



MARYLAND HEALTH CARE COMMISSION

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MEMORANDUM

TO: Commissioners

FROM: Kevin R. McDonald
Chief, Certificate of Need

DATE: September 17, 2015

SUBJECT: Lorien Howard, Inc.
Docket No. 15-13-2365

A handwritten signature in black ink, appearing to read 'Kevin R. McDonald', is written over the printed name and title in the 'FROM' field.

Enclosed is the staff report and recommendation for a Certificate of Need (“CON”) application filed by Lorien Howard, Inc., d/b/a Encore at Turf Valley (“Turf Valley”), a long term care facility located at 11150 Resort Road in Ellicott City.

Turf Valley currently operates 63 comprehensive care facility (CCF”) beds and 94 assisted living units, and is applying to add 28 CCF beds as part of a new construction and renovation project totaling 15,332 gross square feet. The estimated project cost is \$3,639,000. Lorien anticipates funding the project with a mortgage loan of \$2.75 million, \$569,000 in cash, and a \$320,000 loan for furniture, fixtures, and equipment.

Commission staff analyzed the proposed project’s compliance with the applicable State Health Plan criteria and standards at COMAR 10.24.01.08G(3) and the other applicable CON review criteria at COMAR 10.24.08 and recommends that the project be APPROVED with the following condition:

At the time of first use review, Encore at Turf Valley shall provide the Commission with a modified 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) for all of Encore at Turf Valley’s licensed CCF beds.

IN THE MATTER OF

LORIEN HOWARD, INC.

DOCKET NO. 15-13-2365

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BEFORE THE

MARYLAND HEALTH

CARE COMMISSION

Staff Report and Recommendation

September 17, 2015

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IN THE MATTER OF

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BEFORE THE

LORIEN HOWARD, INC.

MARYLAND HEALTH

DOCKET NO. 15-13-2365

CARE COMMISSION

STAFF REPORT AND RECOMMENDATION

I. INTRODUCTION

The Applicant

The applicant is Lorien Howard, Inc., d/b/a Encore at Turf Valley ("Turf Valley"/"applicant"), a long term care facility currently consisting of 63 comprehensive care facility ("CCF") beds (more commonly referred to as nursing home beds) and 94 assisted living units. It is located at 11150 Resort Road in Ellicott City, in Howard County, and initiated operation in May, 2010. It is part of the group of nursing and rehabilitation facilities operated by Lorien Health Systems in Baltimore, Carroll, Harford and Howard Counties. The applicant is owned by 10 members of the Mangione family, each of whom holds a 10% interest in the corporation. The associated facilities are listed below.

Lorien Nursing Home and Assisted Living Facilities

Facility	Location	County	Nursing home beds	Assisted Living Beds
Lorien Mays Chapel	Timonium	Baltimore	93	--
Lorien Taneytown	Taneytown	Carroll	63	52
Lorien Mt. Airy	Mt. Airy	Carroll	62	100
Lorien Bulle Rock	Havre de Grace	Harford	78	--
Lorien Riverside	Belcamp	Harford	127	--
Lorien Bel Air ¹	Bel Air	Harford	69	64
Lorien Harford Nursing & Rehabilitation Center ²	Forest Hill	Harford	70	--
Lorien Elkridge	Elkridge	Howard	70	--
Lorien Columbia	Columbia	Howard	209	--
Harmony Hall	Columbia	Howard	--	265
Encore at Turf Valley	Ellicott City	Howard	63	94

¹ Received CON approval to add 48 CCF beds on July 16, 2015, which when implemented will increase the size of facility to a total of 117 CCF beds (Docket No. 15-12-2358).

² Received MHCC approval on June 18, 2015 (Docket No. 15-12-2359).

The applicant's quality track record is good, ranking higher than the State average nursing home performance on a majority of key selected quality measures. Details are provided in Part III of this report in the section addressing the Quality standard.

Proposed Project

This project would add 28 CCF beds through new construction (13,212 gross square feet) and renovation of existing space (2,120 square feet). The project includes the following work:

- 1) *East Wing* – Construction of a two-story building addition consisting of a 3,734 square foot (“SF”) second floor that will house ten private patient rooms over a 3,786 SF first floor storage space. About 168 SF of existing building space where the new wing will connect to the existing building will be renovated;
- 2) *Northeast Wing* – Construction of a 3,208 SF wing where eight private patient rooms, a mechanical room and water closet/shower will be located. About 800 SF of existing space will be renovated;
- 3) *North Wing* – Construction of a 1,319 SF addition for three semi-private patient rooms (six beds), a new mechanical room, and a clean utility room;
- 4) Construction of a new 1,165 SF dining room/day room, which includes 488 SF. of renovations.
- 5) Renovation of 664 SF, converting a dining room to two semi-private patient rooms (four beds).

The project would increase CCF bed capacity from 63 to 91, consisting of 34 double occupancy and 23 single occupancy patient rooms.

The estimated project cost is \$3,639,000. The applicant anticipates funding the project with a mortgage loan of \$2.75 million, \$569,000 in cash, and a \$320,000 loan for furniture, fixtures, and equipment.

Staff Recommendation

Staff finds the proposed project to be in compliance with the applicable criteria and standards in COMAR 10.24.08.01: The State Health Plan for Facilities and Services: Nursing Home and Home Health Agency Services. Staff also evaluated the project using the general criteria at COMAR 10.24.01.08G(3) and find that this evaluation supports approval of the project. We recommend APPROVAL of the project with the following condition:

At the time of first use review, Lorien Howard, Inc. shall provide the Commission with a modified Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to provide at least the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2) for all of Lorien Howard, Inc.'s licensed CCF beds, and shall maintain compliance with the Memorandum of Understanding.

Key findings from the staff's review are as follows:

- MHCC bed need projections have identified a need for 129 additional CCF beds in Howard County in 2016;
- The bed occupancy of Turf Valley is high, reaching 94.2% in FY 2014;
- The applicant has reasonably demonstrated that the proposed project is viable, and the applicant is an experienced nursing home operator with a successful track record in nursing home operation.

II. PROCEDURAL HISTORY

A. Review of the Record

Please see Appendix 1, Record of the Review.

B. Local Government Review and Comment

Local government agencies did not submit comments on this project.

C. Community Support

A number of individuals, listed below, submitted letters in support of the Encore-at-Turf Valley project.

1. Delegate Peter A. Hammen, 46th Legislative District, Baltimore City
2. Delegate Shane Pendergrass, 13th Legislative District, Howard County
3. Shakunmala Gupta, M.D.
4. Phillip Stone, M.D.
5. Teizu Wolokolie, M.D.
6. Nancy Butler, R.N.
7. Cindy Chaconas
8. David Eccles
9. Lisa Gambardella
10. Leslie Holden
11. Nancy McDermott
12. George McKenna
13. Dale Phenicie

Delegates Hammen and Pendergrass – who are Chair and Vice Chair of the Health & Government Operations Committee -- state in their joint letter that they have “a very strong interest in supporting the development of innovative and responsive health care facilities that meet the growing needs of the elderly population efficiently and effectively,” and that “Encore’s innovative

model of care offers both nursing and assisted living in a combined facility, creates an on-site continuum which enhances the quality of life and dignity of its residents. ”

The remaining letters are from either health care professionals who provide care to residents of Howard County, employees of Turf Valley, or the spouse or a family member of a resident receiving care at this facility. These letters support the need for more rehabilitation and skilled nursing beds at Turf Valley, and praise the quality of care provided by the staff.

D. Interested Parties

There are no interested parties in this review.

III. 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 10.24.08.01, the State Health Plan for Facilities and Services: Nursing Home and Home Health Agency Services. The specific standards to be addressed include COMAR 10.24.08.05A (Nursing Home General Standards) and .05B (Standards for New Construction or Expansion of Beds or Services for nursing home projects).

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 a letter of intent for the application will be the need projection applicable to the review.**

Turf Valley submitted a letter of intent to MHCC on February 6, 2015 for the addition of 51 CCF beds (DI #1). On April 9, 2015 the applicant filed a replacement letter of intent reducing the number of requested beds to 28, which would be added to the existing 63 beds for a proposed total of 91 CCF beds upon project completion (DI #2). The bed need that governs this review is the jurisdictional gross and net bed-need projection for nursing home beds in Maryland published in the *Maryland Register* on October 3, 2014 (Appendix 2), which is excerpted in Table 1 below, and projects a need for 129 additional CCF beds in Howard County.

Table 1: Howard County CCF Bed Need

Total Bed Inventory	Gross Bed Need Projection	Unadjusted Net Bed Need	Community-based Services Adjustment	2016 Net Bed Need
578	734	156	27	129

Source: Gross and Net 2016 Bed Need Projection for Comprehensive Care Facility Beds (Corrected and Updated Bed Inventory) (October 3, 2014)

NOTE: "Total Bed Inventory" for purposes of bed need projection includes beds that are approved but unbuilt and temporarily delicensed beds. It is not equivalent to the number of beds licensed and operating in the jurisdiction.

The proposed addition of 28 CCF beds requested by Turf Valley is consistent with the bed need currently published for Howard County for the projected year of 2016.

(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 .05A 2(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 Maryland 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.**

Turf Valley has an executed Memorandum of Understanding with the Medicaid Program, pursuant to this standard, that requires the facility to provide a specified proportion of Medicaid days of nursing facility care. Consistent with Part (c) of this standard, Turf Valley has agreed to continue to admit Medicaid residents in sufficient numbers to maintain the level of participation required. Consistent with Standard 10.24.08.05B(4), staff recommends that any approval of this project be issued with the following condition:

At the time of first use review, Lorien Howard, Inc. shall provide the Commission with a modified Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to provide at least the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2) for all of Lorien Howard, Inc.'s licensed CCF beds, and shall maintain compliance with the Memorandum of Understanding.

The most recent data available regarding payment source (from the 2013 MHCC Long Term Care Survey) showed that Turf Valley provided 44.6% of patient-days to Medicaid patients in 2013. The applicant states its intention to continue to participate in the Medical Assistance Program and to meet all the requirements of this standard, and the application projects that the 91-bed CCF would have a Medicaid participation rate of 49.4% by the second year of operation. (DI #3, Exhibit 2, Table F, Item #4 – Patient Mix: Supplemental Patient Day Information).

Given the applicant's past performance and stated commitment, staff concludes the application to be consistent with this standard.

- (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 waiver programs and other initiatives to promote care in the most appropriate settings.**

The applicant states that it has met and will continue to meet the requirements of this standard. This includes providing copies of the Maryland Department of Health and Mental Hygiene's informational materials to all prospective residents and their families. Copies of such material were included in the Responses to the Completeness Questions submitted by the applicant (DI #13, Question #7). The applicant states that this information is similar to the materials that are provided to potential residents at other Lorien-operated facilities.

The applicant also operates a separately licensed but physically connected Assisted Living Facility. In addition, Turf Valley refers patients to other providers, including: Active Day Care (eight Maryland locations), Winter Growth Day Care (Columbia and Olney), Johns Hopkins Home Health, Bayada Home Care, Gilchrist Home Hospice, Lighthouse Assisted Living, Heartlands Assisted Living, Brightview Assisted Living, and Abundant Life Assisted Living.

(b) Initiating discharge planning on admission; and

Turf Valley states that discharge planning is initiated for each resident upon admission as required, which ensures that each resident has access to the appropriate level of care.

(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.

The applicant states that it permits access to Turf Valley, and encourages all *Olmstead* and any other efforts by DHMH to provide education and outreach to all residents and their families concerning home-based and other community-based alternatives.

Commission staff finds that 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

Turf Valley states that it is fully committed to providing in-service training to its staff on the psychosocial problems facing non-elderly disabled residents. The applicant provided a copy of the Staff Development In-Service training policy within the application, which describes and provides training requirements to meet this standard (DI #3, Appendix 3).

(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.

Turf Valley states that it initiates discharge planning immediately following admission for non-elderly residents as part of the development of individualized treatment plans. The applicant's statements and its Discharge Plan policy indicate an intent to limit non-elderly resident stays to less than 90 days whenever possible and to facilitate voluntary transfers to a more appropriate level of care. Additionally, Turf Valley states that it will facilitate contacts with vocational rehabilitation service providers when appropriate, and will make every effort to have non-elderly residents room near each other and make every effort to meet the special needs of the non-elderly.

Based on their response, Commission staff finds that the applicant 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.**

The facility currently has 29 semi-private rooms and five private rooms. After the project is completed, the room complement will be 34 semi-private and 23 private rooms, increasing the proportion of beds in private rooms from 8% to 25%.

The semi-private resident rooms are designed with two beds; each room has individual temperature controls for heating and air-conditioning; and there will be no more than two residents sharing a toilet (every resident room is designed with a bathroom and shower)

- (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.**

There will be minor renovations (costing approximately \$200,000) which involve renovating walls that are opened or demolished to construct new building wings. Additionally, there are plans to convert an existing dining room into two new semi-private double occupancy resident rooms through renovation. The renovations elements of the project, within the context of the overall expansion of the facility, are consistent with this standard. The proportion of private rooms in the facility will increase, all rooms will have individual temperature controls, and no more than two residents will share a bathroom.

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

The proposed project will include the appropriate design features; therefore, this part of the standard is not applicable.

- (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.**

This facility is served by the public water system. It will submit plans for water and sewer extensions as part of the site plan approval process for the proposed project. It states that there are no known issues regarding availability of water and sewer capacity for the expanded facility.

Commission staff finds that the applicant meets this standard.

- (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.**

Turf Valley states that it employs an “aging in place” model with nursing home and assisted living units that provide a continuum of care under one roof.

With the addition of 28 CCF beds, the nursing home will operate with two nursing units. Unit 1 will expand from 39 to 46 CCF beds, while Unit 2 will increase from 24 to 45 beds. Unit 1 will operate with 19 semi-private and eight single occupancy rooms, housing mostly the longer staying patients who may have less mobility and who may benefit from a shared room experience. Unit 2 will have 15 semi-private and 15 private occupancy rooms, with the private occupancy rooms clustered around the nursing station, used for higher acuity patients who will typically have a shorter stay.

Turf Valley maintains that the design of the facility will enhance resident care through improved monitoring and observation in the nursing units, stating: “the design of the facility will cluster higher acuity residents, serving patients with chronic respiratory illness requiring frequent monitoring and clinical support; Alzheimer’s residents who have acute coexisting conditions; patients requiring aggressive infection control and management of nosocomial infections resistant to common antibiotic therapies; bariatric patients requiring size appropriate equipment; patients requiring a multiplicity of medical equipment to manage their care; patients requiring aggressive bedside physical and occupational therapy support during convalescence who are unable to leave their room due to co-existing conditions; and patients who require extensive support by therapeutic recreation to manage their psychosocial needs during the acute phase of their rehabilitation.” (DI #3, p. 33)

While it does not operate a discrete Alzheimer’s Care Unit, Turf Valley believes its clustering of rooms near nurse stations will increase the ability of staff to closely observe patients

and interact, intervene, and redirect patients as necessary for security. This cluster is also viewed as assisting staff in stimulating patients and enhancing cognitive status. All resident rooms will include individual bathrooms, wiring for cable television, and internet access.

Commission staff finds that the design and layout of the facility expansion plan complies with 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.

Turf Valley states that none of its principals have ever pled guilty to, or been convicted of, a criminal offense that is, in any way, connected or associated with the ownership, development, or management of a health care facility (Application #5, p. 17)

- (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.

Turf Valley has established referral relationships with several other types of health care providers in the county. In addition, an assisted living facility owned by the applicant, is physically connected to the facility, and the applicant states that its availability is always discussed with future residents and with residents reviewing discharge planning.

Commission staff finds that the applicant complies 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.

The applicant's proposed project involves new construction and expansion of beds, but does not utilize beds currently in the Commission's inventory. Accordingly, this standard does

not apply to this review. Need is addressed later in this report (*see infra* p. 15) under the heading: **OTHER CERTIFICATE OF NEED REVIEW CRITERIA.**

- (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.**

Because this application does not request relocation of an existing facility, this standard does not apply.

(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.**

Table 2 below illustrates that the utilization at Turf Valley has steadily increased and that the facility operated above 90% occupancy in FY 2012 and FY 2013. The applicant states the facility reached 94.2% occupancy for FY 2014 (DI #3, p. 38), which is corroborated by the unaudited FY 2014 data obtained from the MHCC's Long Term Care Survey.

Table 2 also profiles use of all the CCFs operating in Howard County. As the applicant points out, several of the facilities have operated below 90% at times over the timespan covered. According to the applicant, there are several factors that provide context when reviewing occupancies for this jurisdiction: 1) Ellicott City Health and Rehabilitation Center experienced some physical plant issues requiring some beds to be taken off line resulting in suppressed occupancy rates in 2012 and 2013; 2) the Lorien Elkridge facility opened in July 2012 and is still in the process of "ramping up" its patient census..

**Table 2: Occupancy Rates
Nursing Homes in Howard County
FY 2009-FY 2014**

Facility Name	Beds	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (unaudited)
Ellicott City Healthcare Center	150	93.5%	84.4%	91.9%	84.2%	76.1%	88.8%
Encore at Turf Valley ¹	63		45.9%	78.6%	90.6%	90.4%	94.1%
Lorien Nursing and Rehabilitation Center – Elkridge ²	64				28.5%	74.3%	87.7%
Lorien Nursing and Rehabilitation Center – Columbia	209	92.4%	92.1%	91.7%	91.1%	89.3%	93.3%
Vantage House Retirement Community (CCFC) ³	44	67.6%	64.9%	63.8%	67.9%	65.1%	70.9%
Howard County (total)	530	90.4%	83.0%	87.6%	83.1%	81.7%	89.5%
Nursing Homes only (excludes Vantage House)	486	92.9%	84.9%	89.9%	84.5%	83.2%	91.1%
Maryland	27,963	89.1%	89.2%	88.9%	88.5%	87.8%	92.0%

*Licensed Beds Occupancy Rate is based on a ratio of total patient days to total available licensed nursing home days, which excludes temporarily delicensed beds.

Source: Maryland Health Care Commission, 2009-2014 Long Term Care Survey, 2009-2014 Nursing Home Bed Inventory Records, Maryland Medical Assistance Program, unaudited 2014 cost reports

¹ Opened May 7, 2010

² Opened July 10, 2012

³ Vantage House is a continuing care retirement community located in Columbia, offering multiple levels of care that include 44 CCF skilled nursing beds, assisted living and independent living units. Since the utilization of nursing home beds is limited to the patients enrolled in the CCRC and not open to the public, the volume and utilization at Vantage house was not included in the review of occupancy rates for nursing homes in Howard County.

Turf Valley has had an average annual occupancy rate in excess of 90% for the last three years and thus, Commission staff finds that it meets this standard.

(3) Jurisdictional Occupancy.

(a) The Commission may approve a CON application for a new nursing home only if the average jurisdictional occupancy for all nursing homes in that jurisdiction equals or exceeds a 90 percent occupancy level for at least the most recent 12 month period, as shown in the Medicaid Cost Reports for 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 does not apply to this expansion of an existing facility.

(4) Medical Assistance Program Participation.

- (a) **An applicant for a new nursing home must agree in writing to serve a proportion of Medicaid residents consistent with .05A 2(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.**

These standards do not apply to this review because the proposed project does not seek to establish a new nursing home.

- (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 its 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 participation rate.**
- (e) **An applicant may show evidence as to why this standard should not be applied to the applicant.**

Turf Valley participates in the Medical Assistance Program, has a Memorandum of Understanding in place with Medicaid specifying its required minimum level of participation, and projects that "the Medicaid Occupancy percentage for all of its nursing beds will exceed the current minimum required level."

Consistent with Standard 10.24.08.05B(4), staff recommends that any approval of this project be issued with the following condition:

At the time of first use review, Lorien Howard, Inc. shall provide the Commission with a modified Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to provide at least the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2) for all of Lorien Howard, Inc.'s licensed CCF beds, and shall maintain compliance with the Memorandum of Understanding.

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

The applicant stated, and staff review corroborated, that Turf Valley does not have any outstanding Level G or higher deficiencies. A letter from its Chief Operations Officer, J. Wayne Braddock, states that the facility has a Quality Assurance Plan that complies with COMAR 10.07.02.45 and 10.07.02.46; that the facility follows “stated guidance from CMS to comply with the Affordable Care Act regulations,” and includes a Table of Contents from the Quality Assurance plan.

The table below includes a selection of measures that MHCC staff considers to be among the most important quality measures extracted from surveys conducted by CMS and OHCQ and listed in MHCC’s *Consumer Guide to Long Term Care*, showing how the applicant’s performance compared to statewide averages. While the facility rated lower than the statewide average in administering influenza vaccinations to residents during the flu season, Turf Valley either met or exceeded State averages on 11 of the 12 remaining Quality Measures.

The overall quality rating of this facility currently posted on CMS’ Nursing Home Compare is five of five stars, a rating characterized by CMS as “much above average.”

**Table 3: Quality Comparison
Encore at Turf Valley and State of Maryland**

Quality Measure	Encore at Turf Valley	Maryland Average
Falls		
Long-stay residents that did not fall and sustain a major injury	100%	97%
Pain		
Long-stay residents who do not report moderate to severe pain.	100%	95%
Short stay residents who did not have moderate to severe pain.	96%	85%
Pressure ulcers		
High risk long stay residents without pressure sores.	91%	93%
Short stay residents that did not develop new pressure ulcers or with pressure ulcers that stayed the same or got better.	100%	99%
Vaccinations		
Long stay residents assessed and given influenza vaccination during the flu season.	78%	95%
Short stay residents assessed and given influenza vaccination during the flu season.	71%	84%
Nursing home staff receiving influenza vaccination during flu season (2013-2014).	91%	79%
Restraints		
Percent of long-stay residents who were not physically restrained.	100%	99%
Deficiencies		
Number of deficiencies cited in the most recent annual OHCQ health inspection (8/26/14).	5	11
Resident/Family Satisfaction Survey Results (2014 Long Stay and Short Stay Surveys)		
The rating of overall care provided in the nursing home – long term residents. (1 being worst care and 10 the best care.)	8.8	8.3
The rating of overall care received from the nursing home staff, overall – short stay residents. (1 being worst care and 10 the best care.)	8.0	7.9
Percentage of long term residents/family who responded "Yes" to "Would you recommend the Nursing Home?"	95%	88%

Percentage of short stay residents/family who responded "Yes" to "Would you recommend the Nursing Home?"	87%	81%
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Source: MHCC Consumer Guide to Long Term Care, available at: <http://mhcc.maryland.gov/consumerinfo/longtermcare/Default.aspx>.

After a review of the facility's quality measures, Commission staff finds that Turf Valley meets this standard.

- (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.

Turf Valley does not propose to relocate.

OTHER CERTIFICATE OF NEED REVIEW CRITERIA

Staff evaluated the project with respect to the general review criteria at COMAR 10.24.01.08, as 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.

Applicable Bed Need Analysis

The most recent bed need projections for CCF beds were published on October 3, 2014 in the *Maryland Register*. Howard County is projected to have a need for 129 additional beds. Turf Valley's proposed project is consistent with that projected bed need.

Occupancy Rates of Existing Providers

In 2014 the average annual occupancy rate of CCF beds in Howard County, exclusive of those operated by a continuing care retirement community that are not available to the general public, was 91.1%. Turf Valley experienced an average annual occupancy rate for its beds that exceeded 90% in each of the past three years. The average annual occupancy rate in FY2014 was 94.1%.

Population Projections

Population projections are already a component of the bed need projection formula, but are useful for background and context in considering need for this facility. Population projections published by the Maryland Department of Planning in July 2014, forecast that the overall population in Howard County will increase from 287,085 in 2010, to 357,103 in 2030, which is a

24.4% increase, as compared to a growth rate of only 14.5% for the state overall. For the over 65 age group, the growth rate is even higher -- from 29,045 in 2010 to 72,045 in 2030 -- an increase of 149%, compared to the projected statewide growth rate of 84%.

Commission staff finds that Turf Valley's proposed project is consistent with the applicable need analysis of the State Health Plan.

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.

There were no other applicants in this review cycle. An affiliate of the applicant, Lorien Howard IV, LLC, initially filed a letter of intent for 78 beds but did not file an application. The applicant states that this proposed project is a cost-effective alternative because it would provide for better economies of scale at the facility while also enhancing patient choices by increasing the number of private rooms available in the facility and, thus, in Howard County.

The applicant focused on the existing CCFs and their suitability as alternative sites for expansion of bed capacity in addressing this criterion. There are only four nursing homes in Howard County and Lorien operates three of those facilities. Ellicott City Nursing & Rehabilitation Center has not operated at high occupancy in recent years. The applicant stated that the two other Lorien facilities operating in this jurisdiction, Lorien Nursing and Rehabilitation – Columbia and Lorien Nursing & Rehabilitation Center in Elkrige are not candidates to expand. Lorien Nursing and Rehabilitation – Columbia has recently completed a planned downsizing to 209 beds. (The two newer Lorien facilities in Howard County, Turf Valley (2010) and Elkrige (2012) were initiated with beds previously operated at the Columbia facility.) Lorien Nursing & Rehabilitation Center in Elkrige began operations on July 10, 2012, and “just completed its fill-up phase, is stabilizing, but cannot yet show two years of occupancy in excess of 90%.” (DI #3, p. 49) Therefore, the applicant concludes that Turf Valley is the only viable candidate capable of adding 28 CCF beds to its current inventory.

Staff finds that Turf Valley has demonstrated that this proposed expansion is the most effective approach to adding beds in Howard County at a location that has the best case for needing more bed capacity at this time. The additional increment of beds is a low risk approach to expanding the County's bed supply and its effectiveness is supported by the relatively strong scores achieved by the facility on quality measures

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.

Availability of Resources Necessary to Implement the Project

The estimated total cost of the project is \$3,639,000. The total project budget estimate can be found at Appendix 3. The applicant proposes to fund the project with borrowing (84%) and cash reserves (16%). Both the proposed mortgage and FFE loan are discussed in a letter provided by Barbara L. Simmons, Group Vice President at M & T Bank (DI #3, Appendix 6), which indicates an interest in financing the project’s mortgage and the FFE loan. M & T Bank has had an on-going relationship with the applicant.

The application provides a letter from Michael J. Snarski, an independent Certified Public Accountant, which states that the applicant has the ability to make equity contributions (DI #3, Appendix 8). The applicant has sufficiently documented that it possesses the necessary resources to implement its proposed project.

**Table 4: Summary Source of Funds
Encore at Turf Valley**

B. Sources of Funds	Nursing Facility
Cash	\$569,000
Mortgage	\$2,750,000
FFE (Fixtures, Furnishings, & Equipment) Loan	\$320,000
Total Sources of Funds	\$3,639,000

Source: (DI #3, p.17)

Availability of Resources Necessary to Sustain the Project

(a.) Finances

A summary of the actual and projected Revenue and Expenses for the Turf Valley facility is provided below in Table 5. The complete Revenue and Expense statement is included at Appendix 4. The statement shows that the facility has performed well, producing a positive bottom line. In the out year projections, the facility is anticipated to maintain a positive bottom line in operations after the proposed bed addition.

**Table 5: Summary Revenue and Expense Statement (\$000s)
Encore at Turf Valley**

Revenue*	Actual		Projected			
	2013	2014	2015	2018	2019	2020
Net Operating Revenues	\$12,380	\$13,414	\$12,969	\$15,362	\$16,437	\$16,437
Total Operating Expenses	12,193	12,824	12,621	15,076	15,760	15,742
Net Income (loss)	\$187	\$590	\$348	\$286	\$677	\$695

*2018 – 2020 projections include assisted living

Table 6 below shows the key utilization and operating statistics for Encore at Turf Valley for the two most recent actual years of operation, the current year, and the first three years of operation in which the expanded facility is projected to operate.

**Table 6: Key Utilization and Operating Statistics
Encore at Turf Valley (actual and projected)**

Nursing Home	2013	2014	2015	2018	2019	2020
Licensed Beds	63	63	63	91	91	91
Admissions	435	430	430	585	582	582
Patient Days	20,779	21,665	21,535	28,105	31,025	31,025
Bed Occupancy	90.4%	94.2%	93.7%	84.6%	93.4%	93.4%
Payer Mix (by patient days)						
Medicare	41.8%	35.2%	37.3%	37.7%	37.6%	37.6%
Medicaid	44.6%	50.4%	49.2%	49.4%	49.4%	49.4%
Commercial Insurance	3.3%	4.1%	3.4%	3.2%	3.5%	3.5%
Self Pay	10.4%	10.3%	10.2%	9.7%	9.4%	9.4%
Per Diem Revenues and Expenses						
Gross Revenue/Patient Day	\$597.53	\$614.22	\$602.04	\$549.23	\$533.09	\$533.09
Net Revenue/Patient Day	\$595.79	\$619.16	\$602.23	\$546.59	\$529.80	\$529.80
Expense/Patient Day	\$586.79	\$591.92	\$586.07	\$536.42	\$507.98	\$507.40
Operating Margin/Patient Day	\$9.00	\$27.23	\$16.16	\$10.18	\$21.82	\$22.40

*Source: DI #3, Table F, Line Item 4, Patient Mix: Supplemental Patient Day Information.

(b.) Staffing

The following table illustrates the total number of additional salaried and contractual employees projected to be needed to staff the additional 28 beds at the Turf Valley facility. The addition of 35.3 FTEs is projected (24.6 FTEs in salaried employment and the balance in contractual staff) bring the total number of staff FTEs for the proposed 91-bed facility to 184.5 and the total staffing cost to \$9,946,806, including benefits.

**Table 7
Total Manpower Added After 28-Bed Addition
Encore at Turf Valley**

Position	# FTEs	Projected Salary
Administration		
Subtotal Employee	2.0	\$ 72,014
Subtotal Contractual	0.04	\$ 3,606
Direct Care		
Subtotal Employee	20.21	\$ 908,045
Subtotal Contractual	6.24	\$ 517,184
Support		
Subtotal Employee	2.40	\$ 65,280
Subtotal Contractual	4.40	\$ 164,704
Total FTEs	35.29	\$ 1,730,833

Employee Benefits*	\$ 263,360
Total Salaries & Benefits	\$ 1,994,193

* 25.2% of Total Employee Salaries
Source: DI #3, Table H, pages 83-84

The applicant does not anticipate any difficulty in staffing the additional 28 beds at the facility because it is a relatively small increase of additional employees. Additionally, the applicant and Lorien Health Systems have extensive experience in staff recruitment.

Table 8: Nurse Staffing by Shift

91 Beds Total	Day	Evening	Night	Total Hours
R.N.	16.0	16.0	16.0	48.0
L.P.N.	24.0	24.0	16.0	64.0
Unit Mgr/ Super-RN	16.0	8.0	0.0	24.0
CNAs	75.0	60.0	45.0	180.0
Medicine Aides	8.0	0.0	0.0	8.0
Total Hours	139.0	108.0	77.0	324.0
Total Number of Beds				91
Total Hours Bedside Care Per Licensed Bed/Day				3.6

Also provided in the application are the total hours of nursing care per bed for the proposed 91 licensed beds. Those ratios show for the total facility a ratio of 3.65 hours per bed per day during the weekdays and a ratio of 3.56 hours per bed per day on weekends. The staffing ratios are well above the minimum two hours per bed per day that are required by Maryland licensure regulations for CCFs.

Summary

The applicant has demonstrated that Turf Valley can obtain the resources necessary for development of the project. Staff believes the projections of positive performance for the expanded facility are based on reasonable assumptions related to utilization, revenues, expenses, staffing, and payor mix. For these reasons, staff recommends a finding that the project is financially 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.

Lorien-Howard, Inc, had considerable difficulty in establishing the Encore at Turf Valley project, and a project that was originally approved in 1998 was not opened until 2010.

The first CON was obtained using bed capacity relocated from Lorien Nursing & Rehabilitation Center – Columbia in 1998. However, expanding commercial development near the proposed site, including development of another assisted living facility, led Lorien to reconsider the project, which was eventually abandoned.

In 2002, a CON was obtained for an alternative location. As the applicant described it, “[u]nforeseen” environmental impacts resulted in abandonment of this second CON approval.

A third CON was obtained in 2005 that eventually led to development of the existing facility, but not without more delay. Litigation by opponents of the development of the entire Turf Valley planned community, of which this project was a part, delayed construction.

During the litigation, Lorien-Howard submitted two separate requests for modification of the third CON approval. The Commission awarded the first modification in February, 2006, which involved significant changes in the physical plant design. A second modification was granted in October, 2008 and involved a 15.1% increase in the estimated project cost.

Encore at Turf Valley was finally completed in 2010.

Staff believes that this history indicates, in hindsight, that Lorien might have made missteps in its initial site selection process, when it sought to redistribute its large Columbia-based bed inventory to an Ellicott City location. The delay in implementation of the third and final CON award – which was implemented – appears to be beyond its control. Commission staff does not believe that this history should preclude the applicant from expanding its existing facility, a project that does not involve the same challenges Lorien-Howard, Inc. confronted in establishing the facility.

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.

With projected bed need for an additional 129 beds in 2016 and a jurisdictional occupancy rate that reached 91% in 2014 (Table 2), it is anticipated that an addition of 28 beds – just 4.8% of the current inventory – will not have a significant impact on the market share or financial performance of other CCFs in Howard County, while the incremental increase would allow greater access for the elderly population of Howard County seeking placement in CCF beds.

The utilization at Turf Valley and at Lorien Nursing and Rehabilitation Center – Columbia exceeded 93% in FY 2014; the Lorien facility in Elkrige has “ramped up” to over 87% since the facility began operations in 2012, with expectations that utilization will exceed 90% in the future. Please see Table 2 for the recent historical occupancy rates of nursing homes in Howard County from FY 2009-FY 2014.

Ellicott City Nursing and Rehabilitation Center is currently licensed for 182 CCF beds. This facility has undergone renovations that required the facility to temporarily delicense 27 CCF beds in 2012, and 32 CCF beds in 2013. In both cases, the Office of Health Care Quality re-issued and re-licensed this facility back to 182 CCF beds. With the completion of this renovation work in 2014, Ellicott City’s utilization has increased to 88.8% for FY 2014.

Staff concludes that the addition of 28 CCF beds at Turf Valley would not negatively impact existing providers while having a positive impact on the residents of Howard County and that the application meets this criterion.

IV. SUMMARY AND STAFF RECOMMENDATION

Staff has analyzed the proposed project’s compliance with the applicable State Health Plan criteria and standards in COMAR 10.24.08.01.05A 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, Lorien Howard, Inc. shall provide the Commission with a modified Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to provide at least the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2) for all of Lorien Howard, Inc.’s licensed CCF beds, and shall maintain compliance with the Memorandum of Understanding.

IN THE MATTER OF
LORIEN HOWARD, INC.
DOCKET NO. 15-13-2365

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BEFORE THE
MARYLAND HEALTH
CARE COMMISSION

FINAL ORDER

Based on Commission Staff's analysis in its Report and Recommendation, it is this 17th day of September 2015, **ORDERED** that:

The application for Certificate of Need submitted by Lorien Howard, Inc., d/b/a Encore at Turf Valley, to add ~~with~~ 28 comprehensive care facility beds through new construction and renovation of existing space to the facility operating at 11150 Resort Road in Ellicott City, at an estimated cost of \$3,639,000 be and hereby is **APPROVED** with the following condition:

At the time of first use review, Lorien Howard, Inc. shall provide the Commission with a modified Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to provide at least the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2) for all of Lorien Howard, Inc.'s licensed CCF beds, and shall maintain compliance with the Memorandum of Understanding.

MARYLAND HEALTH CARE COMMISSION

APPENDIX 1:

REVIEW OF THE RECORD

Docket Item #	Description	Date
1	James A. Forsyth, Esquire, files a letter of intent ("LOI") on behalf of Lorien-Howard, d/b/a Encore at Turf Valley, for a 51-bed expansion to the existing 63-bed comprehensive care facility ("CCF"): MHCC staff acknowledged receipt of the LOI on February 9, 2015.	2/6/2015
2	Lorien Howard submits a modification to the February 6 th LOI stating Turf Valley seeks the addition of 28 CCF beds to the existing 63-bed comprehensive care facility.	4/9/2015
3	Lorien Howard submits a Certificate of Need (CON) application on behalf of the applicant seeking to expand an existing 63-bed comprehensive care facility with the addition of 28 CCF beds.	4/10/2015
4	MHCC acknowledges receipt of this application by letter.	4/14/2015
5 & 6	Staff requests that <i>The Howard County Times</i> and <i>The Baltimore Sun</i> publish notice of receipt of the CON application for Howard County.	4/14/2015
7	Staff requests that the <i>Maryland Register</i> publish notice of receipt of the CON application.	4/14/2015
8	Delegates Peter A. Hammen and Shane Pendergrass submit a letter of support for Encore at Turf Valley's expansion.	4/10/2015
9	<i>The Baltimore Sun</i> sent confirmation that a Notice of Receipt of the CON Application was published on April 22, 2015.	4/22/2015
10	James A. Forsyth, Esq., submitted a letter notifying MHCC that neither he nor his client has received either Completeness Questions or Additional Information Request, or been contacted with the date for the Application Review Conference.	5/1/2015
11	Following completeness review, Commission staff requests additional information before a formal review of the CON application can begin.	5/4/2015
12	James A. Forsyth, Esq., responded by email that he did not see the need to schedule an application review conference to review completeness questions with MHCC staff.	5/5/2015
13	Commission receives responses to the May 4, 2015 request for additional information.	5/13/2015
14	Commission acknowledges receipt and review of Encore at Turf Valley's May 13 th response and informed the applicant regarding notification of docketing for the application in the <i>Maryland Register</i> on June 12, 2015.	5/29/2015
15	Commission requests publication of notification for the formal start of review in <i>The Baltimore Sun</i> .	5/29/2015
16	Commission requests publication of notification for the formal start of review in the <i>Maryland Register</i> .	5/29/2015
17	Staff sends a copy of the CON application to the Howard County Health Department for review and comment.	5/29/2015

18	James A. Forsyth, Esq., submitted letter requesting status of CON application regarding completeness and the application docketing date.	6/3/2015
19	The <i>Baltimore Sun</i> sent confirmation that a Notice of Docketing was published on March 31, 2015.	6/5/2015

APPENDIX 2:

**GROSS AND NET 2016 BED NEED PROJECTIONS
FOR COMPREHENSIVE CARE FACILITY BEDS**

MARYLAND HEALTH CARE COMMISSION

GROSS AND NET 2016 BED NEED PROJECTION FOR COMPREHENSIVE CARE FACILITY BEDS (CORRECTED AND UPDATED BED INVENTORY)

In accordance with COMAR 10.24.08.07, the Maryland Health Care Commission (MHCC) publishes the following notice of jurisdictional gross and net bed need for comprehensive care facility (CCF or nursing home) beds. These projections correct and update the projections published in the *Maryland Register* on April 19, 2013 and July 25, 2014. These jurisdictional gross and net bed need projections will apply in the review of Certificate of Need applications acted on by MHCC after the date of their publication. Updated projections published in the *Maryland Register* supersede any published in either the *Maryland Register* or any plan approved by MHCC. Published projections of bed need remain in effect until MHCC publishes updated CCF bed need projections. Projections of net bed need can change during the interim between bed need projection updates as a result of changes in the number of nursing home beds counted in the inventory, in accordance with the rules at COMAR 10.24.08.07E, or changes to correct errors in the data or computation.

Jurisdiction	Bed Inventory as of September 1, 2014					2016 Projected Bed Need			
	Licensed Beds	Temporarily Delicensed Beds	CON Approved Beds	Waiver Beds	Total Bed Inventory	Gross Bed Need Projection	Unadjusted Net Bed Need	Community-Based Services Adjustment	2016 Net Bed Need
WESTERN MARYLAND									
Allegany	869	40	0	22	931	784	-147	40	0
Carroll	934	0	0	19	944	750	-194	45	0
Frederick	1,062	11	0	0	1,080	1,235	155	89	66
Garrett	306	10	0	0	316	262	-54	12	0
Washington	1,113	25	0	0	1,144	1,003	-141	54	0
MONTGOMERY COUNTY									
Montgomery	4,500	72	0	35	4,607	3,651	-956	235	0
SOUTHERN MARYLAND									
Calvert	302	0	0	0	302	325	23	28	0
Charles	418	4	0	0	422	421	-68	31	0
Prince George's	2,775	35	150	43	3,003	2,817	-186	169	0
St. Mary's	277	8	0	0	285	317	32	18	14
CENTRAL MARYLAND									
Anne Arundel	1,726	37	0	53	1,816	1,761	-55	97	0
Baltimore City	3,828	297	0	43	4,168	4,048	-120	380	0
Baltimore County	5,408	16	0	116	5,540	4,585	-955	228	0
Harford	769	1	21	14	806	951	145	48	97
Howard	562	0	0	16	578	734	156	27	129
EASTERN SHORE									
Caroline	187	0	0	0	187	151	-36	5	0
Cecil	406	48	0	2	456	423	-33	24	0
Dorchester	237	21	23	0	281	226	-55	11	0
Kent	228	0	0	0	228	188	-40	19	0
Queen Anne's	120	0	0	0	120	190	70	11	59
Somerset	211	0	0	3	214	172	-42	7	0
Talbot	260	0	0	0	260	272	12	16	0
Wicomico	607	36	0	0	643	543	-100	38	0
Worcester	287	41	0	0	328	359	31	39	0

NOTE: "Net Bed Need" stated as "0" when "Unadjusted Net Bed Need" minus "Community-Based Services Adjustment" is less than zero.

[14-20-49]

APPENDIX 3:

PROJECT BUDGET ESTIMATE – USES AND SOURCES OF FUNDS

A. Uses of Funds	Nursing Facility
Building (New Construction)	\$2,100,000
Site Preparation	\$300,000
Architect/Engineering Fees	\$100,000
Permits	\$60,000
Building (Renovations)	\$200,000
Subtotal	\$2,760,000
Major Movable Equipment	
Minor Movable Equipment	\$320,000
Contingencies	\$100,000
Subtotal	\$420,000
Total-Current Capital Costs	\$3,180,000
Inflation	\$254,400
Interest	\$122,100
Subtotal	\$376,500
Total Capital Costs	\$3,556,500
Loan Placement Fee	\$27,500
Legal Fees (Other)	\$30,000
CON Application Assistance	\$25,000
Subtotal-Financing and Other Cash	\$82,500
Working Capital Startup Costs	\$0
Total Uses of Funds	\$3,639,000
B Sources of Funds	
Cash	\$569,000
Mortgage	\$2,750,000
Furniture, Fixture & Equipment Loan	\$320,000
Total Sources of Funds	\$3,639,000