STATE OF MARYLAND

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MEMORANDUM

TO: Commissioners

FROM: Paul E. Parker, Chief
Certificate of Need PEP

DATE: April 12, 2012

SUBJECT: Mid-Atlantic Waldorf, LLC
Waldorf Nursing and Rehabilitation Center
Establish a 67-Bed Comprehensive Care Facility
Docket No. 11-08-2325

In 2010, Mid-Atlantic Waldorf, LLC ("Mid-Atlantic") was authorized to establish a 67-bed comprehensive care facility ("CCF"), to be developed along with a 90-bed assisted living facility, at 3735 Leonardtown Road, in Waldorf (Charles County). The CCF, known as Waldorf Nursing and Rehabilitation Center ("WNRC") was to be a one-level structure with 34,693 square feet composed of two nursing units of 35 beds (15 private and 10 semi-private rooms) and 32 beds (all private rooms). The combined project budget estimate was $24,895,642 of which $9,574,535 was attributable to the CCF.

Mid-Atlantic now seeks approval of a new CON to change the site of the approved CCF, based on a failure of the former site's seller to move forward with construction of the storm water management facilities necessary for site development on the approved site. The new is less than four miles from the previously authorized site. All features and services of the project, other than the site, remain the same. The CCF facility, as originally designed, fits on the new site. The new combined project budget estimate is $26,062,330 of which $9,862,847 is attributed to the CCF. It is anticipated that the project will be funded with $6,967,161 in cash, a mortgage loan of $17,708,169, a working capital loan of $800,000, and a loan of $587,000, to be used for furniture, fixtures, and equipment.

Commission Staff recommends approval of this project.

IN THE MATTER OF	*	**BEFORE THE**
	*	
WALDORF NURSING	*	**MARYLAND**
	*	
AND REHABILITATION CENTER	*	**HEALTH CARE**
	*	
DOCKET NO. 11-08-2325	*	**COMMISSION**

*** ***

Staff Report and Recommendation

April 19, 2012

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I. INTRODUCTION

Project Description

On September 16, 2010, Mid-Atlantic Waldorf, LLC was authorized to build a proposed new 67-bed comprehensive care facility ("CCF"), to be developed along with a 90-bed assisted living ("AL") facility located at 3735 Leonardtown Road, in Waldorf (Charles County). The CCF, known as Waldorf Nursing and Rehabilitation Center ("WNRC") was to be a one-level structure with 34,693 square feet ("SF") composed of two nursing units of 35 beds (15 private and 10 semi-private rooms) and 32 beds (all private rooms). The CCF featured two interior courtyards and shared an entrance, therapy, support, and ancillary areas with the assisted living component of the project. The AL portion of the new construction was connected directly to the CCF and situated on the proposed site in such a manner as to permit future expansion of the AL component of the project. The AL facility was to be a three-story structure containing 65,337 square feet that would feature 70 private rooms and 10 semi-private rooms, and access to an exterior courtyard.

The combined project budget estimate was $24,895,642 of which $9,574,535 is attributed to the CCF. It was anticipated that the project was to be funded with $7,031,961 in cash, a mortgage loan of $16,501,681, a working capital loan of $800,000, and a loan of $562,000 which was to be used for furniture, fixtures, and equipment.

On August 10, 2011 WNRC filed a new CON application seeking approval to change the site of the approved CCF. The applicant states that the land seller failed to move forward with construction of the storm water management facilities and has indefinitely delayed further development work on the original site. Accordingly, WNRC has located another site, approximately 3.7 miles from the original site, on undeveloped land. (See Appendix A.) The new site is described as closer to the residential center of the St. Charles planned community and affords better access to roads. All features and services of the project, other than the site, remain the same. The CCF facility, as originally designed, fits on the new site.

The new combined project budget estimate is $26,062,330 of which $9,862,847 is attributed to the CCF. It is anticipated that the project will be funded with $6,967,161 in cash, a mortgage loan of $17,708,169, a working capital loan of $800,000, and a loan of $587,000, to be used for furniture, fixtures, and equipment.

The Applicant

The applicant (and intended licensee/operator) is Mid-Atlantic Waldorf, LLC, a wholly-owned subsidiary of Mid-Atlantic Health Care, LLC, which is owned by Dr. Scott Rifkin (81%), Scott Potter (10%), and Howard Friner (9%). Dr. Rifkin, the majority owner of the applicant, is also the majority owner of six additional limited liability corporations (with varying minority owners) that own six CCFs in Maryland and one in Delaware:

1. Fairfield Nursing & Rehabilitation Center (Anne Arundel County) is 100% owned by Mid-Atlantic of Fairfield Realty, LLC which is owned by Rifkin Fairfield, LLC

(64.72%), The Wyndhurst Capital Group, LLC (20.1%), Scott Potter (7.99%), and Howard Friner (7.19%). Rifkin Fairfield, LLC is owned by Dr. Scott Rifkin, Class A (1%), Dr. Scott Rifkin, Class B (61%), Robert Rifkin (10%), Daniel Rifkin (10%), Amy Rifkin (10%), Harold Bob (4%), Steve & Aimee Adashek (2%), and Evan Eisenstadt (2%):

2. Oakland Nursing & Rehabilitation Center (Garrett County) is 100% owned by Mid-Atlantic Nursing Home of Western Maryland, LLC which is owned by Dr. Scott Rifkin (62.14%), The Wyndhurst Capital Group, LLC (20.10%), Scott Potter (7.99%), Howard Friner (7.19%), Darlene Dollar (1.29%), and Mark Heim (1.29%):

3. Chapel Hill Nursing & Rehabilitation Center (Baltimore County) is 100% owned by Mid-Atlantic of Chapel Hill, LLC which is owned by Mid-Atlantic Holdings, LLC which is owned by Dr. Scott Rifkin (54%), Scott Potter (20%), Jeff Grillo (20%), and Howard Friner (6%):

4. Allegany Nursing & Rehabilitation Center (Allegany County) is 100% owned by Mid-Atlantic of Allegany Holdings, LLC, which is 40% owned by Mid-Atlantic Holdings, LLC and 60% owned by 'Other Members'. Mid-Atlantic of Allegany County Holdings LLC is owned by Dr. Scott Rifkin (54%), Scott Potter (20%), Jeff Grillo (20%), and Howard Friner (6%). The 'Other Members' are The Gilbane Family (50%), William Freas (5%), Paul Kelly (2.5%), Roy Carls (1.25%), and Greg Wolff (1.25%):

5. Berlin Nursing & Rehabilitation Center (Worcester County) is owned by Mid-Atlantic Long Term Care, LLC. which is owned by Dr. Scott Rifkin (85.5%), Howard Friner (9.5%), and Richard Handelman (5.0%):

6. Delmar Nursing & Rehabilitation Center (Delaware) is owned by Mid-Atlantic of Delmar, LLC which is owned by Dr. Scott Rifkin (81%), Scott Potter (10%), and Howard Friner (9%):

Mid-Atlantic Health, LLC also manages Villa Rosa, a Prince George's County nursing home.

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 conditions:

1. At the time of first use review, Waldorf Nursing and Rehabilitation Center 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); and

2. At the time of first use review, Waldorf Nursing and Rehabilitation Center shall provide to the Commission information that demonstrates 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, as required by Nursing Home Standard COMAR 10.24.08.05A (9), and appropriate transfer and referral agreements.

II. PROCEDURAL HISTORY

Review Record

James Forsyth, Esquire, filed a letter of intent for a project modification on August 5, 2011: staff acknowledged receipt of the letter of intent on August 10, 2011 (Docket Item ("D.I.") #1).

On August 17, 2011, Mr. Forsyth filed, on behalf of the applicant, a waiver of the pre-application conference. (D.I.#2).

A Modified CON application was filed on October 7, 2011 (D.I. #3).

On October 12, 2011 staff requested that the *Maryland Independent* and the *Maryland Register* publish notice of receipt of the proposed project changes to application. (D.I. 4 & 5).

Receipt was acknowledged by letter of October 26, 2011 and assigned Matter No. 11-08-2325 (D.I. #6). On that same day, staff requested that the *Maryland Independent* and the *Maryland Register* publish notice of receipt of the application. (D.I. 7 & 8).

On November 04, 2011 certification of publication was received from Maryland Independent (D.I. #9).

Staff asked completeness questions on November 16, 2011. (D.I. #10).

On December 14, 2011 applicant requested extension to respond to the completeness questions until December 20, 2011 (D.I. #11).

The applicant responded to the completeness questions on December 20, 2011. (D.I. #12)

On January 13, 2012 staff requested that the *Maryland Register* post legal notice of the docketing of the modified CON application (D.I. #13).

On January 20, 2012, staff sent a letter informing the applicant that the CON application would be docketed for formal review as of January 27, 2012. (D.I. #14).

On January 13, 2012 staff requested that the *Maryland Independent* post legal notice of the docketing of the CON application (D.I. #15). On the same day the Health Officer of Charles

County was sent a copy of the application and given the opportunity to provide comments (D.I. #16).

On February 8, 2012 certification of publication was received from Maryland Independent (D.I. #17).

On March 8, 2012, the applicant provided a revised project budget. (D.I.#18)

Local Government Review and Comment

No comments on this project have been received from the Charles County Health Department or other local government entities.

Interested Parties in Review

There are no interested parties in this review.

III. DEMOGRAPHIC BACKGROUND

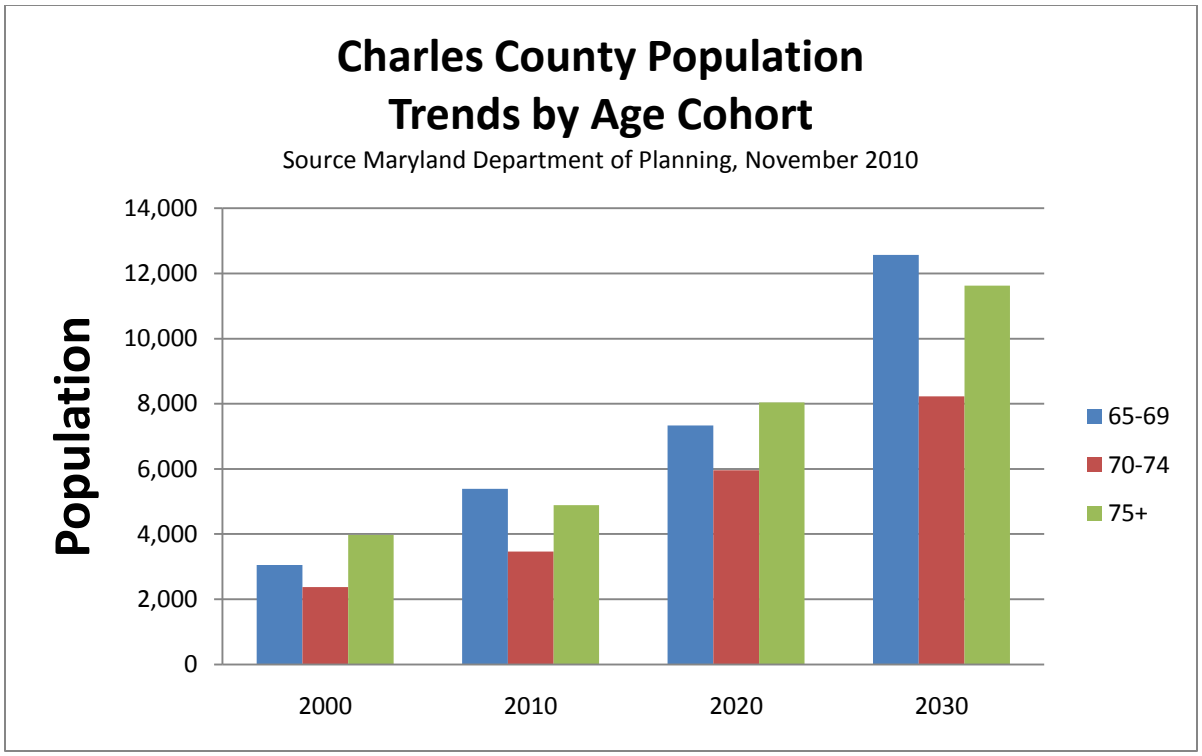
Charles County Population: Growth Patterns and Age Composition

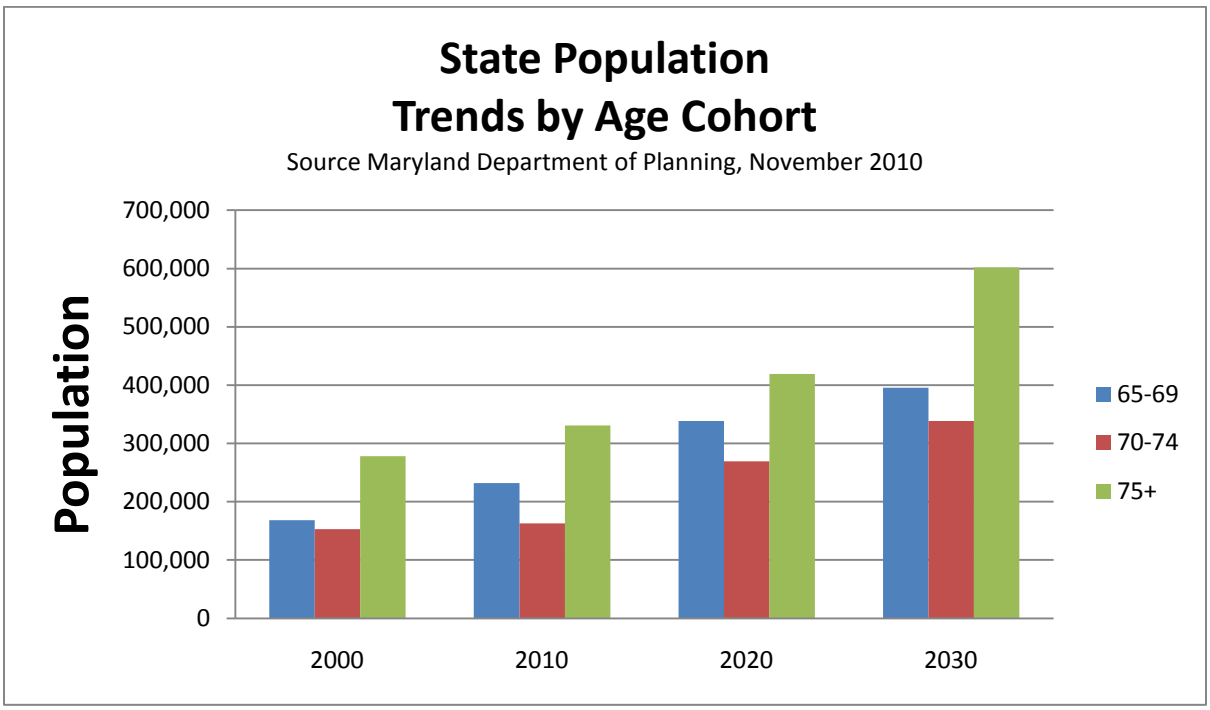
The following table identifies population growth and aging in Charles County and Maryland. Charles County's population is projected to be growing faster than the state's. It has a considerably younger population than the state as a whole and this gap is projected to only close gradually by 2030. The County's population aged 65 to 69 is projected to increase over 311 percent between 2000 and 2030; the 70 to 74 population is projected to increase 247 percent over the same period and the 75 and older population is projected to increase 193 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, Charles County and Maryland, CY 2000 – 2030

Charles County	Population				% Change			
	2000	2010	2020	2030	2000-2010	2010-2020	2020-2030	2000-2030
TOTAL	120,546	143,902	175,449	203,250	19.38%	21.92%	15.85%	68.6%
0-14	28,811	33,782	38,840	46,004	17.25%	14.97%	18.44%	59.7%
15-44	55,028	57,088	66,758	80,218	3.74%	16.94%	20.16%	45.8%
45-64	27,305	39,288	48,518	44,602	43.89%	23.49%	-8.07%	63.4%
65-69	3,055	5,392	7,330	12,566	76.50%	35.94%	71.43%	311.3%
70-74	2,373	3,461	5,960	8,229	45.85%	72.20%	38.07%	246.8%
75+	3,974	4,891	8,043	11,631	23.07%	64.44%	44.61%	192.7%
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, Population Projection November 2010


Charles County Population
Trends by Age Cohort
Source Maryland Department of Planning, November 2010
Population
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
2000
2010
2020
2030
65-69
70-74
75+


State Population
Trends by Age Cohort
Source Maryland Department of Planning, November 2010
Population
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
2000
2010
2020
2030
65-69
70-74
75+

Long-Term Care Facilities in Charles County

There are currently three comprehensive care facilities in Charles County with a total of 422 licensed beds no temporarily de-licensed beds. There are no approved beds that have not been put into service. The County has no continuing care retirement communities.

Utilization of Comprehensive Care Facility Beds in Charles County

Overall, comprehensive care facility bed capacity and demand for beds has increased over the last four years in Charles County.

Table 2: Patient Days for Charles County, 2006-2009

Facility	2006	2007	2008	2009	% Change
Charles County Nursing & Rehabilitation Center	53,403	55,416	55,658	55,435	3.7%
Genesis Elder Care La Plata Center	51,866	50,879	48,630	47,625	-8.9%
Genesis Waldorf Center	29,293	34,403	37,179	37,071	21.0%
TOTAL	**134,562**	**140,698**	**141,467**	**140,131**	**4.0%**

Source: MHCC LTC Survey

Table 3: Facility, County and State CCF Occupancy, Charles County, CY 2006 – 2009

	Beds	2006	2007	2008	2009
Charles County Nursing & Rehabilitation Center	165	88.7%	92.0%	92.2%	92.1%
La Plata Center	142	95.4%	93.6%	89.2%	87.6%
Waldorf Center	115	83.8%	82.0%	88.3%	88.3%
Charles County	422	90.0%	89.9%	90.1%	89.5%
Maryland	**28,429**	**89.9%**	**89.3%**	**88.8%**	**89.1%**

Source: MHCC Public Use Database

The Charles County retention rate is the fifth lowest in the States, i.e., a relatively high proportion (33 to 36% in recent years) of County residents obtain CCF admission outside of the jurisdiction.

Table 4: Retention Rates for Charles County Comprehensive Care Facilities, Calendar Years CY2002-2009 with Data from CY2007-2009 Reported as Preliminary Data

	2002	2003	2004	2005	2006	2007	2008	2009
Charles County	67.1%	64.0%	66.6%	NA	NA	64.9%	65.0%	63.7%

Source: MHCC LTC Survey

Quality Indicators for Comprehensive Care Facilities in Charles County

Staff reviewed the "5 Star" ratings assigned to the three Charles County nursing facilities by the quality rating program of the Center for Medicare and Medicaid Services ("CMS") that was initiated in October, 2011. Waldorf Center is rated "1 Star", La Plata Center is rated as "2 Star", and Charles County Nursing and Rehabilitation Center is rated as a "3 Star" facility. There are three components in the 5 Star rating system that are included in the resulting composite score: health inspections; staffing; and quality measures. Further, the distribution of

the Stars is allocated as follows: only 10% of all facilities are rated as 5 Star; 70% fall within the middle range of 2 to 4 Stars; and 20% are rated as 1 Star. Appendix D includes further ratings of the three facilities.

The applicant noted that Waldorf Healthcare Center (the name for Waldorf Center before it was acquired by Genesis in 2008) had been a "Special Focus Facility" in early 2008, a CMS designation indicating substantially greater and more persistent quality issues over a targeted three year span (in this case, 2005-2008) than that observed in most facilities. Once CMS identifies a master list of facilities with greater quality challenges, then OHCQ selects two facilities for rigorous review including additional surveys. Inability to improve in this phase of "special facility focus" status will result in loss of ability to bill for Medicare and Medicaid resident stays. The applicant portrayed the relatively low retention rate in Charles County as related to quality issues at the County's existing facilities.

Of the five Maryland facilities owned by the applicant, two are rated as "4 Star," or above average; two are rated as a "3 Star," or average, and one has a "2 Star" rating or below average. The facility rated as "2 Star" is the Delmar Nursing and Rehabilitation Center, located in Delmar, Delaware (near the Eastern Shore of Maryland border) currently has a "2 Star" rating. Mid-Atlantic Health, LLC (the parent corporation of the applicant) has managed Villa Rosa, a Prince George's County CCF, since January, 2009. Villa Rosa is currently a "1 Star" facility. From all 6 facilities Villa Rosa is the only one that had a substandard deficiency that took place in the end of 2008. MHCC contact OHCQ in regards to current condition of all facilities and OHCQ response is that all 6 are in good standing. Appendix E shows the frequency of deficiencies. According to OHCQ, and not included on Appendix E, Villa Rosa did get an additional G level deficiency recently due to recipient rolling of the bed but was not constituted as substandard quality of care deficiency.

IV. STAFF REVIEW AND ANALYSIS

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 ("SHP") 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 the 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 new Waldorf Nursing & Rehabilitation Center ("WNRC") was approved in September, 2010 to establish a new comprehensive care facility utilizing the 67 comprehensive care beds identified as being needed in Charles County under the applicable State Health Plan. This bed need was and remains in effect. The modification proposes only a change to a new site which is also in Waldorf, and is approximately 3.7 miles away from the original approved site.

(2) Medical Assistance Participation.

(a) 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.

(b) 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.*

(c) 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.

(d) 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.

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

The applicant stated that it intends to participate in the Medical Assistance Program and commits to meeting all the requirements of this standard. It will execute a Memorandum of Understanding, as required, prior to pre-licensing certification.

Staff recommends that the following condition be part of any approval of this proposed project:

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

(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.

WNRC states that it is fully committed to meeting the requirements of this standard and will provide information to all prospective residents and their families about the full range of alternative community- based services, including all waiver programs and initiatives intended to promote care in the most appropriate settings. It states that the proposed facility will also initiate discharge planning on admission to ensure access to the most appropriate level of care, and will provide access to its facility and encourage all *Olmstead* and any other efforts by DHMH to provide education and outreach for all families concerning home-based and other community-based alternatives to nursing home care.

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

(4) Nonelderly Residents. An applicant shall address the needs of its non-elderly (<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.

WNRC has previously been found to be consistent with this standard 'and remains fully committed to it, as follows. WNRC will provide information to all prospective residents about the existence of alternative community services, such as home care, medical daycare, assisted living and opportunities for discharge.

The applicant stated that it will provide in-service training to its staff on the psychosocial problems facing non-elderly disabled residents and it provided a copy of its policy on in-service training, a description of the program for younger residents, and in-service training material on age-specific competence. WNRC also stated that it will initiate discharge planning immediately on admission with the goal of limiting non-elderly resident stays to 90 days or less, whenever feasible, and voluntary transfers of non-elderly residents to a more appropriate setting.

Based on this assurance, the applicant complies with this standard.

A review of age characteristics of the other facilities currently operated by the applicant shows that the resident population aged less than 65 years old tends to be a smaller percentage of overall facility census, ranging from a low of 4% to a high of 19%, than the state average of 21%. (See Table 5 below)

Table 5: Distribution of Residents by Age Cohort

Age Distribution by Cohort	Maryland Average	Oakland NRC Owned since 7/05	Fairfield NRC Owned since 12/06	Allegany NRC Owned since 7/09	Villa Rosa (mgt. only) Managing since 1/09	Berlin NRC Owned since 5/03	Chapel Hill NRC Owned since 7/08
% Male	34	46	39	32	26	39	47
% Female	66	54	61	68	74	61	53
Av. Age	78	76	78	80	82	79	76
%<65 y.o.	16	19	13	7	4	10	21
%65-75 y.o.	18	24	22	23	23	22	20
%76-84 y.o.	27	24	33	31	27	31	22
% 85 y.o.+	39	33	32	40	47	36	36

SOURCE: MHCC website, Nursing Home Compare, downloaded August 2010.

(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 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.

WNRC's design remains the same, and has previously been found by the MHCC to be consistent with this standard. All patient rooms will be either single or double occupancy and no more than two residents share a toilet. The one story nursing component will not require elevators and there will be individual temperature controls in each room.

The proposed facility will have a steel frame clad with a combination of brick veneer and either Exterior Insulation Finishing System (often referred to as "synthetic stucco") or vinyl siding.

The design includes 57 resident rooms, 47 private rooms and 10 semi-private rooms.) and the other nursing unit will have 32 beds (all 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 new site is located in the St. Charles Communities developments where several residential Villages have already been developed which are currently served by all necessary public utilities. The site will be served by available water and sewer which the land seller will extend to the property line. Electricity and telephone utilities are also available. This standard is met.

(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.

This is a Modification Request to implement a site change to a new location only 3.7 miles away from the current site. The building design remains the same, and has previously been found to be consistent with this standard by the MHCC's September 16, 2010 decision approving the project.

The applicant quotes original approved application and refers to the "model" employed in the proposed project as an "aging in place" model, based on its combination of an assisted living facility with a comprehensive care facility in a single building project with shared support spaces.

The applicant has not identified a program of service that appears to be highly specialized or unique. It notes that, in the CCF component, it will care for a mix of shorter-stay rehabilitation and longer-stay residents. In this latter group, it indicates a capability for service to patients needing ventilator care, patients with chronic respiratory illness requiring frequent monitoring, residents with Alzheimer's disease and co-morbid conditions, and dementia patients who may benefit from a shared room. The applicant states that it will have the capacity to serve patients requiring aggressive infection control and management of nosocomial infections resistant to common antibiotic therapies, bariatric patients requiring size-appropriate equipment, and patients who may need extensive support to manage psychosocial needs during the acute phase of their rehabilitation.

The proposed CCF component includes two nursing units, each with two wings at right angles to each other and a dining/activities area. The design has the two units connecting to form a square, thereby minimizing walking distance from the nurses' station to the end of each wing and facilitating staff observation and interaction with residents. The shorter wings are also planned for clustering similar patients for ease in care. The applicant states that design and furnishing choices with respect to colors, patterns, textures and lighting will be made to minimize "institutional atmosphere".

The walls will display art and displays of interest designed to engage the attention and interest of residents with Alzheimer's disease and related dementia. The

facility includes a centralized courtyard so that resident rooms are enhanced by sunlight and residents are provided access to a landscaped setting. Resident room doors and adjacent areas will feature personalized features such as 'shadow' boxes to assist in orientation and cueing. In addition, all resident rooms include individual bathrooms, wiring for cable TV and internet access.

Facility support functions will be located away from the visitor entrance and lobby area; staff will have a separate entrance.

The applicant has met the requirements of this standard.

(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.

Waldorf states that none of the project's principals has ever pled guilty to, or been convicted of a criminal offense in any way connected with ownership, development or management of a health care facility.

This disclosure complies with the 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.

WNRC' project has already been found to be consistent with this standard, based upon its commitment to enter into all required collaborative relationships. The applicant remains committed to meeting the requirements of this standard.. WNRC states that it will "negotiate and enter into transfer and referral agreements with a full array of providers to ensure that its residents have access to the entire long term care continuum." Staff recommends that a condition, as follows, be placed on the CON:

At the time of first use review, Waldorf Nursing and Rehabilitation Center shall provide to the Commission information that demonstrates 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, as required by Nursing Home Standard COMAR 10.24.08.05A(9), and appropriate transfer and referral agreements.

Based on these assurances, and this proposed condition, the applicant meets 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.

Part (a) is applicable to this new construction project. Part (b) is not applicable.

On September 16, 2010, WNRC's application for CON approval of its new Nursing Facility was found to be consistent with COMAR 10.24.08, "State Health Plan for Facilities and Services: Nursing Home, Home Health Agency, and Hospice Services," which identifies a need for 67 Comprehensive Care beds in Charles County in 2011.

The applicant provided detail on the demographic trends for Charles County and information on utilization and quality for existing Charles County CCFs. (See Part III of this report.) The State Health Plan projects a net adjusted bed need of 67 CCF beds for Charles County. The data presented by the applicant on the relatively high rate of population growth and aging in the area, the trends in use of CCF beds, and the relatively low CCF patient retention rate in Charles County, supports a finding of bed need for this jurisdiction consistent with the SHP's identification of bed need.

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.

This standard is not applicable since the project does not involve expansion of a nursing home.

(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.

The most recent CCF bed occupancy data published by MHCC was for Fiscal Year 2009. In that twelve-month period, Charles County CCF beds experienced an average annual occupancy rate of 89.49%. When originally approved, staff report noted a 90.1% occupancy rate based on Fiscal year 2008 data. Since applicant is only of the requirement by 0.49% staff recommends approval of this CON application for a new nursing home in the County.

(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 has previously stated its intention to participate in the Medical Assistance Program and remains committed to meeting all the requirements of this standard. 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.

This application does not involve expansion of an existing facility. Thus, this standard is not applicable.

(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.

The proposed project does not involve relocation of an existing facility. WNRC has not yet been built. WNRC does note that its proposed move to a new site only 3.7 miles away keeps the project in Waldorf and does not have a material impact on the need for the facility or any of the analysis presented to support the project.

PART TWO: REMAINING CERTIFICATE OF NEED REVIEW CRITERIA

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 noted, this is a Modification Request seeking approval to change the approved site to a nearby site only 3.7 miles away. The proposed project is seeks to add the number of CCF beds that the current SHP has projected to be needed in Charles County in 2011; 67 beds. Thus, there is an applicable need analysis in the SHP to which the proposed project directly responds.

The applicant highlighted demographic trends and very low Charles County CCF retention rates as the two primary bases for expansion of CCF bed capacity in Charles County. As described earlier in Section III of this Report under "Demographic Trends" and "Utilization," the applicant noted higher than state average population growth is expected for this jurisdiction.

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.

WNRC stated that its budgetary and operational projections demonstrated that its proposal is cost-effective. According to WNRC, their model offers operational efficiencies gained through shared staffing and shared common areas with the assisted living facility that cannot be achieved in separate but freestanding components.

Applicant further states that there are no other competing applicants in this review and none of the existing facilities are currently proposing to address Charles County bed need. WNRC also states that it does not appear that any of the existing facilities can duplicate this proposed model of care on its existing site. Further, there has not been any historic expression of interest in doing so.

As will be noted in the following section of this report, the construction cost of this project, $180.32 per square foot ("SF"), adjusted, is also well above the nursing home construction cost estimate derived from the Marshall Valuation Service guidelines, used by MHCC in the review of hospital construction projects ($148/SF). Medicare and Medicaid reimbursement policies do not expose these programs to the higher capital cost experienced by CCFs.

In summary, the development approach being taken by the applicant is a cost-effective alternative for fulfilling the need for CCF beds that has been identified in Charles County. Development of a free-standing CCF with this small number of beds would not be cost-effective. The operator has demonstrated the ability to operate CCFs in Maryland that have acceptable quality of care ratings. No competitive proposals have been submitted and no opposition to this project has been registered by the existing CCFs, which would be the facilities that could conceivably offer a more cost-effective alternative through expansion of their operations. For these reasons, we recommend that the Commission find the proposed project to be a cost-effective alternative for meeting the need for additional CCF facilities in Charles County.

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

The budget estimate and sources for funds for the proposed project are outlined in the following two tables.

Table 6: Project Budget - Uses of Funds, Waldorf Nursing and Rehabilitation Center

A. Uses of Funds	Nursing Facility	Assisted Living	Total
Building	$5,830,664	$10,980,836	$16,811,500
Land Purchase	$507,568	$955,898	$1,463,466
Site Preparation	$325,934	$613,827	$939,761
Architect/Engineering Fees	$291,681	$549,319	$841,000
Permits	$72,487	$136,513	$209,000
Subtotal	**$7,028,334**	**$13,236,393**	**$20,264,727**
Major Movable Equipment	$551,156	$258,844	$810,000
Minor Movable Equipment	$419,989	$167,011	$587,000
Contingencies	$234,108	$440,892	$675,000
Subtotal	**$1,205,253**	**$866,747**	**$2,072,000**
Total-Current Capital Costs	**$8,233,587**	**$14,103,140**	**$22,336,727**
Inflation	$676,027	$1,150,383	$1,826,410
Interest	$190,202	$326,286	$516,488
Subtotal-Capital Costs	**$9,099,816**	**$15,579,809**	**$24,679,625**
Loan Placement Fee	$163,031	$279,674	$442,705
Legal Fees (CON related)	$50,000	$0	$50,000
Legal Fees (Other)	$40,000	$40,000	$80,000
CON Application Assistance	$10,000	$0	$10,000
Subtotal-Financing and Other Cash	**$263,031**	**$319,674**	**$582,705**
Working Capital Startup Costs	$500,000	$300,000	$800,000
Total Uses of Funds	**$9,862,847**	**$16,199,483**	**$26,062,330**
B. Sources of Funds	**Nursing Facility**	**Assisted Living**	**Total**
Cash	$2,421,633	$4,545,528	$6,967,161
Mortgage	$6,521,225	$11,186,944	$17,708,169
Working Capital Loans	500,000	300,000	800,000
Furniture, Fixture & Equipment Loan	$419,989	$167,011	$587,000
Total Sources of Funds	**$9,862,847**	**$16,199,483**	**$26,062,330**

Source: CON application and March 8, 2012 letter (DI # 3 and DI #18)

Waldorf provided an opinion letter from Leonard Sacks, CPA/CFF, CVA, CIRA attesting that, based on his experience working with the principal, sufficient available assets exist to meet the equity contribution for the project. Susquehanna Bank also provided a letter, dated November 11, 2011, expressing interest in financing the construction of this combined CCF and AL facility.

Construction Cost

Table 7: Construction Cost Analysis, Waldorf Nursing and Rehabilitation Center CCF Expansion

	New Construction
Building	$5,830,664
Fixed Equipment	-
Normal Site Preparation	$91,396
Architect/Engineering Fees	$291,681
Permits	-
Capitalized Construction Interest	$190,202
Total Project Costs	**$6,403,943**
Demolition	$0
Storm Drains	$45,220
Rough Grading	$29,216
Lighting	$38,290
Road frontage	-
Utilities	$32,879
Jurisdictional Hook-ups	$5,598
Signs	$6,937
Landscaping	$26,012
Total Adjustments	**$184,152**
Net Project Costs	$6,219,791
Square Footage	34,693
Cost Per Square Ft.	**179.28**
MVS Cost/Square Foot	**147.84**
Over(Under)	**31.44**

Source: CON application and March 8, 2012 letter (DI # 3 and DI #18)

The site preparation, off-site costs, signs and landscaping allocated to the CCF portion of the construction cost total are 34.7% of the total construction cost, similar to the CCF part of the project which is 34.7% of the total square feet of the project.

Revenues and Expenses

The operating projections and payor mix (patient days) for the first full fiscal year of operation, of the proposed project is as follows:

Table 8: Projected Revenues, Expenses, Income, and Payor Mix – Year 2 of Operation
Waldorf Nursing and Rehabilitation Center

	CCF	Assisted Living	Combined CCF and Assisted Living
Net Operating Revenues	$7,406,000	$3,693,000	$11,099,000
Total Operating Expenses	6,929,000	3,507,000	10,436,000
Income From Operation	$477,000	$186,000	$663,000
Non-Operating Income	15,000	31,000	46,000
Net Income	**$492,000**	**$217,000**	**$709,000**
% of Patient Days by Payor Source			
Medicare	23%	NA	
Medicaid	54%	NA	
Commercial Insurance	3%	100%	
Self Pay	20%	100%	
Total	100%	100%	

Source: CON Application, Tables 4 and 5, pages 16-19 (DI #3) and staff analysis

The applicant projects positive operating income for the first full year of operation with 69.4% of the total net income derived from CCF operations.

Table 9: Beds, Projected Utilization, Projected Bed Occupancy, and Projected Per Diem Revenues and Expenses, Waldorf Nursing and Rehabilitation Center CCF Only

	20X2
Beds	67
Admissions	134
Patient Days	22,254
Average Annual Occupancy Rate	91.0%
Gross Revenue/Patient Day	$311.94
Net Revenue/Patient Day	$332.79
Expense/Patient Day	$311.36
Income/Patient Day	$21.43

Source: CON Application, Tables2, 4 and 5, pages 12-19 (DI #3) and staff analysis

Staff requested that the applicant provide an alternative pro forma schedule of projected revenues and expenses for the first three years of operation of the proposed facility using the format of Table 4 and assuming that the facility experienced a payer mix in these years similar to that of the existing CCF's in Charles County in 2009: 67% Medicaid, 16%, Medicare, and 17% Private Pay or Other.

In response, WNRC, stated that the altered assumptions with respect to payer mix would lower projected revenue by $265,000 (Years 20X2 & 20X3). As for the resulting change in expenses, the projected changes in expenses relate to variable costs (i.e. costs that are directly related to specific types of payers' patient days total $192,000 ($152,000 contracted services and other expenses $40,000)

The reduction in revenues of $265,000 and corresponding cost reductions of$192,000 result in an overall decrease in Net Income of $73,000, from $709,000 as submitted to $636,000. According to applicant staffing remained unchanged. The following Table sums the per diems with the new payor mix percentages:

Table 10: Beds, Projected Utilization, Projected Bed Occupancy, and Projected Per Diem Revenues and Expenses, Waldorf Nursing and Rehabilitation Center CCF Only

	20X2
Beds	67
Admissions	134
Patient Days	22,254
Average Annual Occupancy Rate	91.0%
Gross Revenue/Patient Day	$300.04
Net Revenue/Patient Day	$307.76
Expense/Patient Day	$294.10
Income/Patient Day	$13.66

Source: Response to completeness December 20, 2011, Table 4 (DI #12) and staff analysis

The applicant projects an overall average annual occupancy rate for CCF beds in the first full year of operation to be 91%. The applicant proposes to bring 47 private rooms and 20 beds in semi-private rooms, more than doubling the Charles County capacity for private rooms/beds Staff believes that the additional consumer choice (addressing quality), the availability of private rooms and the "newness" of the facility, combined with traditional low retention rates (i.e., potential to "bring residents back home to Charles Co.) and the growing population aged 65 and older combine to make the projected occupancy rate plausible.

Staffing

Waldorf projects the following staffing information for its nursing units upon completion of its proposed project.

Table 11: Projected Staffing

32 Bed Unit #1	Day	Evening	Night
RN	3.0	2.0	1.0
LPN	0.0	0.0	1.0
CNA	4.0	3.0	2.0
Medicine Aides	1.0	1.0	0.0
Respiratory Therapist	1.0	1.0	1.0

35 Bed Unit #2	Day	Evening	Night
RN	1.0	0.0	1.0
LPN	1.0	1.0	0.0
CNA	4.0	3.0	2.0
Medicine Aide	1.0	0.0	0.0
Psych RN	0.5	0.0	0.0
Evening Supervising RN	0.0	1.0	0.0

Note: Schedules for unit #1 and unit #2 are based on 8 hour shifts. Weekend/holiday staffing is the same as for week days.

The applicant has projected a direct care staffing schedule that will deliver 4.75 hours per bed per day of care in Unit #1, the unit intended to serve higher acuity patient and 3.54 hours per bed per day of care in Unit #2, a slightly larger unit housing lower acuity and longer-term residents. These staffing ratios are consistent with those required in COMAR 10.07.02.12 of 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.

The persons sponsoring this application have not been issued CONs in the past other than for the current project which is still in the development phase.

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 not have a negative impact on existing providers and the health care system. WNRC notes that the addition of 67 beds represents an increase in CCF bed capacity in Charles County of approximately 16%. It believes that locating these beds in Waldorf will improve accessibility given that two of the three existing CCFs (with 73% of the jurisdiction's beds) are located in La Plata and also notes that the population is projected to be growing more rapidly in the Waldorf area of northern Charles County than in the La Plata area. WNRC also theorizes that its project may stimulate modernization of the current Charles County facilities which are 15 to 34 years old.

Staff believes that the recent history of CCF census growth in Charles County suggests that the applicant is unlikely to achieve its projected utilization targets without having a negative impact on census levels at the other CCFs in Charles County. The low retention rate in the County could suggest that a new alternative in the area might have the effect of increasing retention of County residents, offsetting some of the potential for negative impact that the new facility would be likely to have. However, the fact that average daily census in the County's CCF beds grew only 3.2% from 2004 to 2008, about 12 patients, indicates that this effect would need to be large in order for the applicant to fill 67 beds within two years of opening without reducing patient census at the other facilities in the County.

Under a worst case scenario, with flat bed demand going forward and no improvement in retention, the evenly distributed negative impact on the existing facilities, if WNRC fills as projected, would range from approximately 16 to 24 fewer patients, per facility, on an average day. (These are facilities that range in size from 115 to 165 CCF beds.) Given that CCF patient census has grown slightly in recent years and is projected to grow, based on the SHP forecast, the actual impact is likely to be lower. Because of the dominance of reimbursement, through Medicare and Medicaid, for CCF services rather than market pricing, it is possible that even small census impact may be enlarged in importance, if the new facility siphons off more lucrative private paying patients from the existing providers. However, this will require competitive pricing of services, given that this market segment is dominated by "out-of-pocket" rather than insured payers, who are sensitive to price and value evaluations in their purchasing decisions. Requiring that CCFs serve a minimum proportion of Medicaid patients, as Maryland does, tempers this impact.

Staff believes the likely range of impact on the existing facilities is acceptable, given the positives associated with providing the area with a new facility and an alternative for care. The impact should be offset, over the medium term, by increases in demand, based on the SHP forecast.

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 the other Certificate of Need review criteria, COMAR 10.24.01.08G(3)(b)-(f).

Besides a few updates, that includes moving the projects a few miles the projects remains identical to prior approved CON and thus similar findings. Based on these findings, Staff recommends that the project be **APPROVED,** with the following conditions:

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

At the time of first use review, Waldorf Nursing and Rehabilitation Center shall provide to the Commission information that demonstrates 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, as required by Nursing Home Standard COMAR 10.24.08.05A(9), and appropriate transfer and referral agreements.

IN THE MATTER OF	*	**BEFORE THE**
	*	
WALDORF NURSING AND	*	**MARYLAND**
	*	
REHABILITATION CENTER	*	**HEALTH CARE**
	*	
DOCKET NO. 11-08-2325	*	**COMMISSION**

*** ***

FINAL ORDER

Based on Commission Staff's analysis and findings, it is this 19th day of April 2012, **ORDERED** that:

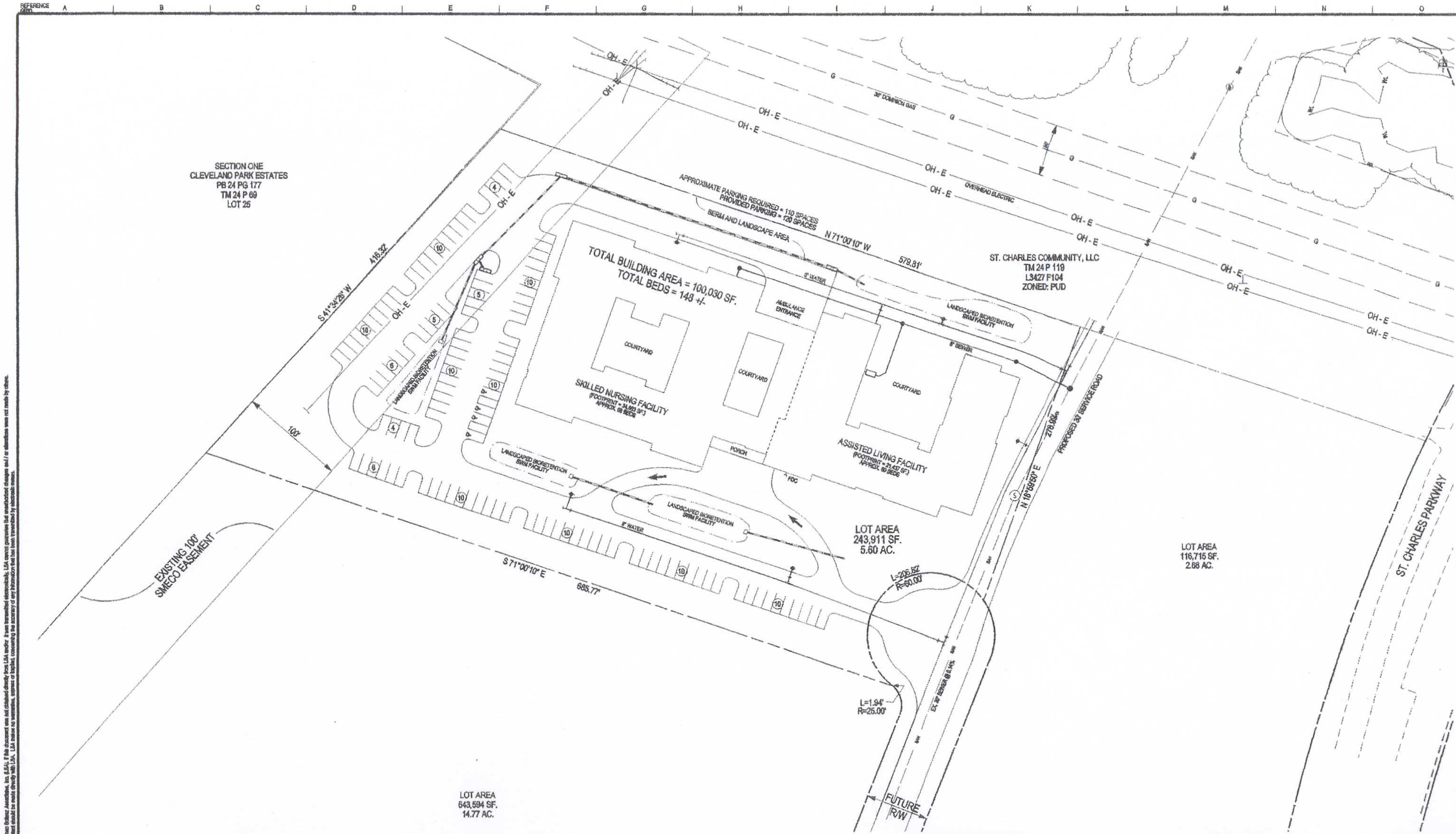
The application for a Certificate of Need by Mid-Atlantic Waldorf, LLC to establish a 67-bed comprehensive care facility in conjunction with assisted living facilities at a cost of $9,862,847, Docket No. 11-08-2325, be **APPROVED,** subject to the following conditions:

> At the time of first use review, Waldorf Nursing and Rehabilitation Center shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to maintain the proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2).
>
> Prior to pre-licensure review, the Waldorf Nursing and Rehabilitation Center shall provide to the Commission its transfer and referral agreements demonstrating that the applicant 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, as required by Nursing Home Standard COMAR 10.24.08.05A(9).

APPENDIX A

Site Plan

08



PROFESSIONAL CERTIFICATION

I HEREBY CERTIFY THAT THESE DOCUMENTS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MARYLAND.
LICENSE NO. ________, EXPIRATION DATE: ________

CONCEPT EXHIBIT

FEASIBILITY STUDY

WALDORF NURSING & REHABILITATION CENTER

MIDDLE BUSINESS PARK - PARCEL AA

SIXTH (6TH) ELECTION DISTRICT, CHARLES COUNTY, MARYLAND

1" = 40'

SHEET 1 OF 3

PROJECT NO. XXXX-XX-XX

Loiederman Soltesz Associates, Inc.
Engineering, Planning, Surveying, Environmental Sciences
Rockville, Laurel, Waldorf, Leonardtown
WALDORF OFFICE
401 Post Office Road, Suite 103
Waldorf, MD 20602
t. 301.870.2166 f. 301.870.2884
www.LSAssociates.net

NO.	REVISIONS	BY	DATE
X	REVISION COMMENT HERE	XXX	XX/XX/XX

DATE: SEPTEMBER 2011 | CAD STANDARDS VERSION: V8 - 2006
DESIGNED: FD | TECHNICIAN: FD | CHECKED: FD

MISS UTILITY NOTE

INFORMATION CONCERNING EXISTING UNDERGROUND UTILITIES WAS OBTAINED FROM AVAILABLE RECORDS. THE CONTRACTOR MUST DETERMINE THE EXACT LOCATION AND ELEVATION OF ALL EXISTING UTILITIES AND UTILITY CROSSINGS BY DIGGING TEST PITS BY HAND, WELL IN ADVANCE OF THE START OF EXCAVATION. CONTACT "MISS UTILITY" AT 1-800-257-7777, 48 HOURS PRIOR TO THE START OF EXCAVATION. IF CLEARANCES ARE LESS THAN SHOWN ON THIS PLAN OR TWELVE (12) INCHES, WHICHEVER IS LESS, CONTACT THE ENGINEER AND THE UTILITY COMPANY BEFORE PROCEEDING WITH CONSTRUCTION. CLEARANCES LESS THAN NOTED MAY REQUIRE REVISIONS TO THIS PLAN.

OWNER/DEVELOPER/APPLICANT

MID-ATLANTIC HEALTH CARE
1922 GREENSPRING DRIVE
SUITE 3
TIMONIUM, MD 21093
PHONE: 410-560-7975

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MAP XX	GRID XXXX
ZONING CATEGORY: PUD	WSS CATEGORY: W-3, S-3
TAX MAP / PARCEL: 24 / 118	GRID: 2
SITE DATUM HORIZONTAL: NAD83 VERTICAL: NGVD88	LIBER / FOLIO: XXXX

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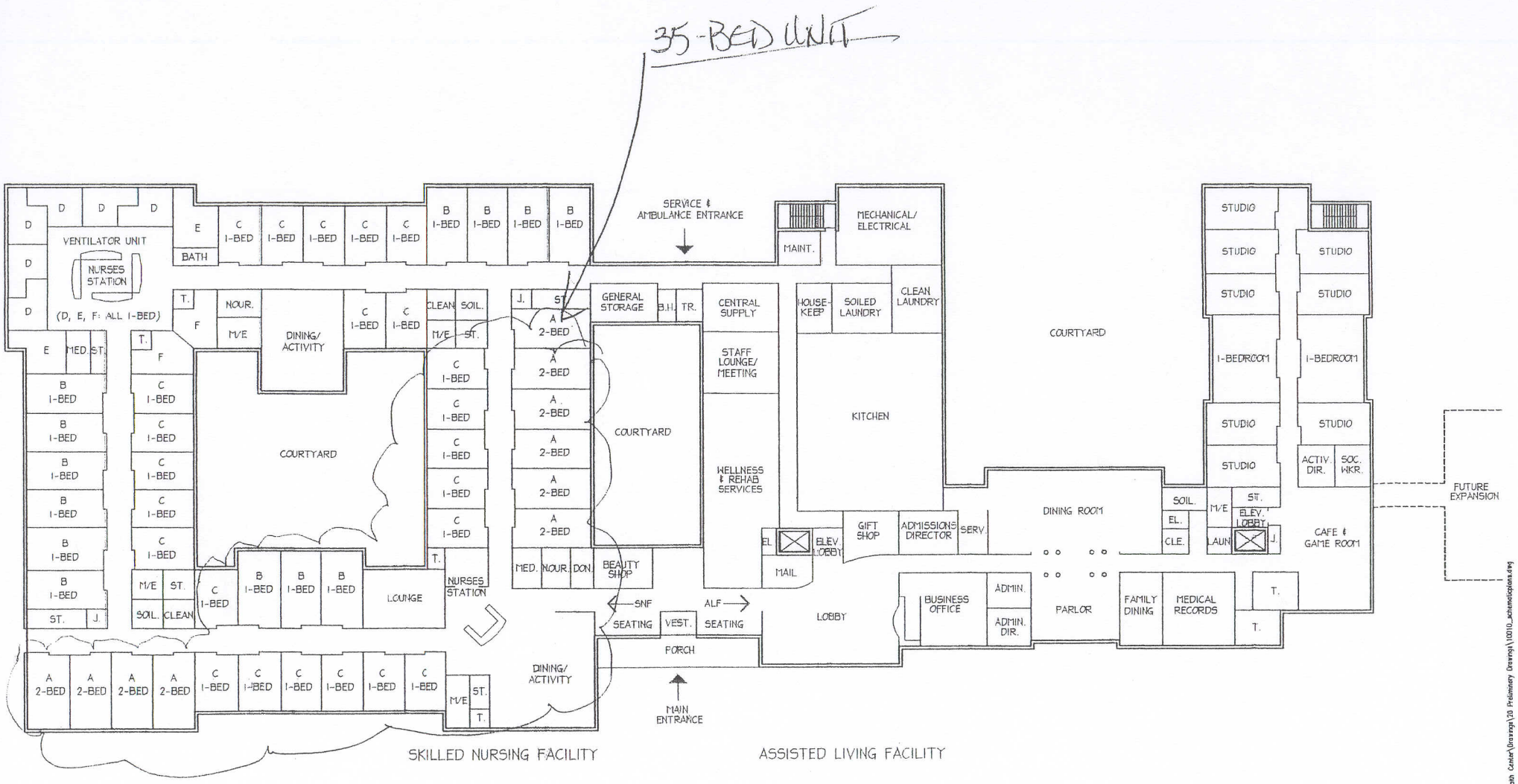
APPENDIX B

Floor Plan



WALDORF NURSING AND REHABILITATION CENTER

WALDORF, MARYLAND

KANN PARTNERS
315 SOUTH GAY STREET, SUITE 400 • BALTIMORE, MD 21202
P 410-234-0300
F 410-539-4921
WWW.KANNPARTNERS.COM

0 5' 10' 20' 50'

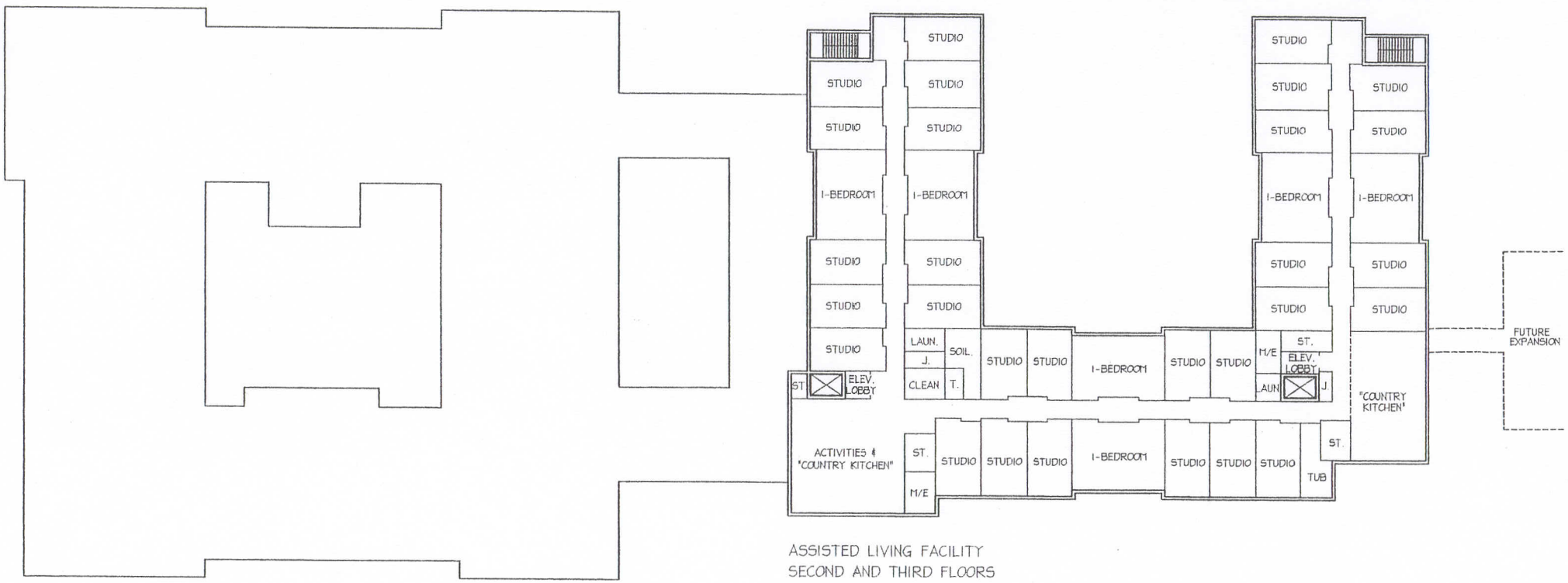
SCALE: 1"=30'-0" (11X17 PAPER SIZE)

FIRST FLOOR PLAN

A101

MARCH 12, 2010

03/08/10 05:58PM P:\2010\10010 Charles County Health Center\Drawings\10 Preliminary Drawings\10010_schematicplans.dwg



ASSISTED LIVING FACILITY
SECOND AND THIRD FLOORS

KANN PARTNERS
33 SOUTH GAY STREET, SUITE 400 · BALTIMORE, MD 21202
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WALDORF NURSING AND REHABILITATION CENTER

WALDORF, MARYLAND

0 5' 10' 20' 50'
SCALE: 1"=30'-0" (11X17 PAPER SIZE)

SECOND / THIRD FLOOR PLANS

A102

MARCH 12, 2010

APPENDIX C

The Star Quality Rating System

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.

APPENDIX D

Nursing Home Compare for Charles County

	CHARLES CO. NSG & REHAB CTR 10200 LAPLATA ROAD LAPLATA, MD 20646 (301) 934-1900	LAPLATA CENTER 1 MAGNOLIA DRIVE LAPLATA, MD 20646 (301) 870-3125	WALDORF CENTER 4140 OLD WASHINGTON HIGHWAY WALDORF, MD 20602 (301) 645-2813
Overall Rating	★★★ 3 out of 5 stars	★★ 2 out of 5 stars	★ 1 out of 5 stars
Health Inspections	★★★ 3 out of 5 stars	★★ 2 out of 5 stars	★ 1 out of 5 stars
Nursing Home Staffing	★★ 2 out of 5 stars	★★★ 3 out of 5 stars	★★★ 3 out of 5 stars
Quality Measures	★★★ 3 out of 5 stars	★★★★ 4 out of 5 stars	★★★ 3 out of 5 stars
Fire Safety Inspections	**0** Fire Safety Deficiencies	**0** Fire Safety Deficiencies	**4** Fire Safety Deficiencies
Penalties and Denials of Payment Against the Nursing Home	**0** Civil Money Penalties **0** Payment Denials	**0** Civil Money Penalties **0** Payment Denials	**0** Civil Money Penalties **0** Payment Denials
Complaints and Incidents What is this? - Complaints and Incidents - Opens in a new window	**2** Complaints **2** Incidents	**5** Complaints **1** Incidents	**9** Complaints **1** Incidents

Nursing Home Characteristics			
Program Participation	Medicare and Medicaid	Medicare and Medicaid	Medicare and Medicaid
Number of Certified Beds	**165** Certified Beds	**142** Certified Beds	**115** Certified Beds
Type of Ownership	Non profit - Corporation	For profit - Corporation	For profit - Corporation
Continuing Care Retirement Community	No	No	No
Resident & Family Councils	Resident Council Only	Resident & Family Councils	Resident & Family Councils
Located in a Hospital	No	No	No

Datasource: CMS Resident Data Timeframe: January 1, 2010 and September 30, 2010

APPENDIX E

Comparison of Quality as Indicated by Maryland OHCQ Survey Data (Deficiency Records)

Overall Medicare 5 Star Rating	Oakland NRC 4 Stars Owned since 7/05	Fairfield NRC 4 Stars Owned since 12/06	Allegany NRC 3 Stars Owned since 7/09	Villa Rosa (mgt. only) 1 Star Managing since 1/09	Berlin NRC 3 Star Owned since 5/03	Chapel Hill NRC 3 Stars Owned since 7/08
Maryland Deficiencies By CY Quarters						
2008 Q1	-	CS: D1	AS: B-2, D-5, E-1	FS: D-3	CS: D-1	-
Q2	FS: B-5, C-2 CS: D-2	-	CS: G-1	-	CS: D1	-
Q3	AS: B-2, D-6	FS: D-4 AS: B-1, C-2, D-1	-		AS: D-6, E-4 CS: D-2	CS: D-1, G-1
Q4	-	-	CS: D-1	CS: D-6, G-1 AS: D-3, E-2, L-1	FS: D-5, E-1, F-1	CS; D-1
2009 Q1	-	CS: D-3	FS: B-1, C-1	-	CS: D-4	-
Q2	-	FS: B-4, D-4 AS: D-1, E-1	CS: D-4	-	-	FS: B-4, D-1 AS: C-1, D-9
Q3	FS: B-7, C-1, E-1 AS: B-1, D-3, E-1	-	-	CS: D-1 FS: B-3, E-1	CS: D-3	-
Q4	-	-	-	AS: B-1, C-2, D-3	AS: D-10, E-1 CS: D-2	-
2010 Q1			FS B-1, C-3		FS: D-2	
Q2			CS: B-1, D-5, E-2		CS: D-3	CS: C-3,D-1 FS: B-2, C-2
Q3		CS: D-4, E-1 FS: 4		CS: D-1 FS: D-2	CS: D-1	
Q4	CS: C-1, D-2, G-1 AS: D-2 FS: C-2		CS: B-1, G-1		AS: D-6 FS: D-5	
2011 Q1			FS: C-3, D-3	AS: D-1, G-1		
Q2			AS: D-1 CS: D-6			AS: D-1 CS: C-1,D-6 FS: D-1
Q3					CS: D-3	
Q4		CS: E-1			AS: D-3 FS: D-3, F-1	

Source: MHCC Guide to Long Term Care

Note: Mid-Atlantic also owns Delmar Nursing and Rehabilitation Center in Delmar, Delaware and it is rated overall by Medicare as a 4 Star facility.

Note: State-wide, about 24% of all deficiencies are level A-C and indicate that the CCF is substantially in compliance with those regulations; Level D deficiencies constitute 57% of all deficiencies and Level E deficiencies account for 15% of all deficiencies; Level F and G each account for 2% of all deficiencies.

Note: Since the year 2008, only Villa Rosa had 1 substandard quality of care deficiency in 4th Quarter of 2008.

Key: Type of Inspection: Level of deficiency-number of deficiencies
e.g., **AS:** D-4 means Annual Health Survey with 4 level D deficiencies

Types of inspections: **AS** =Annual (Health) Survey, **FS** = Fire, **CS** = Complaint, " – " = no inspections
[note: there can be more than one type of inspection in a quarter]

Levels of deficiencies:

A = Potential for no more than minimal harm/Isolated occurrence
B = Potential for no more than minimal harm/Pattern
C = Potential for no more than minimal harm/Wide Spread
D = Potential for more than minimal harm/Isolated
E = Potential for more than minimal harm/Pattern
F = Potential for more than minimal harm/Wide Spread
G = Actual Harm, Isolated.
H = Actual Harm/Pattern
I = Actual Harm/Wide Spread
J = Immediate Jeopardy/Isolated
K = Immediate Jeopardy/Pattern
L = Immediate Jeopardy/Wide-Spread