Medicare 5 Star Rating System. On average (See Table 1. below) our facilities earned 4.4 stars for Overall Ratings; 3.5 stars for Health Inspections; 4.4 stars for Staffing and 4.2 stars for Quality Measures. These results exceed the National and State averages.”

**“Five Star Rating System:**

North Country Associates Five Star Ratings

September, 2013

(Table 1)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Facility** | **Overall Rating** | **Health Inspection** | **Staffing** | **Quality Measures** |
| Borderview Rehabilitation and Living Center  | 5 | 5 | 5 | 4 |
| Courtland Rehabilitation and Living Center | 5 | 3 | 4 | 5 |
| Edgewood Rehabilitation and Living Center | 5 | 5 | 5 | 3 |
| Gardiner Health Care Facility | 2 | 1 | 4 | 4 |
| Heritage Rehabilitation and Living Center | 5 | 3 | 5 | 5 |
| Maplecrest Rehabilitation and Living Center | 5 | 5 | 5 | 3 |
| Orchard Park Rehabilitation and Living Center | 5 | 3 | 5 | 5 |
| Russell Park Rehabilitation and Living Center | 4 | 3 | 4 | 4 |
| Sanfield Rehabilitation and Living Center | 5 | 4 | 5 | 5 |
| Somerset Rehabilitation and Living Center | 5 | 5 | 4 | 4 |
| Sonogee Rehabilitation and Living Center | 3 | 2 | 4 | 4 |
| Southridge Rehabilitation and Living Center | 4 | 3 | 4 | 4 |
|  |  |  |  |  |
| Average  | 4.4 | 3.5 | 4.5 | 4.2 |

**“Health Inspections**

Through our Peer Review process and Quality Improvement/Performance Improvement initiatives we have seen a reduction in overall numbers of deficiencies and have had no deficiencies with a scope and severity at a level higher than “E” [No actual harm with potential for more than minimal harm that is not immediate jeopardy.] at NCA supported facilities, with our most recent surveys.”

**“North Country Associates Health Inspections”**

**2012 - 2013**

(Table 2)

|  |  |  |  |
| --- | --- | --- | --- |
| **Facility**  | **Date of inspection** | **Number of deficiencies** | **Scope and Severity** |
| Borderview Rehabilitation and Living Center | 03/08/13 | 7 | B,D,E |
| Courtland Rehabilitation and Living Center | 08/15/13 | 1 | E |
| Edgewood Rehabilitation and Living Center | 09/07/12 | 1 | E |
| Gardiner Health Care Facility  | 06/13/13 | 5 | B,D,E |
| Heritage Rehabilitation and Living Center | 03/14/13 | Deficiency Free |  |
| Maplecrest Rehabilitation and Living Center | 11/09/12 | 1 | D |
| Orchard Park Rehabilitation and Living Center  | 10/05/12 | 5 | C,D,E |
| Russell Park Rehabilitation and Living Center | 01/23/13 | 4 | C,D,E |
| Sanfield Rehabilitation and Living Center | 04/04/13 | 4 | D |
| Somerset Rehabilitation and Living Center | 04/10/13 | Deficiency Free |  |
| Sonogee Rehabilitation and Living Center | 08/30/12 | 11 | C,D,E |
| Southridge Rehabilitation and Living Center  | 06/08/12 | 2 | D |
| **Average** |  | **3.4** |  |

**B. Certificate of Need Unit Discussion**

**i. CON Standard**

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

**ii. Certificate of Need Unit Analysis**

The applicant and North Country Associates have a long history of owning/operating health care facilities in the State of Maine. Currently North Country Associates owns and/or operates 22 facilities in the State. Please see table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **North Country Associates** | **Maine** | **SNF/NF** | **Level IV** | **ICF/DD** |
| **Maine owned/operated facilities** | **Municipality** | **Beds** | **Beds** |  |
| Borderview Rehab and Living Center | Van Buren | 55 | 53 | 0 |
| Country Manor | Coopers Mills | 30 | 22 | 0 |
| Courtland Rehab and Living Center | Ellsworth | 54 | 20 | 0 |
| Edgewood Rehab and Living Center | Farmington | 33 | 22 | 0 |
| Evergreen Manor | Saco | 42 | 0 | 0 |
| Fallbrook Woods | Portland | 0 | 56 | 0 |
| Gardiner Health Care Facility | Houlton | 45 | 10 | 0 |
| Harris House | Livermore Falls | 0 | 0 | 13 |
| Heritage Rehab and Living Center | Winthrop | 28 | 24 | 0 |
| Klearview Manor | Fairfield | 0 | 0 | 16 |
| Maplecrest Rehab and Living Center | Madison | 58 | 0 | 0 |
| Mountain Heights | Patten | 25 | 0 | 0 |
| Narraguagus Bay | Millbridge | 35 | 23 | 0 |
| Northland Living Center | Jackman | 0 | 0 | 14 |
| Orchard Park | Farmington | 38 | 0 | 0 |
| Rumford Community Home | Rumford | 32 | 53 | 0 |
| Russell Park Rehab and Living Center | Lewiston | 50 | 53 | 0 |
| Sanfield Rehab and Living Center | Hartland | 23 | 12 | 0 |
| Somerset Rehab and Living Center | Bingham | 21 | 13 | 0 |
| Sonogee Rehab and Living Center | Bar Harbor | 35 | 40 | 0 |
| Southridge Rehab and Living Center | Biddeford | 65 | 46 | 0 |
| The Commons at Tallpines | Belfast | 69 | 0 | 0 |
| **TOTAL BEDS** |  | **738** | **447** | **43** |

*Source: Facility licenses, Aspen database and* [www.northcountryassociates.com](http://www.northcountryassociates.com).

Nursing homes vary in the services and quality of care that they provide to the residents. CONU typically uses the Five-Star Quality Ratings available at <http://www.medicare.gov/nursinghomecompare/search.html>.

These rating come from health inspection data, staffing data and quality measures. A rating from 1 (much below average) to 5 (much above average) is given for overall, health inspection, staffing and quality measure categories. The applicant summarized ratings from 12 nursing homes and calculated an average from each rating. CONU expanded this analysis to incorporate all nursing homes that North Country Associates owns and/or operates in the State of Maine.

The table below summarizes the rating results:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Facility** | **Overall** | **Health** | **Staffing** | **Quality** |
| Borderview | 5 | 5 | 5 | 4 |
| Country | 4 | 3 | 4 | 4 |
| Courtland | 4 | 3 | 4 | 4 |
| Edgewood | 5 | 5 | 5 | 3 |
| Evergreen | 5 | 5 | 5 | 5 |
| Gardiner | 2 | 1 | 4 | 4 |
| Heritage | 5 | 3 | 5 | 5 |
| Maplecrest | 5 | 5 | 5 | 3 |
| Mountain | 4 | 4 | 4 | 4 |
| Narraguagus | 2 | 1 | 4 | 5 |
| Orchard | 5 | 3 | 5 | 5 |
| Rumford | 2 | 1 | 4 | 5 |
| Russell | 4 | 3 | 5 | 4 |
| Sanfield | 5 | 4 | 5 | 5 |
| Somerset | 5 | 5 | 4 | 4 |
| Sonogee | 3 | 2 | 4 | 4 |
| Southridge | 4 | 3 | 4 | 4 |
| Tallpines | 4 | 4 | 4 | 4 |
| **AVERAGE** | **4.056** | **3.333** | **4.444** | **4.222** |

North Country facilities are rated above average in 3 out of 4 categories.

The applicant has implemented a Peer Review process and Quality Improvement/Performance Improvement initiative to reduce the overall number of deficiencies as well as the scope and severity of deficiencies. CONU again used the Medicare.gov website to summarize health inspection and quality inspection data for North Country facilities.

The table below summarizes the results of health inspections:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Facility** | **Inspection** | **# Health** | **Level of** | **Residents** | **Plan of** |
| **Date** | **Deficiencies** | **Harm** | **Affected** | **Correction** |
| Borderview | 01/10/2013 | 5 | M | Some | Yes |
| Country | 03/22/2013 | 1 | M | Few | Yes |
| Courtland | 06/20/2013 | 1 | M | Some | Yes |
| Edgewood | 09/07/2012 | 1 | M | Some | Yes |
| Evergreen | 03/14/2013 | 2 | M | Few | Yes |
| Gardiner | 05/08/2012 | 9 | M | Some | Yes |
| Heritage | 03/14/2013 | 0 | M | N/A | Yes |
| Maplecrest | 11/09/2012 | 1 | M | Few | Yes |
| Mountain | 02/13/2013 | 2 | M | Few | Yes |
| Narraguagus | 06/06/2013 | 6 | M | Some | Yes |
| Orchard | 10/05/2012 | 5 | M | Some | Yes |
| Rumford | 03/28/2013 | 2 | M | Few | Yes |
| Russell | 01/23/2013 | 2 | M | Few | Yes |
| Sanfield | 04/04/2013 | 4 | M | Few | Yes |
| Somerset | 08/30/2012 | 0 | M | N/A | Yes |
| Sonogee | 08/30/2012 | 12 | M | Some | Yes |
| Southridge | 06/28/2012 | 3 | M | Some | Yes |
| Tallpines | 06/21/2013 | 2 | M | Few | Yes |

The average number of deficiencies across North Country facilities is 3.2 which out performs the Maine average of 4.1 and the U.S. average of 6.8. The level of harm never exceeded M which stands for Minimal harm or potential for actual harm. A plan of correction was submitted to correct all deficiencies.

The table below summarizes the quality inspection data from the North Country facilities:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Facility** | **Inspection** | **# Quality** | **Level** | **Residents** | **Plan of** |
| **Date** | **Deficiencies** | **of Harm** | **Affected** | **Correction** |
| Borderview | 01/10/2013 | 2 | 2 | Few | Yes |
| Country | 02/24/2012 | 2 | 2 | Some | Yes |
| Courtland | 07/20/2012 | 1 | 1 | Some | Yes |
| Edgewood | 09/07/2013 | 1 | 2 | Some | Yes |
| Evergreen | 12/02/210 | 2 | 2 | Few | Yes |
| Gardiner | 05/09/2013 | 1 | 2 | Few | Yes |
| Heritage | 03/09/2012 | 1 | 2 | Few | Yes |
| Maplecrest | 11/09/2012 | 1 | 2 | Few | Yes |
| Mountain | 02/13/2013 | 1 | 1 | Some | Yes |
| Narraguagus | 03/20/2013 | 1 | 3 | Few | Yes |
| Orchard | 10/05/2012 | 1 | 2 | Few | Yes |
| Rumford | 03/28/2013 | 2 | 2 | Few | Yes |
| Russell | N/A | 0 | 0 | 0 | Yes |
| Sanfield | 04/04/2013 | 1 | 2 | Few | Yes |
| Somerset | N/A | 0 | 0 | 0 | Yes |
| Sonogee | 08/30/2012 | 1 | 2 | Few | Yes |
| Southridge | 06/08/2012 | 1 | 2 | Few | Yes |
| Tallpines | 06/21/2013 | 2 | 2 | Few | Yes |

This table shows a minimal number of quality deficiencies. The level of harm measure varies from a level 1 – potential for minimal harm, level 2 – minimal harm or potential for actual harm to one instance of a level 3 – actual harm. A plan of correction was submitted to correct all deficiencies.

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.

As stated above the applicant and North Country Associates have been providers of Residential Care and SNF/NF services in the State of Maine since 1981 and 1984 respectively. The services provided by the applicant are consistent with applicable licensing and certification standards.

**iii. Conclusion**

Certificate of Need Unit recommend of 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**

“We are providing a financial projection for the first three full years of operations for the facility and in total along with assumptions and occupancy projections. These summary analyses are included.”

“A summary of the results of the projections in total is as follows:

 Year 1 Year 2 Year 3

Net Resident Service Revenue $ 6,703,992 $ 6,838,072 $ 6,974,833

Operating Expenses 6,602,001 \_6,734,041 \_6,868,722

Net Income $ 101,991 $ 104,031 $ 106,111”

“Years 2 and 3 demonstrate revenue growth of 2.0% and 2.0%, respectively due to the anticipated results of our strong admissions practices in increasing occupancy at this facility to NCA historical levels and to the continued solid working relationship and partnership with Western Maine Health as well as other hospitals as part of clinical support network under North Country Associates.”

“Operating costs are projected to be significantly lower in the aggregate than historically incurred due to reductions in various expenses but not limited to employee benefits, food, medical supplies, capital overhead and other operating expenses as part of our due diligence and analysis in these areas. Years 2 and 3 have applied the same 2% growth for each year as well.”

“Financial operations and oversight of the facility will be under the direction of North Country Associates within their central office located in Lewiston. The organization has a strong and solid history of oversight of nursing and residential care facilities in Maine for many years as demonstrated by the financial performance.”

“In summary, the projected net income in years 2014 through 2016 adequately demonstrates the overall ability of the facility to support operations. Additionally, projected profits over the three year period are consistent to expectations as part of our review process and are conservative in nature.”

**“Marketing and Admission Practices to Maintain and Enhance Occupancy and Revenue**

Occupancy levels for NCA facilities are detailed in Section IV. These facts show that overall occupancy levels support financial and economic feasibility. NCA’s history with admission management and marketing efforts will support these initiatives at Market Square Health Care.”

“As stated in Section III, our Clinical Liaison model allows us to infuse our expertise in the local hospitals allowing us to better transition a person that needs short term, long term or residential care. This also allows for physician dialogue to occur prior to the resident being admitted which has been an exceptional marketing tool with hospitals and physician practices in the areas of our facilities. NCA centers carry out these activities in a manner that complies with all applicable state and federal guidelines, regulations and laws concerning admissions.”

“NCA utilizes traditional advertising venues including print, radio and in some markets, television. Collateral has corporate oversight utilizing our style and brand guidelines to ensure the integrity and consistency of the message. We employ a full time Social Media Consultant whose primary responsibility is to provide relevant information via face book and twitter that assists residents, families and staff to better understand the current issues facing the elderly; these efforts also aide in the communication about positive highlights, upcoming activities and events occurring within the facility.”

**B. Certificate of Need Unit Discussion**

 **i. CON Standard**

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. Certificate of Need Unit Analysis**

The sale of Market Square Health Care Center (MHSCC) will be structured as an asset purchase (The Asset Purchase Agreement is on file at CONU). Two new LLC’s will be formed. South Paris Real Estate Holdings, LLC will own the MHSCC land and buildings. Market Square Health Care Center, LLC will be the operator who will hold the license and provider agreements and lease the property from the real estate LLC. The applicant will purchase the facility for $1. As of September 30, 2012 the book value of MHSCC’s depreciable assets is $899,541. The September 30, 2012 audited cost report reports depreciation expense of $241,129. The Asset Purchase agreement specifies that the applicant will invest $500,000 in capital improvements and assets during the first two years after closing. The pro forma cost report is projecting depreciation expense of $30,000 annually associated with these capital improvements. In addition operating efficiencies will be achieved by bringing therapy services in-house as opposed to utilizing contracted labor. Wages and benefits will be adjusted to bring them in-line with industry standards. Due to these projected cost reductions this project achieves MaineCare neutrality.

Please see table below for a summary of projected cost savings.

|  |
| --- |
| **Market Square Projected Cost Savings** |
| Current NF Reimbursement Rate | $192.62 |
| Projected NF Reimbursement Rate | $177.96 |
| Per Diem Cost Savings (Increase) | $14.66 |
| Projected Occupancy\* | 14,600 |
| Cost Savings | $214,036.00 |
|  |  |
| Current RCF Reimbursement Rate | $86.36 |
| Projected RCF Reimbursement Rate | $91.00 |
| Per Diem Cost Savings (Increase) | -$4.64 |
| Projected Occupancy\* | 6,935 |
| Cost Increase | -$32,178.00 |
|  |  |
| **Net Projected Savings** | **$181,858.00** |
| *\*Based on most recent occupancy reports from Muskie School of Public Service*. |

This projected savings is contingent upon DHHS Rate Setting’s calculation of MSHCC’s interim prospective rate. Per Principle 44.2.9 of the Principles of Reimbursement for Nursing Facilities this asset purchase may be subject to depreciation recapture. These Principles can be accessed at

<http://www.maine.gov/sos/cec/rules/10/ch101.htm>. The final amount of any depreciation recapture will be determined by DHHS Division of Audit prior to closing.

**Changing Laws and Regulations**

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.

**Deeming of Standard**

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

The applicant has owned and operated (in conjunction with North Country Associates) numerous nursing homes and residential care facilities in the State of Maine. The operations of MSHCC are of a similar size and scope.

**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

**A. From Applicant**

“Relevant criterion 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 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.”

**“Occupancy Data**

Market Square Health Care

**“Through July, 2013**

|  |  |  |
| --- | --- | --- |
| **Payor Source**  | **Nursing Facility Occupancy %** | **Residential Care Occupancy %** |
| **Total % of Occupancy**  | **84.99%** | **98.97%** |
| Skilled – Medicare | 13.34% | 0.00% |
| Skilled – Other | 1.91% | 0.00% |
| Private  | 23.28% | 9.82% |
| Mainecare  | 61.46% | 90.18%” |

**“Fiscal Year 2012**

|  |  |  |
| --- | --- | --- |
| **Payor Source**  | **Nursing Facility Occupancy %** | **Residential Care Occupancy %** |
| **Total % of Occupancy** | **82.19%** | **96.22%** |
| Skilled – Medicare | 11.89% | 0.00% |
| Skilled – Other | 1.69% | 0.00% |
| Private  | 18.83% | 7.56% |
| Mainecare  | 67.59% | 92.44%” |

**“Fiscal Year 2011**

|  |  |  |
| --- | --- | --- |
| **Payor Source**  | **Nursing Facility Occupancy %** | **Residential Care Occupancy %** |
| Total % of Occupancy | **82.87%** | **96.13%** |
| Skilled – Medicare | 14.19% | 0.00% |
| Skilled – Other | 1.35% | 0.00% |
| Private  | 24.44% | 14.16% |
| Mainecare  | 60.03% | 85.84%” |

**“Occupancy Data**

North Country Associates

**Through July, 2013**

|  |  |  |
| --- | --- | --- |
| **Facility**  | **Nursing Facility Occupancy %** | **Residential Care Occupancy %** |
| **Average % of Occupancy** | **91.3%** | **95.1%** |
| Borderview RLC | 92.6% | 98.9% |
| Courtland RLC | 87.8% | 96.0% |
| Gardiner Health Care Facility | 91.8% | 100% |
| Edgewood RLC | 90.3% | 92.6% |
| Heritage RLC | 91.9% | 85.7% |
| Maplecrest RLC | 85.7% |  |
| Orchard Park RLC | 97.5% |  |
| Russell Park RLC | 94.6% | 93.5% |
| Sanfield RLC | 97.5% | 100% |
| Somerset RLC | 95.1% | 100% |
| Sonogee RLC | 84.2% | 85.2% |
| Southridge RLC | 87.6% | 99.1%” |

**“Fiscal Year 2012**

|  |  |  |
| --- | --- | --- |
| **Facility**  | **Nursing Facility Occupancy %** | **Residential Care Occupancy %** |
| **Average % of Occupancy** | **88.7%** | **93.7%** |
| Borderview RLC | 90.2% | 98.0% |
| Courtland RLC | 88.1% | 96.9% |
| Gardiner Health Care Facility | 89.8% | 89.5% |
| Edgewood RLC | 79.8% | 95.2% |
| Heritage RLC | 89.9% | 94.2% |
| Maplecrest RLC | 94.8% |  |
| Orchard Park RLC | 83. % |  |
| Russell Park RLC | 94.0% | 97.2% |
| Sanfield RLC | 96.7% | 99.3% |
| Somerset RLC | 90.4% | 82.1% |
| Sonogee RLC | 82.1% | 86.0% |
| Southridge RLC | 86.0% | 99.4%” |

**“Fiscal Year 2011**

|  |  |  |
| --- | --- | --- |
| **Facility**  | **Nursing Facility Occupancy %** | **Residential Care Occupancy %** |
| **Average % of Occupancy** | **91.6%** | **94.0%** |
| Borderview RLC | 94.6% | 98.8% |
| Courtland RLC | 92.2% | 96.4% |
| Gardiner Health Care Facility | 92.1% | 94.6% |
| Edgewood RLC | 90.2% | 82.0% |
| Heritage RLC | 92.3% | 96.4% |
| Maplecrest RLC | 91.7% |  |
| Orchard Park RLC | 88.2% |  |
| Russell Park RLC | 94.5% | 97.7% |
| Sanfield RLC | 97.8% | 96.1% |
| Somerset RLC | 92.5% | 88.8% |
| Sonogee RLC | 86.5% | 91.6% |
| Southridge RLC | 87.1% | 98.4%” |

**“Demographic Data**

Oxford County, Maine

Oxford County has seen a 5% increase in their population from 2000 – 2010. This county currently has a population of 16 – 18% of persons over the age of 65. Over the next seven years this segment of the population is projected to increase to 24%.”

**“& SERVICES:**

The following is a brief overview of several programs, services, and systems that are consistent throughout all NCA-supported facilities and will be implemented at Market Square.”

**“Rehabilitation Program:**

NCA facilities offer in-house therapy programs comprised of physical, occupational and speech therapy program and in some facilities, respiratory therapy. NCA has developed unique approaches to providing therapy programs among specialized populations to include ventilator and dementia care.”

**“Skin Protocol/Wound Care Program:**

NCA provides all of our facilities with the support to purchase pressure redistribution mattresses and chair surfaces, as well as a standardized wound care protocol and formularies for treatments. Facilities have dedicated individuals trained to provide proper treatment for wound care. These clinical specialists provide education and training to the licensed staff for preventative measures, as well as assessment and appropriate treatments of wounds.”

**“Falls:**

NCA has been very successful in reducing the number of falls throughout its network with continued training and monitoring by the clinical team. We have virtually eliminated the use of alarms through education of staff and families. We have a plethora of Fall Reduction programs that our facilities can choose from.”

**“SBAR/Interact Program:**

The SBAR (Situation Background Assessment Recommendation) is a tool that provides standardized means of increasing the effectiveness of communication between the licensed staff and the physician during the time that the resident exhibits a change in condition. The Interact Program is collection of data that pertains to every diagnosis and gives recommendations to treat exhibiting symptoms. NCA facilities have been trained in and have fully implemented the SBAR/Interact Programs. By using these programs, these centers have had an overall reduction in re-hospitalizations.”

**“Team STEPPS:**

A program implemented that optimizes the use of information, people, and resources to achieve the best clinical outcomes for patients. This objective is achieved by increasing team awareness and clarifying team roles, resolving conflicts and improving information sharing and eliminating barriers to quality and safety.”

**“I.V. Certification:**

NCA facilities that have 24 hour Registered Nurse coverage have staff that are IV certified. This has been successful for treating residents at the facility and helps to prevent re-hospitalization.”

**“Peer Review Survey:**

The Peer Review Survey is scheduled two to three months in advance of the last annual survey of the center. This mock survey mirrors the QIS process and helps the facility identified potential deficiencies which can then be developed into a performance improvement plan.”

**B. Certificate of Need Unit Discussion**

 **i. CON Standard**

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

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

 **ii. Certificate of Need Analysis**

CONU began its’ analysis by researching data contained in *Older Adults and Adults with Physical Disabilities: Population and Service Use Trends in Maine 2012 Edition* prepared by the Muskie School of Public Service, University of Southern Maine. CONU also utilized the U.S. Census Bureau’s website located at <http://quickfacts.census.gov>.

Oxford County Maine has a population of 57,481 as of 2012. The forecasted change in Oxford County’s older population is lower than the Maine average with a 56% increase in 65-74 year olds, a 34% increase in 75 – 84 year olds and a 1.0% decrease in the 85+ age category between 2012 and 2022. During this same period the State as a whole is projecting a 58%, 42% and a 9% increase. The 65+ population in Maine continues to grow at a rate faster than New England and the United States as a whole. People of all ages use nursing facilities far less than they did back in 2000 and the average length of stay has declined. The steepest decline occurred between 2000 and 2008 and has since leveled off. Even with an array of services available in less restrictive settings, a certain percentage of the over 65 population will require nursing facility services. The Muskie report estimates this percentage as .8% for the 65-74 year old group. 3.6% for the 75-84 year old group and 11.5% for the 85+ age group. In contrast the use of residential care facilities increased by 30% between 2000 and 2010. Approximately 6.3% of Maine’s over 85 year old population lived in residential care facilities in 2010. 1.8% of Maine’s 75-84 year old population lived in residential facilities. This has been consistent since 2004.

Oxford County has 38 nursing home beds per 1,000 persons age 65 and above which is higher than the State average of 33 beds per 1,000 and 27 residential care beds per 1,000 persons age 65 and above which is above the state average of 20 beds per 1,000. CONU reviewed occupancy levels of nursing homes and residential care facilities located in Oxford County.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **NURSING HOMES** |  | **Most** |  |  | **%** | **Annual** |
|  |  | **Recent** | **Full** | **Actual** | **Occupancy** | **Avg.** |
| **LOCATION** | **FACILITY** | **Data** | **Capacity** | **Occupancy** | **07/15/2013** | **Occupancy** |
| Fryeburg | Fryeburg Health Care Center | 07/15/2013 | 30 | 27 | 90% | 94% |
| West Paris | Ledgeview Living Center | 07/15/2013 | 81 | 69 | 85% | 80% |
| South Paris | MVH - South Paris | 07/15/2013 | 62 | 59 | 95% | 95% |
| South Paris | Market Square | 07/15/2013 | 76 | 62 | 82% | 85% |
| Norway | Norway Center for Health & Rehab. | 07/15/2013 | 42 | 36 | 86% | 87% |
| Rumford | Rumford Community Home | 07/15/2013 | 32 | 32 | 100% | 98% |
| Canton | Victorian Villa Rehab. | 07/15/2013 | 47 | 46 | 98% | 94% |
| **TOTAL OXFORD COUNTY AVERAGE** |   | **370** | **331** | **89.46%** | **88.92%** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **RCF** |  | **Most** |  |  | **%** | **Annual** |
|  |  | **Recent** | **Full** | **Actual** | **Occupancy** | **Avg.** |
| **LOCATION** | **FACILITY** | **Data** | **Capacity** | **Occupancy** | **07/01/2013** | **Occupancy** |
| Fryeburg | Fryeburg Health Care Center | 07/15/2013 | 44 | 38 | 86% | 77% |
| West Paris | Ledgeview Living Center | 07/15/2013 | 24 | 19 | 79% | 93% |
| South Paris | MVH - South Paris | 07/15/2013 | 28 | 29 | 104% | 94% |
| South Paris | Market Square | 07/15/2013 | 22 | 22 | 100% | 98% |
| Norway | Norway Center for Health & Rehab. | 07/15/2013 | 28 | 27 | 96% | 91% |
| Rumford | Rumford Community Home | 07/15/2013 | 37 | 35 | 95% | 92% |
| Canton | Victorian Villa Rehab. | 07/15/2013 | 67 | 63 | 94% | 94% |
| **TOTAL OXFORD COUNTY AVERAGE** |   | **250** | **233** | **93%** | **91%** |

The 88.92% annual average Oxford County occupancy rate is lower than the statewide average nursing home rate of 91% while the 91% average annual occupancy rate is consistent with the 91% average occupancy rate for residential care facilities. A review of the MSHCC occupancy data provided by the applicant shows residential care occupancy exceeding Oxford County and State of Maine averages. The nursing home averages are much lower than Oxford County and the statewide averages however they are showing an upward trend during the first 7 months of Fiscal Year 2013. North Country Associates (NCA) will implement enhanced admission management and marketing efforts to increase nursing home admissions to the level of other NCA facilities (91.3%). Based on the demographics of Oxford County and MSHCC occupancy data there is a demonstrated need for SNF/NF and Residential Care services in this region.

This transaction represents the continuation of an existing service. No additional nursing home beds will be added. Retaining needed SNF/NF and Residential Care services will have a positive impact on the health status indicators of the population to be served. In order to transition residents from the hospital to admission to the facility and through their discharge home collaborative relationships will be established with area hospitals, physicians, nurse practitioners, hospice agencies and home care services. This collaboration will decrease the overall rate of re-hospitalizations and speed the residents’ transition to a less restrictive, less costly home or community setting.

The applicant states that the project will substantially address specific health problems as measured by health needs in the area to be served by the project. The applicant provided a brief overview of several programs and services currently in place at NCA facilities. These services will be implemented at MSHCC.

The services affected by the project will be accessible to all residents in the area.

The project will provide demonstrable improvements in quality and outcome measures for patients requiring skilled services. NCA employs a Senior Director of Clinical Services and Quality Improvements who is responsible for the overall clinical operations of NCA owned and operated facilities. This position is responsible for providing direct leadership, setting clinical benchmarks and goals and ensuring adequate staffing for each facility.

**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**

“The transfer of ownership of Market Square Health Care is consistent with the orderly and economic development of health facilities and health resources for the State because it will continue needed services that have been provided in this community over the past several decades. The project likewise fulfills the MaineCare Neutrality requirement because it achieves savings.”

**Fulfillment MaineCare Neutrality Criterion**

“Several factors demonstrate that Market Square satisfies the key requirements of MaineCare neutrality.”

“With the approved purchase of Market Square Health Care Facility, MaineCare neutrality will be met due to various factors as a result of the sale. Due to the sale of the facility at a reduced amount, the basis for state reimbursement purposes will affect fixed cost component from a reimbursement perspective and met MaineCare neutrality.”

Estimated summary (rounded):

“Current Maine Care Nursing Facility (NF) Rate under present ownership $186

Proposed Maine Care NF rate estimated under new ownership per proforma $178

Proposed NF patient days utilization per analysis 14,168

Estimated Reduction/Savings in Maine Care costs for NF Services $113,344

Current Maine Care Residential Care Facility (RCF) Rate under

present ownership $86

Proposed Maine Care RCF rate estimated under new ownership $91

Proposed RCF patient days utilization per analysis 6,942

Estimated Increase in Maine Care costs for RCF Services $34,710

**Total estimated Maine Care Savings Combined $78,634”**

“The agreement for capital improvements as part of the purchase and sale agreement will set a new depreciation amount but will not have a material impact to increasing MaineCare overall costs. All assumptions are included in the one (1) year proforma cost report and financial projections as a whole.”

**B. Certificate of Need Unit Discussion**

 **i. CON Standard**

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

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

 **ii. Certificate of Need Analysis**

This transaction involves changing ownership of an existing facility. No major changes to services or to bed licenses are anticipated. There will be $500,000 in capital improvements over the next two years. This increased expense will be offset by the sale of the facility at a reduced cost basis (purchase price $1). Further adjustments to wages and benefits will result in cost savings.

MaineCare reimbursement rates for fixed costs will decrease. Direct care and routine costs are subject to existing peer group cost caps for reimbursement.

MSHCC is an existing facility providing necessary services in the Oxford County area. It is unlikely that a more effective, more accessible or less costly alternative technologies or methods of service delivery will become available.

**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

**A. From Applicant**

“Approval of this application will not negatively affect the quality of care delivered by existing service providers. Approval will permit this skilled nursing facility to continue to provide these services on an ongoing basis to the residents and families in their surrounding service area. Moreover, approval will have a positive impact on the quality of care delivered by hospital and physician providers in the relevant service area as they will be able to continue to refer residents needing such services to a facility that provides high quality care.”

**IMPROVING HEALTH OUTCOMES**

“As set forth in other portions of this application Market Square Health Care will be affiliated with a network of skilled nursing facilities located throughout Maine. Each facility of this group has an excellent track record of providing high quality services to its residents. Through its division of professional services, NCA provides program enhancement, policy development, care audits and inspection, clinical nurse consultants, and compliance monitoring with Federal and State regulations. These services along with on-site professional staff training have aided in the development of policies and procedures that lead to positive health outcomes. These program enhancements and procedures are shared with the other facilities allowing for continuous feedback and education of the staff. This enables each facility to develop new knowledge bases and put new treatment strategies into practice for improving health outcomes. Through ongoing involvement in the Advancing Excellence Campaign our goal would be for the facility to continue to improve in areas such as consistent assignments, reducing hospitalizations or reducing antipsychotic medication, to name a few.”

**HIGH QUALITY CARE**

“As detailed further in other sections, NCA has consistently fostered a culture that promotes high quality care in a safe environment. Its mission is to provide residents and their families with superior care delivered by staff dedicated to the principals of kindness, compassion, service and excellence in an environment where individuality, dignity and value of those who are served, as well as those who serve, is nurtured and appreciated. As part of the NCA network and in concert with its mission, employees will be sufficiently trained through educational programs for continued implementation of these goals and values. All NCA facilities are involved in a corporate structure designed to review resident/facility safety as well as quality assurance and performance improvement.”

**B. Certificate of Need Unit Discussion**

 **i. Standard**

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

 **ii. Certificate of Need Unit Analysis**

The applicant is assuming control of an existing facility. Continuing necessary services in the current geographic area will have a positive impact on the quality of care. The existing scope of services will not be changed. Implementation of NCA programs and quality improvement initiatives will ensure high-quality outcomes. Since there will be no change in either services or the number of licensed beds existing service providers will not be negatively impacted.

 **iii. Conclusion**

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

# VII. Service Utilization

**A. From Applicant**

“The Maine Quality Forum is geared towards Hospital and Physician based healthcare and thus its evidence-based medicine principals are generally not applicable to this application. Yet the underlying theme of inappropriate admissions, services or testing is pertinent in all healthcare delivery settings; nursing facilities included.”

“There is a combination of ways inappropriate NF and residential care utilization is mitigated.”

“Consumers seeking NF admission and who will rely on MaineCare to pay for their care must have a physician’s order, meet the strident medical eligibility standards of DHHS and qualify based on an assessment of their income and assets. They must also receive a Goold assessment that documents NF level of care is needed based on DHHS medical eligibility standards.  Generally speaking, MaineCare consumers who seek NF admission must have a three ADL loss or have cognition challenges which qualify them under Maine’s eligibility standards. The assessments continue on a set schedule to assure continuing need for NF level of services.”

“Medicare also establishes medical necessity standards for skilled care thus insuring only appropriate cases are served. Prior to the expansion of skilled care in nursing facilities most cases were treated in hospitals at significantly higher cost.”

“NCA has written corporate compliance policies that require all employees to follow State and Federal laws governing the provision of nursing facility and residential care services. We offer employees a compliance hot line whereby they can anonymously contact our corporate compliance officer, who follows up on all reports.  The hot line is a vital component for learning of and stopping inappropriate practices that do not comply with laws and regulations.”

**B. Certificate of Need Unit Discussion**

 **i. CON Standard**

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

 **ii. Certificate of Need 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.

 **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.

# IX. Timely Notice

1. **From Applicant**

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

1. **CONU Discussion**

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

Letter of Intent files: August 14, 2013

Technical Assistance meeting held: Waived

CON application filed: October 3, 2013

CON certified as complete: October 3, 2013

Public Information Meeting held: October 23, 2013

Public Hearing: October 23, 2013

Close of Record: November 22, 2013

# 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. 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.

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. The applicant has demonstrated that 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 applicant has demonstrated that 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 applicant has demonstrated that the project ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers;

F. The applicant has demonstrated 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; and

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.**