#### Date: September 5, 2013

**Project**: **Add 3 Nursing Facility Beds**

**Proposal by: Pine Point Center, Scarborough Operations, LLC**

**Prepared by: Phyllis Powell, Assistant Director, Medical Facilities**

**Larry Carbonneau, Manager Health Care Oversight**

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

**Directly Affected Party: None**

**Certificate of Need Unit Recommendation: Approval**

 **Proposed Approved**

 **Per Applicant** **CON**

Estimated Capital Expenditure $ 125,000 $ 125,000

Maximum Contingency $ 0 $ 0

Total Capital Expenditure with Contingency $ 125,000 $ 125,000

Pro-Forma Marginal Operating Costs $ 298,204 $ 298,204

MaineCare Neutrality Established Yes

# I. Abstract

**A. From Applicant**

“Pine Point Center is facility located in Scarborough and consisting of 58 licensed nursing facility beds. Pine Point Center’s operating company is Scarborough Operations, LLC, which is a subsidiary of Genesis HealthCare of Maine LLC, (“Genesis ME”). On December 5, 2006, Genesis ME was granted a Certificate of Need (“CON”) to lease and operate, among other facilities, Pine Point Center. A new license for Pine Point Center was issued to Scarborough 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 Scarborough Operations, LLC.”

“Pine Point Center is seeking CON approval to add 3 NF beds thereby increasing the number of NF beds from 58 NF beds to 61 NF beds. In 2012, Pine Point Center eliminated 12 Residential Care beds. Five of the 12 Residential Care beds were used as part of the resources to add NF beds at Windward Gardens as approved in a Certificate of Need for Windward Gardens on January 7, 2013. Scarborough Operations LLC would like to utilize the remaining 7 Residential Care beds (the “excess resources” in the Windward Gardens approved Certificate of Need) to add 3 NF beds to Pine Point Center. Below is *Table 1: Sources and Uses of MaineCare Funding* from the Windward Gardens approval. It was indicated in the approval that the resources identified with the 7 remaining beds at Pine Point would be retained as an asset by the operating entity at Pine Point, the source facility.”

|  |  |
| --- | --- |
| **Table 1: Sources and Uses of MaineCare Funding:****(From Certificate of Need Preliminary Analysis – Windward Gardens)** |  |
|  |  |  |  |  |  |
| **Source** | **Facility** | **# of Beds** | **$ Value** | **Allocated Beds** | **$ Value** |
|  | Marshwood | 16 | $887,347  | 16 | $887,347  |
|  | Fryeburg | 1 | $23,165  | 1 | $23,165  |
|  | Pine Point | 12 | $457,876  | 5 | $190,781  |
|  | **Total** | **29** | **$1,368,388**  | **22** | **$1,101,293**  |
|  |  |  |  |  |  |
| **Uses** | Windward  | 20 | $1,100,030  | 20 | 1,100,030 |
|  | Gardens |  |  |  |  |
| **Excess Resources** |  | $268,358  |  | $1,263  |
|  |  |  |  |  |

[The unused resources $268,358 and 7 beds have been retained for use in this Certificate of Need Application following procedures outlined in 22 MRS §334-A.]

“In addition, Genesis Healthcare of Maine proposes to utilize/transfer the resources of 1 NF bed located at Cedar Ridge in Skowhegan.”

“This increase in only 3 NF beds to the Greater Portland/Scarborough service area has very little, if any, impact on the market area. However, adding an additional 3 NF beds to Pine Point Center will further strengthen the economic viability of operations at Pine Point Center.”

“There will be minimal additional physical plant capital costs required to add 3 NF beds to Pine Point Center. The facility will reconfigure a short stay unit to accommodate three (3) additional beds by taking one unused room and converting it into a semi-private room and converting a private room into a semi-private room. The total estimated cost to make these changes is $125,000, and capital cost would not be subject to Certificate of Need approval given that such costs are below the CON threshold.”

“Attached as Revised Exhibit I-B [On file with HealthCare Oversight Program] is a floor plan of the unit in the facility showing where the three additional NF beds are proposed to be located.”

# II. Fit, Willing and Able

**A. From Applicant**

“Pine Point Center is an existing nursing home that has been operated by Scarborough Operations, LLC since January 1, 2007.”

“Prior to the transfer of operations and Scarborough Operations, LLC becoming the operator, Pine Point Center 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 Scarborough Operations, LLC to operate Pine Point Center. 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.”

“Pine Point Center intends to continue providing NF/Skilled care services. This CON does not involve any significant physical change to the existing facility. It involves adding only 3 additional NF beds.”

“Please refer to Exhibit II-A for resume of the facility Administrator.”

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

**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**

Scarborough Operations, LLC is licensed for dually licensed 58 NF/SNF beds at its long-term facility operated as Pine Point. The facility is located at 67 Pine Point Road in Scarborough, Maine. The administrator is Leslie Currier. The license was issued on April 30, 2013 and is valid from May 1, 2013 through April 30, 2014.

A review of Pine Points last completed survey data available at that website revealed the following ratings:

|  |  |
| --- | --- |
| **Pine Point** |  |
| **Nursing Home Compare Ratings** |
| **Category** | **Rating** |
| Overall | Much Below Average |
| Health Inspections | Much Below Average |
| Staffing | Above Average |
| Quality Ratings | Much Below Average |

Retrieved from Medicare.gov Website on July 1, 2013.

Pine Point scored “much below average” in 3 out of 4 categories rated by CMS with an overall rating of “much below average”. During the last survey, completed on 12/30/2011, seven (7) deficiencies were found. These deficiencies were all Level 2 deficiencies which indicate minimal harm or potential for actual harm to some residents or Level 1 deficiencies which indicate a potential for minimal harm.

Inspectors determined that the facility failed to:

* Provide care by qualified persons according to each resident's written plan of care.
* Develop a complete care plan that meets all the resident’s needs, with timetables and actions that can be measured.
* Keep residents’ personal and medical records private and confidential.
* Provide care for residents in a way that maintains or improves their dignity and respect in full recognition of their individuality.
* Ensure that each resident’s 1) entire drug/medication regiment is free from unnecessary drugs; and 2) is managed and monitored to achieve highest level of well-being.
* Maintain drug records and properly mark/label drugs and other similar products according to accepted professional standards.
* Have a program that investigates, controls and keeps infection from spreading.

All deficiencies were corrected by 2/03/2012.

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

Pine Point has been under the same ownership and operating agreement since January 1, 2007 and has been a provider of SNF/NF level of care services at the same location to be utilized for the additional beds considered in this proposal. 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**

“Pine Point Center is seeking CON approval to add 3 NF beds thereby increasing the number of NF beds from 58 NF beds to 61 NF beds. In 2012, Pine Point Center eliminated 12 Residential Care beds. Five of the 12 Residential Care beds were used as part of the resources to add NF beds at Windward Gardens as approved in a Certificate of Need for Windward Gardens on January 7, 2013. Scarborough Operations LLC would like to utilize the remaining 7 Residential Care beds (the “excess resources” in the Windward Gardens approved Certificate of Need) to add 3 NF beds to Pine Point Center.”

“This increase in only three NF beds to the Greater Portland/Scarborough service area has very little, if any, affect the market area. However, adding an additional 3 NF beds to Pine Point Center will further strengthen the economic viability of operations at Pine Point Center.”

“There will be minimal additional physical plant capital costs required to add 3 NF beds to Pine Point Center. The facility will reconfigure an existing short stay unit to accommodate three additional beds by taking two large single suites and making those semi-private rooms; converting a current nursing office back into a resident room; and converting another private room from an office back to a resident room. The total estimated cost to make these changes is $125,000, and capital cost would not be subject to Certificate of Need approval given that such costs are below the CON threshold.”

“Attached as Revised Exhibit III-A is Pine Point Center’s Operating Statement for the past 12 months. Pine Point Center had a Net Loss of $425,437 for the most recent 12 month period.”

“Attached as Revised Exhibit III-B 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 Pine Point Center will strengthen financial operations of the facility with occupancy projected to increase revenues increasing by $557,833 over the current FY 2013 budget. Expenses will increase minimally as a result of adding three additional NF/SNF beds.”

“Attached as Revised Exhibit III-C is a pro forma MaineCare cost report. Attached as Revised Exhibit III-D is the Historical Balance Sheet for Pine Point Center and Balance Sheet projections through 2014.”

“Attached as Revised Exhibit III-E is the most recent completed MaineCare cost report for Pine Point Center.”

**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**

Financial Feasibility and Staffing

The applicant provided a pro-forma cost report that represented the change in the provided service level for the additional three beds. The pro-forma 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. As stated above the applicant eliminated 12 RCF beds in 2012. The pro-forma cost report supports the applicants assertion that the addition of three SNF/NF beds is financial feasible and will improve the financial resources of the facility.

MaineCare Neutrality

This project is subject to MaineCare neutrality. MaineCare neutrality is computed by comparing the utilization of MaineCare resources by evaluating the change in costs for Pine Point's current 58 bed Skilled Nursing/Nursing (SNF/NF) nursing home bed capacity and the proposed 61 bed SNF/NF nursing bed capacity. The current calculated MaineCare utilization is $3,893,586. The proposed calculated MaineCare utilization is $4,202,218. This increase in MaineCare utilization is $308,632 which is based on a 95% occupancy.

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

|  |  |
| --- | --- |
| **Table 2:CONU Sources and Uses of MaineCare Funding:** |  |
|  |  |  |  |  |  |
| **Source:** | **Facility** | **# of Beds** | **$ Value** | **Allocated Beds** | **$ Value** |
|  | Pine Point RCF | 7 | $268,358  | 7 | $268,358  |
|  | Cedar Ridge |  1 | $64,681 | 1 | $64,681 |
|  | **Total** | 8 | $333,039 | 8 | $333,039 |
|  |  |  |  |  |  |
| **Use:** | Pine Point | 3 | $308,632  | 3 | $308,632 |
| **Excess Resources**  |  | $24,407  |  | $24,407  |

The chart indicates that the revenue stream from seven Pine Point RCF beds from the Windward Gardens project and one Cedar Ridge NF bed is sufficient to offset the potential costs of the three new SNF/NF beds. The value of the revenue stream is $333,039. The expected costs to the MaineCare program are calculated to be $308,632. Sufficient resources exist to achieve MaineCare neutrality.

**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 operated a mixed level of care facility with a total of 70 beds (58 SNF/NF and 12 Level IV PNMI RC beds). In 2012, the facility eliminated the 12 Level IV PNMI RC beds. If this application were to be approved the applicant would be operating a single level of care facility with a total of 61 beds (61 SNF/NF). The operations are of a similar size and scope. Schedule L of the applicant pro-forma cost report demonstrates the need for additional nursing staff to handle the increase of SNF/NF census.

 **v. 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**

“This proposal involves adding just 3 NF beds to Pine Point Center.”

“An increase of only three nursing facility beds is less than 0.25% of the total 1,625 nursing facility beds in Cumberland County. This increase will not significantly increase NF beds to the overall service area.”

“Pine Point Center was originally constructed in 1959 as a 62 bed nursing home. In 1989, Sandy River Company completed a major renovation of the facility and added a new 40 NF bed addition and increased the number of licensed beds to 77 NF beds. In response to “Med 94”, the facility subsequently converted a nursing care wing to 12 RC beds and decreased the number of NF beds to 58 NF beds.”

“In 2012, Pine Point Center eliminated the 12 Residential Care beds. Five of the 12 Residential Care beds were used as part of the resources to add NF beds at Windward Gardens as approved in a Certificate of Need for Windward Gardens on January 7, 2013. Scarborough Operations LLC would like to utilize the remaining 7 Residential Care beds (the “excess resources” in the Windward Gardens approved Certificate of Need) to add 4 NF beds to Pine Point Center.”

“Please refer to Exhibit IV-A Pine Point Center’s Average Daily Census and Payer Mix for 2010, 2011, 2012, and YTD 2013 for an overview of historical census and payer mix.”

“In referencing a report by the Muskie School of Public Service titled *Older Adults and Adults with Physical Disabilities: Population and Service Use Trends in Maine 2012 Edition*  please note that Maine has one of the fastest growing aging populations in the country, and the rate of change is accelerating. In Cumberland County the number of persons age 65+ is projected to grow from 43,258 in 2012 to 65,701 in 2022, a 63% increase. While only adding 4 NF beds to a market area with 1,625 NF beds are essentially insignificant, clearly there will be an increasing need for NF services in Pine Point’s service area and throughout Maine over the next 10 years.”

**Effect on Quality and Outcome Measures**

“As indicated in previous Certificate of Need applications, Genesis has been, and continues to be, a leader in Culture Change nationally and in states where it operates. In the Northeast, select Genesis 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 Pine Point Center, participated in Advancing Excellence. The Quality Department supports all qualifying Centers to pursue the AHCA Quality Award application process.”

“Pine Point Center’s resources will continue to be focused on strengthening Pine Point Center’s commitment to outstanding clinical services and culture change.”

**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 verifying the applicants interpretation of 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*. The forecasted change in Cumberland County’s older population is higher than the Maine average with a 55% increase in 65-74 year olds, a 46% increase in 75 – 84 year olds and a 9% increase in the 85+ age category vs. 58%, 42% and 9% respectively for the State 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 setting, 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. CONU reviewed occupancy levels of nursing homes located in Cumberland County.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Cumberland County Nursing Home Occupancy** |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | **FACILITY** | **Most Recent****Data** | **Full****Capacity** | **Actual** **Occup.** | **% Occ.****2/1/2013** | **Annual****Avg. Occup.** |
| **LOCATION** |
| Portland | Barron Center | 02/01/13 | 219 | 215 | 98% | 94% |
| Yarmouth | Brentwood Rehab & Nursing Center | 02/01/13 | 78 | 63 | 81% | 89% |
| Bridgton | Bridgton Health Care Center | 02/01/13 | 43 | 36 | 84% | 80% |
| Portland | Cedars Nursing Care Center | 02/01/13 | 102 | 94 | 92% | 91% |
| Yarmouth | Coastal Manor | 02/01/13 | 39 | 36 | 92% | 96% |
| Falmouth | Falmouth By The Sea | 02/01/13 | 65 | 61 | 94% | 92% |
| Freeport | Freeport Nursing & Rehab Center | 02/01/13 | 61 | 49 | 80% | 90% |
| Gorham | Gorham House | 03/01/12 | 69 | 61 | 88% | 91% |
| Freeport | Hawthorne House | 02/01/13 | 81 | 73 | 90% | 94% |
| Brunswick | Horizons Living And Rehab Center | 02/01/13 | 65 | 62 | 95% | 97% |
| Windham | Ledgewood Manor | 02/01/13 | 60 | 54 | 90% | 91% |
| Scarborough | Maine Veterans Home - Scarborough | 02/01/13 | 120 | 116 | 97% | 98% |
| Brunswick | Mid Coast Senior Health Center | 02/01/13 | 42 | 34 | 81% | 91% |
| Scarborough | Pine Point Center | 02/01/13 | 58 | 57 | 98% | 98% |
| Scarborough | Piper Shores | 02/01/13 | 40 | 35 | 88% | 94% |
| Portland | Seaside Rehab & Health Care | 02/01/13 | 124 | 115 | 93% | 93% |
| Falmouth | Sedgewood Commons | 02/01/13 | 65 | 59 | 91% | 97% |
| So Portland | South Portland Nursing Home | 02/01/13 | 73 | 70 | 96% | 98% |
| Westbrook | Springbrook Center | 02/01/13 | 123 | 121 | 98% | 93% |
| Portland | St Joseph's Rehabilitation And Residence | 02/01/13 | 121 | 109 | 90% | 92% |
| **TOTAL CUMBERLAND COUNTY AVERAGE** |   |  **1648** | **1521** | **91%** | **93%** |

The 93% annual occupancy rate is higher than the statewide average rate of 91%.

When the average current occupancy rate for existing nursing facility beds at facilities within 30 miles of the applicant facility exceeds 85% as is the case, the department shall evaluate the impact that the proposed additional nursing facility beds would have on those existing nursing facility beds. The addition of three nursing beds to the Cumberland County service area would represent a 0.20% increase in capacity. Bridgton Health Care Center has the lowest occupancy in the area. If the entire impact on this increase in capacity was borne by Bridgton Health Care Center that facility would still remain above the 75% threshold for occupancy penalties to MaineCare reimbursement. This proposed increase will not affect the other providers in the County.

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 because they have demonstrated that there is a need for additional SNF/NF services in the area.

The applicant has demonstrated that there is a need for additional long term care beds at the SNF/NF level of care in the service area based on the aging population in the area.

The project will have a positive impact on the health status indicators of the population to be served. The applicant will be providing a service that has been demonstrated to be needed. Needed services positively affected health status indicators. Furthermore, the addition of skilled services has been demonstrated to decrease healing time and allow patients to return home faster. This decrease in treatment time is a positive impact on health status indicators.

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 are requiring skilled services.

**v. 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**

“Pine Point Center has made a business decision to add 3 NF beds thereby increasing the number of licensed NF beds from 58 to 61. Alternatives considered include: 1) continuing the existing configuration of nursing facility as is with 58 NF beds; or 2) utilize the remaining 7 Residential Care beds (the “excess resources” in the Windward Gardens approved Certificate of Need) to add 3 NF beds to Pine Point Center.”

“There is ample space to add 3 NF beds, increasing the number of licensed beds to 61 NF beds, as the facility was previously licensed for 77 NF beds. This proposal will improve the operating efficiencies of Pine Point Center’s nursing care business and is an efficient way to utilize the remaining income stream from the remaining seven RC beds and the one Cedar Ridge NF bed.”

“Given that the availability of the MaineCare income stream is being used to offset any increase in costs from adding three NF beds at Pine Point Center, 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.”

“Finally, there would be a reduction in the marginal costs of NF care. By increasing the number of NF beds from 58 to 61 NF beds, there would be gains in operational efficiencies as demonstrated in the financial forecast. “

**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**

The decision to increase Pine Points SNF/NF bed capacity from 58 to 61 beds addresses the demonstrated need for more SNF/NF level of care beds in Cumberland County. More importantly, the increase in SNF/NF beds will improve patients’ access to needed services in the area.

The increased allowable operating costs of $298,204 will be offset by the identified MaineCare revenue stream. The identified resources allow the proposed project to meet the Maine Care neutrality standard. This project will not result in increased costs to the Maine health care system. Since the net increase in health care expenditures are zero, this project will not affect the ability of the state to pay for the care.

The applicant states that Pine Point’s new SNF/NF beds will be focused on rehabilitative care. This aids in transitioning seniors 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. Currently underutilized and unoccupied space can be properly utilized by the addition of SNF/NF services that were identified as needed in Section IV of this analysis. The proposed services are the most effective and accessible standard of care for SNF/NF services available at this time.

 **v. 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

“This proposal for CON approval will have minimal community impact. This proposal involves adding just 3 NF beds to Pine Point Center. “

“An increase of only three nursing facility beds is less than 0.25% of the total 1,625 nursing facility beds in Cumberland County. This increase will not significantly increase NF beds to the overall service area.”

“These 3 NF beds are being used to expand Pine Point Center’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. It will also provide private rooms for clinically complex patients. Without the strong rehab programs of facilities such as Pine Point Center, there would undoubtedly be increased usage of acute care beds as well as NF MaineCare beds and a decrease in positive outcomes for Maine’s seniors who benefit from being able to return home following an acute event.”

“Pine Point Center has a strong reputation as a rehabilitation provider and hospital discharge option in the service area. 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 sub-acute rehab 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.”

**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 addition of three nursing home beds in the Cumberland County area will have a minimal effect on the quality of care delivered by existing service providers. Seniors needing SNF/NF care will have a greater likelihood of finding the services offered in the area where they reside.

This proposal addresses the lack of available nursing home beds in the area. Pine Points focus will be on rehabilitation with the goal of returning the patient to their homes and/or to community-based services rather than placing residents permanently in a more costly long term care nursing bed. 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.

 **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

From Applicant

“Pine Point Center would like to add 3 NF beds. Increasing the number of nursing facility beds will complement the nursing care services already offered at the facility. Genesis, including Pine Point Center, is very proud of its quality care record and ranking 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 system, Pine Point Center is dedicated to providing excellent care to its short stay, rehabilitation and long term care residents. Pine Point Center 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.”

“Pine Point Center 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.”

“Genesis and Pine Point Center 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 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 Pine Point Center. Pine Point Center also continues to be a leader in rehabilitative skilled services.”

“Below are the Mission Statement, Vision Statement, and Core Values of Genesis HealthCare and Pine Point Center:”

**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 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 Pine Point Center’s core business of providing high quality skilled rehabilitative and nursing care services in the Greater Portland/Scarborough area.”

**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.

# VIII. Funding in MaineCare Nursing Facility Funding Pool

1. **From Applicant**

N/A

1. **Certificate of Need Unit Discussion**

1. **CON Standard**

Relevant standards for inclusion in this section are related to the needed determination that the project can be funded within the MaineCare Nursing Facility Fund.

 **ii.** **Certificate of Need Unit Analysis**

This project utilizes resources from bed rights that the applicant has identified as being available to them. The applicant or the facilities providing the resources identified to offset the costs of this project have complied with the requirements for reinstating reserved beds as provided in 22 M.R.S. §333 (1).

Under 22 M.R.S. §334-A (2) Certificate of Need projects to relocate beds are not subject to or limited by the MaineCare nursing facility funding pool.

**iii.** **Conclusion**

Certificate of Need Unit has determined that there are no incremental operating costs to the healthcare system. No funds from the MaineCare Nursing Facility Funding Pool will be utilized in this project.

# 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**

|  |  |
| --- | --- |
| Public Hearing Held: N/A  |  |

Letter of Intent files: April 16, 2013

Technical Assistance meeting held: Waived

CON application filed: May 22, 2013

CON certified as complete: May 22, 2013

Public Information Meeting held: N/A

Public Hearing: N/A

# 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

G. The project does not need funding from within the Nursing Facility MaineCare Funding Pool.

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