STATE OF MARYLAND

Marilyn Moon, Ph.D.
CHAIR

Ben Steffen
ACTING EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

MEMORANDUM

TO: Commissioners

FROM: Paul E. Parker, Chief
Certificate of Need

DATE: April 12, 2012 pep

SUBJECT: Magnolia Gardens, LLC
Replacement and Relocation of a Comprehensive Care Facility
Docket No. 11-16-2315

Magnolia Gardens, L.L.C. proposes construction of a new replacement comprehensive care facility ("CCF") on a site near the existing facility, operated as Magnolia Center, a 104 bed CCF, on the campus of Doctors Community Hospital, in Lanham (Prince George's County). The replacement facility will have 130 beds. The additional beds included in the replacement facility were operated at Gladys Spellman Hospital in Cheverly until 2011. Genesis, the operator of the CCF, has acquired all of the CCF beds temporarily delicensed at this facility and plans to use 26 of them in this project.

The proposed facility is designed as a one-story building of 72,660 gross square feet. It will contain 108 patient rooms (86 private and 22 semi-private). All of the rooms in the new facility will have a private bathroom/toilet facility and showers on each unit will be centralized..

The applicant states that Doctors Community Hospital will take sole title to the existing land and building and Genesis will not provide services in it. The hospital has no immediate plan for this property and is evaluating its best use.

The total estimated project cost is $20,743,511. The applicant anticipates that the bulk of project funding ($20 million) will be provided by the real estate investment trust, Health Care REIT, Inc. that will own the assets created by the project.

Commission Staff recommends approval of this project with conditions.

IN THE MATTER OF	*	**BEFORE THE**
	*	
MAGNOLIA GARDENS, LLC	*	**MARYLAND HEALTH**
	*	
DOCKET NO. 11-16-2315	*	**CARE COMMISSION**
	*	

*** ***

Staff Report and Recommendation

April 19, 2012

TABLE OF CONTENTS

Page

Appendices

IN THE MATTER OF	*	**BEFORE THE**
	*	
MAGNOLIA GARDENS, LLC	*	**MARYLAND HEALTH**
	*	
DOCKET NO. 11-16-2315	*	**CARE COMMISSION**
	*	

* *

STAFF REPORT AND RECOMMENDATION

I. INTRODUCTION

Background and Project Description

Magnolia Gardens, L.L.C. ("Magnolia") proposes construction of a new replacement comprehensive care facility ("CCF") on a site near the existing facility, operated as Magnolia Center, on the campus of Doctors Community Hospital, in Lanham (Prince George's County). Magnolia Center is a 104-bed CCF, reported by the applicant as originally constructed in the 1950s.

On April 8, 2011, Genesis Health Care submitted this Certificate of Need ("CON") application on behalf of Magnolia Gardens, LLC and Magnolia Center to replace its 104-bed facility with a new 114-bed CCF that included 10 "waiver" beds. After reviewing this application for completeness, MHCC staff determined that establishment, replacement, and expansion of existing comprehensive care facilities are not an appropriate use of CCF "waiver beds," as requirements for those beds are outlined in COMAR 10.24.01.03 and 10.24.08.04B." MHCC staff supported the applicant's effort to develop a larger replacement facility, but recommended a reallocation of CCF bed capacity in Prince George's County as the alternative of choice under the State Health Plan and other rules of the Commission, given that this jurisdiction has been identified as sufficiently supplied with CCF beds. Staff also noted to the applicant that capital projects were allowed to be proposed with designs that would accommodate future expansion of service capacity, with approval subject to justification under the review criteria for the project. Construction of shell space would be one option, in this regard.

The applicant pursued this course and, on December 29, 2011, was able to reactivate review of this project and obtain docketing. Magnolia redesigned the project with more space, sufficient to accommodate 119 CCF beds at opening. The 15 beds being added to the facilities existing 104 beds to reach 119 were purchased from Dimensions Health System, which temporarily delicensed all of the CCF beds at Gladys Spellman Hospital in Cheverly in June, 2011. The project was designed to accommodate the future addition of beds, through "waiver" or acquisition, with some rooms projected to open as private rooms designed to be capable of conversion to semi-private rooms.

On March 15, 2012, the applicant submitted a CON application modification, increasing the size of the proposed replacement facility at opening to 130 beds, with the additional beds coming through the same source, temporarily delicensed CCF beds formerly operated at Gladys

Spellman Hospital. According to applicant, neither the size of the building, nor the construction costs are affected by this modification (except for an increase of $58,000 in cost for the additional beds purchased). No comments were received on this modification.

The proposed facility is designed as a one-story building of 72,660 gross square feet ("SF"). It will contain 108 patient rooms (86 private and 22 semi-private). All of the rooms in the new facility will have a private bathroom/toilet facility and showers on each unit will be centralized. The CCF will have two units corresponding to two patient populations and programs of care. The Short Stay Unit will have 60 private rooms and will be used to assist patients being discharged from a hospital to recover, recuperate, and rehabilitate for discharge to the patient's home. The 70-bed Long-Term Care Unit will have 22 semi-private rooms and 26 private rooms for a resident population needing supportive maintenance of their health and daily living functions. Each unit will have its own dining and day room common areas flanked by courtyard space. A central building core will bridge the two units containing the entrance lobby, administrative space, kitchen, laundry, other support space, and additional common areas. This core will also contain a large space (3,600 SF) for rehabilitative services. A floor plan and exterior views are attached to this report.

The applicant states that Doctors Community Hospital will take sole title to the existing land and building and Genesis will not provide services in it. The hospital has no immediate plan for this property and is evaluating its best use.

The total estimated project cost is $20,743,511, consisting of $18,575,930 in total current capital cost, $320,801 in financing and other cash requirements, $1,221,573 in capitalized interest, and an inflation allowance of $625,207. The applicant anticipates that the project will be funded with $20 million provided by the real estate investment trust, Health Care REIT, Inc. that will own the assets created by the project. Cash from the Joint venture ($743,511) is identified as the balance of project funding. Genesis entities will operate the replacement facility through lease arrangements with the owner of the real assets.

Summary of Staff Recommendation

Staff analyzed the proposed project's compliance with the applicable State Health Plan criteria and standards in COMAR 10.24.01.08, State Health Plan: Long Term Care Service, and the remaining criteria at COMAR 10.24.01.08G(3) and recommends **APPROVAL** with the following condition:

> *At the time of first use review, Magnolia shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to maintain the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2).*

II. PROCEDURAL HISTORY

Review Record

Magnolia filed a letter of intent for this project on February 4, 2011: staff acknowledged receipt of the letter of intent on February 8, 2011 (Docket Item ["D.I."] #1).

A letter of support for the project from Stephen L. Handelman, Senior Vice President of Remedi SeniorCare, was received on April 4, 2011. (D.I.#2)

A modified letter of intent was received on April 8, 2011. (D.I.#3)

On April 8, a CON application was filed on behalf of the applicant (D.I. #4) and assigned Matter No. 11-16-2315. Receipt was acknowledged by letter of April 11, 2011 (D.I. #5). On that same day, staff requested that the *Washington Examiner* for Prince George's County and the *Maryland Register* publish notice of receipt of the application. (D.I.#s 6 and 7). On April 20, 2011, confirmation of publication of the notice of receipt of the application in the *Washington Examiner* was received. (D.I. #8)

There is no document labeled as D.I. #9.

Staff asked completeness questions on May 10, 2011. (D.I.#10).

On May 25, 2011, the applicant requested and received an extension of time to file a response to the completeness questions. (D.I.s#11 and 12)

On June 29, 2011, the applicant requested and received, on June 30, 2011, a further extension of time to file a response to the completeness questions. (D.I.#13)

On July 28, 2011, the applicant requested a further extension of time to file a response to the completeness questions. This extension was granted on August 22, 2011 (D.I.#14)

On August 24, 2011, MHCC staff met with representatives of the applicant to discuss the permissible approaches to replacement of two existing Genesis CCFs with larger facilities, including Magnolia Center, and plans for reprogramming Brightwood Center. On August 29, 2011, the Acting Executive Director wrote to these representatives, as a follow-up to this meeting, with determinations regarding the issues brought by the representatives to MHCC for consideration. (D.I.#15)

On September 1, 2011, the applicant requested a further extension of time to file a response to the completeness questions. (D.I.#16)

The applicant responded to MHCC's determination letter of August 29, 2011 on September 19, 2011. (D.I.#17)

The requested extension of time for filing a response to completeness questions was granted on September 27, 2011 (D.I.#18)

On October 31, 2011, the applicant requested a further extension of time to file a response to the completeness questions. This request was granted on November 1, 2011 (D.I.#19)

On November 28, 2011, the applicant requested a further extension of time to file a response to the completeness questions. This request was granted on December 14, 2011 (D.I.#20)

On December 29, 2011, the applicant responded to the completeness questions and provided information on a modified project design. (D.I. #21)

On January 13, 2012, staff requested the publication of a notice of docketing of the application by the *Maryland Register*. (D.I.#22) On January 24, 2012, the applicant was notified of the docketing of the application, effective January 27, 2012, and asked an additional question on the application. (D.I. #23) On that same date, staff requested that the *Washington Examiner* for Prince George's County publish notice of the docketing of the application (D.I. #24) and a request for review and comment, along with a copy of the application and completeness response, was sent to the Prince George's County Health Department. (D.I. #25)

On February 27, 2012, confirmation of publication of the notice of docketing of the application in the *The Examiner*, on February 6, 2011, was received. (D.I. #26)

On March 5, 2012, the applicant responded to the additional information question posed on January 24, 2011. (D.I. #27)

On March 15, 2012, the applicant submitted modification to CON application with attachments. (D.I. #27)

Local Government Review and Comment

No comments on this project have been received from the Prince George's County Health Department or other local government entities.

A number of letters of support for this project were filed by the applicant during the course of this review.

Interested Parties in Review

There are no interested parties in this review.

III. DEMOGRAPHIC BACKGROUND

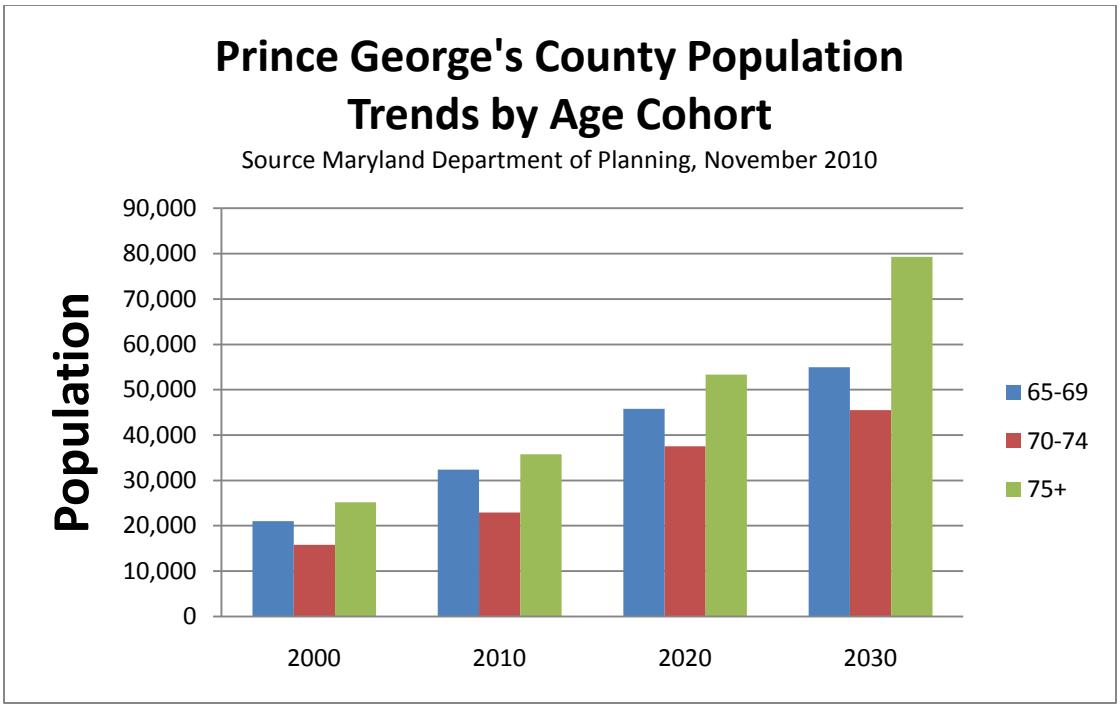
Prince George's County's Population: Growth Patterns and Age Composition

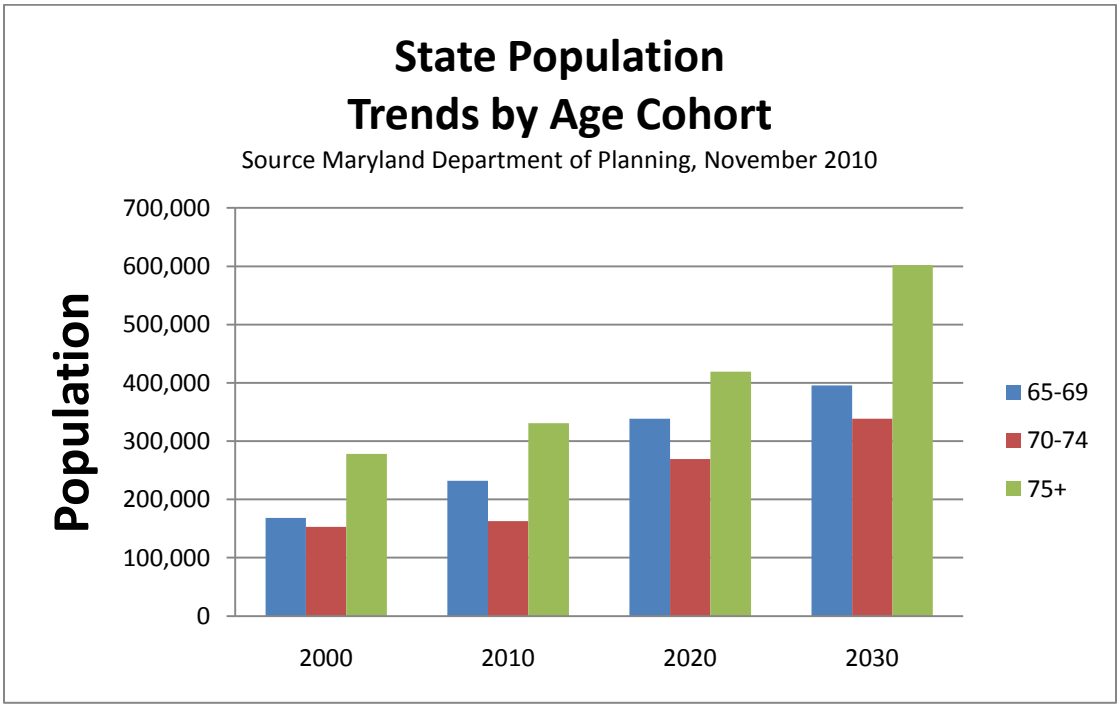
Prince George's County's has a younger population than the State overall and this pattern will persist. Its population is growing more slowly than the State's total population. (See the following Table.). However, the County is projected to be aging at a faster pace than the State as a whole. The County's population aged 65 to 69 is projected to increase over 161 percent between 2000 and 2030; the 70 to 74 population is projected to increase 188 percent over the same period and the 75 and older population is projected to increase 216 percent. The 75 years and older Population in Prince George's County, as a proportion of total population, is projected to grow from 3.1% to 8.5% between 2000 and 2030.

Table 1: TRENDS IN POPULATION BY AGE GROUP, Prince George's County and Maryland, CY 2000 – 2030

Prince George's County	Population				% Change			
	2000	2010	2020	2030	2000-2010	2010-2020	2020-2030	2000-2030
TOTAL	801,515	850,200	895,751	928,296	6.1	5.4	3.6	15.8
0-14	181,768	171,945	179,063	179,818	(5.4)	4.1	0.4	(1.7)
15-44	380,677	357,615	348,445	371,245	(6.1)	(2.6)	6.5	(2.5)
45-64	177,119	229,594	231,628	197,436	29.6	0.9	(14.8)	11.5
65-69	21,035	32,365	45,748	54,941	53.9	41.4	20.1	161.2
70-74	15,778	22,927	37,528	45,517	45.3	63.7	21.3	188.5
75+	25,138	35,754	53,339	79,339	42.2	49.2	48.7	215.6
Maryland	**Population**				**% Change**			
	2000	**2010**	**2020**	**2030**	**2000-2010**	**2010-2020**	**2020-2030**	**2000-2030**
TOTAL	5,296,486	5,779,379	6,339,292	6,684,256	9.1%	9.7%	5.4%	26.2%
0-14	1,136,846	1,147,314	1,257,913	1,291,496	0.9%	9.6%	2.7%	13.6%
15-44	2,334,925	2,305,791	2,431,633	2,619,963	-1.2%	5.5%	7.7%	12.2%
45-64	1,225,408	1,600,200	1,623,028	1,436,835	30.6%	1.4%	-11.5%	17.3%
65-69	168,242	232,249	338,339	395,450	38.0%	45.7%	16.9%	135.0%
70-74	153,043	162,923	269,369	338,424	6.5%	65.3%	25.6%	121.1%
75+	278,022	330,902	419,010	602,088	19.0%	26.6%	43.7%	116.6%

Source: Maryland Department of Planning





Long-Term Care Facilities in Prince Gorge's County

There are currently 21 comprehensive care facilities in Prince George's County with a total of 2,777 licensed beds and 69 temporarily delicensed beds. There are 25 "waiver" beds that

have not been put into service. The County has two continuing care retirement communities that operate 161 licensed CCF beds.

Utilization of Comprehensive Care Facility Beds in Prince George's County

Overall demand for comprehensive care facility bed capacity at CCFs in Prince George's County has been relatively flat in recent years. The jurisdiction's average annual CCF bed occupancy rate has ranged between 89 and 91% in recent years, slightly above the state average.

Table 2: Patient Days
Prince George's County Nursing Homes 2006-2009

Facility	2006	2007	2008	2009	Change 2006-2009
Bradford Oaks Nursing And Rehabilitation Center	59,721	60,764	60,468	61,582	3.0%
Cherry Lane Nursing Center	53,523	54,085	52,074	51,816	-3.3%
Clinton Nursing & Rehab	90,024	84,765	88,625	85,384	-5.4%
Collington Episcopal Life Care Community	12,366	13,067	13,050	13,155	6.0%
Crescent Cities Center	46,243	47,091	45,628	46,798	1.2%
Forestville Health & Rehab. Ctr.	53,423	56,578	56,853	55,838	4.3%
Fort Washington Health & Rehab. Ctr.	51,584	52,818	52,480	52,064	0.9%
Futurecare-Pineview	65,120	64,306	62,445	63,208	-3.0%
Gladys Spellman Specialty Hospital & Nursing	18,967	18,593	16,917	17,057	-11.2%
Heartland Health Care Center - Adelphi	56,002	57,097	55,623	55,167	-1.9%
Heartland Health Care Center - Hyattsville	50,976	52,998	51,306	46,677	-9.2%
Hillhaven Assisted Living Nursing & Rehabilitation	23,641	23,282	23,041	22,464	-5.2%
Larkin Chase Nursing And Rehabilitation Center	41,833	41,945	42,857	42,261	1.0%
Magnolia Center	35,195	35,488	34,845	35,617	1.2%
Manor Care Health Services - Largo	41,992	42,173	43,031	40,673	-3.2%
Patuxent River Health And Rehabilitation Center	58,379	56,510	51,548	46,697	-25.0%
Riderwood Village	29,447	34,916	39,772	37,320	21.1%
Sacred Heart Home, Inc.	34,152	35,519	35,205	36,070	5.3%
Southern Maryland Hospital Center	6,576	6,381	6,344	6,650	1.1%
St. Thomas More Medical Complex	78,812	79,226	82,438	83,274	5.4%
Villa Rosa Nursing Home	34,193	34,883	34,662	33,165	-3.1%
TOTAL	942,169	952,485	949,212	932,937	-1.0%

Source: MHCC LTC Survey

Table 3: Facility, County and State CCF Occupancy, Prince George's County, 2006 – 2009

	Beds (Current and Waiver Approved)	2006	2007	2008	2009
Bradford Oaks Nursing And Rehabilitation Center	180	90.9%	92.5%	91.8%	93.7%
Cherry Lane Nursing Center	155	94.6%	95.6%	91.8%	91.6%
Clinton Nursing & Rehab	268	92.4%	95.1%	90.7%	89.9%
Collington Episcopal Life Care Community	44	77.0%	81.4%	81.0%	81.9%
Crescent Cities Center	140	90.5%	92.2%	89.1%	91.6%
Forestville Health & Rehab. Ctr.	160	93.4%	96.9%	97.1%	95.6%
Fort Washington Health & Rehab. Ctr.	150	94.2%	96.5%	95.6%	95.1%
Futurecare-Pineview	202	92.9%	91.8%	91.8%	94.7%
Gladys Spellman Specialty Hospital & Nursing	61	94.5%	92.6%	84.0%	85.0%
Heartland Health Care Center - Adelphi	170	70.4%	71.8%	87.3%	88.9%
Heartland Health Care Center - Hyattsville	160	93.1%	91.0%	87.6%	79.9%
Hillhaven Assisted Living Nursing &	66	98.1%	96.7%	95.4%	93.3%
Larkin Chase Nursing And Rehabilitation Center	120	95.5%	95.8%	97.6%	96.5%
Magnolia Center	104	92.7%	93.5%	91.5%	93.8%
Manor Care Health Services - Largo	140	88.5%	88.9%	90.4%	85.7%
Patuxent River Health And Rehabilitation Center	153	90.4%	87.5%	82.9%	80.0%
Riderwood Village	117	93.8%	55.1%	64.3%	77.5%
Sacred Heart Home, Inc.	102	91.7%	95.4%	94.3%	96.9%
Southern Maryland Hospital Center	28	75.1%	72.8%	72.2%	75.9%
St. Thomas More Medical Complex	250	98.2%	98.5%	97.9%	96.9%
Villa Rosa Nursing Home	101	92.8%	94.6%	93.8%	90.0%
Prince George's County	2,871	91.0%	89.5%	89.8%	90.3%
Maryland	28,197	89.8%	89.3%	88.8%	89.1%

Source: MHCC Public Use Database (includes temporarily delicensed beds)

Quality Indicators for Comprehensive Care Facilities in Prince George's County

Staff reviewed the "5 Star" ratings assigned to the Prince George's County nursing facilities by the quality rating program of the Center for Medicare and Medicaid Services ("CMS") that was initiated in October, 2011. Four are rated as "1 Star" facilities, four are rated as "2 Star" facilities, five are rated as "3 Star" facilities (Including Magnolia). Two facilities, have "4 Star" ratings and six have a "5 Star" rating. The distribution of the Stars is allocated as follows: 28.6% of all facilities are rated as 5 Star; 52.4% fall within the middle range of 2 to 4 Stars; and 19.1% are rated as 1 Star.

Table 4: CMS Quality Rating Prince George's County

Facility	Star Rating
Bradford Oaks Center	5
Cherry Lane Nursing Center	3
Clinton Nursing & Rehab	1
Collington Episcopal Life Care Community	5
Crescent Cities Center	2
Forestville Health & Rehab. Ctr.	2
Fort Washington Health & Rehab. Ctr.	4
FutureCare-Pineview	3
Gladys Spellman Specialty Hospital & Nursing Ctr.	4
Heartland Health Care Center - Adelphi	3
Heartland Health Care Center - Hyattsville	2
Hillhaven Assisted Living Nursing & Rehabilitation	5
Larkin Chase Nursing and Rehabilitation Center	1
Magnolia Center	3
Manor Care Health Services - Largo	1
Patuxent River Health and Rehabilitation Center	3
Riderwood Village	5
Sacred Heart Home, Inc.	5
Southern Maryland Hospital Center	5
St. Thomas More Medical Complex	2
Villa Rosa Nursing Home	1

Source: CMS http://www.medicare.gov/NHCompare Updated October 11, 2011

IV. PROJECT CONSISTENCY WITH REVIEW CRITERIA AND STANDARDS

A. STATE HEALTH PLAN

COMAR 10.24.01.08G(3)(a)State Health Plan. An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards, policies, and criteria.

The applicable section of the State Health Plan for this review is COMAR 10.24.08, the State Health Plan for Facilities and Services: Nursing Home, Home Health Agency, and Hospice Services. The specific standards to be addressed include COMAR 10.24.08.05A and .05B, the Nursing Home General Standards and Standards for New Construction or Expansion of Beds or Services for nursing home projects.

PART ONE: STATE HEALTH PLAN STANDARDS

COMAR 10.24.08.05: Nursing Home Standards

A. General Standards. The Commission will use the following standards for review of all nursing home projects.

(1) Bed Need. The bed need in effect when the Commission receives the letter of intent for the application will be the need projection applicable to the review.

The proposed project is the establishment of a new 130-bed CCF bed facility in Prince George's County replacing the bed capacity at the existing Magnolia Center CCF and 26 beds operated by Gladys Spellman Hospital until June, 2011. No need for additional CCF bed capacity is currently identified in the State Health Plan for this jurisdiction. This project will not increase the licensed inventory of CCF beds in the jurisdiction.

The proposed project is consistent with the standard.

(2) Medical Assistance Participation. Except for short-stay hospital-based skilled nursing facilities required to meet .06B of this Chapter, the Commission may approve a Certificate of Need for a nursing home only for an applicant that participates, or proposes to participate, in the Medical Assistance Program, and only if the applicant documents a written Memorandum of Understanding with Medicaid to maintain the proportion of Medicaid patient days required by .05A2(b) of this Chapter.

(a) Each applicant shall agree to serve a proportion of Medicaid patient days that is at least equal to the proportion of Medicaid patient days in all other nursing homes in the jurisdiction or region, whichever is lower, calculated as the weighted mean minus 15.5%, based on the most recent Long Term Care survey data and Medicaid cost reports available to the Commission, as shown in the supplement to COMAR 10.24.08: Statistical Data Tables, or in subsequent updates published in the Maryland Register.

(b) An applicant shall agree to continue to admit Medicaid residents to maintain its required level of participation when attained, and have a written policy to this effect.

(c) Prior to licensure, an applicant shall execute a written Memorandum of Understanding with the Medicaid Assistance Program of the Department of Health and Mental Hygiene to:

(i) Achieve or maintain the level of participation required by .05A2(b) of this Chapter; and

(ii) Admit residents whose primary source of payment on admission is Medicaid.

An applicant may show evidence why this rule should not apply.

Magnolia has agreed to the requirement for executing a Memorandum of Understanding (MOU) to participate in the Medicaid Assistance Program at the applicable minimum level of participation. It notes that Medicaid accounted for over 62% of patient days in FY 2010. For

Prince George's County, the minimum level is currently 45.94%; for the Southern Maryland region, it is 46.62%. Staff recommends that approval of this application be conditioned on documentation that the MOU is in place when the project is complete and first use approval is requested. The proposed condition is as follows:

At the time of first use review, Magnolia Center shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medicaid Assistance Program agreeing to the minimum required level of Medicaid participation for Prince George's County.

(3) Community-Based Services. An applicant shall demonstrate commitment to providing community-based services and to minimizing the length of stay as appropriate for each resident by:

(a) Providing information to every prospective resident about the existence of alternative community-based services, including, but not limited to, Medicaid home and community-based services waiver programs and other initiatives to promote care in the most appropriate settings.
(b) Initiating discharge planning on admission; and
(c) Permitting access to the facility for all *"Olmstead"* efforts approved by the Department of Health and Mental Hygiene and the Department of Disabilities to provide education and outreach for residents and their families regarding home and community-based alternatives.

Magnolia states that it provides information to all prospective residents about the existence of alternative community-based services. It provided copies of this material. It also states that, in its current operation, it initiates discharge planning on admission of residents. It provided excerpts from its policy and procedure Manual. Finally, the applicant states that it permits access to the facility for all Olmstead efforts approved by the Department of Health and Mental Hygiene.

Based on these statements, the applicant complies with this standard.

(4) Nonelderly Residents. An applicant shall address the needs of its nonelderly (<65 year old) residents by:

(a) Training in the psychosocial problems facing nonelderly disabled residents; and
(b) Initiating discharge planning immediately following admission with the goal of limiting each nonelderly resident's stay to 90 days or less, whenever feasible, and voluntary transfer to a more appropriate setting.

The applicant states that it has extensive experience in caring for younger individuals in need of long-term care placement and that Magnolia has specific standards of care for younger, high acuity residents.

It notes that the proposed facility will have features that will facilitate appropriate service delivery to the younger resident, including adapted bathrooms, more hotel-like, rather than institutional furnishings, appropriate rehab space and equipment with privacy curtains in the gym, appropriate medical supplies, an interdisciplinary team approach to care, and computer and electronic media resources.

The applicant provided an in-service training outline and discussed its approach to patient and staff interaction and the development of individualized and, as appropriate, self-directed activity planning. It states that this planning is based on limiting the stay of younger residents in line with this standard.

Based on this response, the application complies with this standard.

(5) Appropriate Living Environment. An applicant shall provide to each resident an appropriate living environment, including, but not limited to:

(a) In a new construction project:
- **(i) Develop rooms with no more than two beds for each patient room;**
- **(ii) Provide individual temperature controls for each patient room; and**
- **(iii) Assure that no more than two residents share a toilet.**

(b) In a renovation project:

- **(i) Reduce the number of patient rooms with more than two residents per room;**

- **(ii) Provide individual temperature controls in renovated rooms; and**

- **(iii) Reduce the number of patient rooms where more than two residents share a toilet.**

(c) An applicant may show evidence as to why this standard should not be applied to the applicant.

The proposed facility floor plan does not include rooms housing more than two persons and no more than two residents will share a toilet. The facility being replaced still has a small number of multi-bed (greater than two) rooms. As previously noted, the design includes 108 resident rooms, 22 semi-private rooms and 86 private rooms.

This proposed facility design complies with the standard.

> **(6) Public Water. Unless otherwise approved by the Commission and the Office of Health Care Quality in accordance with COMAR 10.07.02.26, an applicant for a nursing home shall demonstrate that its facility is, or will be, served by a public water system.**

The proposed project meets this standard. Magnolia is served by a public water and sewer system and the replacement facility will be supplied and served by the same systems.

> **(7) Facility and Unit Design. An applicant must identify the special care needs of the resident population it serves or intends to serve and demonstrate that its proposed facility and unit design features will best meet the needs of that population. This includes, but is not limited to:**
>
> **(a) Identification of the types of residents it proposes to serve and their diagnostic groups;**
> **(b) Citation from the long term care literature, if available, on what types of design features have been shown to best serve those types of residents;**
> **(c) An applicant may show evidence as to how its proposed model, which is not otherwise documented in the literature, will best serve the needs of the proposed resident population.**

The applicant describes its designed "environment" as "non-institutional," homelike and therapeutic," highlighting the "smaller, neighborhood oriented units," each with separate living and dining spaces and access to outdoor space. It discusses implementation of "culture change" among Genesis facilities and identifies elements of culture change that will be implemented at the replacement Magnolia. Enhancing patient individuality, autonomy and choices, in social activities and the scheduling of activities of daily living and reduced regimentation and staff direction are the themes that run through this discussion and outline by the applicant.

The applicant has identified two distinct programs of service geared toward different patient/resident populations; the short-stay patient rehabbing after an episode of acute hospitalization and the longer-stay patient with primarily custodial care needs. The programs are not highly specialized or unique beyond these parameters. It is projecting an ability to significantly boost the proportion of Medicare patients served by the facility from the current level of 27% (which is relatively high) to 42%.

It discusses the models Genesis employs across its facilities for "resident-focused" planning of care, obtaining resident feedback and an emphasis on customer service, and the "Neighborhood design" concept, which is incorporated in the design of the proposed project. It describes the Genesis subsidiaries that will be employed for medical direction, therapeutic services, and respiratory therapy.

The applicant has met the requirements of this standard. The proposed project will provide a much improved facility and unit design over that currently in place at Magnolia.

(8) Disclosure. An applicant shall disclose whether any of its principals have ever pled guilty to, or been convicted of, a criminal offense in, any way connected with the ownership development, or management of a health care facility.

Magnolia states that "none of the principals involved in this project has ever been convicted of a felony or fraud." Based on this assurance, the project is consistent with this standard.

(9) Collaborative Relationships. An applicant shall demonstrate that it has established collaborative relationships with other types of long term care providers to assure that each resident has access to the entire long term care continuum.

The applicant lists the hospitals, discharge referral sources, contract service providers, religious groups, and volunteer groups with which the existing facility has developed collaborative relationships. As previously noted, the replacement facility is proposed for development on the same hospital campus that is the site of the existing Magnolia, so these relationships will continue.

The applicant has demonstrated compliance with this standard.

B. New Construction or Expansion of Beds or Services. The Commission will review proposals involving new construction or expansion of comprehensive care facility beds, including replacement of an existing facility or existing beds, if new outside walls are proposed, using the following standards in addition to .05A(1)-(9):

(1) Bed Need.

(a) An applicant for a facility involving new construction or expansion of beds or services, using beds currently in the Commission's inventory, must address in detail the need for the beds to be developed in the proposed project by submitting data including, but not limited to: demographic changes in the target population; utilization trends for the past five years; and demonstrated unmet needs of the target population.

(b) For a relocation of existing comprehensive care facility beds, an applicant must demonstrate need for the beds at the new site, including, but not limited to: demonstrated unmet needs; utilization trends for the past five years; and how access to, and/or quality of, needed services will be improved.

The applicant noted that no change in bed capacity will result from this project. Clearly, the need issue being addressed by this project relates to the need for modernization of the physical facilities of Magnolia, which reportedly date, originally, to the 1950s. Replacement, because of the age of the existing facilities and building systems, and the difficulty of undertaking significant renovation, given the amount of hazardous material contained in the existing building structure, is the only option considered viable by the applicant. No material change in the location of the facility is proposed.

This applicant meets this standard.

(2) Facility Occupancy.

(a) The Commission may approve a nursing home for expansion only if all of its beds are licensed and available for use, and it has been operating at 90 percent or higher, average occupancy for the most recent consecutive 24 months.

(b) An applicant may show evidence why this rule should not apply.

The applicant argues that this standard is not applicable. Arguably, it is, given that the project does involve expansion of the existing facility's bed capacity, although it is not a conventional expansion project but a full replacement. Magnolia is reported to have operated above 90 percent average annual occupancy in the most recent two years for which data is available.

(3) Jurisdictional Occupancy.

(a) The Commission may approve a CON application for a new nursing home only if the jurisdictional occupancy for all nursing homes in that jurisdiction equals or exceeds a 90 percent occupancy level for at least the latest fiscal year, or the latest Maryland Long Term Care Survey, if no Medicaid Cost Report is filed. Each December, the Commission will issue a report on nursing home occupancy.

(b) An applicant may show evidence why this rule should not apply.

This standard is not applicable. This application is for the replacement and relocation of an existing nursing home.

(4) Medicaid Assistance Program Participation.

(a) An applicant for a new nursing home must agree in writing to serve a proportion of Medicaid residents consistent with .05A2(b) of this Chapter.

(b) An applicant for new comprehensive care facility beds has three years during which to achieve the applicable proportions of Medicaid participation from the time the facility is licensed, and must show a good faith effort and reasonable progress toward achieving this goal in years one and two of its operation.

(c) An application for nursing home expansion must demonstrate Either that it has a current Memorandum of Understanding (MOU) with the Medical Assistance Program or that it will sign an MOU as a condition of the Certificate of Need.

(d) An applicant for nursing home expansion or replacement of an existing facility must modify its MOU upon expansion or replacement of its facility to encompass all of the nursing home beds in the expanded facility, and to include a Medicaid percentage that reflects the most recent Medicaid percentage rate.

(e) An applicant may show evidence as to why this standard should not be applied to the applicant.

The applicant states that it will execute a new MOU consistent with this standard. Genesis facilities have a history of serving relatively high proportions of Medicaid patients. As previously noted in the discussion of COMAR 10.24.08.05A(2), staff recommends conditioning approval of this application on documentation of the applicant's compliance with this requirement prior to first use approval.

(5) Quality. An applicant for expansion of an existing facility shall demonstrate that it has no outstanding Level G or higher deficiencies, and that it will maintain a demonstrated program of quality assurance.

The applicant reported compliance with this standard and this has been verified by MHCC staff through the Office of Health Care Quality of the Department of Health and Mental Hygiene.

(6) Location. An applicant for the relocation of a facility shall quantitatively demonstrate how the new site will allow the applicant to better serve residents than its present location.

This relocation project is not materially changing the location of the facility.

PART TWO: REMAINING CERTIFICATE OF NEED REVIEW CRITERIA

The project's compliance with the five remaining general review criteria in the Regulations governing Certificate of Need is outlined below:

B. NEED

COMAR 10.24.01.08G(3)(b) Need. The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.

As previously noted, the proposed project does not seek to change the number of licensed CCF beds in Prince George's County. It will bring 26 beds that were temporarily delicensed in June, 2011 back into operation. The county is viewed as having an adequate bed supply, in the SHP. Thus, the applicable need analysis in the SHP is not at odds with the proposed project

The applicant highlighted the institutional need that is at the heart of this project but also reviewed growth in the elderly population of Prince George's County and the expected service area of the Magnolia replacement facility. In summary, it cites the population's need for facility modernization, the need for an economical operating scale, and the growth in the elderly population as the basis for its need justification of the project.

The applicant has demonstrated that the proposed project will meet population needs in Prince George's County.

C. AVAILABILITY OF MORE COST-EFFECTIVE ALTERNATIVES

COMAR 10.24.01.08G(3)(c) Availability of More Cost-Effective Alternatives. The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

Genesis states that it determined that the existing Magnolia, because of its age and characteristics, could not be expanded and renovated in a way that would achieve the objectives sought for putting a modern nursing home at this site, designed for today's market. Given the ability to relocate to an adjacent site, the option of relocating to a new site was also rejected, because the applicant wants to continue to serve this market and maintaining close proximity to Doctors Community Hospital is desirable, given the emphasis being placed on serving Medicare patients.

The applicant used Marshall Valuation Services ("MVS") cost guidelines to evaluate the construction cost estimate for the proposed project with an MVS target cost for a convalescent hospital construction project Good Class C construction quality. It found the adjusted project cost per square foot ($187/SF) to be about $24 (14.6%) above the MVS "benchmark cost ($163/SF). Public payers will not be affected by this variance between the project cost estimate and the MVS construction cost index.

Staff recommends that the Commission find the proposed replacement and relocation to be a cost-effective alternative for meeting the need to modernize and expand the Magnolia physical plant.

D. VIABILITY OF THE PROPOSAL

COMAR 10.24.01.08G(3)(d) Viability of the Proposal. The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

Project Cost

Magnolia Gardens, LLC., estimates the cost of the project to be $20,403,760, with $20,000,000 of this funding coming from Health Care REIT and the balance of $403,760 being supplied by Magnolia Gardens, LLC. The budget estimate and sources for funds for the proposed project are outlined in the following table.

Table 1: Project Budget Estimate - Uses and Sources of Funds

A. Uses of Funds	Cost Estimate
Building	$11,237,305
Land Purchase	$565,000
Site Preparation	$2,264,800
Architect/Engineering Fees	$695,926
Permits	$69,754
Subtotal	$14,832,785
Major Movable Equipment	$750,000
Minor Movable Equipment	$750,000
Other Capital Costs	$1,346,648
Contingencies	$896,497
Subtotal	$3,743,145
Total-Current Capital Costs	**$18,575,930**
Inflation	$625,207
Capitalized Interest	$1,221,573
Subtotal	$1,846,780
Total Capital Costs	**$20,422,710**
REIT Placement Fees	$200,000
Legal Fees (CON related)	$30,000
Legal Fees (Other)	$70,801
CON Application Assistance	$20,000
Subtotal-Financing and Other Cash	**$320,801**
Working Capital/ Startup Costs	
Total Uses of Funds	**$20,743,511**
B Sources of Funds	
Cash	$743,511
Mortgage	
Working Capital Loans	
Health Care REIT	20,000,000
Total Sources of Funds	**$20,743,511**

Source: Modification to CON application. (DI #27)

Magnolia provided a letter from HealthCare REIT, Inc., indicating its willingness to finance the replacement of Magnolia Center as well as audited financial statements for Magnolia Gardens, LLC for Fiscal Years ending September 30, 2008 and 2010. Magnolia financial statements indicate cash and cash equivalents at the end of FY 2010 and 2009 to be $1,973,705 and $1,995,236 respectively.

Construction Cost

The following table summarizes an evaluation of the applicant's estimated construction cost, using the MVS guidelines.

Table 2: MVS Construction Cost Analysis, Magnolia Gardens, LLC.

	New Construction
Building	$11,237,305
Normal Site Preparation	$2,264,800
Architect/Engineering Fees	$695,926
Permits	$69,754
Capitalized Construction Interest	$936,620
Total Project Costs	$15,204,405
Cost Adjustments	
Demolition	$15,000
Storm Drains and SWM	$160,000
Rough Grading	$46,350
Deforestation	$75,000
Slope of Site	$285,000
Site Improvements	$650,000
Landscaping	$200,000
Roads	$25,000
Utilities	$50,000
Jurisdictional Hook-up Fees	$20,000
Signs	$35,000
Canopy	$50,000
Total Adjustments	**$1,611,350**
Net Project Costs	**$13,593,055**
Square Feet of Construction	72,660
Adjusted Project Cost Per SF	$187.08
MVS Cost/SF	$163.21
Over(Under)	**$23.87**

Source: Response to Completeness questions. (DI #21)

Magnolia's construction cost estimates for the project are 14.6% above the MVS benchmark cost equivalent projects. Magnolia does state in the application that while the cost per square foot is above the MVS benchmark, no public payers will be affected. The Medicare Part A rate will be set without reference to the constructions costs. Under the Maryland Medical Assistance Program, costs in excess of the MVS level will not be reimbursed under the capital cost center. The rates for the minority of residents who are private pay will be governed by market forces, not construction costs.

In addition Magnolia states it has reviewed its estimates to determine why its construction costs are higher than the MVS benchmark and determined it to be linked to an increase in the cost of commodities in this area, as construction has begun to expand and Magnolia's determination to maintain a high percentage of private rooms in the new building. According to the applicant, a high ratio of private rooms result in additional plumbing (mainly from a higher ratio of bathrooms per square foot than usual) for a beneficial purpose it views as worthy of the higher cost.

Revenues and Expenses

Magnolias historical and projected performances for current facility are as follows:

Table 3: Historical Performance
Magnolia, FY 2009-20111

	Recent Years		Current	Projected Years	
	2009	2010	2011	2012	2013
Beds	104	104	104	104	104
Admissions	397	421	435	435	435
Patient Days	35,617	35,612	35,405	35,405	35,405
Average Annual Occupancy Rate	93.83%	93.81%	93.27%	93.27%	93.27%
Gross Revenue/Patient Day	$323.15	$339.82	$366.85	$366.85	$366.85
Net Revenue/Patient Day	318.63	333.79	363.18	363.18	363.18
Expense/Patient Day	292.02	306.21	318.70	318.70	318.70
Income/Patient Day	26.62	27.59	44.48	44.48	44.48
Assumed Payor Mix (Patient Days)					
Medicare	24.00%	27.00%	27.00%	27.00%	27.00%
Medicaid	67.00%	62.00%	62.00%	62.00%	62.00%
Commercial Insurance	5.00%	8.00%	8.00%	8.00%	8.00%
Self Pay	3.00%	3.00%	3.00%	3.00%	3.00%

Source**:** Response to Completeness questions. (DI #21)
Note: All revenues and expenses presented in current year dollars, consistent with application instructions.

The projects per diem projected revenues and expenses for the first three years of operation of the replacement facility, FY 2014 (actual first year of full utilization) to 2015, are as follows:

Table 4: Projected Performance
Magnolia Gardens, LLC., First Four Years of Operation FY 2015-2016

	2014	2015
Beds	130	130
Admissions	679	718
Patient Days	42,788	43,920
Average Annual Occupancy Rate	90.17%	92.56%
Gross Revenue/Patient Day	$370.90	$374.59
Net Revenue/Patient Day	$367.19	$370.85
Expense/Patient Day	$354.75	$351.85
Income/Patient Day	$12.44	$19.00
Medicare	40.00%	42.00%
Medicaid	49.00%	48.00%
Commercial Insurance	5.00%	5.00%
Self Pay	5.00%	5.00%

Source: Modification to CON application. (DI #27)

As shown in the above table, Magnolia projects the ability to reach profitability in the first year of operation of the replacement facility at a payor mix of 40% Medicare patient days and 49% Medicaid days.

As can be seen in Table 4, the applicant has assumed a high proportion of Medicare patient days. In 2009, Medicare accounted for only 18% of total CCF patient days reported in Prince George County CCFs. The applicant provided an alternative performance projection for the 119-bed version of this project based on a more conservative set of assumptions with respect to payor mix and this projection is summarized in the following table.

Table 5: Alternative Projected Performance
Magnolia Gardens, LLC, First Three Years of Operation FY 2013-2015

	2014	2015	2016
Beds	119	119	129
Admissions	679	679	718
Patient Days	40,626	40,626	43,920
Average Annual Occupancy Rate	93.53%	93.53%	93.28%
Gross Revenue/Patient Day	$339.59	$339.59	$334.89
Net Revenue/Patient Day	336.19	336.19	331.54
Expense/Patient Day	338.83	338.83	328.48
Income/Patient Day	($2.63)	($2.63)	$3.06
Assumed Payor Mix (Patient Days)			
Medicare	27.00%	27.00%	27.00%
Medicaid	62.00%	62.00%	62.00%
Commercial Insurance	8.00%	8.00%	8.00%
Self Pay	3.00%	3.00%	3.00%

Source: Response to Completeness questions. (DI #21)

As shown in the above table, Magnolia still projects the ability to reach profitability in the third year of operation of the replacement facility at a payor mix of 27% Medicare patient days and 62% Medicaid days. It left its proportion of commercial self-pay days and commercial insurance days, consistent with current (2011) payor mix. The primary expense reduction assumed under this scenario is a significant reduction in contractual expenditures. It should be noted that these projections reflect the results for the Genesis operating entity, under their leasehold arrangement with the owner of the asset. Therefore, the "capital" component of operating expenses for this entity is the lease payment to the REIT and not depreciation and interest on debt.

Staffing

Magnolia Gardens, LLC., projected the following staffing pattern and cost for its payroll employees for FY 2015.

Table 6: Projected FY 2014 Staffing – Payroll Staff Employees Only
Magnolia Gardens, LLC. Project

Position	Current	Change	Total	Average	Total Cost
Administration					
Administrator	1	0	1.0	154,109.00	$154,109
Administrator Staffing	8.1	0.2	8.3	40,213.00	$333,768
subtotal	**9.1**	**0.2**	**9.3**		**$487,877**
Direct Care					
Registered Nurses	16.8	-0.4	16.4	90,960	$1,491,744
Licensed Practical Nurses	11.6	6.6	18.2	58,403	$1,062,935
Aides	38.7	10.3	49.0	29,143	$1,428,007
subtotal	**67.1**	**16.5**	**83.6**		**$3,982,686**
Support / Nurse Liaison					-
Nursing Adm Staff	6.7	2.2	8.9	43,432	$386,545
Maintenance Staff	2	0	2.0	58,330	$116,660
Dietary Staff	12.6	1.4	14.0	30,406	$425,684
House Keeping	8.6	1.4	10.0	24,476	$244,760
Laundry Staff	3	0	3.0	27,333	$81,999
Activity /Rec Staff	2.8	1.2	4.0	26,469	$105,876
Social Services Staff	3.5	0.5	4.0	47,422	$189,688
subtotal	**39.2**	**6.7**	45.9		**$1,551,212**
Subtotal			**138.8**		**$6,021,774**
				Benefits	$1,158,589
				TOTAL	**$7,180,364**

Source Modification to CON application. (DI #27)

Magnolia projects the following nurse staffing pattern:

Table 7: Nurse Staffing by Shift
Magnolia Gardens, LLC.,

Total Weekday	Day	Evening	Night
RN	7	2	2
LPN	7	4	2
Aides	15	12	8

Total Weekend / Holiday	Day	Evening	Night
RN	6	2	2
LPN	7	4	2
Aides	15	12	8

Source: Modification to CON application. (DI #27)

The applicant has projected a direct care staffing schedule that will deliver an overall average ratio of 3.63 nursing hours per bed per day of care for all units for weekdays and 3.6 nursing hours per day of care for the weekends or holidays. These staffing ratios are consistent with those required in COMAR 10.07.02.12, a minimum of two hours per bed per day.

Summary

The applicant has reasonably demonstrated it can obtain the resources necessary for project development and its assumptions with respect to utilization, revenues, expenses, staffing and payor mix are within acceptable ranges. Staff recommends a finding that the project is viable.

E. COMPLIANCE WITH CONDITIONS OF PREVIOUS CERTIFICATES OF NEED

COMAR 10.24.01.08G(3)(e)Compliance with Conditions of Previous Certificates of Need. An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.

A review of the Commission's records indicates that Genesis has complied with terms and conditions of previous Certificates of Need issued since 1990.

F. IMPACT ON EXISTING PROVIDERS AND THE HEALTH CARE DELIVERY SYSTEM

COMAR 10.24.01.08G(3)(f) Impact on Existing Providers and the Health Care Delivery System. An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the

impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.

The applicant claims that this project will have little impact on other providers because the replacement facility site is adjacent to the existing facility site and 104 of the 130 beds being placed in the replacement facility are currently operating in Prince George's County. The rest were operating in the jurisdiction until June, 2011.

Staff believes that the replacement of an old nursing home with obsolete room accommodations and appointments, such as Magnolia, is likely to improve the applicant's market position in Prince George's County and incrementally boost the Genesis market share. This belief is consistent with the projections in the application and, obviously, implies that the project is likely to have a negative impact on other CCFs' ability to attract residents and their families as options in this market are considered by those customers. However, this impact should not be so severe or long lasting, unless demand for CCF bed takes a significant downward turn in coming years. It is not likely that this project will have an impact that would warrant blocking the ability of Magnolia to modernize.

IV. SUMMARY AND STAFF RECOMMENDATION

Staff has analyzed the proposed project's compliance with the applicable State Health Plan criteria and standards in COMAR 10.24.01.08.05A and B, and with Certificate of Need review criteria, COMAR 10.24.01.08G(3)(a)-(f).

Based on these findings, Staff recommends that the project be **APPROVED,** with the following condition:

> *At the time of first use review, Magnolia shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medicaid Assistance Program agreeing to the minimum required level of Medicaid participation for Prince George's County.*

IN THE MATTER OF	*	**BEFORE THE**
	*	
MAGNOLIA GARDENS, LLC	*	**MARYLAND HEALTH**
	*	
DOCKET NO. 11-16-2315	*	**CARE COMMISSION**
	*	

* *

FINAL ORDER

Based on Commission Staff's analysis and findings, it is this 15th day of March, 2012, **ORDERED** that:

The application for Certificate of Need submitted by Magnolia Gardens, L.L.C. to build a new 130-bed comprehensive care facility at 8200 Good Luck Road, in Lanham at a cost of $20,743,511, Docket No. 11-12-2315, be **APPROVED,** subject to the following condition:

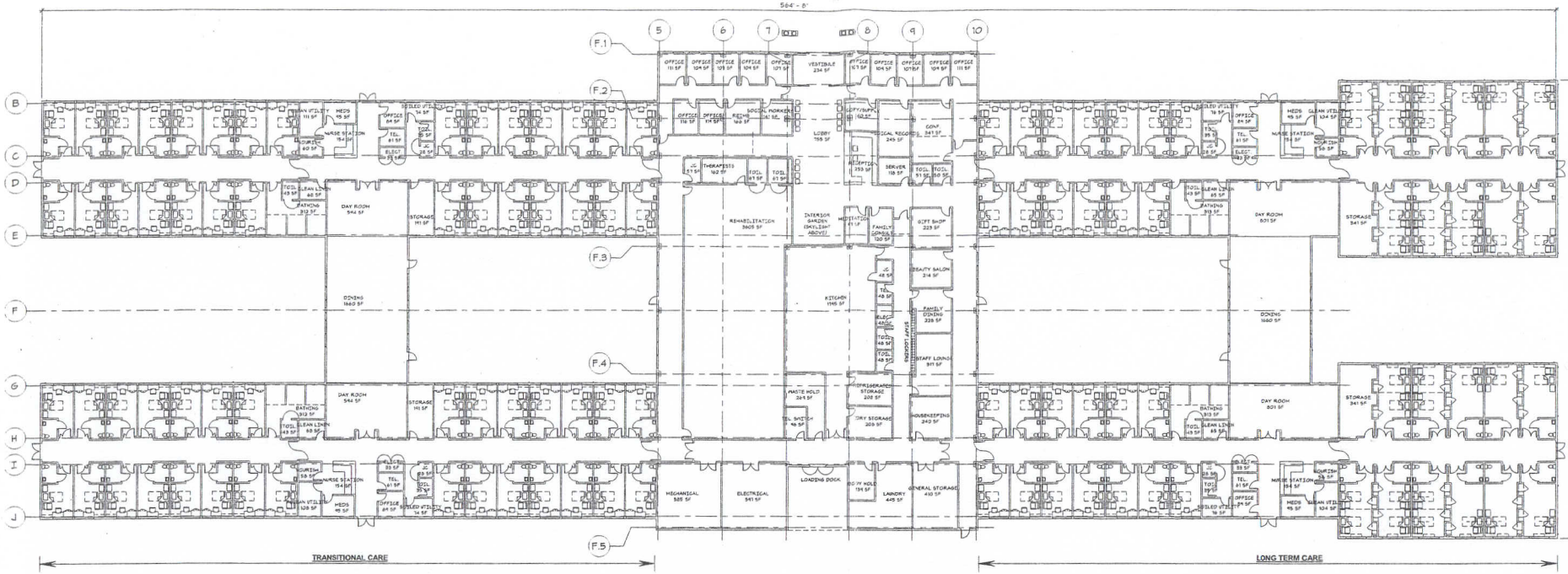
> At the time of first use review, Magnolia shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medicaid Assistance Program agreeing to the minimum required level of Medicaid participation for Prince George's County.

MARYLAND HEALTH CARE COMMISSION

April 19, 2012

APPENDIX A

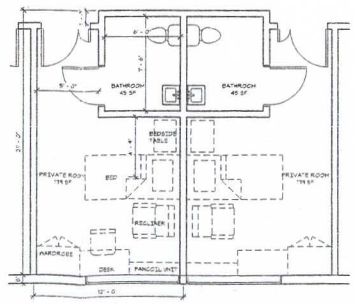
FLOOR PLAN



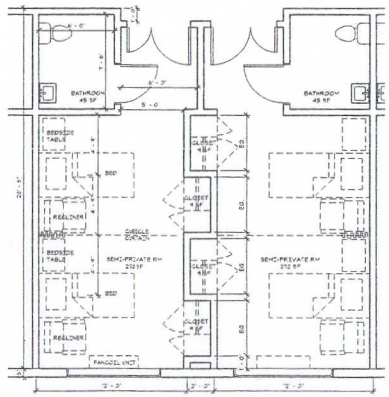
1 PROPOSED FLOOR PLAN
A101 / SCALE: 1/16" = 1'-0"

TRANSITIONAL CARE	LONG TERM CARE	
0 SEMI-PRIVATE BEDS 60 PRIVATE BEDS	22 SEMI-PRIVATE BEDS 37 PRIVATE BEDS	TOTAL SEMI-PRIVATE BEDS: 22 TOTAL PRIVATE BEDS: 97 **TOTAL BEDS: 119**
0 SEMI-PRIVATE ROOMS 60 PRIVATE ROOMS	11 SEMI-PRIVATE ROOMS 37 PRIVATE ROOMS	TOTAL SEMI-PRIVATE ROOMS: 11 TOTAL PRIVATE ROOMS: 97 **TOTAL ROOMS: 108**
TOTAL BEDS: 60 TOTAL ROOMS: 60	TOTAL BEDS: 59 TOTAL ROOMS: 48	

72,660 SF GROSS



3 ROOM PRIVATE
A101 / SCALE: 1/4" = 1'-0"



2 ROOM SEMI-PRIVATE
A101 / SCALE: 1/4" = 1'-0"

NORTH

Goodman Associates
PLANNING + ARCHITECTURE + INTERIOR DESIGN
912 COMMERCE ROAD V - 410-841-2570
ANNAPOLIS, MD 21401 F - 410-841-2575

SEAL

STATE OF MARYLAND LICENSE NUMBER 14890

CONSULTANTS

PROJECT KEY PLAN

ISSUE	DATE	NUMBER

CLIENT
DOCTORS COMMUNITY HOSPITAL

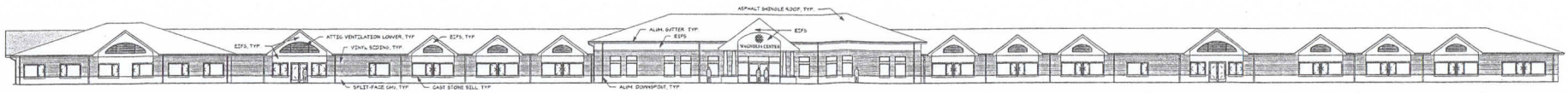
PROJECT TITLE
MAGNOLIA CENTER

DATE
12 / 29 / 11

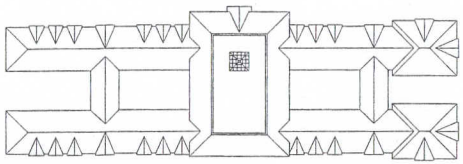
CR06 PROJECT NUMBER
11.030.A

DRAWING TITLE
PROPOSED FLOOR PLAN

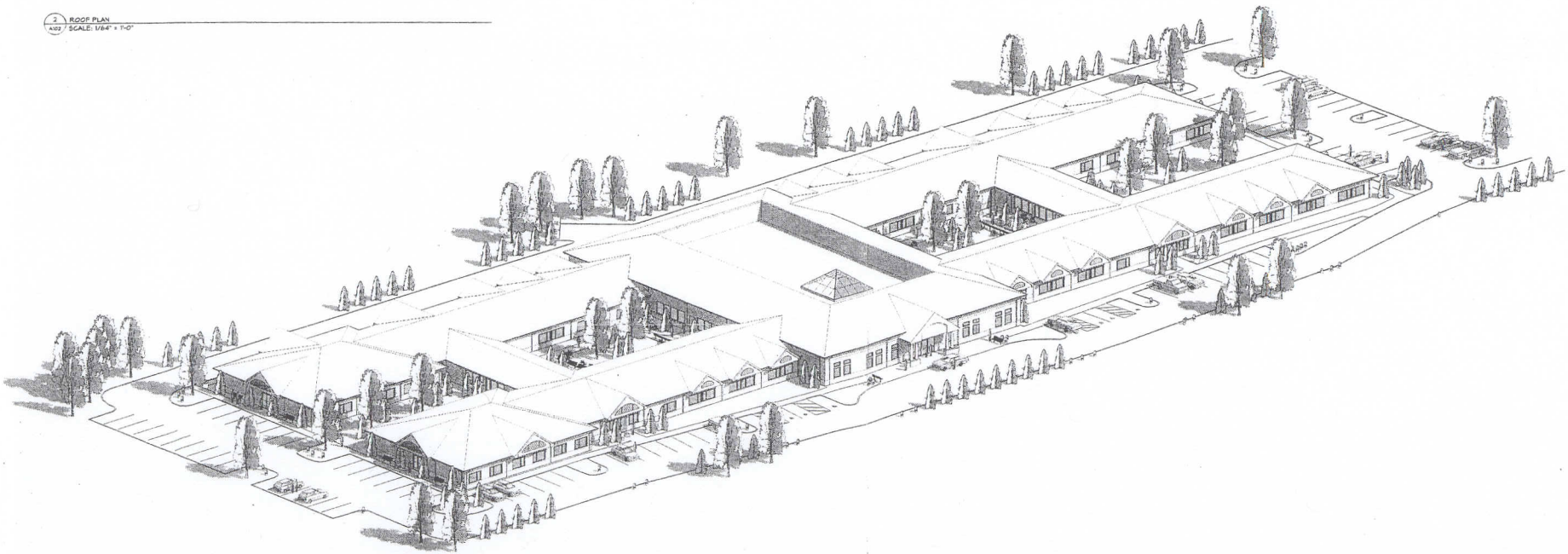
DRAWING NUMBER
A101



1 / A102 FRONT EXTERIOR ELEVATION
SCALE: 1/16" = 1'-0"



2 / A102 ROOF PLAN
SCALE: 1/64" = 1'-0"

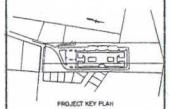


CR Goodman Associates
PLANNING • ARCHITECTURE • INTERIOR DESIGN
912 COMMERCE ROAD V - 410 841-2570
ANNAPOLIS, MD 21401 F - 410 841-2575

SEAL

STATE OF MARYLAND LICENSE NUMBER 14896

CONSULTANTS



PROJECT KEY PLAN

ISSUE	DATE	NUMBER

CLIENT
DOCTORS COMMUNITY HOSPITAL

PROJECT TITLE
MAGNOLIA CENTER

DATE 12 / 29 / 11

CRGA PROJECT NUMBER 11.030 A

DRAWING TITLE
PROPOSED EXTERIOR VIEWS

DRAWING NUMBER
A102

APPENDIX B

Quality Rating

Strengths and Limitations of the Five-Star Ratings
Like any information, the Five-Star rating system has strengths and limits. Here are some things to consider as you compare nursing homes.

Health Inspection Results
Strengths:

- Comprehensive: The nursing home health inspection process looks at all major aspects of care in a nursing home (about 180 different items).
- Onsite Visits by Trained Inspectors: It is the only source of information that comes from a trained team of objective surveyors who visit each nursing home to check on the quality of care, inspect medical records, and talk with residents about their care.
- Federal Quality Checks: Federal surveyors check on the state surveyors' work to make sure they are following the national process and that any differences between states stay within reasonable bounds.

Limits:

- Variation between States: There are some differences in how different states carry out the inspection process, even though the standards are the same across the country.
- Medicaid Program Differences: There are also differences in state licensing requirements that affect quality, and in state Medicaid programs that pay for much of the care in nursing homes.

TIP: The best comparisons are made by looking at nursing homes within the same state. You should be careful if you are trying to compare a nursing home in one state with a nursing home in another state.

Staffing
Strengths:

- Overall Staffing: The quality ratings look at the overall number of staff compared to the number of residents and how many of the staff are trained nurses.
- Adjusted for the Population: The ratings consider differences in how sick the nursing home residents are in each nursing home, since that will make a difference in how many staff are needed.

Limits:

- Self-Reported: The staffing data are self-reported by the nursing home, rather than collected and reported by an independent agency.
- Snap-Shot in Time: Staffing data are reported just once a year and reflect staffing over a 2 week period of time.

TIP: Quality is generally better in nursing homes that have more staff who work directly with residents. It is important to ask nursing homes about their staff levels, the qualifications of their staff, and the rate at which staff leave and are replaced.

Quality Measures
Strengths:

- In-Depth Look: The quality measures provide an important in-depth look at how well each nursing home performs on ten important aspects of care. For example, these measures show how well the nursing home helps people keep their ability to dress and eat, or how well the nursing home prevents and treats skin ulcers.
- National Measures: The ten quality measures we use in the Five-Star rating are used in all nursing homes.

Limits:

- Self-Reported Data: The quality measures are self-reported by the nursing home, rather than collected and reported by an independent agency.
- Just a Few Aspects of Care: The quality measures represent only a few of the many aspects of care that may be important to you.

TIP: Talk to the nursing home staff about these quality measures and ask what else they are doing to improve the care they give their residents. Think about the things that are most important to you and ask about them, especially if there are no quality measures that focus on your main concerns.