APPLICATION FOR CERTIFICATE OF NEED

For 27 Additional Comprehensive Care Beds in a Newly Designed Addition to Existing Facility

Submitted By

LORIEN – HARFORD, INC.
DBA Lorien Bel Air

For Review By the

MARYLAND HEALTH CARE COMMISSION

February 6, 2015

JAMES A. FORSYTH, ESQ.

Law Offices of James A. Forsyth
11604 Garrison Forest Road
Owings Mills, MD 21117
(Tel) 443 928 7936

Attorney for Lorien-Harford, Inc.

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INTRODUCTION

Background

Lorien – Harford, Inc., doing business as Lorien Bel Air ("Lorien Bel Air") is an existing, duly licensed 69 – bed Comprehensive Care Facility ('Nursing Facility') located on the 3rd Floor of a 3 story building at 1909 Emmorton Road in Bel Air, Harford County, Maryland 21015. The building also contains a separately licensed 56 Unit Assisted Living Facility ('ALF') on the 1st and 2nd Floors. Lorien Bel Air was originally approved as an innovative 'aging in place' model offering a continuum of care and was designed to allow its residents to access services as they aged and as their needs changed without having to leave their community. Further, as a non-CCRC, Lorien Bel Air serves the needs of the general public.

The modern and well – appointed building incorporates an open – air central courtyard. The 69 – bed Nursing Facility is located on the 3rd Floor and the separately licensed 56 – unit ALF is located on the 1st (28 Units) and 2nd Floors (28 Units). Both components share common space and some staffing. A Rehabilitation Therapy area is currently located on the 2nd Floor.

Lorien Bel Air received its original CON to construct its Nursing component utilizing 40 comprehensive care beds it purchased from the defunct Brevin Nursing Home in Havre de Grace, Harford County. That facility, opened in the early 1960's, operated in an obsolete physical plant which was previously a private residence. At a time when the Maryland Health Care Commission was eager to demonstrate that the CON process encouraged innovation and also when many comprehensive care providers viewed the growth of assisted living as a threat, Lorien determined to demonstrate that its combined model was a cost-effective method of bringing an on-site continuum of care to the community in a way that enhanced resident dignity and quality of life. In addition, Lorien set out to demonstrate that obsolete physical plants could be reconfigured into modern efficient facilities thus achieving important goals of the State Health Plan.

Much like the current situation, Lorien Bel Air applied for a second CON to expand the facility while its first CON was in development. Specifically, after receiving its original 40 bed

CON, and while the initial 40 bed project was in development, the MHCC published new Bed Need Projections under the State Health Plan showing a need for 22 new comprehensive care beds to serve Harford County. While the 40 bed project was being developed, Lorien Bel Air filed a Letter of Intent in accordance with the published review cycle, followed by a CON Application to add these 22 newly projected SHP beds. The Commission approved that new application and the 22 new beds were simultaneously implemented with the original 40 bed complement. Accordingly, Lorien Bel Air opened with an initial bed complement of 62 nursing beds authorized by 2 CONs (40 Bed CON + 22 Bed CON) and 56 non-CON regulated Assisted Living slots.

A little over 2 years after its opening, in September, 2005 the Commission approved the addition of 7 Waiver ("Creep") Beds to Lorien Bel Air, bringing its total Nursing bed complement to the current 69 beds.

In February, 2014, Lorien Bel Air was approved, without opposition, to add 21 additional nursing beds (and 20 additional non-CON regulated ALUs) which would have brought its approved nursing bed complement to 90 beds. However, while that expansion project was still in the development phase (and in good standing), the Commission unexpectedly announced that a total of 97 more beds were needed to serve Harford County[1]. In addition, the Commission announced a new review schedule requiring submission of Letters of Intent on December 5, 2014 followed by submission of prospective CON Applications on February 6, 2015.

Lorien Bel Air was the sole Harford County provider to file a Letter of Intent seeking to meet a portion of the revised bed need. As described more particularly below, Lorien Bel Air seeks to add 27 additional beds from the 97 beds projected as needed.[2] When combined with the previously approved 21 beds, the proposed combined project will result in a 48 total bed expansion of its existing 69 bed nursing complement resulting in a 117 bed Nursing component.

[1] Upon information and belief, the Commission Staff determined it had erred in applying the MHCC Bed Need methodology and had therefore previously understated the most recent bed need projection.
[2] The remaining 70 beds are being applied for by Lorien Harford III, LLC to establish a new freestanding CCF.
.

Proposed Project – Summary

This Application proposes to add 27 additional Comprehensive Care Beds to its previously approved 21 bed addition to create a new 48 Bed Nursing Unit to be housed in a re-designed modification to the previously approved addition. The 1st and 2nd Floor ALF will also be expanded by adding a total of 34 new ALUs as described herein.

The proposed expansion project will result in the construction of an expanded 3-story, 54,960 gsf addition to the existing 3 – story building. On the 3rd Floor Nursing level, a new 48 bed Nursing Unit will be created in the new 18,320 gsf addition, as described in greater detail below. In addition, the project's CON-covered Nursing Facility component also includes a 5,163 gsf portion of the new space on the 1st Floor ALF addition which will house the Rehabilitation Therapy area which is being re-located from the 2nd Floor. That 2nd Floor space will be renovated and converted to 5 Assisted Living Units, all as shown on the Drawings at Apx. 1.

The 18,320 gsf expansion of the 3rd Floor Nursing Facility, as shown on the Drawings attached at Apx. 1, will consolidate the 21 comprehensive care beds approved February 20, 2014 (see Decision, DN 13-12-2345) with the 27 additional beds being applied for in this Application. These 48 beds will be located on the 3rd Floor addition where they will join the existing 69 nursing beds to create a 117 – bed Nursing Facility. The 69 existing beds will be configured with the 48 added beds to create 3 Nursing Units as follows: Unit A - 39 Beds in 17 Doubles and 5 Singles; Unit B - 30 Beds in 14 Doubles and 2 Singles; and Unit C Addition - 48 Beds in 14 Doubles and 20 Singles.

Lorien Bel Air wishes to increase the comprehensive care component from 69 to 117 beds in order to better serve the needs of the population and to help meet the need identified by the updated State Health Plan. The Nursing Facility has experienced high occupancy (FYE 2011: 93.25%; FYE 2012: 93.91%); FYE 2013: 93.8% and FYE 2014: 95.4.

Lorien notes that its 56-Unit ALF has also shown high occupancies of 96.13 % and 96.96% for FYE 12/31/2011, FYE 12/31/2012, 93.4% for FYE 2013, and 97.4% for FYE 2014. (In this regard, occupancy is based upon the number of AL *Units*. In recent years, 8 of the

Facility's 56 Units have been double occupied by couples, and have therefore accounted for 64 assisted Living 'slots' or 'beds'). An additional 34 ALUs will be constructed as follows: 10 in the 1st Floor Addition + 19 on the 2nd Floor Addition + 5 in renovated space in the existing building. Thus, the total ALUs will be 56 existing + 34 new units in the expanded addition = 90 ALUs in total.

As shown in these photographs, Lorien Bel Air is an immaculate, attractive environment which offers its residents a dignified setting and quality of life:

Front Entrance

Lobby / Foyer

Lounge

Library

Main Dining Room

Courtyard

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

MARYLAND HEALTH CARE COMMISSION

_____

MATTER/DOCKET NO.

_____

DATE DOCKETED

COMPREHENSIVE CARE FACILITY (NURSING HOME) APPLICATION FOR CERTIFICATE OF NEED

ALL PAGES THROUGHOUT THE APPLICATION SHOULD BE NUMBERED CONSECUTIVELY.

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1.a. **Lorien Harford, Inc.**
Legal Name of Project Applicant
(i.e. Licensee or Proposed Licensee)

b. **1205 York Road – PH Suite**
Street

c. **Lutherville 21093 Baltimore**
City Zip County

d. **(410) 825 - 8400**
Telephone

e. **Louis Mangione, Pres.**
Name of Owner/Chief Executive

2.a. **N/A**
Legal Name of Project Co-Applicant
(i.e. if more than one applicant)

b. **N/A**
Street

c. **N/A**
City Zip County

d. **N/A**
Telephone

e. **N/A**
Name of Owner/Chief Executive

3.a. **Lorien Bel Air**
Name of Facility

b. **1909 Emmorton Road**
Street (Project Site)

c. **Bel Air 21015 Harford**
City Zip County

4. **N/A**
Name of Owner (if different than applicant)

5.a. **N/A**
Representative of Co-Applicant

b. **N/A**
Street

c. **N/A**
City Zip County

d. **N/A**
Telephone

6. Person(s) to whom questions regarding this application should be directed: (Attach sheets if additional persons are to be contacted)

	Louis G. Grimmel, Sr., CEO	
a.	**Lorien Health Systems**	a. **James A. Forsyth, Esq.**
	Name and Title	Name and Title (Attorney)
b.	**3300 N. Ridge Rd. Ste. 390**	b. **11604 Garrison Forest Rd.**
	Street	Street
c.	**Ellicott City 21043 Howard**	c. **Owings Mills 21117 Baltimore**
	City Zip County	City Zip County
d.	**410 – 750 - 7500**	d. **443 – 928 - 7936**
	Telephone No.	Telephone No.
e.	**410 – 750 - 7902**	e. **n/a**
	Fax No.	Fax No.
	Email: lgrimmel@lorienhealth.com	Email: jaforsyth@comcast.net

7. Brief Project Description (for identification only; see also item #14):

3 story 54,960 gsf addition to existing 3 story building consisting of an existing 69 Bed Nursing Facility on 3rd Floor and non CON-regulated Assisted Living Facility (ALF) with 28 existing ALUs on 1st Floor and 28 existing ALUs on the 2nd Floor. The new addition comprises the following: (1) 18,320 gsf 3rd Floor addition to existing 3rd floor 69-bed Nursing Facility to house 27 additional comprehensive care beds to be combined with 21 previously approved beds (DN 13-12-2345) to create a new 48 bed Unit C; (2) 18,320 gsf expansion of ALF 2nd Floor to house 19 additional ALUs; (3) Renovation of 2,078 sf of existing space on ALF 2nd Floor to house 5 new ALUs; (4) 18,320 gsf 1st Floor addition to house the following: the Nursing Facility's Rehablitation Therapy space being re-located from the existing 2nd Floor and being expanded to 5,163 gsf; plus 13,157 gsf to house 10 additional ALUs.

8. Legal Structure of Licensee (check one from each column):

a.	b.	c.
Governmental ___	Sole Proprietorship ___	To be Formed ___
Proprietary _x_	Partnership ___	Existing _x_
Nonprofit ___	Corporation _x_	
	Subchapter "S" ___	

9. Current Licensed Capacity and Proposed Changes:

Service	Unit Description	Currently Licensed/ Certified	Units to be Added or Reduced	Total Units if Project is Approved
Comprehensive Care	Beds	**69** / **69**	48*	117
Assisted Living**	Apt. Units	**56** / **56**	**34**	90
Extended Care	Beds **N/A**	____/____	**N/A**	**N/A**
Adult Day Care	"Slots" **N/A**	____/____	**N/A**	**N/A**
Other (Specify)	**N/A**	____/____	**N/A**	**N/A**
		____/____		

*21 beds previously approved + 27 currently being applied for; **Non- CON Regulated, separately licensed Assisted Living Facility

10. Community Based Services Provided by Facility:

	Existing/Proposed
Respite Care Program (Yes/No)	**No** / **No**
Dedicated Respite Beds (Number)	**N/A** / **N/A**
Congregate Meals (Yes/No)	**NO** / **NO**
Telephone Reassurance (Yes/No)	**NO** / **NO**
Child Day Care (Yes/No)	**NO** / **NO**
Transportation (Yes/No)	**Yes** / **NO**
Meals on Wheels (Yes/No)	**NO** / **NO**
Other (Specify)	_____/_____

11. Project Location and Site Control:

A. Site Size **9.75** acres

B. Have all necessary State and Local land use approvals, including zoning, for the project as proposed been obtained? YES_____ NO **x** (If NO, describe below the current status and timetable for receiving necessary approvals.)

All zoning approvals are in place because Nursing Homes and Assisted Living Facility uses are permitted as a matter of right in the existing B2 Zoning classification. The Applicant simply has to submit a new site plan primarily for erosion and sediment control purposes and to document the expanded use.

C. Site Control:

(1) Title held by: **1909 Emmorton Road LLC (a Related Mangione Family entity)**

(2) Options to purchase held by: **N/A**
(i) Expiration Date of Option **N/A**
(ii) Is Option Renewable? **N/A** If yes, Please explain

(iii) Cost of Option **N/A**

(3) Land Lease held by: **N/A**
(i) Expiration Date of Lease **N/A**
(ii) Is Lease Renewable **N/A** If yes, please explain

(iii) Cost of Lease **N/A**

(4) Option to lease held by: **N/A**
(i) Expiration date of Option **N/A**
(ii) Is Option Renewable? **N/A** If yes, please explain

(iii) Cost of Option **N/A**

(5) If site is not controlled by ownership, lease, or option, please explain how site control will be obtained **Site is owned by Mangione Family entity (see Item C.(1) above)**

(INSTRUCTION: IN COMPLETING ITEMS 12 & 13, PLEASE NOTE APPLICABLE PERFORMANCE REQUIREMENT TARGET DATES SET FORTH IN COMMISSION REGULATIONS, COMAR 10.24.01.12)

12. Project Implementation Target Dates (for construction or renovation projects):
A. Obligation of Capital Expenditure **24** months from approval date.
B. Beginning Construction 4 months from capital obligation.
C. Pre-Licensure/First Use **24** months from capital obligation.
D. Full Utilization **12** months from first use.

13. Project Implementation Target Dates (for projects **not** involving construction or renovations):

A. Obligation of Capital Expenditure **N/A** months from approval date.
B. Pre-Licensure/First Use **N/A** months from capital obligation.
C. Full Utilization **N/A** months from first use.

14. Project Description:

Provide a reasonably full description of the project's construction and renovation plan and all services to be provided following completion of the project. **Construction of a new 18,320 gsf wing to house 48 CCF beds (21 of which have been previously approved D.N. 13-12-2345) in new Unit C and re-configured existing beds and ancillary space in an existing Nursing Facility located on the 3rd Floor of an existing 3-story building. The Nursing Facility will therefore be expanded from 69 to 117 beds, all as shown on the attached schematic drawings at Apx. 1 (See also Item 15, below). An additional 18,320 gsf will also be added to each of the ALFs 1st and 2nd Floors of the building. 5,163 sf of this new space on the 1st Floor will house new Rehabilitation Therapy and will be allocated to the Nursing Component. Thus the total allocated space for the Nursing component is 18,320 on the 3rd Floor + 5,163 sf for Rehabilitation Therapy on the 1st Floor = 23,483 sf. The remaining 13,157 of new space on the 1st Floor will house an additional 10 new ALUs. An additional 19 new ALUs will be constructed in 18,320 sf of new space on the 2nd Floor. In addition, 5 new ALUs will be added in 2,078 sf of renovated space on the 2nd Floor previously occupied by the Rehabilitation Therapy area and ancillary space being relocated. Thus, the existing separately licensed, non CON-regulated Assisted Living Facility will expand by 34 Units from 56 Units to 90 Units with the 34 Units located within a total of 31,477 sf of new space on the 1st and 2nd Floors and 2,078 sf of renovated existing space on the 2nd Floor.**

15. Project Drawings: *See Schematic Drawings & Footprint Drawing attached as Apx. 1*.

Projects involving renovations or new construction should include architectural schematic drawings of plans outlining the current facility (if applicable), the new facility (if applicable) and the proposed new configuration. These drawings should include:

1) the number and location of nursing stations. *3 Nurse Stations as shown (1 New).*
2) approximate room sizes. *Resident Rooms sizes are shown on the Drawings*.
3) number of beds to a room. *All Patient Rooms will be either 1 – Bed Private Rooms or 2 – Bed Semi Private Rooms. As shown on the Nursing Facility Drawing at Apx.1, the total complement of 117 comprehensive care beds will be configured in a 39 – Bed Unit A (17D + 5 S), a 30 – Bed Unit B (14D + 2S), and a 48 – Bed Unit C (14D + 20S. (39 + 30 + 48 = 117 Total Beds). See Floor Plan at Apx. 1 for Details.*
4) number and location of bath rooms. *As shown on Drawing, each Patient Room is served by its own bath room with Toilet, Vanity and Shower.*
5) any proposed space for future expansion. *No future expansion space is being built.* and
6) the "footprint" and location of the facility on the proposed or existing site. *See Site Drawing with building footprint included in Apx 1.*

16. Features of Project Construction:

A. Please Complete "CHART 1. PROJECT CONSTRUCTION CHARACTERISTICS" describing the applicable characteristics of the project, if the project involves new construction.

Chart 1 has been replaced by new Tables A and B which are stated on the following pages and also are included in the electronic Excel files submitted with this Application.

B. Explain any plans for bed expansion subsequent to approval which are incorporated in the project's construction plan.

No ‘shell space’ is included. Additional nursing beds may be added by converting single- occupancy patient rooms to double occupancy if ever necessary.

C. Please discuss the availability of utilities (water, electricity, sewage, etc.) for the proposed project, and the steps that will be necessary to obtain utilities.

This is an existing facility and all utilities are currently available on site.

TABLE A. BED CAPACITY BY FLOOR AND NURSING UNIT BEFORE AND AFTER PROJECT

INSTRUCTION: Identify the location of each nursing unit (add or delete rows if necessary) and specify the room and bed count before and after the project.

Applicants should add columns and recalculate formulas to address any rooms with 3 and 4 bed capacity. See additional instruction in the column to the right of the table.

Before the Project						After Project Completion				
		Based on Physical Capacity					Based on Physical Capacity			
		Room Count					Room Count			
Service Location (Floor/Wing)	Current Licensed Beds	Private	Semi-Private	Total Rooms	Physical Bed Capacity	Service Location (Floor/Wing)	Private	Semi-Private	Total Rooms	Physical Bed Capacity
COMPREHENSIVE CARE						**COMPREHENSIVE CARE**				
Unit A	40	4	18	22	40	Unit A	5	17	22	39
Unit B	29	1	14	15	29	Unit B	2	14	16	30
				0	0	Unit C	20	14	34	48
				0	0				0	0
				0	0				0	0
SUBTOTAL Comprehensive Care	**69**	**5**	**32**	**37**	**69**	**SUBTOTAL**	**27**	**45**	**72**	**117**
ASSISTED LIVING						**ASSISTED LIVING**				
1st Floor	28	n/a	n/a	28	28	1st Floor	n/a	n/a	38	38
2nd Floor	28	n/a	n/a	28	28	2nd Floor	n/a	n/a	52	52
TOTAL ASSISTED LIVING	**56**	**0**	**0**	**56**	**56**	**TOTAL ASSISTED LIVING**	**0**	**0**	**90**	**90**
Other *(Specify/add rows as needed)*				0	0	**Other** *(Specify/add rows as needed)*			0	0
TOTAL OTHER						**TOTAL OTHER**				
FACILITY TOTAL	**125**	**5**	**32**	**93**	**125**	**FACILITY TOTAL**	**27**	**45**	**162**	**207**

Note- All Assisted Living units are "private" rooms, but licensing allows some of the units to house a second occupant (i.e. spouse).

TABLE B. CONSTRUCTION CHARACTERISTICS

INSTRUCTION: If project includes non-CCF space (e.g., assisted living, adult day care center, etc.), complete an additional Table A for each such space.

	NEW CONSTRUCTION		RENOVATION	
BASE BUILDING CHARACTERISTICS	**Check if applicable**			
Class of Construction (for renovations the class of the building being renovated)*	**Comprehensive Care**	**Assisted Living**	**Comprehensive Care**	**Assisted Living**
Class A	☐	☐	☐	☐
Class B	☐	☐	☐	☐
Class C	☐	☐	☐	☐
Class D	☑	☑	☑	☑
Type of Construction/Renovation*				
Low	☐	☐	☐	☐
Average	☐	☐	☐	☐
Good	☑	☑	☑	☑
Excellent	☐	☐	☐	☐
Number of Stories	3	3		

*As defined by Marshall Valuation Service

PROJECT SPACE	**List Number of Feet, if applicable**			
Total Square Footage	**Total Square Feet**			
Basement				
First Floor	5,163	13,157		
Second Floor		18,320	400	1,678
Third Floor	18,320			
Fourth Floor				
Total Square Footage	23,483	31,477	400	1,678
Average Square Feet	**11,742**	**15,739**	**400**	**1,678**
Perimeter in Linear Feet	**Linear Feet**			
Basement				
First Floor	220	586		
Second Floor	0	806	60	250
Third Floor	806	0		
Fourth Floor				
Total Linear Feet	**1,026**	**1,392**	**60**	**250**
Average Linear Feet	**513**	**696**	**60**	**250**
Wall Height (floor to eaves)	**Feet**			
Basement				
First Floor	12 ft.	12 ft.		
Second Floor		11 ft.	11 ft.	11 ft.
Third Floor	8 ft.			
Fourth Floor				
Average Wall Height	**10.00**	**11.50**	**11.00**	**11.00**
OTHER COMPONENTS				
Elevators	**List Number**			
Passenger	None			
Freight	n/a			
Sprinklers	**Square Feet Covered**			
Wet System	23,320	31,640		
Dry System				
Other				
Type of HVAC System for proposed project	Resident Rooms will have through wall PTACs. Corridors and activity areas will have split systems.	Resident Rooms will have through wall PTACs. Corridors and activity areas will have split systems.		
Type of Exterior Walls for proposed project	Steel studs with vinyl siding	Steel studs with vinyl siding		

TABLE C. ONSITE AND OFFSITE COSTS INCLUDED AND EXCLUDED IN MARSHALL VALUATION COSTS

INSTRUCTION: If project includes non-CCF space (e.g., assisted living, adult day care center, etc.), complete an additional Table B for each such space.

	NEW CONSTRUCTION COSTS- Comp Care	NEW CONSTRUCTION COSTS Assisted Living	RENOVATION COST Assisted Living
SITE PREPARATION COSTS			
Normal Site Preparation	$12,819	$17,181	
Utilities from Structure to Lot Line			
Subtotal included in Marshall Valuation Costs	**$12,819**	**$17,181**	**$0**
Site Demolition Costs	$17,092	$22,908	
Storm Drains	$25,638	$34,362	
Rough Grading	$42,730	$57,270	
Hillside Foundation			
Paving	$42,730	$57,270	
Exterior Signs	$12,819	$17,181	
Landscaping	$34,184	$45,816	
Walls			
Yard Lighting	$11,537	$15,463	
Other *(Specify/add rows if needed)*			
Subtotal On-Site excluded from Marshall Valuation Costs	**$186,730**	**$250,270**	
OFFSITE COSTS			
Roads			
Utilities	$8,546	$11,454	
Jurisdictional Hook-up Fees	$42,730	$57,270	
Other *(Specify/add rows if needed)*			
Subtotal Off-Site excluded from Marshall Valuation Costs	**$51,276**	**$68,724**	
TOTAL Estimated On-Site and Off-Site Costs not included in Marshall Valuation Costs	**$238,006**	**$318,994**	**$0**
TOTAL Site and Off-Site Costs included and excluded from Marshall Valuation Service*	**$250,825**	**$336,175**	**$0**

*The combined total site and offsite cost included and excluded from Marshall Valuation Service should typically equal the estimated site preparation cost reported in Application Part II, Project Budget (see Table C. Project Budget). If these numbers are not equal, please reconcile the numbers in an explanation in an attachment to the application.

PART II – PROJECT BUDGET AND STATEMENT OF ASSUMPTIONS

(See also Revised Tables in Attached Excel Files)

TABLE D. PROJECT BUDGET

INSTRUCTION: Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application. If the project involves services other than CCF such as assisted living explain the allocation of costs between the CCF and the other service(s). See additional instruction in the column to the right of the table.

NOTE: Inflation should only be included in the inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.a as a use of funds and on line B.8 as a source of funds

	CCF Nursing Home	Cost of Other Service-Assited Living	Total
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. Land Purchased/Donated			**$0**
b. New Construction			
(1) Building	$3,389,344	$4,542,656	$7,932,000
(2) Fixed Equipment	$165,792	$222,208	$388,000
(3) Site and Infrastructure	$250,825	$336,175	$587,000
(4) Architect/Engineering Fees	$247,834	$332,166	$580,000
(5) Permits (Building, Utilities, Etc.)	$166,647	$223,353	$390,000
SUBTOTAL New Construction	**$4,220,442**	**$5,656,558**	**$9,877,000**
c. Renovations			
(1) Building	$42,000	$168,000	$210,000
(2) Fixed Equipment (not included in construction)			$0
(3) Architect/Engineering Fees			$0
(4) Permits (Building, Utilities, Etc.)			$0
SUBTOTAL Renovations	**$42,000**	**$168,000**	**$210,000**
d. Other Capital Costs			
(1) Movable Equipment	$645,792	$282,208	$928,000
(2) Contingency Allowance	$128,190	$171,810	$300,000
(3) Gross interest during construction period	$115,720	$155,113	$270,833
(4) Other *(Specify/add rows if needed)*			$0
SUBTOTAL Other Capital Costs	**$889,702**	**$609,131**	**$1,498,833**
TOTAL CURRENT CAPITAL COSTS	**$5,152,144**	**$6,433,689**	**$11,585,833**
e. Inflation Allowance	$566,556	$706,354	$1,272,910
TOTAL CAPITAL COSTS	**$5,718,700**	**$7,140,043**	**$12,858,743**
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees	$42,430	$57,570	$100,000
b. Bond Discount			$0
c. Legal Fees	$21,215	$28,785	$50,000
d. Non-Legal Consultant Fees			$0
e. Liquidation of Existing Debt			$0
f. Debt Service Reserve Fund			$0
g. Other *(Specify/add rows if needed) CON*	$25,000		$25,000
SUBTOTAL	**$88,645**	**$86,355**	**$175,000**
3. Working Capital Startup Costs			$0
TOTAL USES OF FUNDS	***$5,807,345***	***$7,226,398***	***$13,033,743***
B. Sources of Funds			
1. Cash	$1,054,345	$1,439,398	$2,493,743
2. Philanthropy (to date and expected)			$0
3. Authorized Bonds			$0
4. Interest Income from bond proceeds listed in #3			$0
5. Mortgage	$4,273,000	$5,727,000	$10,000,000
6. Working Capital Loans			$0
7. Grants or Appropriations			
a. Federal			$0
b. State			$0
c. Local			$0
8. Other - FF&E Loan	$480,000	$60,000	$540,000
TOTAL SOURCES OF FUNDS	***$5,807,345***	***$7,226,398***	**$13,033,743**
Annual Lease Costs (if applicable)			
1. Land			$0
2. Building			$0
3. Major Movable Equipment			$0
4. Minor Movable Equipment			$0
5. Other *(Specify/add rows if needed)*			$0

Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.

Lorien Bel Air

48 Comprehensive Care Beds & 34 Assisted Living Units

Project Budget Assumptions

Construction Cost Allocations

All project budget costs are allocated based upon the square footage of each service component (with the exception of minor moveable equipment). The nursing home component is comprised of 23,483 square feet (18,320 square feet on third floor and 5,163 square feet on first floor) which is 42.7% of the total project and the assisted living's square footage is 57.3% of the total project. Thus, each project budget line, except for minor moveable equipment and renovation costs, has been allocated accordingly its square footage percentage.

The renovation costs of $210,000 have been allocated based upon the estimated cost of the areas being renovated (20% comprehensive care and 80% assisted living).

As for minor moveable equipment cost estimates, the nursing home estimate of $480,000 is based upon the equipment needs associated with the additional 48 beds whereas the assisted living estimate of $60,000 is based upon the needs associated with furnishing the common areas of the assisted living space (the assisted living units are furnished by the residents).

Capitalized Interest

With respect to the project budget, the following details the calculation of capitalized construction period interest.

Capitalized Construction Interest Calculation: Estimated construction period interest was calculated on the following assumptions:

	Nursing Fac.	ALU	Total
Projected Mortgage Debt at Opening	$ 4,273,000	$ 5,727,000	
Average Outstanding Construction Loan	$ 2,136,500	$ 2,863,500	
Estimated Monthly Interest Rate (3.25% annual rat	0.2708%	0.2708%	
Construction Period, # months	20	20	
Interest Rate	5.4167%	5.4167%	
Construction Period Interest	**$ 115,720**	**$ 155,113**	**$ 270,833**

It is anticipated that the minor movable equipment costs will be incurred within 30 days of opening and that the vendors' terms will allow a 30 day term before payment/financing will occur. As a result, no capitalized interest costs will be incurred on the minor equipment purchases.

Contingencies

Contingencies have been estimated at $128,190 (Nursing Facility) and $171,810 (Assisted Living) for a total of $300,000. These amounts have been estimated by the project's construction team who each have approximately forty years of construction experience, including construction of this applicant's original project.

Inflation Allowance

The inflation allowance is estimated based upon a 45 month time frame from application date to midpoint of construction (November 2018) at an estimated inflation rate of 3% per year (11.25% for the 45 month period). This inflation allowance rate of 11.25% is multiplied by Total Current Capital Costs to result in estimated inflation of $566,556 (Nursing Facility) and $706,354 (Assisted Living) for a total of $1,272,910.

PART III – TABLES, MANPOWER, STAFFING
AND
STATEMENT OF ASSUMPTIONS AND REVENUE CALCULATION

TABLE E. UTILIZATION PROJECTIONS - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Account for all inpatient and outpatient volume that produce or will produce revenue. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 3 & 4, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years - ending with full utilization and financial stability (3 to 5 years post project completion) Add columns if needed.						
Indicate CY or FY- Calendar	2013	2014	2015	20X1	20X2	20X3				
1. ADMISSIONS										
a. Comprehensive Care (public)	540	566	578	765	940	940				
b. Comprehensive Care (CCRC Restricted)										
Total Comprehensive Care	540	566	578	765	940	940	0	0	0	0
c. Assisted Living	21	20	21	48	38	36				
d. Other (Specify/add rows of needed)										
TOTAL ADMISSIONS	*561*	*586*	*599*	*813*	*978*	*976*	*0*	*0*	*0*	*0*
2. PATIENT DAYS										
a. Comprehensive Care (public)	23,619	24,028	23,725	32,492	39,784	39,784				
b. Comprehensive Care (CCRC Restricted)										
Total Comprehensive Care	23,619	24,028	23,725	32,492	39,784	39,784	0	0	0	0
c. Assisted Living	19,101	19,908	19,006	23,405	29,686	29,930				
d. Other (Specify/add rows of needed)										
TOTAL PATIENT DAYS	*42,720*	*43,936*	*42,731*	*55,897*	*69,470*	*69,714*	*0*	*0*	*0*	*0*
3. NUMBER OF BEDS										
a. Comprehensive Care (public)	69	69	69	117	117	117				
b. Comprehensive Care (CCRC Restricted)										
Total Comprehensive Care Beds	69	69	69	117	117	117	0	0	0	0
c. Assisted Living	56	56	56	90	90	90				
d. Other (Specify/add rows of needed)										
TOTAL BEDS	*125*	*125*	*125*	*207*	*207*	*207*	*0*	*0*	*0*	*0*
4. OCCUPANCY PERCENTAGE **IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.*										
a. Comprehensive Care (public)	93.8%	95.4%	94.2%	76.1%	93.2%	93.2%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
b. Comprehensive Care (CCRC Restricted)										
Total Comprehensive Care Beds	93.8%	95.4%	94.2%	76.1%	93.2%	93.2%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
c. Assisted Living	93.4%	97.4%	93.0%	71.2%	90.4%	91.1%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
d. Other (Specify/add rows of needed)										
TOTAL OCCUPANCY %	93.6%	96.3%	93.7%	74.0%	91.9%	92.3%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
5. OUTPATIENT (specify units used for charging and recording revenues)										
a. Adult Day Care										
b. Other (Specify/add rows of needed)										
TOTAL OUTPATIENT VISITS	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*

TABLE F. STATISTICAL PROJECTIONS - NEW FACILITY OR SERVICE

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Account for all inpatient and outpatient volume that produce or will produce revenue. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 3 & 4, the number of beds and occupancy percentage should be reported on the basis of proposed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

	Projected Years - ending with full utilization and financial stability (3 to 5 years post project completion) Add columns if needed.						
Indicate CY or FY- Calendar	**20X1**	**20X2**	**20X3**				
1. ADMISSIONS							
a. Comprehensive Care (public)	185	360	360				
b. Comprehensive Care (CCRC Restricted)							
Total Comprehensive Care	**185**	**360**	**360**	**0**	**0**	**0**	**0**
c. Assisted Living	27	17	15				
d. Other (Specify/add rows of needed)							
TOTAL ADMISSIONS	***212***	***377***	***375***				
2. PATIENT DAYS							
a. Comprehensive Care (public)	8,767	16,060	16,060				
b. Comprehensive Care (CCRC Restricted)							
Total Comprehensive Care	**8,767**	**16,060**	**16,060**	**0**	**0**	**0**	**0**
c. Assisted Living	4,399	10,680	10,924				
d. Other (Specify/add rows of needed)							
TOTAL PATIENT DAYS	***13,166***	***26,740***	***26,984***				
3. NUMBER OF BEDS							
a. Comprehensive Care (public)	48	48	48				
b. Comprehensive Care (CCRC Restricted)							
Total Comprehensive Care Beds	**48**	**48**	**48**	**0**	**0**	**0**	**0**
c. Assisted Living	34	34	34				
d. Other (Specify/add rows of needed)							
TOTAL BEDS	***82***	***82***	***82***	***0***	***0***	***0***	***0***
4. OCCUPANCY PERCENTAGE ****IMPORTANT NOTE:*** *Leap year formulas should be changed by applicant to reflect 366 days per year.*							
a. Comprehensive Care (public)	50.0%	91.7%	91.7%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
b. Comprehensive Care (CCRC Restricted)							
Total Comprehensive Care Beds	**50.0%**	**91.7%**	**91.7%**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**
c. Assisted Living	35.4%	86.1%	88.0%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
d. Other (Specify/add rows of needed)							
TOTAL OCCUPANCY %	**44.0%**	**89.3%**	**90.2%**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**
5. OUTPATIENT (specify units used for charging and recording revenues)							
a. Adult Day Care							
b. Other (Specify/add rows of needed)							
TOTAL OUTPATIENT VISITS	***0***	***0***	***0***	***0***	***0***	***0***	***0***

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

INSTRUCTION : Complete this table for the entire facility, including the proposed project. The table should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the utilization projections in Table E reflecting changes in volume and with the costs of the Workforce identified in Table I. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projected revenue and expenses specifying all assumptions used. Applicants must explain why the assumptions are reasonable. Revenue should be projected based on actual charges with calculations detailed in the attachment and Contractual Allowance should not be included if it is a positive adjustment to gross revenue. Specify the sources of non-operating income. See additional instruction in the column to the right of the table.

All $ Amounts in Thousands	Two Most Recent Years (Actual)		Current Year Projected	Projected Years - ending with full utilization and financial stability (3 to 5 years post project completion) Add columns if needed.						
Indicate CY or FY- Calendar	2013	2014	2015	20X1	20X2	20X3				
1. REVENUE										
a. Inpatient Services	$ 11,714	$ 12,798	$ 12,757	$ 16,687	$ 20,395	$ 20,445				
b. Outpatient Services										
Gross Patient Service Revenues	***$ 11,714***	***$ 12,798***	***$ 12,757***	***$ 16,687***	***$ 20,395***	***$ 20,445***	***$ -***	***$ -***	***$ -***	***$ -***
c. Allowance For Bad Debt	$ 139	$ 237	$ 254	$ 328	$ 403	$ 404				
d. Contractual Allowance										
e. Charity Care										
Net Patient Services Revenue	***$ 11,575***	***$ 12,561***	***$ 12,503***	***$ 16,359***	***$ 19,992***	***$ 20,041***	***$ -***	***$ -***	***$ -***	***$ -***
f. Other Operating Revenues (Specify/add rows if needed)	$ 60	$ 114	$ 103	$ 121	$ 137	$ 139				
NET OPERATING REVENUE	***$ 11,635***	***$ 12,675***	***$ 12,606***	***$ 16,480***	***$ 20,129***	***$ 20,180***	***$ -***	***$ -***	***$ -***	***$ -***
2. EXPENSES										
a. Salaries & Wages (including benefits)	5,670	5,974	6,140	8,537	9,362	9,362				
b. Contractual Services	1,403	1,841	1,758	2,218	2,701	2,701				
c. Interest on Current Debt	118	103	90	**85**	80	75				
d. Interest on Project Debt				357	351	345				
e. Current Depreciation	326	330	333	334	334	334				
f. Project Depreciation				365	365	365				
g. Current Amortization										
h. Project Amortization				35	35	35				
i. Supplies	1,247	1,122	1,136	1,461	1,795	1,801				
j. Other Expenses (Specify/add rows if needed)	1,558	1,685	1,618	2,428	2,695	2,700				
TOTAL OPERATING EXPENSES	***$ 10,322***	***$ 11,055***	***$ 11,075***	***$ 15,820***	***$ 17,718***	***$ 17,718***	***$ -***	***$ -***	***$ -***	***$ -***
3. INCOME										
a. Income From Operation	**$ 1,313**	**$ 1,620**	**$ 1,531**	**$ 660**	**$ 2,411**	**$ 2,462**	**$ -**	**$ -**	**$ -**	**$ -**
b. Non-Operating Income										
SUBTOTAL	***$ 1,313***	***$ 1,620***	***$ 1,531***	***$ 660***	***$ 2,411***	***$ 2,462***	***$ -***	***$ -***	***$ -***	***$ -***
c. Income Taxes										
NET INCOME (LOSS)	***$ 1,313***	***$ 1,620***	***$ 1,531***	***$ 660***	***$ 2,411***	***$ 2,462***	***$ -***	***$ -***	***$ -***	***$ -***

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. The table should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the utilization projections in Table E reflecting changes in volume and with the costs of the Workforce identified in Table I. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projected revenue and expenses specifying all assumptions used. Applicants must explain why the assumptions are reasonable. Revenue should be projected based on actual charges with calculations detailed in the attachment and Contractual Allowance should not be included if it is a positive adjustment to gross revenue. Specify the sources of non-operating income. See additional instruction in the column to the right of the table.

All $ Amounts in Thousands	Two Most Recent Years (Actual)		Current Year Projected	Projected Years - ending with full utilization and financial stability (3 to 5 years post project completion) Add columns if needed.						
Indicate CY or FY- Calendar	2013	2014	2015	20X1	20X2	20X3				
4. PATIENT MIX										
a. Percent of Total Revenue										
1) Medicare	35.50%	37.70%	35.85%	35.27%	33.10%	33.02%				
2) Medicaid	25.00%	23.30%	21.57%	24.57%	26.60%	26.54%				
3) Blue Cross										
4) Commercial Insurance	4.70%	5.10%	7.04%	6.38%	5.94%	5.94%				
5) Self-pay	34.50%	31.60%	33.79%	31.98%	32.55%	32.70%				
6) Other- Medicare Part B	0.30%	2.30%	1.75%	1.80%	1.81%	1.80%				
TOTAL	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
b. Percent of Inpatient Days										
1) Medicare	19.5%	22.2%	19.6%	20.57%	18.91%	18.85%				
2) Medicaid	29.0%	27.2%	27.3%	28.62%	30.47%	30.37%				
3) Blue Cross										
4) Commercial Insurance	3.2%	3.5%	5.1%	5.37%	4.73%	4.71%				
5) Self-pay	48.3%	47.1%	47.9%	45.45%	45.88%	46.07%				
6) Other										
TOTAL	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

INSTRUCTION : Complete this table for the entire facility, including the proposed project. The table should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the utilization projections in Table E reflecting changes in volume and with the costs of the Workforce identified in Table I. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projected revenue and expenses specifying all assumptions used. Applicants must explain why the assumptions are reasonable. Revenue should be projected based on actual charges with calculations detailed in the attachment and Contractual Allowance should not be included if it is a positive adjustment to gross revenue. Specify the sources of non-operating income. See additional instruction in the column to the right of the table.

All $ Amounts in Thousands	Two Most Recent Years (Actual)		Current Year Projected	Projected Years - ending with full utilization and financial stability (3 to 5 years post project completion) Add columns if needed.						
Indicate CY or FY- Calendar	2013	2014	2015	20X1	20X2	20X3				
TABLE G: SUPPLEMENTAL INFORMATION										
REVENUE RECONCILATION- INPATIENT SERVICES										
1. a. Inpatient Services	$ 11,714	$ 12,798	$ 12,576	$ 16,687	$ 20,395	$ 20,445				
Medicare- Days	8337	9753	8395	11497	13140	13140				
Medicare- Avg Rate PPD	$ 499.28	$ 494.02	$ 537.04	$ 511.90	$ 513.81	$ 513.81				
Medicare Revenue	$ 4,162,497	$ 4,818,177	$ 4,508,451	$ 5,885,314	$ 6,751,463	$ 6,751,463	$ -	$ -	$ -	$ -
Medicaid- Days	12368	11950	11680	15996	21170	21170				
Medicaid- Avg Rate PPD	$ 236.84	$ 250.02	$ 247.72	$ 256.29	$ 256.29	$ 256.29				
Mediciad Revenue	$ 2,929,237	$ 2,987,739	$ 2,893,370	$ 4,099,615	$ 5,425,659	$ 5,425,659	$ -	$ -	$ -	$ -
Commercial Insurance Days	1360	1523	2190	2999	3284	3284				
Commercial Insurance- Avg Rate PPD	$ 405.64	$ 432.39	$ 404.17	$ 354.90	$ 368.75	$ 369.44				
Commercial Insurance Revenue	$ 551,670	$ 658,530	$ 885,132	$ 1,064,345	$ 1,210,975	$ 1,213,241	$ -	$ -	$ -	$ -
Self Pay- Comp Care Days	1554	802	1460	2000	2190	2190				
Self Pay- Average Rate	$ 386.10	$ 393.44	$ 393.50	$ 378.00	$ 378.00	$ 378.00				
Self Pay Reveneue	$ 599,999	$ 315,539	$ 574,510	$ 756,000	$ 827,820	$ 827,820	$ -	$ -	$ -	$ -
Self Pay- ALU Days	19101	19908	19006	23405	29686	29930				
Self Pay- Average Rate	$ 180.04	$ 187.46	$ 193.37	$ 195.72	$ 195.72	$ 195.72				
Self Pay Reveneue	$ 3,438,944	$ 3,731,954	$ 3,675,190	$ 4,580,827	$ 5,810,144	$ 5,857,900	$ -	$ -	$ -	$ -
Medicare Part B- Est Revenue	$ 31,737	$ 286,463	$ 219,931	$ 301,201	$ 368,807	$ 368,807				
TOTAL Inpatient Revenue	$ 11,714,085	$ 12,798,402	$ 12,756,584	$ 16,687,302	$ 20,394,869	$ 20,444,890	$ -	$ -	$ -	$ -
				55897	69470	69714				

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. The table should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the utilization projections in Table E reflecting changes in volume and with the costs of the Workforce identified in Table I. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projected revenue and expenses specifying all assumptions used. Applicants must explain why the assumptions are reasonable. Revenue should be projected based on actual charges with calculations detailed in the attachment and Contractual Allowance should not be included if it is a positive adjustment to gross revenue. Specify the sources of non-operating income. See additional instruction in the column to the right of the table.

All $ Amounts in Thousands	Two Most Recent Years (Actual)		Current Year Projected	Projected Years - ending with full utilization and financial stability (3 to 5 years post project completion) Add columns if needed.						
Indicate CY or FY- Calendar	2013	2014	2015	20X1	20X2	20X3				
2. j. Other Expenses (Specify/add rows if needed)	$ 1,558	$ 1,685	$ 1,618	$ 2,428	$ 2,695	$ 2,700				
Cable TV	16	15	14	23	23	23				
Repairs & Maintenance	62	99	39	63	63	63				
Utilities	174	177	185	300	308	308				
Sewer & Water	34	58	34	51	56	56				
Help Wanted Advertising	9	7	9	30	15	15				
Promotional Advertising	21	17	15	60	24	24				
Minor Equipment	43	39	45	66	73	73				
Data Processing	46	74	66	76	84	84				
Property & Liability Insurance	62	65	66	108	108	108				
Legal Fees	5	13	10	12	12	12				
Accounting	21	17	25	25	25	25				
Management Fees	446	449	441	660	775	780				
Licenses & Permits	24	38	35	50	56	56				
Telephone & Postage	24	26	26	38	41	41				
Dues & Subscriptions	44	56	52	74	84	84				
Meetings & Seminars	13	4	7	10	12	12				
Auto, gas & diesel	8	20	20	26	32	32				
Bank Fees	9	9	9	12	15	15				
Contributions	4	5	5	6	8	8				
Personal Property Taxes	6	6	6	9	12	12				
Real Estate Taxes	106	119	109	180	180	180				
Medicaid QA/Provider Taxes	355	337	362	498	629	629				
Equipment Rental	24	34	35	48	56	56				
Sales Tax	2	1	1	2	2	2				
Other/Rounding	-	-	2	1	2	2				
	$ 1,558	$ 1,685	$ 1,618	$ 2,428	$ 2,695	$ 2,700	$ -	$ -	$ -	$ -

TABLE H. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). This table should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the utilization projections in Table F and with the Workforce costs identified in Table I. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Revenue should be projected based on actual charges with detailed calculation by payer in the attachment. The contractual allowance should not be reported if it is a positive adjustment to gross revenue. Specify the sources of non-operating income. See additional instructions in the column to right of the table.

All $ Amounts in Thousands	Projected Years (ending five years after completion) Add columns of needed.						
Indicate CY or FY- Calendar	**20X1**	**20X2**	**20X3**				
1. REVENUE							
a. Inpatient Services	$ 3,830	$ 7,540	$ 7,589				
b. Outpatient Services							
Gross Patient Service Revenues	***$ 3,830***	***$ 7,540***	***$ 7,589***	***$ -***	***$ -***	***$ -***	***$ -***
c. Allowance For Bad Debt	$ 73	$ 148	$ 149				
d. Contractual Allowance							
e. Charity Care							
Net Patient Services Revenue	***$ 3,757***	***$ 7,392***	***$ 7,440***	***$ -***	***$ -***	***$ -***	***$ -***
f. Other Operating Revenues (Specify)	$ 18	$ 33	$ 35				
NET OPERATING REVENUE	***$ 3,775***	***$ 7,425***	***$ 7,475***	***$ -***	***$ -***	***$ -***	***$ -***
2. EXPENSES							
a. Salaries & Wages (including benefits)	$ 2,397	$ 3,222	$ 3,222				
b. Contractual Services	$ 460	$ 943	$ 943				
c. Interest on Current Debt							
d. Interest on Project Debt	$ 357	$ 351	$ 345				
e. Current Depreciation							
f. Project Depreciation	$ 365	$ 365	$ 365				
g. Current Amortization							
h. Project Amortization	$ 35	$ 35	$ 35				
i. Supplies	$ 325	$ 660	$ 666				
j. Other Expenses (Specify)	$ 810	$ 1,077	$ 1,082				
TOTAL OPERATING EXPENSES	**$ 4,749**	**$ 6,653**	**$ 6,658**	**$ -**	**$ -**	**$ -**	**$ -**

TABLE H. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). This table should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the utilization projections in Table F and with the Workforce costs identified in Table I. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Revenue should be projected based on actual charges with detailed calculation by payer in the attachment. The contractual allowance should not be reported if it is a positive adjustment to gross revenue. Specify the sources of non-operating income. See additional instructions in the column to right of the table.

All $ Amounts in Thousands	Projected Years (ending five years after completion) Add columns of needed.						
Indicate CY or FY- Calendar	20X1	20X2	20X3				
3. INCOME							
a. Income From Operation	$ (974)	$ 772	$ 817	$ -	$ -	$ -	$ -
b. Non-Operating Income							
SUBTOTAL	*$ (974)*	*$ 772*	*$ 817*	*$ -*	*$ -*	*$ -*	*$ -*
c. Income Taxes							
NET INCOME (LOSS)	*$ (974)*	*$ 772*	*$ 817*	*$ -*	*$ -*	*$ -*	*$ -*
4. PATIENT MIX							
a. Percent of Total Revenue							
1) Medicare	31.97%	29.75%	29.56%				
2) Medicaid	34.67%	32.26%	32.05%				
3) Blue Cross							
4) Commercial Insurance	4.68%	4.36%	4.33%				
5) Self-pay	26.56%	31.66%	32.10%				
6) Other- Medicare Part B	2.12%	1.97%	1.96%				
TOTAL	*100.00%*	*100.00%*	*100.00%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
b. Percent of Inpatient Days							
1) Medicare	18.29%	17.74%	17.58%				
2) Medicaid	36.59%	35.49%	35.17%				
3) Blue Cross							
4) Commercial Insurance	4.22%	4.10%	4.06%				
5) Self-pay	40.90%	42.67%	43.19%				
6) Other							
TOTAL	*100.00%*	*100.00%*	*100.00%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

TABLE H.i. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE BY SERVICE CATEGORY (first year at full utilization)

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). This table should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the utilization projections in Table F and with the Workforce costs identified in Table I. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Revenue should be projected based on actual charges with detailed calculation by payer in the attachment. The contractual allowance should not be reported if it is a positive adjustment to gross revenue. Specify the sources of non-operating income. See additional instructions in the column to right of the table.

All $ Amounts in Thousands	First Full Year at Full Utilization By Service Category- 20X3						
Indicate CY or FY- Calendar, 20X3	Comp Care	Assisted Living					TOTAL
1. REVENUE							
a. Inpatient Services	$ 5,406	$ 2,183					$ 7,589
b. Outpatient Services							
Gross Patient Service Revenues	***$ 5,406***	***$ 2,183***	***$ -***	***$ -***	***$ -***	***$ -***	***$ 7,589***
c. Allowance For Bad Debt	$ 105	$ 44					$ 149
d. Contractual Allowance							
e. Charity Care							
Net Patient Services Revenue	***$ 5,301***	***$ 2,139***	***$ -***	***$ -***	***$ -***	***$ -***	***$ 7,440***
f. Other Operating Revenues (Specify)	$ 15	$ 20					$ 35
NET OPERATING REVENUE	***$ 5,316***	***$ 2,159***	***$ -***	***$ -***	***$ -***	***$ -***	***$ 7,475***
2. EXPENSES							
a. Salaries & Wages (including benefits)	$ 2,290	$ 932					$ 3,222
b. Contractual Services	$ 911	$ 32					$ 943
c. Interest on Current Debt							$ -
d. Interest on Project Debt	$ 155	$ 190					$ 345
e. Current Depreciation							$ -
f. Project Depreciation	$ 182	$ 183					$ 365
g. Current Amortization							$ -
h. Project Amortization	$ 18	$ 17					$ 35
i. Supplies	$ 531	$ 135					$ 666
j. Other Expenses (Specify)	$ 644	$ 438					$ 1,082
TOTAL OPERATING EXPENSES	**$ 4,731**	**$ 1,927**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 6,658**
3. INCOME							
a. Income From Operation	**$ 585**	**$ 232**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 817**
b. Non-Operating Income							

TABLE H.i. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE BY SERVICE CATEGORY (first year at full utilization)

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). This table should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the utilization projections in Table F and with the Workforce costs identified in Table I. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Revenue should be projected based on actual charges with detailed calculation by payer in the attachment. The contractual allowance should not be reported if it is a positive adjustment to gross revenue. Specify the sources of non-operating income. See additional instructions in the column to right of the table.

All $ Amounts in Thousands	First Full Year at Full Utilization By Service Category- 20X3						
Indicate CY or FY- Calendar, 20X3	Comp Care	Assisted Living					TOTAL
SUBTOTAL	***$ 585***	***$ 232***	***$ -***	***$ -***	***$ -***	***$ -***	***$ 817***
c. Income Taxes							
NET INCOME (LOSS)	***$ 585***	***$ 232***	***$ -***	***$ -***	***$ -***	***$ -***	***$ 817***
4. PATIENT MIX							
a. Percent of Total Revenue							
1) Medicare	41.50%						29.56%
2) Medicaid	45.00%						32.05%
3) Blue Cross							
4) Commercial Insurance	6.10%	100.0%					4.33%
5) Self-pay	4.70%						32.10%
6) Other- Medicare Part B	2.70%						1.96%
TOTAL	***100.00%***	***100.00%***	***0.00%***	***0.00%***	***0.00%***	***0.00%***	***100.00%***
b. Percent of Inpatient Days							
1) Medicare	29.5%						17.58%
2) Medicaid	59.1%						35.17%
3) Blue Cross							
4) Commercial Insurance	6.8%						4.06%
5) Self-pay	4.5%	100.0%					43.19%
6) Other							
TOTAL	***100.00%***	***100.00%***	***0.00%***	***0.00%***	***0.00%***	***0.00%***	***100.00%***

TABLE I. WORKFORCE INFORMATION

INSTRUCTION: List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables G and H. See additional instruction in the column to the right of the table.

	CURRENT ENTIRE FACILITY			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) *	
Job Category	Current Year FTEs	Average Salary per FTE	Current Year Total Cost	FTEs	Average Salary per FTE	Total Cost *(should be consistent with projections in Table H, if submitted)*	FTEs	Average Salary per FTE	Total Cost	FTEs	Total Cost *(should be consistent with projections in Table G)*
1. Regular Employees											
Administration *(List general categories, add rows if needed)*											
Administrator	1.00	$ 163,215	$ 163,215		$ 163,215	$0			$0	1.00	163,215
Assistant Administrator	-	62,400	-	1.00	62,400	$62,400				1.00	62,400
Business Office Manager	1.00	46,802	46,802		46,802	$0			$0	1.00	46,802
AP/Supply Clerk	0.50	37,871	18,935		37,871	$0			$0	0.50	18,935
Payroll/HR Staff	1.00	53,061	53,061	1.00	53,061	$53,061				2.00	106,122
Staffing Coordinator	1.00	39,398	39,398		39,398	$0				1.00	39,398
Quality Assurance	0.50	74,256	37,128		74,256	$0				0.50	37,128
Staff Development/Training	0.50	74,256	37,128		74,256	$0				0.50	37,128
Receptionists	4.20	27,581	115,839		27,581	$0				4.20	115,839
Admissions Director	1.00	59,723	59,723		59,723	$0				1.00	59,723
Admissions Assistant	0.50	37,871	18,935	0.50	37,871	$18,935				1.00	37,871
			-			$0			$0	-	-
Total Administration	11.20		$ 590,165	2.50		$ 134,396			$0	13.70	$724,562
Direct Care Staff *(List general categories, add rows if needed)*											
Director of Nursing	1.00	97,212	97,212		97,212	$0			$0	1.00	97,212
Unit Managers	1.40	75,041	105,057		75,041	$0			$0	1.40	105,057
Evening/Night Supervisors- RN or LPN	2.80	59,405	166,333		59,405	$0			$0	2.80	166,333
Registered Nurses/Licensed Practical Nurses	9.80	59,596	584,038		59,596	$0			$0	9.80	584,038
Registered Nurses/Licensed Practical Nurses	4.20	58,959	247,629	11.20	58,959	$660,344			$0	15.40	907,973
Certified Medicine Aides	2.80	39,080	109,424		39,080	$0			$0	2.80	109,424
Certified Medicine Aides	2.80	40,851	114,383	2.80	40,851	$114,383			$0	5.60	228,767
Certified GNA's	16.69	25,990	433,701		25,990	$0			$0	16.69	433,701
Certified GNA's	10.50	27,934	293,311	18.38	27,934	$513,295			$0	28.88	806,606
MDS Coordinator	1.20	82,403	98,884	1.00	82,403	$82,403			$0	2.20	181,286
Unit Secretaries	2.00	33,946	67,891	1.00	33,946	$33,946			$0	3.00	101,837
Central Supply Clerk	0.50	44,257	22,128	0.50	44,257	$22,128			$0	1.00	44,257
Orientation- GNA	0.25	23,338	5,834		23,338	$0			$0	0.25	5,834
Orientation- RN/LPN	0.20	46,675	9,335		46,675	$0			$0	0.20	9,335
Restorative Aide	1.40	38,868	54,415		38,868	$0			$0	1.40	54,415
Unit Manager- ALU	1.00	76,378	76,378	0.40	76,378	$30,551			$0	1.40	106,929
Unit Secretary- ALU	1.00	36,296	36,296		36,296	$0			$0	1.00	36,296
House Nurse- ALU	1.00	50,149	50,149		50,149	$0			$0	1.00	50,149
Registered Nurses/Licensed Practical Nurses- ALU	-	58,959	-	4.20	58,959	$247,629				4.20	247,629
Certified Medicine Aides- ALU	5.60	27,206	152,356	2.80	27,206	$76,178			$0	8.40	228,534
Certified GNA's- ALU	14.44	23,338	336,937	9.19	23,338	$214,414			$0	23.63	551,351
Total Direct Care	80.58		3,061,691	51.46		1,995,271			$0	132.04	$5,056,962
Support Staff *(List general categories, add rows if needed)*											
Security/Transportation	1.00	22,277	22,277		22,277	-			$0	1.00	22,277
Social Services Director	1.00	63,754	63,754		63,754	-			$0	1.00	63,754
Social Services Assistant	0.50	33,946	16,973	0.50	33,946	16,973			$0	1.00	33,946
Activities Director	1.00	48,436	48,436		48,436	-			$0	1.00	48,436
Activities Assistant	3.40	27,305	92,837	0.50	27,305	13,652			$0	3.90	106,489
Case Manager	0.27	76,802	20,737		76,802	-			$0	0.27	20,737
Dietary Manager	1.00	51,428	51,428		51,428	-			$0	1.00	51,428
Cooks	2.80	28,748	80,494	1.40	28,748	40,247			$0	4.20	120,740
Cooks Helpers	1.40	27,581	38,613		27,581	-			$0	1.40	38,613
Dietary Aides	8.81	20,558	181,170	7.88	20,558	161,897			$0	16.69	343,067
Porter	2.63	21,937	57,586	1.31	21,937	28,793			$0	3.94	86,378
Dietician	0.70	76,314	53,420	0.50	76,314	38,157			$0	1.20	91,577
Housekeeping Manager	1.00	54,886	54,886		54,886	-			$0	1.00	54,886
Housekeepers- SNF	6.00	20,601	123,604	3.50	20,601	72,103			$0	9.50	195,707
Housekeepers- ALU	3.00	23,083	69,249	1.00	23,083	23,083			$0	4.00	92,332
Floor Technicians	1.00	25,438	25,438		25,438	-			$0	1.00	25,438
Laundry	4.20	19,816	83,226		19,816	-			$0	4.20	83,226

TABLE I. WORKFORCE INFORMATION

Campus Maintenance Director	1.00		52,446		52,446		-			$0	1.00	52,446
Facility Maintenance Staff	1.00		31,654		31,654		-			$0	1.00	31,654
Facility Maintenance Assistant	0.50		23,804		11,902		23,804		-		$0	0.50	11,902
Medical Records	0.50		44,257		22,128	0.50	44,257		22,128		$0	1.00	44,257
Total Support	42.71				1,202,257	17.09			417,032		$0	59.80	$1,619,289
REGULAR EMPLOYEES TOTAL	***134.48***				***4,854,114***	***71.05***			***2,546,699***		***$0***	***205.53***	***$7,400,813***
2. Contractual Employees													
Administration *(List general categories, add rows if needed)*													
Employee Benefits Administration	0.05				3,040	0.02			1,840			0.07	4,880
Contracted Office Staff	0.25				12,162	0.12			7,358			0.37	19,520
Employee Background Checks- Contracted	0.10				7,384	0.05			4,468			0.15	11,852
									-		$0	-	-
Total Administration	0.40				22,586	0.19			13,666		$0	0.59	36,252
Direct Care Staff *(List general categories, add rows if needed)*													
Physical Therapists	6.00				563,274	4.00			303,393		$0	10.0	866,667
Occupational Therapists	6.00				563,274	4.00			303,393		$0	10.0	866,667
Speech Pathologists	3.00				281,637	1.50			151,696		$0	4.5	433,333
Pharmacy Consultant	0.10				6,081	0.05			3,679			0.2	9,760
Medical Director	0.30				50,000				-			0.3	50,000
Laboratory Services	0.25				20,878	0.15			14,133			0.4	35,011
Radiology	0.10				13,998	0.07			9,475			0.2	23,473
Consolidated Billing Related Items					6,515				3,942				10,457
Ambulance Services					2,373				1,606				3,979
Physician Services					898				496		$0	0.0	1,394
Total Direct Care Staff	15.75				1,508,928	9.77			791,813		$0	25.5	$2,300,741
Support Staff *(List general categories, add rows if needed)*													
Activity Programs, including Special Costs	2.00				72,100	1.20			43,627		$0	3.20	115,727
Beauty and Barber	1.25				46,910	0.75			28,382		$0	2.00	75,292
Contracted Dietician					2,606				1,577		$0	-	4,183
Contracted Grounds Maintenance	1.20				54,294	0.80			32,850			2.00	87,144
Contracted Trash Removal					21,718				13,140			-	34,858
Contracted- Other Physical Plant Work					29,101				17,608		$0	-	46,709
Total Support Staff	4.45				226,729	2.75			137,184		$0	7.2	$363,913
CONTRACTUAL EMPLOYEES TOTAL	20.60				1,758,243	12.71			942,663		$0	33.3	$2,700,906
Benefits *(State method of calculating benefits below)* **:**					**1,286,340**				**674,875**				**1,961,216**
Projected Employee Benefits are estimated at 26.5% of payroll, based upon historical data.													
TOTAL COST	***155.08***				***$ 7,898,697***	***83.8***			***$4,164,238***	***0.0***	***$0***		***$12,062,935***

TABLE J. Scheduled Staff for Typical Work Week

INSTRUCTION: Quantify the staff that will provide bedside care that would be counted toward the current minimum staffing as required by COMAR 10.07.02.12

UNIT A- 39 beds	Weekday Hours Per Day					Weekend Hours Per Day			
Staff Category	Day	Evening	Night	Total		Day	Evening	Night	Total
Registered Nurses	8.0	8.0	-	16.0		8.0	8.0	-	16.0
L. P. N. s	4.0	4.0	8.0	16.0		4.0	4.0	8.0	16.0
Unit Mgr/Super- RN	3.0	3.0	3.0	9.0		3.0	3.0	3.0	9.0
C. N. A.s	30.0	30.0	22.5	82.5		30.0	30.0	22.5	82.5
Medicine Aides	8.0	8.0	-	16.0		8.0	8.0	-	16.0
Total	53.0	53.0	33.5	139.5		53.0	53.0	33.5	139.5
Licensed Beds at Project Completion				39		Licensed Beds at Project Completion			39
Hours of Bedside Care per Licensed Bed Per Day				3.58		Hours of Bedside Care per Licensed Bed Per Day			3.58
Ward Clerks (bedside care time calculated at 50%	4.0			4.0		4.0			4.0
Total Including 50% of Ward Clerks Time	57.0	53.0	33.5	143.5		57.0	53.0	33.5	143.5
Total Hours of Bedside Care per Licensed Bed Per Day				3.68		Total Hours of Bedside Care per Licensed Bed Per Day			3.68

UNIT B- 30 beds	Weekday Hours Per Day					Weekend Hours Per Day			
Staff Category	Day	Evening	Night	Total		Day	Evening	Night	Total
Registered Nurses	16.0	8.0	8.0	32.0		16.0	8.0	8.0	32.0
L. P. N. s	4.0	4.0	8.0	16.0		4.0	4.0	8.0	16.0
Unit Mgr/Super- RN	2.0	2.0	2.0	6.0		2.0	2.0	2.0	6.0
C. N. A.s	30.0	22.5	15.0	67.5		30.0	22.5	15.0	67.5
Medicine Aides	8.0	8.0	-	16.0		8.0	8.0	-	16.0
Total	60.0	44.5	33.0	137.5		60.0	44.5	33.0	137.5
Licensed Beds at Project Completion				30		Licensed Beds at Project			30
Hours of Bedside Care per Licensed Bed Per Day				4.58		Hours of Bedside Care per			4.58
Ward Clerks (bedside care time calculated at 50%	4.0			4.0		4.0			4.0
Total Including 50% of Ward Clerks Time	64.0	44.5	33.0	141.5		64.0	44.5	33.0	141.5
Total Hours of Bedside Care per Licensed Bed				4.72		Total Hours of Bedside Care			4.72

UNIT C- 48 beds	Weekday Hours Per Day					Weekend Hours Per Day			
Staff Category	Day	Evening	Night	Total		Day	Evening	Night	Total
Registered Nurses	16.0	16.0	8.0	40.0		16.0	16.0	8.0	40.0
L. P. N. s	8.0	8.0	8.0	24.0		8.0	8.0	8.0	24.0
Unit Mgr/Super- RN	3.0	3.0	3.0	9.0		3.0	3.0	3.0	9.0
C. N. A.s	45.0	37.5	22.5	105.0		45.0	37.5	22.5	105.0
Medicine Aides	8.0	8.0	-	16.0		8.0	8.0	-	16.0
Total	80.0	72.5	41.5	194.0		80.0	72.5	41.5	194.0
Licensed Beds at Project Completion				48		Licensed Beds at Project			48
Hours of Bedside Care per Licensed Bed Per Day				4.04		Hours of Bedside Care per			4.04
Ward Clerks (bedside care time calculated at 50%	4.0			4.0		4.0			4.0
Total Including 50% of Ward Clerks Time	84.0	72.5	41.5	198.0		84.0	72.5	41.5	198.0
Total Hours of Bedside Care per Licensed Bed				4.13		Total Hours of Bedside Care			4.13

Combined Unit/Facility Totals					
Total Including 50% of Ward Clerks Time	483.00				483.00
Licensed Beds at Project Completion	117				117
Total Hours of Bedside Care per Licensed Bed	4.13				4.13

Statement of Assumptions re: Revenue and Expense projections Tables G, H, & I:

All assumptions used in developing revenue and expense projections in Table G, H, and I have been determined by a team of health care professionals based upon market conditions, known operational costs and budgets (including the existing operating results of Lorien Harford, Inc.'s existing facility), phase up assumptions in years #20X1 and #20X2 based upon previous experience, and market knowledge. The health care team includes several individuals, each with experience of 15 to 40 years of financial, operational, and/or healthcare experience.

Patient Services Revenue Assumptions

As to specific revenue assumptions, the following information is provided, as follows:

The average room rate is estimated to be $378.00 per day for private pay patients in year 20X3 ($347 to $515 depending on room type and nursing unit).

Medicare Part A rates vary depending upon the RUGS level. Existing Medicare utilization results in a Medicare Part A rate of approximately $537.04 per patient day. For the proposed 48 bed project, the average Medicare Part A rate is estimated to be $472.72 per patient day. The blended rate is estimated at $513.81 for entire facility in 20X3.

The average Insurance rate is $404.17 per day for the existing operations and for the proposed 48 bed project, the average private insurance rate is projected to be $300.00 per patient day. The blended rate is estimated at 369.44 for the entire facility in 20X3.

Medicaid rates are calculated based upon the newly implemented prospective reimbursement system, which became effective on January 1, 2015. The new system has issued a prospective rate of $256.28 per patient day. However, there is a phase-in period for this new rate. The January 1, 2015 rate is $246.14 and will be phased up to the $256.28 rate over eighteen months, with the $256.28 rate fully effective on July 1, 2016. For year 20X3, the Medicaid rate is projected at $256.28 per patient day.

A supplemental schedule which details the calculations of Patient Service Revenues has been included as a supplemental table with the financial tables.

Expense Assumptions

As for the expense assumptions developed by the team of healthcare professional, specific costs for year 20X3 are detailed at Table I of the application for labor and contractual services and

schedules of Other Expenses are included as supplemental data at Tables G & H. Additional assumptions include the following:

- Variable rate financing for property mortgage debt has been estimated at 3.25% (which is consistent with current mortgage rate on the existing mortgage) and equipment loan financing is at an estimated rate of 6% per annum
- Depreciation of real property over an estimated useful life of 40 years
- Depreciation of personal property (equipment) over an estimated average useful life of 10 years

PART III - CONSISTENCY WITH REVIEW CRITERIA AT COMAR 10.24.01.08G(3)

PART III - CONSISTENCY WITH REVIEW CRITERIA AT COMAR 10.24.01.08G(3):

(INSTRUCTION: Each applicant must respond to all applicable criteria included in COMAR 10.24.01.08G(3). Each criterion is listed below.)

10.24.01.08G(3)(a). The State Health Plan.

List each standard from the Long Term Care chapter of the State Health Plan (COMAR 10.24.08) and provide a direct, concise response explaining the project's consistency with that standard. In cases where standards require specific documentation, please include the documentation as a part of the application. **(Copies of the State Health Plan are available from the Commission. Contact the Staff of the Commission to determine which standards are applicable to the Project being proposed.)**

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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.**

RESPONSE: The State Health Plan ("SHP") identifies a new need for an additional 97 comprehensive care beds to serve Harford County as of the date of publication in the Maryland Register October 3, 2014. This Bed Need projection remained in effect as of the date of the Applicant's submission of a Letter of Intent on December 5, 2014 as subsequently Modified. Accordingly, the 97 bed need projection is applicable to this review.

The application may be docketed and approved since it proposes an addition of beds which does not exceed the Need identified in the SHP. Further, the Assisted Living Facility ("ALF") component of the Lorien Bel Air project is not subject to CON review under the enabling legislation as recognized by the Commission's past practice. Details of the expansion of the ALF component have been included for informational purposes, per Lorien's past practice and its new form set Tables.

(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 Medical Assistance Program of the Department of Health and Mental Hygiene to:

(i) Achieve or maintain the level of participation required by .05A 2(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.

RESPONSE: Lorien Bel Air states its intention to continue to participate in the Medical Assistance Program and is committed to meeting all the requirements of this standard. Lorien Bel Air projects a 59% Medicaid Occupancy percentage for ALL its beds which exceeds the Harford County level of 47.22% and the regional level of 49.74%. (See Application, Table H.i. Line Item 4.b.2). Further, Lorien Bel Air agrees to execute a MOU, as required, covering ALL its beds prior to pre-licensing certification and is willing to accept a condition to this effect, as customarily imposed. The applicant understands that it is not required to submit the new MOU now.

(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;

(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.

RESPONSE: Lorien Bel Air operates in compliance with the requirements of this standard and remains fully committed to continuing its commitment to meeting the requirements of the community - based services standard, as follows. Lorien Bel Air was previously found consistent with this criterion in the Commission's 2014 decision approving its request to add 21 beds.

Lorien Bel Air will provide information to all prospective residents, including those under 65, 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. The facility will also initiate discharge planning on admission as is required and as part of its effort to ensure access to the most appropriate level of care. In addition, Lorien Bel Air will provide access to its facility, and encourage all *Olmstead* and any other efforts by DHMH to provide education and outreach for all residents and their families concerning home-based and other community-based alternatives. Accordingly, Lorien Bel Air will be operated consistent with the requirements of this standard.

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

(a) Training in the psychosocial problems facing nonelderly disabled residents; and

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

Response: Lorien Bel Air is fully committed to operating in compliance with this standard, and 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. Lorien Bel Air was previously found consistent with this criterion in the Commission's 2014 decision approving its request to add 21 beds.

Lorien Bel Air provides in-service training to its staff on the psychosocial problems facing non-elderly disabled residents. A copy of the in-service training policy, a description of the program for younger residents, and in-service training material on age specific competence has previously been provided to the Commission in connection with Lorien's Application for CON approval to add 21 beds, approved February 20, 2014 (D.N. 13-12-2345). Lorien Bel Air commits to continuing to adhere to these policies.

As part of the development of individualized treatment plans for its non-elderly residents, Lorien Bel Air will initiate discharge planning immediately following admission with the goal of limiting each non-elderly resident's stay to 90 days or less, whenever feasible, and voluntary transfer to a more appropriate setting. Lorien Bel Air will facilitate contacts with vocational rehabilitation when appropriate, make every effort to room non-elderly residents near each other, and make every effort to meet their special needs.

Accordingly, the proposed project remains consistent with the requirements of this standard.

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

(a) In a new construction project:

(i) Develop rooms with no more than two beds for each patient room;

(ii) Provide individual temperature controls for each patient room; and

(iii) Assure that no more than two residents share a toilet.

(b) In a renovation project:

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

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

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

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

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RESPONSE: Lorien Bel Air is consistent with the requirements of this standard and was previously found to be in the Commission's February 20, 2014 Decision approving its request for 21 additional beds (*see* D.N. 13-12-2345). As shown on the Schematic Floor Plans attached at APX 1, all patient rooms in the facility are configured as either single or double occupancy and no more than two residents share a toilet. In addition, each patient room also contains a shower rather than the 'gang' showers in use in many other facilities. Finally, there will be through – wall units with individual temperature controls in each resident room. Accordingly, the project is consistent with the requirements of this 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.**

RESPONSE: The proposed project is an expansion of an existing facility which is located in a suburban area which has already seen development over the years. As such, the building is currently served by all necessary public utilities, including public water, sewer, electricity and telephone utilities. Lorien Bel Air was previously found consistent with this criterion in the Commission's 2014 decision approving its request to add 21 beds.

Accordingly, the proposed project remains consistent with 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.

RESPONSE: As previously discussed, this is an Application by an existing 69 – bed Comprehensive Care Facility proposing to add a newly designed addition to house 21 previously approved comprehensive care beds combined with 27 comprehensive care beds newly identified by the SHP as being needed to serve the growing elderly population in Harford County. These beds will be housed in a newly constructed 18,320 +/- gsf 48 – bed Wing served by its own new Nurses' Station.[3] It will be attached to the existing 3rd Floor Nursing Facility. The 3rd Floor will be supported by 1st and 2nd Floors beneath it which are also being expanded by 18,320 gsf each. 10 new ALUs will be added on the 1st Floor in 13,157 sf of new space with the re-located Rehabilitation Therapy room assigned to the Nursing Facility occupying the remaining 5,163 sf of space on the floor. 19 new non CON – regulated ALUs will be added in the 18,320 sf of new space on the 2nd Floor. In addition, 5 new ALUs will be created in 2,078 sf of renovated existing space on the 2nd Floor. This space is currently occupied by the Rehabilitation Therapy Room which is being relocated to the 1st Floor. Please refer to the 3rd Floor Nursing Facility Floor Plan attached at Apx. 1, and the ALF Floor Plans attached there for informational purposes.

[3] The 27 new beds being applied for will be combined with the 21 beds previously approved but not yet constructed for a total expansion of 48 beds. The beds will be housed in a new 48-bed Nursing Unit C containing 14 Double Occupancy and 20 Single Occupancy Rooms. (28 + 20 = 48 beds). See Drawings at APX 1.

As noted, Lorien Bel Air is based on an 'aging in place' model which combines a 69 – bed Nursing Facility with an attached, separately licensed 56 Unit Assisted Living Facility. As a result, a continuum of institutional and non-institutional care has been created under the same roof, providing an easy flow of transitioning as the needs of residents change. This concept continues as both the Nursing and Assisted Living components expand.

At the same time, Lorien Bel Air has been designed to enhance resident care through improved monitoring / observation in Nursing Units, clustering of acuity levels, and improvements in resident dignity and quality of life in a more upscale, less institutional environment.

As shown in the photographs contained in the Introduction, the entry experience to this building is unique and inviting. The front entrance door opens to an expansive and inviting Lobby. A Library and Lounge with generous seating are located nearby. An inviting, landscaped Courtyard with generous outdoor seating is located nearby and is easily accessible from the Lounge through French Doors. The 'back of the house' staff functions are separated from the resident public areas. Service and staff entrances are separated from the public view.

The existing Nursing Facility design remains the same. However, as shown in the 3rd Floor Nursing Facility Floor Plan attached as APX. 1, some of the existing beds have been re-configured and Nursing Unit sizes have changed. Nursing Station B has been moved closer to the elevators. Thus, upon completion of the new Wing, the 117 nursing beds will be deployed in 3 Units: Unit A – 39 Beds; Unit B - 30 Beds; and new Unit C – 48 Beds.

The 39 beds in Unit A are deployed in 5 Private, Single Occupancy Rooms and 17 Semi – Private, Double Occupancy Rooms. It is anticipated that this re-sized Unit will serve the facility's Long Term Patients who are expected to be less ambulatory and who may benefit from a shared room.

Unit B's 30 beds are housed in 2 Private, Single Occupancy Rooms, and 14 Semi – Private, Double Occupancy Room. Unit B is intended to continue to serve as a "Flex" unit that will provide the facility with the flexibility to serve both Long Term patients and Short Term Rehabilitation Patients with a variety of differing needs.

The 48 beds in the proposed addition's new Unit C (21 previously approved beds + 27 beds currently being applied for) will be housed in 20 Private, Single Occupancy Rooms and 14 Semi – Private, Double Occupancy Rooms (20 + 28 = 48 Beds). It is anticipated that this Unit will primarily serve Short Term Rehabilitation Patients.

This design preserves the existing facility's proximity of resident rooms to the Nurses Stations. At the same time, the design allows the ability to group residents of different acuity levels and care needs in appropriate areas of the Units. The proposed configurations also increase Staff flexibility in grouping residents according to their needs as the patient mix changes during ongoing operations.

The design configuration also enhances Lorien Bel Air's ability to care for a mix of shorter stay and longer stay residents, including those admitted for rehabilitation services, as well as residents with ADRD. This population is anticipated to include low acuity, long term patients requiring chronic medical management; physical and occupational rehabilitation patients; dementia patients who would benefit from the social aspects of a shared room; and Alzheimer patients.

The design also accommodates clustering of higher acuity residents, such as 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.

Neither the proposed 48 – Bed expansion Wing nor the facility as a whole contains a discrete Alzheimer's Care Unit. However, Lorien Bel Air expects to treat residents with Alzheimer's Disease and Related Disorders throughout the facility. As related to building design, such residents will benefit from clustering of rooms near Nurse Stations which will increase Staff observation, interaction, security, and Staff intervention / re-direction. The design will create a therapeutic environment to assist in maximizing attempts to stimulate and enhance cognitive status. In addition, double occupancy rooms are available so that these residents may benefit from the social aspects of a shared room. In addition, these residents will be able to ambulate or

be mobilized to the Activities / Dining rooms for socialization and recreational activities, and utilize the Courtyard.

As noted above, and shown in the Floor Plan at Apx. 1, the room configurations allow for clustering of a number of rooms near Nurse Stations and Activities areas. This will avoid confusion and create a more residential feel throughout the facility. Colors, patterns, textures and lighting will be designed to create a soothing and non-institutional atmosphere. In addition, 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. Resident room doors and adjacent areas will feature personalized features such as 'shadow boxes' to assist in orientation and cueing. The design and decor will also meet resident needs for a less institutional setting, as described above. In addition, all resident rooms include individual bathrooms, wiring for cable TV and internet access.

Lorien's objective of being sensitive to create a less institutional setting is supported by the literature on nursing facility design. (See e.g. *Nursing Home Design*, Cliff Arnold, *ezinearticles.com*, http://ezinearticles.com/?Nursing – Home -Design&id=970551; and *Nursing Home*, Robert F. Carr, NIKA Technologies, Inc. for VA Office of Facilities Management, http://www.wbdg.org/design/nursing_home.php)

Accordingly, the project continues to be consistent 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.**

RESPONSE: None of the Applicant's 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.

(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.**

RESPONSE: As an existing licensed Nursing Facility, Lorien Bel Air has already established relationships with other types of providers and is always willing to enter into such collaborative relationships. Lorien previously submitted Transfer and Referral Agreements in support of its 2014 21-bed expansion Application and was found consistent with this standard (see Application for CON, D.N. 13-12-2345 at APX. 4 - existing Transfer / Referral Agreements, Lorien Bel Air maintains including Behavioral Health, Hospice Home Care, Home Health, Nursing & Rehabilitation providers, and Hospital, including outpatient psychiatric services). These Agreements remain in effect. The new project remains committed to meeting the requirements of this standard.

In addition, the Commission has designated Lorien Bel Air as a Grant recipient in connection with its collaborative undertaking with Upper Chesapeake Medical Center and LifeBot Technologies to demonstrate how the use of Telemedicine can reduce unnecessary hospital admissions and re-admissions from Nursing Facilities. This evidences Lorien's willingness to enter into collaborative relationships in general.

Accordingly, the proposed project is consistent 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(I)-(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.

RESPONSE: The need for the previously approved 21 – bed component of the expansions was found to have been demonstrated in the Commission's February 20, 2014 Decision approving Lorien Bel Air's Application to add 21 beds. The updated Bed Need projections in the current State Health Plan, published October 3, 2014 show need for an additional 97 Comprehensive Care beds in Harford County by 2016. This application proposes further addition of 27 Comprehensive Care beds to be consolidated with the previously approved beds to create a new 48 bed Nursing Unit.

As the Commission has recognized, in recent years, the growth rate of population in the 65+ age cohort in Harford County has remained high. As Table 1 shows below, the five year growth rate for population 65+ is projected to be 22% in the period 2010 - 2015 and 19.5%

between 2015 - 2020. Between 2010 and 2020, the Maryland Department of Planning projects that the 65+ population will increase 45.8%. (44,560/30,560 = 1.4581)

TABLE 1
Population
Harford County
2000-2015

	2000	2010	% Change '00-'10	2015	% Change '10-'15	2020	% Change '15-'20
0-4	15,776	14,980	-5.0%	15,620	4.3%	16,900	8.2%
5-19	50,045	51,690	3.3%	49,980	-3.3%	49,680	-0.6%
20-44	78,899	76,160	-3.5%	77,880	2.3%	83,510	7.2%
45-64	51,710	71,420	38.1%	73,890	3.5%	72,700	-1.6%
65+	22,160	30,560	37.9%	37,280	22.0%	44,560	19.5%
Total	218,590	244,830	12.0%	254,650	4.0%	267,350	5.0%

Source: Maryland Department of Planning; http://planning.maryland.gov/MSDC/County/harf.pdf; accessed 8/23/13

Figure 1 shows the location of the existing nursing homes in Harford County. As can be seen, Lorien Bel Air is located in the central part of the county in Bel Air. It is only a six minute drive from Upper Chesapeake Medical Center ("UCMC").

Figure 1
Harford County

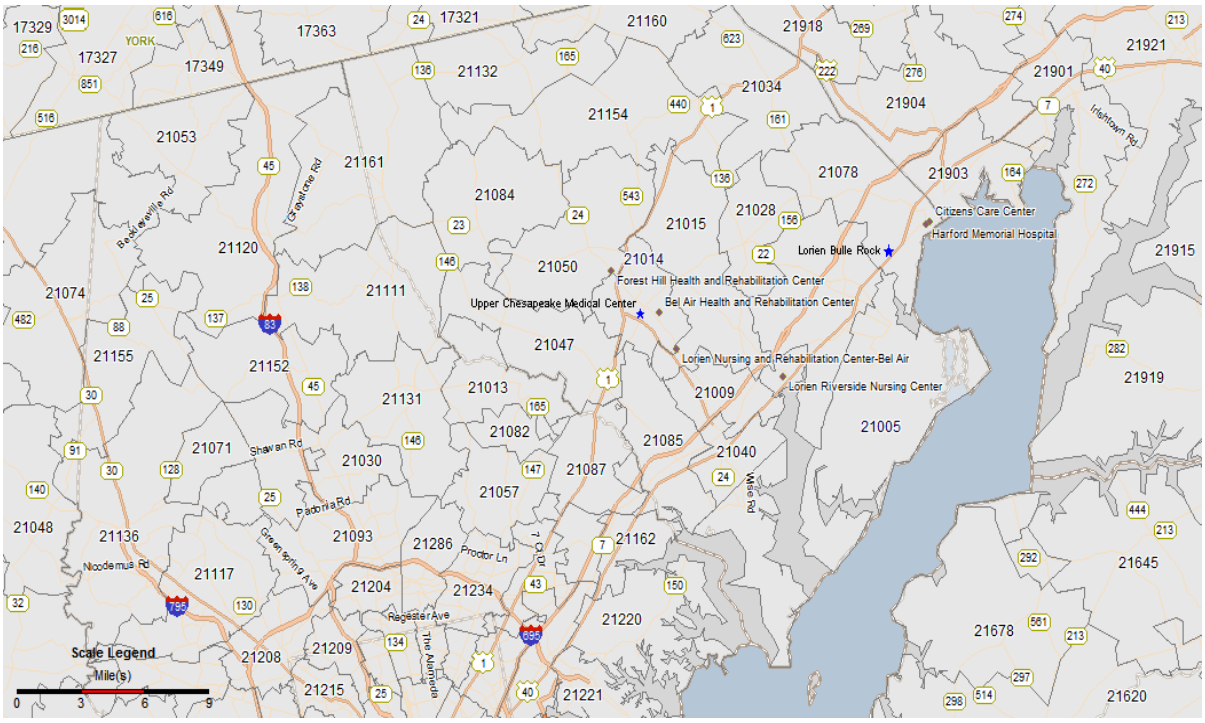
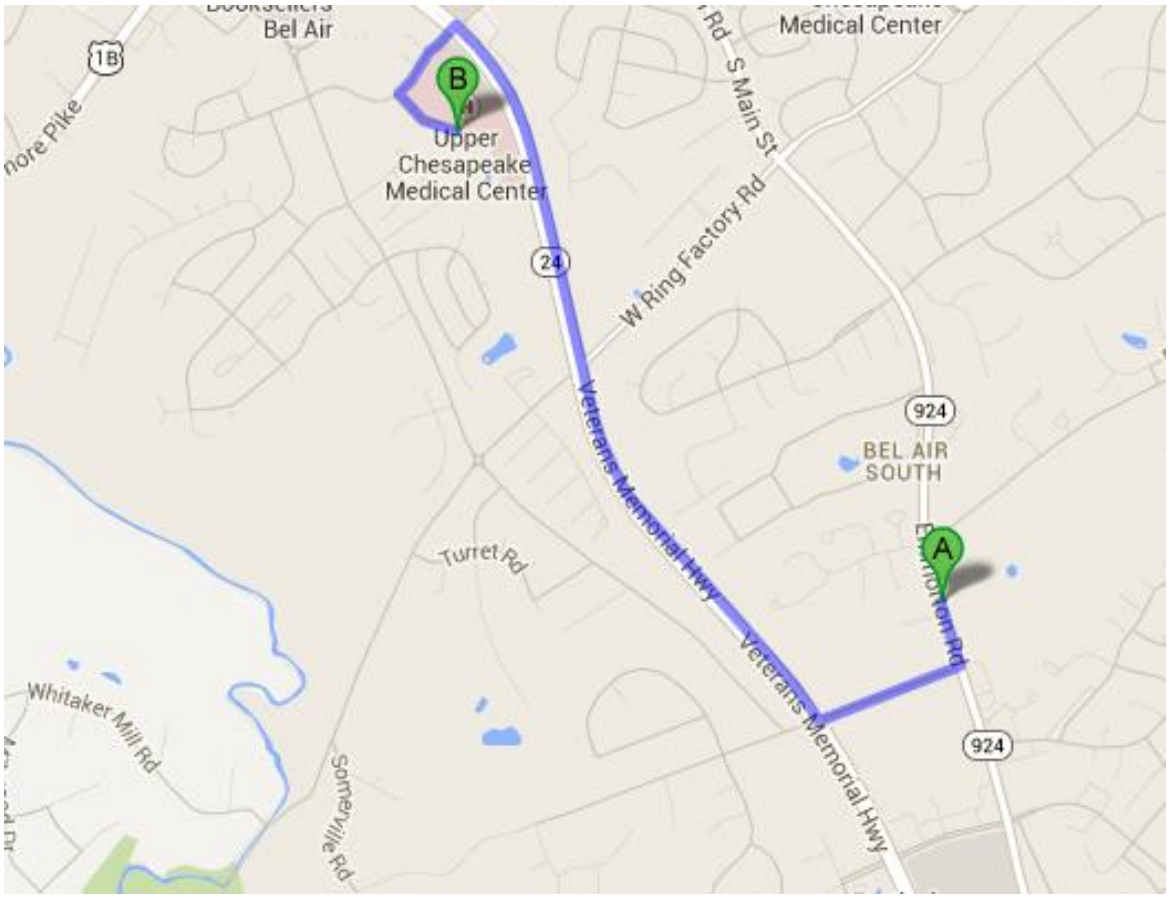


Figure 2
Proximity between Lorien Bel Air and Upper Chesapeake Medical Center



Source: Google Maps

The stabilized existing Nursing Facilities in Harford County have been highly utilized and have exceeded 90 percent for at least five years. [4] Table 2 shows the occupancy percentages in each of the nursing homes in Harford County in recent five years, based on the MHCC's Public Use Databases and Medicaid Cost Reports. These data show that the existing facilities

[4] A sixth Nursing Facility, Lorien Bulle Rock in Havre de Grace is not included in Table 2 because this 78 – Bed facility opened in the Spring, 2013 and is just now achieving stabilization of its fill-up. However, it reports occupancy of 83% for FYE 12/31/2014. Further, Lorien Bulle Rock requires only an increase of 3 net admissions to its average census to achieve 90% occupancy and expects to achieve and maintain high occupancy now that it has completed fill up and beginning the stabilized phase (see Apx. 2).

have operated in excess of 90% occupancy since 2008 and in excess of 90% occupancy in FY 2012 & FY 2013.

TABLE 2
Occupancy Rates
Nursing Homes in Harford County
2008-2012

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Bel Air Hlth & Rehab Ctr.	95.34%	94.08%	93.67%	93.62%	94.30%	94.3%
Citizens Care Center	92.33%	93.31%	93.73%	91.78%	93.35%	93.3%
Forest Hill Hlth & Rehab Ctr.	90.84%	93.71%	93.19%	94.43%	93.25%	92.4%
Lorien Riverside Nursing Ctr.	94.10%	92.66%	90.88%	93.53%	93.85%	91.3%
Lorien Bel Air	93.38%	94.87%	93.19%	93.24%	93.91%	93.8%

Lorien believes that these indicators support the Commission's finding of a projected need for an additional 97 beds by 2016. Since Lorien Bel Air seeks to add only 27 of these beds, its expansion project is consistent with 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.

RESPONSE: As the record shows Lorien Bel Air has been operating in excess of 90 percent for each of the last six years. Further, all of the facility's 69 licensable beds have in fact been licensed and available for use as is intended by this standard. The Facility's prior 22 bed expansion, approved while its original 40 beds were still under construction, but were not yet licensable, were immediately brought on line simultaneously with the 40 original beds. The 7 Waiver ("Creep") beds previously approved in 2005 were timely brought on line, bringing the total 69 bed complement to continuous use. Likewise, the 27 additional beds being requested now will be simultaneously constructed with the previously approved 21 beds and will open simultaneously. In short, Lorien Bel Air has no beds 'on the shelf' or which have been temporarily de-licensed, or have been artificially withdrawn in order to increase occupancy. Lorien Bel Air is genuinely in demand and its expansion is more than justified. Accordingly, the proposed expansion project remains consistent with 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.

RESPONSE: As shown previously in Tables 2, the Harford County average jurisdictional occupancy has consistently exceeded 90% occupancy since 2008. The existing, stabilized facilities are all highly utilized in a county with a growing population of seniors, thus accounting for the Commission's projection of the need for 97 additional comprehensive care beds.

One facility, Lorien Bulle Rock, a new 78-bed facility which opened in the Spring, 2013 is completing its fill up and stabilization phases. As of FYE 12/31/2014, it states it shows an 83% occupancy level and projects that level will be verified on its Cost Report to be filed 3/31/2015 (see Apx. 2 Letter from Norman Snowberger, CFO, Lorien Health Systems). At that utilization level, the jurisdictional occupancy level exceeds 90%. Further, the facility advises that the expected net increase of only 3 admissions to its average census will result in occupancy levels of 90%. Given that Lorien Bulle Rock is just now about to complete its stabilization phase, given the projected need for 97 new beds, and given the benefits of a new and innovative model of care at Lorien Bel Air, the Jurisdictional Occupancy standard should be found to have been met as it was in the Commission's February 20, 2014 approval of Lorien's Application for 21 beds (D.N. 13-12-2345).

Accordingly, the proposed expansion project continues to be consistent with this standard.

(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 proportion 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 applicant 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.

RESPONSE: Lorien Bel Air was previously found to be consistent with the standard in the Commission's February 20, 2014 Decision approving its 21 bed expansion project. Lorien Bel Air re-states its intention to participate in the Medical Assistance Program and is committed to meeting all the requirements of this standard. Lorien Bel Air projects a Medicaid Occupancy percentage for ALL of its nursing beds in its expanded facility which exceeds the minimum required level. (See Application, Table H i line 44 showing a 59.1% Medicaid Utilization rate for the first year at full utilization). Further, Lorien Bel Air agrees to execute a new MOU covering ALL its 117 nursing beds, as required, prior to pre-licensing certification and is willing to accept a condition of Approval to this effect, as customarily imposed. The applicant understands that it is not required to submit the countersigned MOU now.

(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.**

RESPONSE: Lorien Bel Air does not have any outstanding Level G or higher deficiencies, as stated in a letter from Mr. Wayne Brannock, Lorien Health Systems' Chief Operating Officer (*See* Apx. 3). The facility maintains a demonstrated and detailed Quality Assurance program, as described in the Table of Contents attached to Mr. Brannock's letter. As noted in this letter, Lorien Bel Air has never been cited for a Level 3 Deficiency in surveys. Further, Lorien Bel Air enjoys a 5 Star overall rating from CMS. Mr. Brannock has also signed an Affirmation which is included at Part IV of this Application.

Accordingly, the proposed project is consistent with 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.**

RESPONSE: This standard is not applicable since this is not a relocation project.

COMAR 10.24.01.08G(3)(b). <u>Need</u>.

> ***For purposes of evaluating an application under this subsection, 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.***
>
> **Please discuss the need of the population served or to be served by the Project.**
>
> **Responses should include a quantitative analysis that, at a minimum, describes the Project's expected service area, population size, characteristics, and projected growth. For applications proposing to address the need of special population groups identified in this criterion, please specifically identify those populations that are underserved and describe how this Project will address their needs.**

<u>RESPONSE</u>: The very recently published Bed Need projections in the current State Health show additional need for 97 Comprehensive Care beds. This application proposes the addition of 27 beds to Lorien Bel Air where they will be combined with 21 beds awarded to Lorien Bel Air in the Commission's February 20, 2014 decision approving the facility's Application for a CON.

As demonstrated earlier, the growth rate of population in the 65+ age cohort in Harford County remains high. As Table 1, reproduced on the following page shows, the five year growth rate for population 65+ is projected to be 22% in 2010-2015 and 19.5% between 2015-2020. Between 2010 and 2020, MDP projects that the 65+ population will increase 45.8%. (44,560/30,560 = 1.4581).

Table 1
Harford County
2000-2015

	2000	2010	% Change '00-'10	2015	% Change '10-'15	2020	% Change '15-'20
0-4	15,776	14,980	-5.0%	15,620	4.3%	16,900	8.2%
5-19	50,045	51,690	3.3%	49,980	-3.3%	49,680	-0.6%
20-44	78,899	76,160	-3.5%	77,880	2.3%	83,510	7.2%
45-64	51,710	71,420	38.1%	73,890	3.5%	72,700	-1.6%
65+	22,160	30,560	37.9%	37,280	22.0%	44,560	19.5%
Total	218,590	244,830	12.0%	254,650	4.0%	267,350	5.0%

Source: Maryland Dept. of Planning; http://planning.maryland.gov/MSDC/County/harf.pdf; accessed 8/23/13

Figure 1 identifies the location of the existing Nursing Facilities in Harford County. As Figure 1 shows, the facility is located in the central part of the county in Bel Air. Lorien believes it will draw residents from all parts of the County. It is only a six minute drive from Upper Chesapeake Medical Center ("UCMC").

Figure 1
Harford County
Location of Existing Facilities

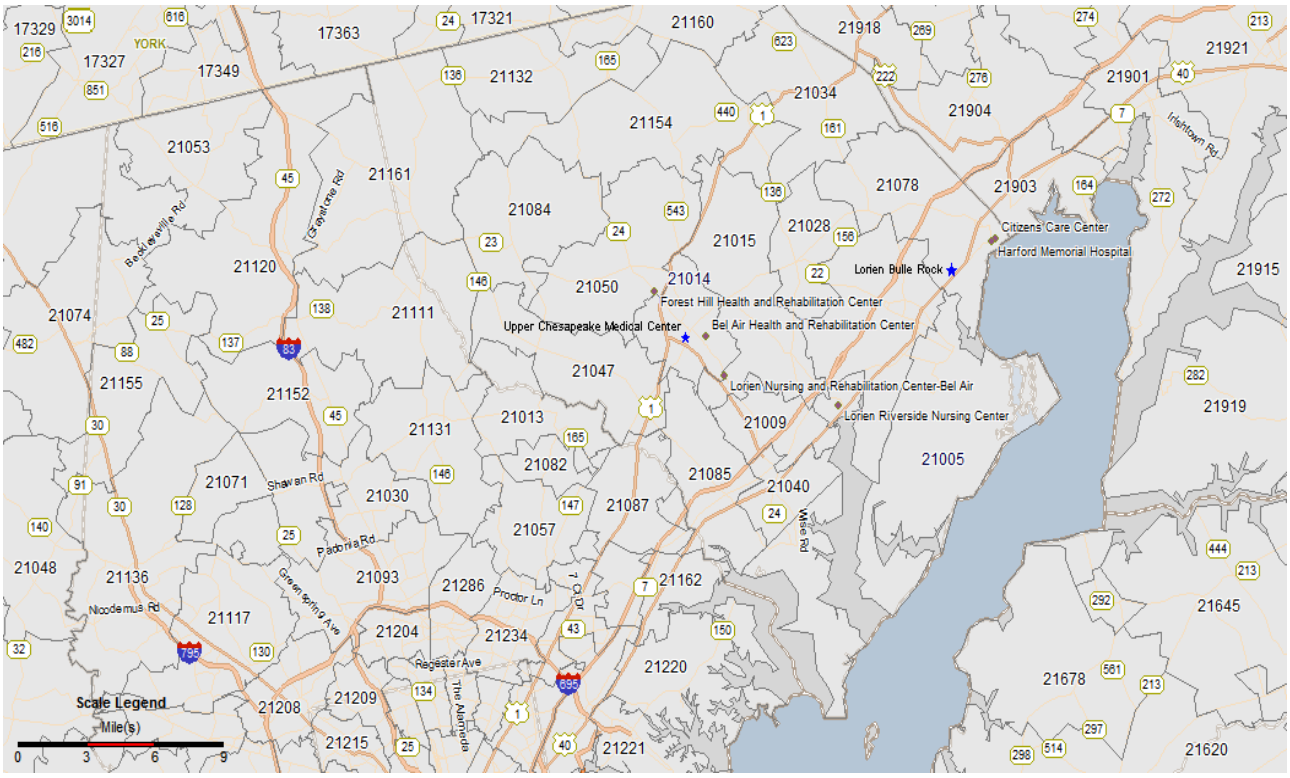
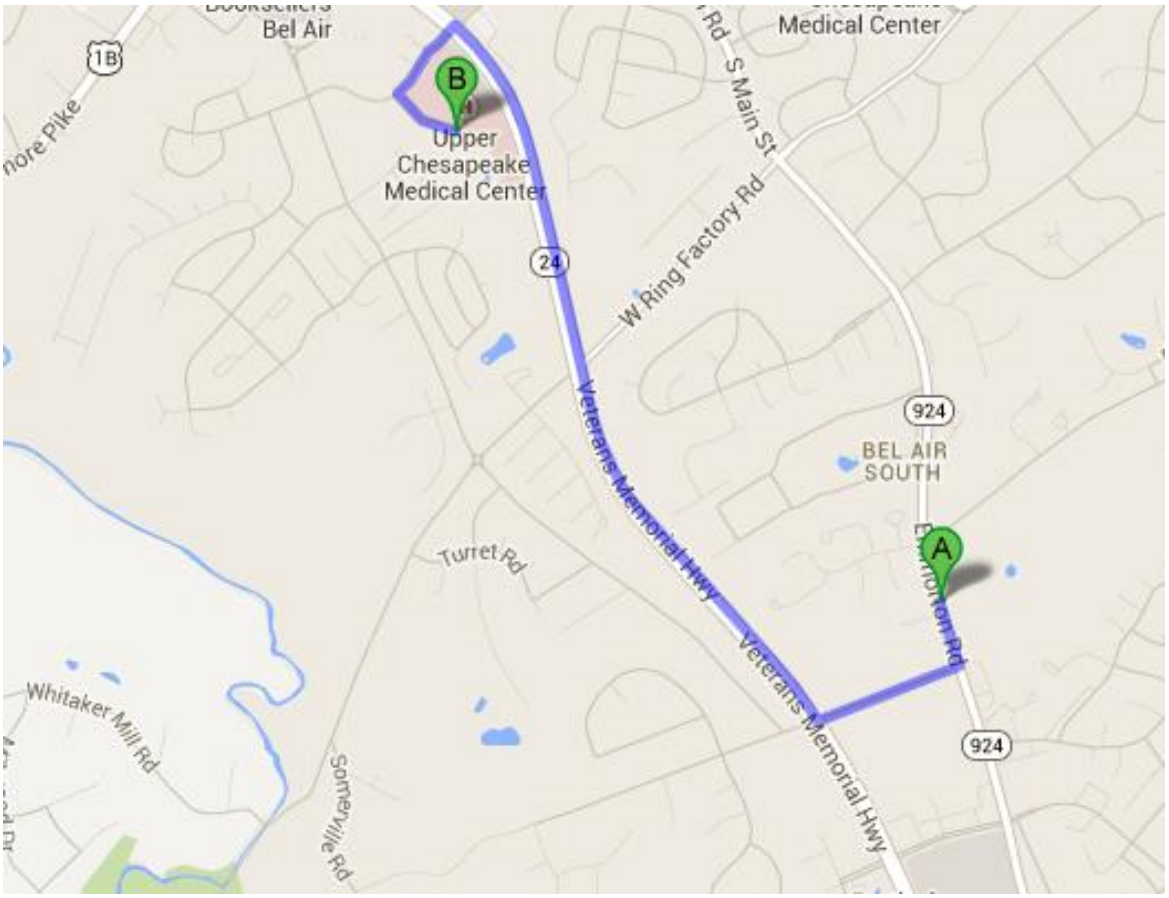


Figure 2 shows the proximity between Lorien Bel Air and UCMC. Location "A" in Figure 2 is Lorien Bel Air which is only a six minute drive from UCMC, which strongly supports Lorien Bel Air's Application (see Letter dated January 29, 2015 from Lyle E. Sheldon, FACHE, President and CEO of University of Maryland Upper Chesapeake Health, attached at Apx. 7).

Figure 2
Proximity between Lorien Bel Air and Upper Chesapeake Medical Center



The average occupancy of the facilities in Harford County has been above 90 percent for at least five years, as discussed above. Table 2, re-stated below, shows the occupancy percentages in each of the nursing facilities in Harford County over the last five years, based on the MHCC's Public Use Databases and 2012 Medicaid Cost Reports. These data show that all of the existing facilities operated in excess of 90% occupancy since 2008 and in excess of 93% occupancy in FY 2012.

TABLE 2

Occupancy Rates
Nursing Homes in Harford County
2008-2012

	2008*	2009*	2010*	2011*	FY 2012
Bel Air Hlth & Rehab Ctr.	95.34%	94.08%	93.67%	93.62%	94.30% **
Citizens Care Center	92.33%	93.31%	93.73%	91.78%	93.35% **
Forest Hill Hlth & Rehab Ctr.	90.84%	93.71%	93.19%	94.43%	93.25% **
Lorien Riverside Nursing Ctr.	94.10%	92.66%	90.88%	93.53%	93.85% ***
Lorien Bel Air	93.38%	94.87%	93.19%	93.24%	93.91% ***

Sources: * MHCC Publicly Available Data (formerly called Public Use Files), downloaded 08/23/2013.
** Cost Report FYE 06/30/2012 for Bel Air Hlth & Rehab Ctr., Citizens Care Center, and Forest Hill Hlth & Rehab Ctr.
*** Cost Report FYE 12/31/2012 for Lorien Riverside Nursing Ctr. and Lorien Bel Air.

The Average occupancy has been at 93% or higher for the past three years, as shown in Table 3, reproduced below.

TABLE 3

Average Jurisdictional Occupancy Harford Facilities

CYE 12/31/2010*	CYE 12/31/2011*	FYE 2012**
92.93%	93.32%	93.73%

Sources: * MHCC Publicly Available Data (formerly called Public Use Files), downloaded 08/23/2013.
** Cost Reports FYE 06/30/2012 for Bel Air Hlth & Rehab Ctr., Citizens Care Center, and Forest Hill Hlth & Rehab Ctr.
Cost Reports FYE 12/31/2012 for Lorien Riverside Nursing Ctr. and Lorien Bel Air.

Lorien believes that these indicators support the Commission's projection of a need for an additional 97 beds and that the growing population of County seniors will continue to support the existing facilities. Finally the Commission recognized the continued need for additional beds in its February 20, 2014 Decision approving Lorien Bel Air's prior 21 bed project. Accordingly, the proposed project is consistent with this criterion.

COMAR 10.24.01.08G(3)(c). <u>Availability of More Cost-Effective Alternatives</u>.

For purposes of evaluating an application under this subsection, the Commission shall compare the cost-effectiveness of providing the proposed service through the proposed project with the cost-effectiveness of providing the service at alternative existing facilities, or alternative facilities which have submitted a competitive application as part of a comparative review.

Please explain the characteristics of the Project which demonstrate why it is a less costly or a more effective alternative for meeting the needs identified.

For applications proposing to demonstrate superior patient care effectiveness, please describe the characteristics of the Project which will assure the quality of care to be provided. These may include, but are not limited to: meeting accreditation standards, personnel qualifications of caregivers, special relationships with public agencies for patient care services affected by the Project, the development of community-based services or other characteristics the Commission should take into account.

<u>RESPONSE</u>: The State Health Plan identifies a need for an additional 97 beds, and easily accommodates Lorien Bel Air's proposal to add 27 additional new beds. As further explained below, no other existing facility is proposing to add beds to address the growing needs of Harford County's 65+ elderly population which is expected to grow by 22.0% between 2010 - 2015, and by 19.5% for the period 2015 – 2020. The Maryland Department of Planning projects that the 65+ population will increase 45.8% between 2010 and 2020 (44,560 / 30,560 = 1.4581; *See also* Table 2, above).

As Staff is aware, Lorien's proposed new Comprehensive Care facility has submitted an Application for its proposed new 70 bed facility. Accordingly, Lorien Health Systems two projects will meet all of the Commission's projected need. Thus these Lorien projects are the only proposals currently available to meet the identified need.

It must also be noted that these 27 beds will join the comprehensive care component of Lorien's aging – in – place model which will also incorporates a separately licensed Assisted Living Facility. Accordingly, seniors will be able to access a range of services as they age and their needs change without leaving the area and while remaining in Harford County. Likewise, their quality of life will be enhanced. (*See also* Response to COMAR 10.24.01.08G(3)(f), below).

In addition, the Applicant's Project Construction Costs, Budgetary, and Operating Projections are reasonable.

Staffing patterns are appropriate as shown by the information contained in the Manpower and Staffing Pattern information contained in Part III. Lorien does not anticipate difficulty in recruiting Staff as a result of its new modern facility and location. Lorien will implement the Staff Recruitment Plan previously submitted with its 21 bed Application approved on February 20, 2014.

Lorien Bel Air's Project Costs are also reasonable as measured by the Marshall Valuation Service ("MVS") analysis on the following pages (See also Apx 4). The following summarizes the analysis.

New Construction
I. Marshall Valuation Service
Calculation

Type		Convalescent Hospital
Construction Quality/Class		D/Good
Stories		1
Perimeter		513
Height of Ceiling		10.00
Square Feet		23,483
f.1	Average floor Area	11,742
A. Base Costs		
	Basic Structure	$171.70
	Elimination of HVAC cost for adjustment	0
	HVAC Add-on for Mild Climate	0
	HVAC Add-on for Extreme Climate	0
Total Base Cost		$171.70
B. Additions		
	Elevator (If not in base)	$0.00
	Other	$0.00
Subtotal		$0.00
Total		$171.70
C. Multipliers		
Perimeter Multiplier		0.957996355
	Product	164.4879742
Height Multiplier (plus/minus from 12')		0.953
	Product	$156.76
Multi-story Multiplier (0.5%/story above 3)		1
	Product	$156.76
D. Sprinklers		
	Sprinkler Amount	3.64
Subtotal		$160.40
E. Update/Location Multipliers		
		1/15
Update Multiplier		1.04

Product	$166.82	
Location Multipier	1.01	1/15
Product	$168.48	
Final Square Foot Cost Benchmark	**$168.48**	

II. Cost of New Construction

A. Base Calculations	**Actual**	**Per Sq. Foot**
Building	$3,389,344	$144.33
Fixed Equipment	$165,792	$7.06
Site Preparation	$250,825	$10.68
Architectual Fees	$247,834	$10.55
Permits	$166,647	$7.10
Capitalized Construction Interest	Calculated Below	$0.00
Subtotal	$4,220,442	$179.72

However, this project includes a considerable amount of costs for facets of the project that would not be included in the MVS benchmark, such as demolition, canopies, etc. Each of these is listed below:

	Project Costs	**Associated A&E Fees**	**Total**
Site Demolition Costs	$17,092	$1,113	$18,205
Storm Drains	$25,638	$1,669	$27,307
Rough Grading	$42,730	$2,782	$45,512
Hillside Foundation		$0	$0
Paving	$42,730	$2,782	$45,512
Exterior Signs	$12,819	$835	$13,654
Landscaping	$34,184	$2,226	$36,410
Walls		$0	$0
Yard Lighting	$11,537	$751	$12,288
Jurisdictional Hook-up Fees	$42,730	$2,782	$45,512
Utilities	$8,546	$556	$9,102
Total Cost Adjustments	**$238,006**	**$15,498.31**	**$253,504**
Per Square Foot			**$10.80**

Explanation of Extraordinary Costs

To better explain the extraordinary costs Lorien offers the following expanded explanation of the extraordinary costs:

- Demolition – The MVS specifically sates that these costs are not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.

- Storm Drains – The MVS specifically sates that these costs are not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.

- Rough Grading – The MVS specifically sates that these costs are not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.

- Paving - The MVS specifically sates that these costs are not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.

- Signs - The MVS specifically sates that these costs are not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.

- Landscaping – The MVS specifically sates that these costs are not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.

- Yard Lighting – The MVS specifically sates that these costs are not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.

- Off-Site Utilities – This project requires the relocation of off-site utilities. The MVS specifically sates that these costs are not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.

- Jurisdictional Hook-Up Fees - The MVS specifically sates that these costs are not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.

These costs should fairly be eliminated from the costs that are compared to the MVS Estimate in order to obtain and "apples to apples" comparison. Eliminating all of the extraordinary costs reduces the project costs that should be compared to the MVS benchmark from and results in the following adjusted project costs:

C. Adjusted Project Cost		Per Square Foot
Building	$3,389,344	$144.33
Fixed Equipment	$165,792	$7.06
Site Preparation	$12,819	$0.55
Architectual Fees	$232,336	$9.89
Permits	$166,647	$7.10
Subtotal	$3,966,938	$168.93
Capitalized Construction Interest and Financing Costs	$133,707	$5.69
Total	$4,100,645	$174.62

MVS Benchmark	$168.48
The Project	$174.62
Difference	$6.14
	3.64%

One can see that Lorien Bel Air estimates that the costs in the apples to apples comparison to the MVS estimate are $6.14 (3.64%) above the MVS benchmark.

However, Lorien Bel Air's costs are still reasonable. While the cost per square foot is above the MVS benchmark, no public payers will be affected. The Medicare Part A rate will be set without reference to the construction costs. Under the Maryland Medical Assistance Program, costs in excess of the MVS level will not be reimbursed under the capital cost center. The rates for the minority of residents who are private pay will be governed by market forces, not construction costs.

Renovation

Type		Convalescent Hospital
Construction Quality/Class		D/Good
Stories		1
Perimeter		60
Height of Ceiling		11.00
Square Feet		400
f.1	Average floor Area	400

A. Base Costs		
Basic Structure	$171.70	
Elimination of HVAC cost for adjustment	0	
HVAC Add-on for Mild Climate	0	
HVAC Add-on for Extreme Climate	0	
Total Base Cost	$171.70	
B. Additions		
Elevator (If not in base)	$0.00	
Other	$0.00	
Subtotal	$0.00	
Total	$171.70	
C. Multipliers		
Perimeter Multiplier	1.23892	
Product	212.722564	
Height Multiplier (plus/minus from 12')	0.977	
Product	$207.83	
Multi-story Multiplier (0.5%/story above 3)	1	
Product	$207.83	
D. Sprinklers		
Sprinkler Amount	-	
Subtotal	$207.83	
E. Update/Location Multipliers		
Update Multiplier	1.04	1/15
Product	$216.14	
Location Multipier	1.01	1/15
Product	$218.30	
Final Square Foot Cost Benchmark	**$218.30**	

II. The Project

A. Base Calculations

	Project Costs	Per Square Foot
Building	$42,000	$105.00
Fixed Equipment	$0	$0.00
Site Preparation	$0	$0.00
Architectual Fees	$0	$0.00
Permits	$0	$0.00
Subtotal	$42,000	$105.00
Capitalized Construction Interest	$1,657	$4.14
Total	$43,657	$109.14

There are no Extraordinary Costs for the renovation.

MVS Benchmark	$218.30
The Project	$109.14
Difference	-$109.16

COMAR 10.24.01.08G(3)(d). <u>Viability of the Proposal</u>.

For purposes of evaluating an application under this subsection, the Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frame set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

Please include in your response:

a. Audited Financial Statements for the past two years. In the absence of audited financial statements, provide documentation of the adequacy of financial resources to fund this project signed by a Certified Public Accountant who is not directly employed by the applicant. The availability of each source of funds listed in Part II, B. <u>Sources of Funds for Project</u>, must be documented.

b. Existing facilities shall provide an analysis of the probable impact of the Project on the costs and charges for services at your facility.

c. A discussion of the probable impact of the Project on the cost and charges for similar services at other facilities in the area.

d. All applicants shall provide a detailed list of proposed patient charges for affected services.

<u>RESPONSE</u>: The proposed project is Financially Viable and is otherwise consistent with the requirements of this Criterion as follows.

Generally: The Commission's February 20, 2014 decision approving Lorien Bel Air's prior Application to add 21 Nursing beds recognized this highly utilized facility's financial viability. The Operating Projections (Tables and Supporting Information) included in Part III of this Application, including data from the last two years of operations of the existing facility, demonstrate that Lorien Bel Air is very sound financially and, further, that this project is Financially Viable. Further, the supporting documents establish that the facility has the financial and non-financial resources, including very strong community support necessary to implement the project within the required time frames. The facility's historical financial data and the CPA's attestation demonstrate the owners' have the resources necessary to sustain the project.

Documentation of the Adequacy of Financial Resources: Lorien Bel Air is a well - established privately held corporation independently owned and operated by members of the Mangione Family, and managed by Lorien Health Systems which is also a privately held Mangione entity. Neither Lorien Bel Air nor Lorien Health Systems have Audited Financial Statements. Mangione-owned and operated Nursing Facilities have never submitted Audited Financial Statements for any CON Application, and indeed have never been asked or required to. Instead, as the above regulation provides at Subsection a., the Commission and its predecessor agencies have a lengthy history of accepting COMAR 10.24.01.08G(3)(d)'s specifically authorized alternative documentation of the adequacy of financial resources to fund particular projects. Specifically, and in accordance with the terms of this Criterion, the Commission has accepted signed attestations from Michael J. Snarski, an independent CPA that the owners have the financial resources to fund the project. Accordingly, a letter from Mr. Snarski is attached as Apx. 5. It affirms the owners have the ability to fund the equity and and loan requirements set forth in the project budget. As is customary, Mr. Snarski has also signed an Affirmation which is included at Part IV of this Application.

In addition, in accordance with past Commission practice, the Applicant's President has submitted a letter from Wells Fargo Bank evidencing its interest in providing project financing (*See* Apx. 6).

Documentation of the Adequacy of Non-Financial Resources: Regarding non-financial resources, Letters of Community Support are included at Apx. 7. As of the date of this filing, letters of support have been received from the following:

Lyle E. Sheldon, FACHE, President /CEO, Upper Chesapeake Medical Center
Benjamin Y. Lee, M.D.
Suresh Dhanjani, M.D.
Pat Pawloski, Executive Director, Pets on Wheels, Inc.
Don Orlando, President, Right at Home, In Home Care and Assistance

Hon. James V. McMahan, Jr., Councilman, District C, Harford County Council

Randall A. Citrano, Citrano Medical Laboratories

Wayne Tapscott, Paidon Products

Carol Brockmeyer, Forest Hill, MD

Angela Soul, Bel Air, MD

Leslie Faber, Bel Air MD

George Werneke, Jr. Bel Air MD

L.M. Grossman, Bel Air, MD

Jack Grimmel, Jarrettsville, MD

Cheryl Bayne, RN

Michael Citrano, Forest Hill, MD

As additional letters of support are received, they will be submitted to the Commission.

Further evidence of Community Support for Lorien Bel Air is reflected in unsolicited Testimonial Letters sent to the facility. A few are also included at Apx. 6:

Letter from Vera Y. Fisher

Letter from Gary Bugbowski

Letter from Lawrence E and Dorothy B. Watters

Letter from Robert and Barbara Jones

Letter from the Family of Natividad Delgado

Finally, Staffing patterns are appropriate as shown by the information contained in the Manpower and Staffing information. Please note that Direct hours of Patient Care exceed State requirements (see Table J). As noted, only incremental Staffing increases will result from the proposed project. Lorien Bel Air does not anticipate difficulty in recruiting Staff as a result of its attractive modern facility and accessible location, and Lorien's general Staff Recruitment Plan previously supplied at Apx. 10 of Lorien Bel Air's 21 bed CON Application approved February 20, 2014.

Probable Impact of the Project on the costs and charges for services at Lorien Bel Air: The proposed project is not expected to result in changes to the costs and charges for services at the facility as set forth at Apx. 7. Medicare and Medicaid rate calculations are explained in the 'Statement of Assumptions and Revenue Calculation' contained in PART III – TABLES, MANPOWER, STAFFING AND STATEMENT OF ASSUMPTIONS AND REVENUE CALCULATION.

Probable Impact of the Project on the cost and charges for similar services at other facilities in the area: Since the other facilities in Lorien Bel Air's local area are also highly utilized, it is not anticipated that approval of Lorien's request for an additional 27 beds will have a negative impact on their costs and charges. In this regard, Harford County has historically shown high utilization as demonstrated by the fact that it is one of a small number of counties that have consistently shown a need for additional comprehensive care beds in successive SHP Bed Need Projections. It should also be noted that proposed increase of 27 beds is directly responsive to identified bed need, and represents only a minor increase in inventory. Further, the Commission's February 20, 2014 Decision approving the requested addition of 21 beds found that there would be positive impact. Certainly, approval of only 27 more beds would not have an adverse impact particularly in view of the high utilization of County facilities and the State Health Plan's current projected need.

For all of these reasons, Lorien Bel Air's proposed project is consistent with this Criterion.

COMAR 10.24.01.08G(3)(e) **<u>Compliance with Conditions of Previous Certificates of Need.</u>**

To meet this subsection, an applicant shall demonstrate compliance with all conditions applied to previous Certificates of Need granted to the applicant.

List all prior Certificates of Need that have been issued to the project applicant by the Commission since 1990, and their status.

<u>RESPONSE</u>: The Applicant, Lorien Harford, Inc. doing business as Lorien Bel Air was found to have effectively complied with prior conditions of its prior CON approvals (see Commission Decision dated February 20, 2017 at p. 23) and is in compliance with this criterion.

10.24.01.08G(3)(f). <u>Impact on Existing Providers.</u>

For evaluation under this subsection, an applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the service area, including the impact on geographic and demographic access to services, on occupancy when there is a risk that this will increase costs to the health care delivery system, and on costs and charges of other providers.

Indicate the positive impact on the health care system of the Project, and why the Project does not duplicate existing health care resources. Describe any special attributes of the project that will demonstrate why the project will have a positive impact on the existing health care system.

<u>RESPONSE</u>: The Commission has previously reviewed Lorien's aging – in – place model in its consideration of a number of previous projects and found that it would not have a negative impact on existing providers or the system. Indeed, the Commission recognized early on that Lorien's model was to be commended and encouraged as an innovative approach in which comprehensive care beds and assisted living units are integrated in a model that contributes to a higher quality of life (*See* Decision dated January 17, 2002, Lorien LifeCenter Ellicott City; D.N. 01 – 13 - 2081). Implicit in the approval of prior Lorien aging – in – place projects is the finding that it is of benefit to the health care system and does not negatively impact existing infrastructure.

In addition, there is no other provider offering Lorien Bel Air's combined model and the facility is not duplicative of existing resources. Indeed, Lorien Bel Air is a unique example of how obsolete infrastructure (i.e. the defunct Brevin Nursing Home) can be re-developed in a creative way that responds to the needs of the elderly population.

As noted in the discussion under the Jurisdictional Occupancy Standard and the Need Criterion above and incorporated herein, existing Providers have consistently high occupancies. Such utilization has not been negatively impacted by the steady increase in the bed inventory over the years. Further, the 27 beds being applied for here have been identified as being needed by the State Health Plan. They constitute a small increase in the inventory and could not,

therefore, have a material negative impact on occupancy, costs or charges at other established providers which have consistently demonstrated high occupancies. At the same time, approval of the proposed project will improve access to an attractive, innovative aging - in - place facility which is centrally located in Harford County. As such, the proposed project represents an ongoing and important investment in Harford County's health care infrastructure particularly as Lorien Bel Air assumes an increasingly prominent role as a health care innovator through such efforts as its current Pilot Project with Upper Chesapeake Medical Center regarding the use of Telemedicine to reduce unnecessary hospital admissions and re-admissions.

Finally, the Commission previously found that Lorien Bel Air's addition of 21 beds will have a positive impact on the population of Harford County (see Commission Decision dated February 20, 2014, D.N. 13-12-2345)

For all of these reasons, the proposed Lorien Bel Air project will have a positive impact upon the health care system. Therefore the proposed project is consistent with this review criterion.

SUPPLEMENTAL INFORMATION - LORIEN BEL AIR[5]

RE PART I – PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. *Does Lorien Harford, Inc. operate any other nursing homes or related business in addition to Lorien Bel Air? If yes, identify all other businesses.*

RESPONSE: No.

2. *Is there a separate legal entity that owns the building? If yes, what is it?*

RESPONSE: The Building and Land are owned by 1909 Emmorton Road, LLC, a related entity, as stated at Item 11C, p. 18 of the CON Form set.

3. *What legal entity has the right to sell the licensure rights to the CCF beds both current and proposed?*

RESPONSE: Lorien Harford, Inc., the Project Applicant / Licensee.

4. *What legal entity will sign the construction contract and oversee the construction project?*

RESPONSE: 1909 Emmorton Road, LLC, the owner of the building.

5. *What is the relationship of Lorien Health Systems to Lorien Harford, Inc.? Please provide an organizational chart showing the relationship of Lorien Harford, Inc. and Lorien Health Systems to all parents, subsidiaries and affiliates.*

RESPONSE: 'Lorien Health Systems', the "doing business name" of Maryland Health Enterprises, Inc., is a management company that provides management services to Lorien Harford, Inc., DBA Lorien Bel Air. These are independent companies. An 'organizational chart' would simply be:

Lorien Harford, Inc. DBA Lorien Bel Air	< - - - Mgmt. Services - - - >	Maryland Health Enter., Inc. DBA Lorien Health Systems

6. *Regarding the response to question 11B, please respond to the following questions;*

[5] Supplemental Information is based on applicable MHCC Staff's inquiries during the Completeness Review of Lorien Bel Air's 2013-2014 expansion Application, DN 13 – 12 – 2345. Lorien will respond to additional Staff inquiries during Completeness Review / Additional Information Requests.

a. *What is the current status of efforts to obtain and the timetable for obtaining site plan approval?*
b. *Are there any other State or local land use approvals that will be required before the commencement of constructions? If yes, what are they, what is the current status for these approvals, and what is the schedule for obtaining each approval?*

RESPONSE: Re a., Lorien cannot file for Site Plan approval until it is issued a CON for the expansion. Lorien intends to prepare drawings and file for its Site Plan approval for the addition soon after the CON is issued and design / engineering work is completed . Re b., as noted in the Application, **the site is already properly zoned for the land use**, and aside from Site Plan Approval, Lorien Bel Air is not aware of any other site approval requirements. Lorien is unaware of any issues which would delay the project or impede its orderly and timely development.

7. *Regarding the response to question 14, Project Description, please provide a more detailed description of the project including a description of the site improvements and the building material characteristics of the addition to be constructed. Also describe the changes to the rooms that will lose a bed to the addition including rooms that will be converted from semi-private to private occupancy and any rooms that will be converted to other uses. Include descriptions of any physical and cosmetic changes to such rooms.*

RESPONSE: *More details of Project Description* - The 3 – story addition will be finished in vinyl siding and will be consistent with the siding on the existing building, as shown in the exterior photographs in the Application for CON. Appropriate landscaping will be done around the addition, consistent with the landscaping of the existing building.

Changes to the rooms being converted from Semi – Privates to Privates - As a result of the new SHP Bed Need Projection, the 21 previously approved beds will be combined with the 27 beds being applied for here to create a new 48 bed Unit C to be located in the new 3rd Floor addition shown in the Drawing at Apx 1. Those 48 beds will be housed in 20 Single Rooms and 14 Double Rooms (20 + 28 = 48). Only one existing Double Occupancy Room (# 308 near existing Nurse Station A will be converted to a Single Occupancy Room. In addition, the current Single Occupancy Room near Nurse Station B (opposite the double elevators) is being taken out of service and will be used as a Social Worker / Dietician Office.

The existing Double Room being converted to a Single (Room # 308) will undergo minor changes consisting of the removal of the extra sets of furniture, and subsequently removal of the privacy curtains as part of a cosmetic renovations following completion of the expansion project.

8. *Regarding the response to question 15 please provide the following:*

a. *Schematic drawings or plans of the current facility showing the number of CCF beds per room and identifying the location of elevators, common areas, and support spaces.*

RESPONSE: *See* Schematic Drawings for *both* the Current CCF facility and Proposed CCF addition at Apx. 1 of this Application with areas labeled.

RE PART II – PROJECT BUDGET

9. *Please explain how costs are allocated between the nursing facility and assisted living. If the cost allocation methodology formula varies with budget line item explain the methodology used for each line item.*

RESPONSE: With the exception of some equipment costs, project budget costs were allocated based upon the estimated square footage of each service component with about 42.7% allocated for the Nursing Facility and 57.3% for the ALF. As for minor movable equipment cost estimates, the nursing home estimate is based upon the equipment needs associated with the additional 48 beds whereas the assisted living estimate is based upon the needs associated with furnishing the common areas of the assisted living space (the assisted living units are furnished by the residents).

The Applicant notes that while the Budget makes allocations between the Nursing and Assisted Living components, this is done because the Commission does not regulate Assisted Living services and Lorien's counsel advised he previously agreed in a prior project based on the same "combined" model to separate costs out between the components to avoid any confusion. However, the project has overall, unified Capital Costs of $ 12,858,743 as shown in the third column of Table D, Project Budget, Total Proposed Capital Costs. The facility will therefore incur a 'Capital Expenditure' above the threshold prescribed in the regulations. Further, the 3rd Floor Nursing component cannot be built until the 1st and 2nd Floor Assisted Living Floors are constructed. Accordingly, for capital expenditure purposes, the proposed project is not simply confined to the 18,320 sf Nursing Facility on the topmost 3rd floor.

10. *Explain why the Contingency amount is reasonable given the current stage of design development.*

RESPONSE: This is a simple addition to an existing building which does not have any unusual building, design or site issues. Further, there are no unknown conditions such as may be encountered in the development of raw land (i.e. underground rock formations). The facility's owners have many years' experience in constructing buildings, including the existing Lorien Bel Air, and are confident that the Contingency amount is appropriate for this project.

RE PART III – CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR 10.24.01.08G(3)

Response to State Health Plan for Facilities and Services: Nursing Home, Home Health Agency and Hospice Services, COMAR 10.24.08

11. *Regarding COMAR 10.24.08.05A(2)subpart (c), please provide a copy of the facility's written policy on the continued admission of Medicaid patients to maintain the level of Medicaid participation required by prior MOU(s).*

RESPONSE: Lorien Bel Air's written policy regarding continued admission of Medicaid patients to maintain the required levels of Medication participation was submitted in connection with last year's review of its CON Application to add 21 beds (see Docket No. 13-12-2345, Completeness Review at Apx. 5), and is incorporated by reference here. That policy continues in effect. Further, Lorien Bel Air was found by the Commission to be consistent with Medicaid service level requirements.

12. *Regarding COMAR 10.24.08.05A(3)(a), please provide a copy of the information and materials that is provided to every prospective resident concerning alternative community-based services.*

RESPONSE: Lorien Bel Air provides written materials regarding alternative community-based services to every prospective resident and those who ask. Lorien Bel Air's DHMH-provided hand-out was submitted to Staff in connection with last year's review of its CON Application to add 21 beds (see Docket No. 13-12-2345, Completeness Review at Apx. 6) and is incorporated by reference herein. The policy of requiring distribution of these materials continues in effect.

13. *Regarding COMAR 10.24.08.05.A. Nursing Home Standard (6), who provides water to Lorien Bel Air? Does Lorien Bel Air require any approval from the water authority to expand its use of the public water system? If yes, what is the process and what is the schedule for obtaining approval?*

RESPONSE: Public water & sewer are provided to Lorien Bel Air by the Harford County Government. The site is properly zoned for the use and the addition is allowed. According to the County Department of Public Works, there is no moratorium on water or sewer in place in Lorien Bel Air's area. As an existing business, Lorien Bel Air only has to update its original service application to account for the increased usage. The application process is part of the Building Permit process, and so it will not be filed until the building plans are completed and the building permit is applied for following site plan approval. Permit review, including increased water / sewer usage, is expected to take 60 days following submission of Plans and documents.

14. Regarding COMAR 10.24.08.05A(7), please provide the following:

a. *Regarding subpart (a) of the standard identify the types of residents currently served and proposed to be served and their diagnostic groups.*
b. *…[Y]our proposal states that … [some Double Occupancy Rooms will] serve long term patients who are less ambulatory and who may benefit from a shared room. Explain why such patients may benefit from a semi-private, shared room.*
c. *Explain how the design will accommodate the clustering of higher acuity residents as described…*

RESPONSES: The following information is provided in response to the questions above:

a. Types of residents served / to be served by diagnostic groups: Unlike hospital patients, residents of Nursing Facilities are not categorized by diagnostic related groups (DRGs). This Application includes a *general description* of the kinds of conditions Lorien currently treats and cares for and expects to see and care for in the expanded facility. These include the following: shorter stay and longer stay residents, including those admitted for rehabilitation services, as well as residents with ADRD. This population is anticipated to include low acuity, long term patients requiring chronic medical management; physical and occupational rehabilitation patients; dementia patients who would benefit from the social aspects of a shared room; and Alzheimer patients.

Lorien Bel Air also treats / cares for higher acuity residents, such as 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.

Commonly seen diagnoses / conditions currently seen at Lorien Bel Air and expected to be seen at the expanded facility include these examples: Stroke, Broken Hip Repairs; Rehabilitation for Total Knee Replacement; treatment of sepsis; Post-Acute Treatment – Exacerbation of COPD; Congestive Heart Failure. Also, Acute Cardio – Vascular Accidents; Status Post Myocardial Infarction; Status Post Coronary Artery Bypass Grafts; Complex Wounds and Incisional Infections.

b. Explain why such patients may benefit from a semi-private, shared Room: Such patients may benefit from the increased socialization afforded by sharing a room

and interacting with roommates and visitors thereby avoiding feelings of isolation and depression.

c. Explain how the design will accommodate the clustering of higher acuity residents as described…: The 3rd Floor drawings show that the placement of the Nursing Stations on Units A and C allow for clusters of patient rooms expected to be filled with higher acuity residents as stated.

15. *Please specify the source for the cash that will fund both the nursing home and assisted living portions of your project. Will it come solely from health related entities?*

RESPONSE: The source of the cash contributions is projected to come from the owners in the form of capital contributions, although a portion of the total could from the cash earnings that have been retained by the applicant. The funds are not coming from any other health related entities.

16. *Regarding the attestation in Appendix 5, does Mr. Snarski have knowledge of the owner's assets and liabilities beyond their health care operations?*

RESPONSE: Yes, Mr. Snarski has adequate knowledge of the owners' assets and liabilities beyond their healthcare operations to conclude that the owners can fulfill the equity contribution and equipment loan requirements. The Commission's past practice has been consistent with its regulations at 10.24.01.08G(3)(d) 'Viability of the Proposal' and CON form set requirements which state that an Applicant must "provide documentation of the adequacy of financial resources to fund this project signed by a Certified Public Accountant who is not directly employed by the applicant". In that regard, the Commission has consistently accepted *without question* Mr. Snarski's attestation in Lorien's prior projects.

PART IV - APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY, AUTHORIZATION AND RELEASE OF INFORMATION, AND SIGNATURE

1. List names and addresses of all owners and individuals responsible for the proposed project and its implementation.

Louis Mangione and John Mangione
Mangione Family Enterprises
1205 York Road, Penthouse Suite
Lutherville, Maryland 21093

2. Are the applicant, owners, or the responsible persons listed above now involved, or have they ever been involved, in the ownership, development, or management of another health care facility? If yes, provide a listing of these facilities, including facility name, address, and dates of involvement.

Yes, as to the Applicant Owners, including the individuals above, per these approximate dates: Lorien N & R Ctr. - Mt. Airy, 713 Midway, Mt. Airy, MD 21771 (1998 to present); Lorien N & R Ctr. - Riverside, 1123 Belcamp Garth, Belcamp, MD 21017 (1992 to present); Lorien N & R Ctr. - Taneytown, 100 Antrim Blvd., Taneytown, MD 21787 (2004 to present); Lorien N & R Ctr. - Mays Chapel, (2007 to present); Lorien N & R Ctr. - Ellicott City dba Encore at Turf Valley (1999 to present); Lorien N & R Ctr. Elkridge, 7615 Washington Blvd, Elkridge, MD 21075 (2002 to present); Lorien Harford II, Inc. dba Lorien Bulle Rock (2008 to present); Lorien N & Rehab. Ctr. Columbia (2008 to present). In addition, the applicant's Owners had a 2% non-controlling ownership interest in Lorien N & R Ctr. - Frankford (1990 to May, 2007 when it was sold).

3. Has the Maryland license or certification of the applicant facility, or any of the facilities listed in response to number 2, above, ever been suspended or revoked, or been subject to any disciplinary action (such as a ban on admissions) in the last 5 years? If yes, provide a written explanation of the circumstances, including the date(s) of the actions and the disposition. If the applicant, owners or individuals responsible for implementation of the Project were not involved with the facility at the time a suspension, revocation, or disciplinary action took place, indicate in the explanation.

No.

4. Are any facilities with which the applicant is involved, or have any facilities with which the applicant has in the past been involved (listed in response to Question 2, above) ever been found out of compliance with Maryland or Federal legal requirements for the provision of, payment for, or quality of health care services (other than the licensure or certification actions described in the response to Question 3, above) which have led to actions to suspend the licensure or certification at the applicant's facility or facilities listed in response to Question 2? If yes, provide copies of the findings of non-compliance including, if applicable, reports of non-compliance, responses of the facility, and any final disposition reached by the applicable governmental authority.

Regarding the facilities listed in response to Question 2 above, and referenced in response to Question 3, while deficiencies have been found on occasion over their years of operation, this has not resulted in formal actions to suspend the licensure of the facility.

5. Have the applicant, owners or responsible individuals listed in response to Question 1, above, ever pled guilty to or been convicted of a criminal offense in any way connected with the ownership, development or management of the applicant facility or any of the health care facilities listed in response to Question 2, above? If yes, provide a written explanation of the circumstances, including the date(s) of conviction(s) or guilty plea(s).

No

One or more persons shall be officially authorized in writing by the applicant to sign for and act for the applicant for the project, which is the subject of this application. Copies of this authorization shall be attached to the application. The undersigned is the owner(s), or Board-designated official of the proposed or existing facility.

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information and belief.

February 6, 2015
Date

Signature of Owner or
Board-designated Official
Louis G. Grimmel, CEO
Lorien Health Systems
(Board-Designated Official)

BOARD AUTHORIZATION

THIS IS TO CERTIFY that LOUIS G. GRIMMEL, SR, CEO Lorien Health Systems, has been authorized by Lorien Harford, Inc. d/b/a Lorien Nursing & Rehabilitation Center Bel Air to sign for and act on its behalf in connection with the filing and review of the attached Application for Certificate of Need submitted to the Maryland Health Care Commission on February 6, 2015.

DATE: Effective February 6, 2015

Name: LOUIS MANGIONE
Title: Chairman and President
Lorien Harford, Inc.
dba Lorien Nursing & Rehabilitation
Center Bel Air

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in this Application and its attachments are true and correct to the best of my knowledge, information and belief.

Date: February 6, 2015

LOUIS MANGIONE
Managing Member, Lorien Harford III, LLC

Affirmation re Budget and Operating Projections

I HEREBY DECLARE AND AFFIRM under the penalties of perjury that the facts stated in this application and its attachment(s) are true and correct to the best of my knowledge, information and belief.

Dated: February 6, 2015

MICHAEL J. SNARSKI, CPA

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information and belief.

Date: Effective February 6, 2015

Norman E. Snowberger
Chief Financial Officer
Lorien Health Systems

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information and belief.

Date: Effective February 6, 2015

Name: Wayne Brannock
Title: Chief Operating Officer

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information and belief.

Date: Effective 2/6/2015

Andrew L. Solberg

AFFIRMATION - Architect

I hereby declare and affirm under the penalties of perjury that the facts stated or shown in the Preliminary Design Drawings prepared by Kann Partners (Kann Project No. 13-032, Drawings A01, A02, and A03 dated January 28, 2015) and included in this application and its attachments are true and correct to the best of my knowledge, information and belief.

Date: Effective 2/6/2015

1.30.15

Cass Gottlieb, AIA, LEED AP
KANN PARTNERS

APPENDIX

Item	***No.***
Floor Plans / Drawings	1
Lorien Bulle Rock FYE 12/31/2014 Occupancy Letter	2
Quality Assurance Letter and Program	3
MVS Analysis	4
CPA Letter re Availability of Funding	5
Wells Fargo Bank Letter re Interest in Financing	6
Letters of Community Support	7
Daily Rates and Patient Charges	8

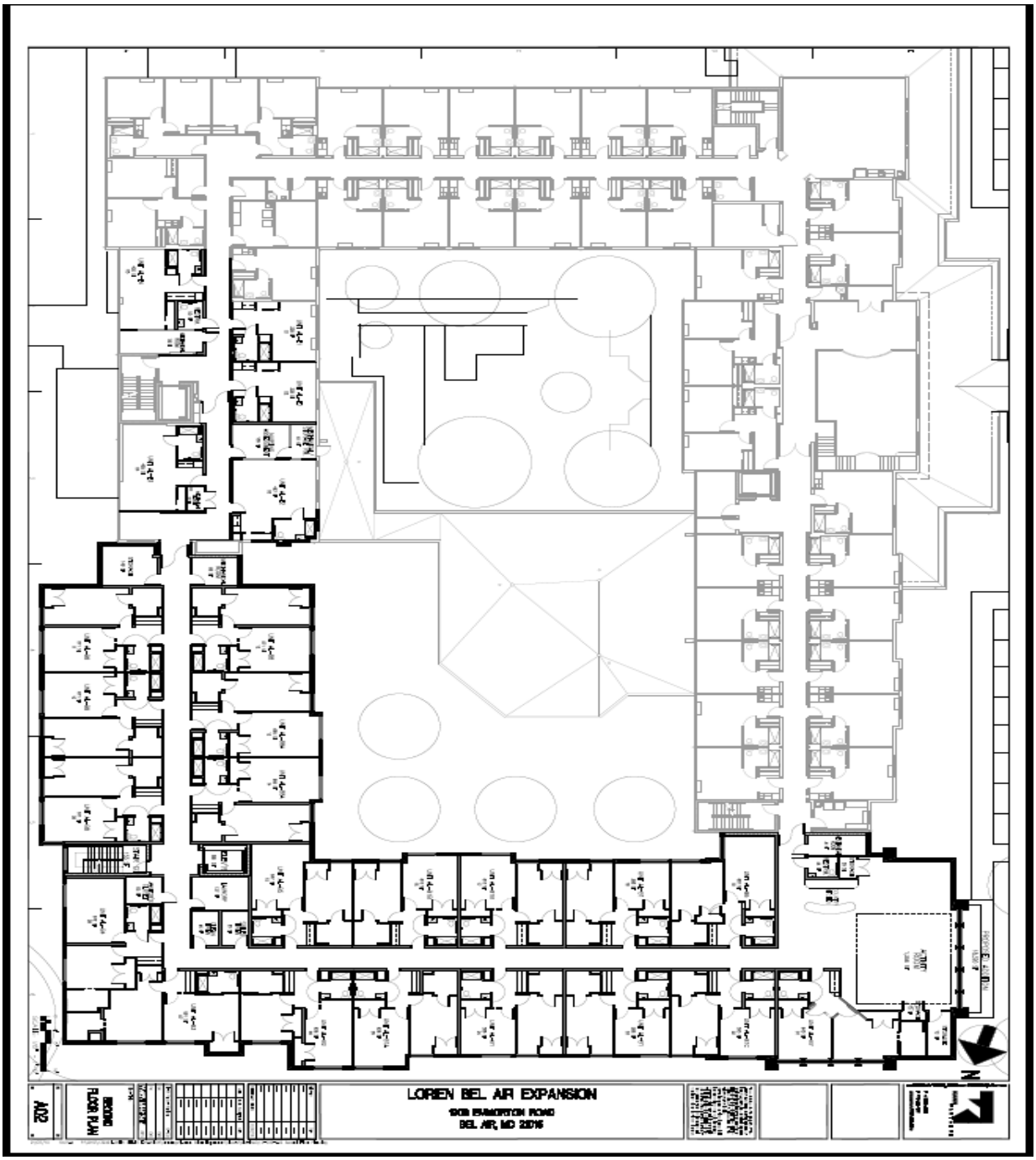
APX. 1

APX 1 (A) Lorien Belair 3rd Floor Nursing Addition – 3 Nursing Stations

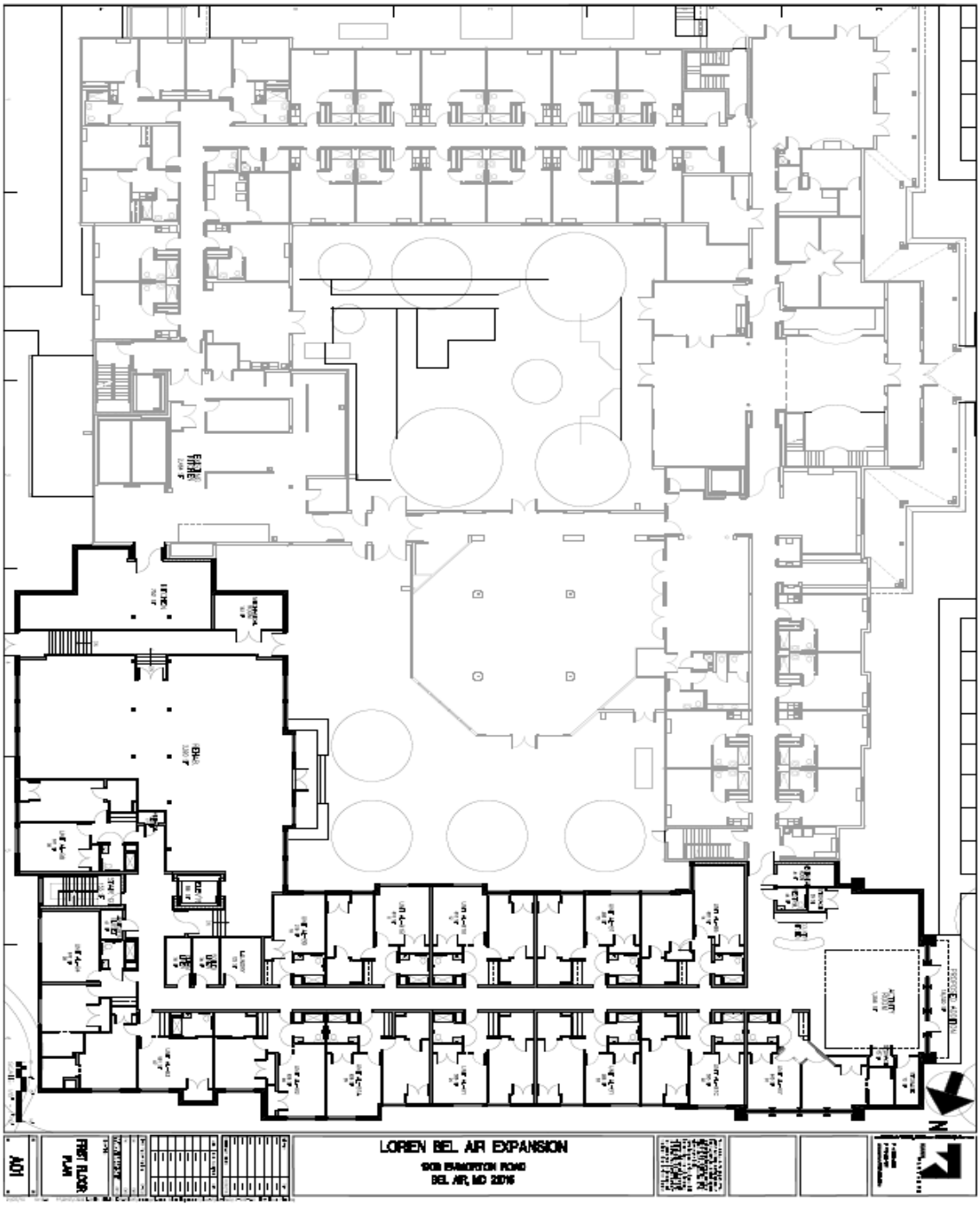
(Unit A = 5 Singles + 17 Doubles = 39 Beds; Unit B = 2 Singles + 14 Doubles = 30 Beds; Unit C = 20 Singles + 14 Doubles = 48 Beds)

APX 1 (B) Lorien Belair 2nd Floor ALF Addition

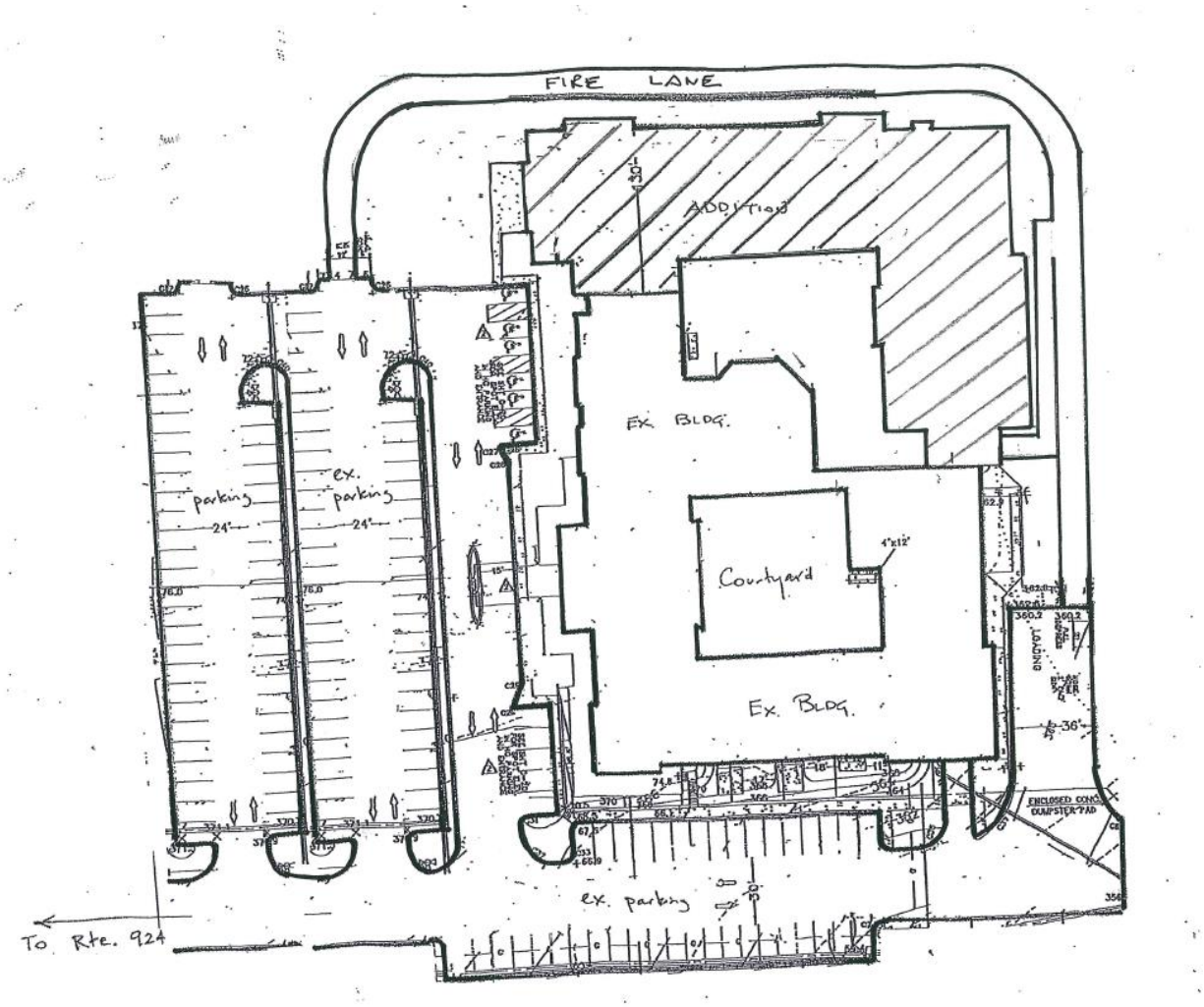
19 New ALU Units in New Addition in Bold + 5 New ALUs in Existing Space in Bold = 24 New Units



APX 1 (C) Lorien Belair 1st Floor ALF Addition
With Nursing Facility Rehabilitation Therapy
10 New ALUs in New Addition in Bold (13,167 sf) + Relocated Rehabilitation Therapy Room (5,163)



APX 1 (D) Lorien Bel Air Building Footprint on Existing Site



APX. 2

APX. 2 – Lorien Bulle Rock Occupancy Letter

Lorien
Health Systems

January 30, 2015

James A. Forsyth, Esq,
Law Offices of James A. Forsyth
11604 Garrison Forest Road
Owings Mills, MD 21117

Re: Lorien Bulle Rock Occupancy and Stabilization

Dear Mr. Forsyth:

Please be advised that Lorien Bulle Rock will be filing its FYE 12/31/2014 Cost Report on or shortly before March 31, 2015. According to internal records, including our Census Tracking and Occupancy monitoring, Lorien Bulle Rock will show an Occupancy rate of 83.21% for FY 2014.

I also note that the facility has completed its fill up phase and is beginning its stabilization status. Based on an anticipated increase of only 3 net admissions to its average census, Lorien Bulle Rock is expected to attain a 90 occupancy level. In fact, the facility has attained such a level. However, as a result of a recent outbreak of influenza, the facility now has a temporary freeze on new admissions unrelated to demand. Nevertheless, I fully expect Lorien Bulle Rock to achieve 90+% occupancy for 2015.

I trust this addresses your questions.

Very truly yours,

NORMAN E. SNOWBERGER, CFO
Lorien Health Systems

Lorien Health Systems
3300 North Ridge Road, Suite 390 | Ellicott City, MD 21043
Tel: (410) 750-7500 | Fax: (410) 750-7902 | TTY: (800) 735-2258
www.lorienhealth.com

APX. 3

APX. 3 Quality Assurance & Survey (No Level 3 Deficiencies)

Lorien
Health Systems

January 26, 2015

James A. Forsyth, Esq.
11604 Garrison Forest Road
Owings Mills, Maryland 21117

Dear Mr. Forsyth:

In response to your recent inquiry concerning Lorien Harford, Inc. d/b/a Lorien Belair's Quality Assurance and Performance Improvement Program and survey history, I am pleased to provide you with the following information. The QAPI Programs at all Lorien facilities are under my direction.

The facility Quality Assurance and Performance Improvement (QAPI) program complies with COMAR 10.07.02.45 and 10.07.02.46. The plan also complies with suggested guidance from CMS to comply with the Affordable Care Act regulations and CFR 42§483.75(o).

I have attached the table of contents of the Quality Improvement Program. Should you have any questions concerning a specific aspect of the program, please do not hesitate to contact me.

Lorien Belair has a very impressive survey history as evidenced by their CMS 5 star rating of 5 of 5 Stars in overall facility scoring. The facility does not have any outstanding deficiencies. This facility has never had a level 3 (actual harm) deficiency.

If I can be of any further assistance in this matter, please contact me.

Sincerely,

J. Wayne Brannock, CPHQ, CPHRM
Chief Operations Officer

Contents

Quality Assurance, Performance Improvement Plan Guidelines

Performance Improvement Activity Organizational Flow Chart

Quality Assurance/Performance Improvement Sign-In Attendance Sheet

Quality Assurance/Performance Improvement Calendar Policy

Quality Assurance/Performance Improvement Calendar

Quality Assurance/Performance Improvement Agenda

Quality Assurance/Performance Improvement Agenda Form

Quality Assurance/Performance Improvement Minutes

Selecting a Quality Assurance Performance Improvement Project and Setting Priorities

Measurement Study Assessment/Quality Assurance/Performance Improvement Report Form

Quality Assurance/Performance Improvement Individual/Team Guidelines

Monthly Totals of Quality Assurance/Performance Improvement Logs

Quality Assurance/Performance Improvement Complaint Report

Resident Grievances and Complaints Investigations

Resident Grievances and Complaints Report

Resident Grievances and Complaints Tracking Instructions

Compliant Categories

Monthly Complaint Form

Patient Complaint Concern Log Form

Resident/Patient Complaint Form

Resident, Patient and Employee Unusual Occurrence Investigations and Logs

Employee Unusual Occurrence Log Form

Report of Unusual Occurrence

Occurrence Monitoring Form

Unusual Occurrence Report Form

Quality Assurance/Performance Improvement Abuse Log

Abuse and/or Resident Neglect Investigation

Abuse Reporting

Investigation Form (Including Employee Statement)

Quality Assurance Resident/Patient Abuse Log Form

Unexpected/Emergency Transfer Investigation/CQI (Quality Review and Documentation) Form

Unexpected Death Investigation/CQI (Review and Documentation) Form

Infection Control Monthly Monitoring/Resident and Patient

Infection Control Report Form

Infection Control Monitoring Monthly Form

Nosocomial Infection Report Form

Nosocomial Infection Report Conclusions Form

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Concurrent Review Sheet

Clinical Investigation Report, Staff Documentation, and Conclusion Form

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Nursing Staff Assignment Form

Quality Assurance/Performance Improvement Relocation Plan

Quality Assurance/Performance Improvement Notification of Resident/Patient Family or Guardian, If Known

Satisfaction Surveys

Medication Report Form to Quality Assurance/Performance Improvement

Medication Error Report Form

Security Report for Quality Assurance/Performance Improvement

Monthly Safety/Security Report Form

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Quarterly Admission's Office Report to Quality Assurance/Performance Improvement

Admissions Office Quality Assurance Report Form

Quarterly Acuity Report to Quality Assurance/Performance Improvement

Acuity Report Form

Monthly Pressure Sore Report to Quality Assurance/Performance Improvement

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Psychoactive Medication Log Form to Quality Assurance/Performance Improvement

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Restraint Report Form to Quality Assurance/Performance Improvement

Restorative Care Report Form to Quality Assurance/Performance Improvement

Restorative Care Assessment Form

Restorative Nursing Care Monthly Summary Form

Care Plan Concern Checklist Rehabilitation Department and Restorative Nursing Care Form

Restorative Aide Documentation Form

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APX. 4

APX. 4 MVS ANALYSIS

Marshall Valuation Service Analysis

Lorien Bel Air

New Construction

I. The Marshall and Swift Benchmark

Type		Convalescent Hospital
Construction Quality/Class		D/Good
Stories		1
Perimeter		513
Height of Ceiling		10.00
Square Feet		23,483
f.1	Average floor Area	11,742

A. Base Costs

	Basic Structure	$171.70
	Elimination of HVAC cost for adjustment	0
	HVAC Add-on for Mild Climate	0
	HVAC Add-on for Extreme Climate	0
Total Base Cost		$171.70

B. Additions

	Elevator (If not in base)	$0.00
	Other	$0.00
	Subtotal	$0.00
Total		$171.70

C. Multipliers

Perimeter Multiplier	0.957996355	From AreaPerimeter	15-37
Product	164.4879742	Interpolation	
Height Multiplier (plus/minus from 12')	0.953	See	15-37
Product	$156.76	Interpolation	
Multi-story Multiplier (0.5%/story above 3)	1		15-25

Product	$156.76		
D. Sprinklers			
Sprinkler Amount	3.64		15-36
Subtotal	$160.40		
E. Update/Location Multipliers			
Update Multiplier	1.04	1/15	99-3
Product	$166.82		
Location Multipier	1.01	1/15	99-5
Product	$168.48		
Final Square Foot Cost Benchmark	**$168.48**		

II. The Project

A. Base Calculations	**Actual**	**Per Sq. Foot**
Building	$3,389,344	$144.33
Fixed Equipment	$165,792	$7.06
Site Preparation	$250,825	$10.68
Architectual Fees	$247,834	$10.55
Permits	$166,647	$7.10
Capitalized Construction Interest	Calculated Below	$0.00
Subtotal	$4,220,442	$179.72

B. Extraordinary Cost Adjustments

	Project Costs	**Associated A&E Fees**	**Total**
Site Demolition Costs	$17,092	$1,113	$18,205
Storm Drains	$25,638	$1,669	$27,307
Rough Grading	$42,730	$2,782	$45,512
Hillside Foundation		$0	$0
Paving	$42,730	$2,782	$45,512
Exterior Signs	$12,819	$835	$13,654
Landscaping	$34,184	$2,226	$36,410
Walls		$0	$0
Yard Lighting	$11,537	$751	$12,288
Jurisdictional Hook-up Fees	$42,730	$2,782	$45,512
Utilities	$8,546	$556	$9,102

Total Cost Adjustments	**$238,006**	**$15,498.31**	**$253,504**
Per Square Foot			**$10.80**

C. Adjusted Project Cost		**Per Square Foot**
Building	$3,389,344	$144.33
Fixed Equipment	$165,792	$7.06
Site Preparation	$12,819	$0.55
Architectual Fees	$232,336	$9.89
Permits	$166,647	$7.10
Subtotal	$3,966,938	$168.93
Capitalized Construction Interest and Financing Costs	$133,707	$5.69
Total	$4,100,645	$174.62

MVS Benchmark	$168.48
The Project	$174.62
Difference	$6.14
	3.64%

Lorien Bel Air New Construction

M&S Method for Interpolating Area and Perimeter Factor

To use this, substitute the perimeter and average floor area measures that apply. Then substitute the M&S multipliers from the table on page 15-37 for the sizes just above and below the actual measures.

Perimeter		Below	Actual	Above
Area		500	513	600
Below	10,000	0.975		1
Actual	11,742			
Above	12,000	0.952		0.975

Calculated:	Below	Actual	Above
	500	513	600
Below	0.975		1
Actual	0.9549728	**0.9579964**	0.9782313
Above	0.952		0.975

Area Interpolation

1	0.975	-	0.952	=	0.023
2	11741.5	-	10000	=	1741.5
3	12000	-	10000	=	2000
4	1741.5	/	2000	=	0.87075
5	0.023	*	0.87075	=	0.0200273
6	0.975	-	0.0200273	=	0.9549728
7	1	-	0.975	=	0.025
8	0.025	*	0.87075	=	0.0217688
9	1	-	0.0217688	=	0.9782313

Perimeter Interpolation

10	600	-	500	=	100
11	513	-	500	=	13
12	13	/	100	=	0.13
13	0.9782313	-	0.9549728	=	0.0232585
14	0.0232585	*	0.13	=	0.0030236
15	0.9549728	+	0.0030236	=	0.9579964

	Perimeter	Area
1	220	5,163
2		
3	806	18,320
Total	1,026	23,48

					3							
					11,742							
	Avg	513			5870.75							
		256.5			Wall Height Interpolation							
		Height										
	1	12	0.953			10	0.953					
	2					10.00						
	3	8				11	0.977					
		10.00	**0.953**									
					1	0.953	-	0.977	=	-0.024		
					2	10	-	10	=	0		
					3	11	-	10	=	1		
					4	0	/	1	=	0		
					5	-0.024	*	0	=	0		
					6	0.953	-	0	=	**0.953**		
					Sprinkler							
						20,000	3.73					
						23,483						
						30,000	3.48					
					1	3.73	-	3.48	=	0.25		
					2	23,483	-	20000	=	3348		
					3	30000	-	20000	=	10000		
Capitalized Construction Interest and Finance Charges Allocation for Building Only							4	3483	/	10000	=	0.3483
Hospital	New	Renovation	Total				5	0.25	*	0.3483	=	0.0807075
Building Cost	$3,389,344	$42,000					6	3.73	-	0.0807075	=	**3.6429 2**
Subtotal Cost (w/o Cap Interest)	$3,966,938	$42,000	$4,008,938									
				Net Interest	Financing							
Subtotal/Total	99.0%	1.0%										
Total Project Cap Interest &Financing [(Subtotal Cost/Total Cost) X Total Cap Interest]	$156,493	$1,657	$158,150	$115,720	$42,430							
Building/Subtotal	85.4%	100.0%										
Building Cap Interest&Financing	$133,707	$ 1,657										

Marshall Valuation Service
Analysis

Lorien Bel Air

Renovation

I. The Marshall and Swift Guideline

Type		Convalescent Hospital		
Construction Quality/Class		D/Good		
Stories		1		
Perimeter		60		
Height of Ceiling		11.00		
Square Feet		400		
f.1	Average floor Area	400		
A. Base Costs				
	Basic Structure	$171.70		
	Elimination of HVAC cost for adjustment	0		
	HVAC Add-on for Mild Climate	0		
	HVAC Add-on for Extreme Climate	0		
Total Base Cost		$171.70		
B. Additions				
	Elevator (If not in base)	$0.00		
	Other	$0.00		
Subtotal		$0.00		
Total		$171.70		
C. Multipliers				
Perimeter Multiplier		1.23892	From AreaPerimeter	15-37
	Product	212.722564	Interpolation	
Height Multiplier (plus/minus from 12')		0.977	See	15-37
	Product	$207.83	Interpolation	
Multi-story Multiplier (0.5%/story above 3)		1		15-25
	Product	$207.83		
D. Sprinklers				
	Sprinkler Amount	-		15-36
Subtotal		$207.83		

E. Update/Location Multipliers

Update Multiplier	1.04	1/15	99-3
Product	$216.14		
Location Multipier	1.01	1/15	99-5
Product	$218.30		
Final Square Foot Cost Benchmark	**$218.30**		

II. The Project

A. Base Calculations	**Actual**	**Per Sq. Foot**
Building	$42,000	$105.00
Fixed Equipment	$0	$0.00
Site Preparation	$0	$0.00
Architectual Fees	$0	$0.00
Permits	$0	$0.00
Capitalized Construction Interest	Calculated Below	$0.00
Subtotal	$42,000	$105.00

B. Extraordinary Cost Adjustments

	Project Costs	**Associated A&E Fees**
Site Demolition Costs	$0	$0
Storm Drains	$0	$0
Rough Grading	$0	$0
Hillside Foundation	$0	$0
Paving	$0	$0
Exterior Signs	$0	$0
Landscaping	$0	$0
Walls	$0	$0
Yard Lighting	$0	$0
Jurisdictional Hook-up Fees	$0	$0
Signs	$0	$0
Utilities	$0	$0
Total Cost Adjustments	**$0**	$0.00
Per Square Foot		
C. Adjusted Project Cost	$42,000	
Per square foot		

C. Adjusted Project Cost	Project Costs	Per Square Foot
Building	$42,000	$105.00
Fixed Equipment	$0	$0.00
Site Preparation	$0	$0.00
Architectual Fees	$0	$0.00
Permits	$0	$0.00
Subtotal	$42,000	$105.00
Capitalized Construction Interest	$1,657	$4.14
Total	$43,657	$109.14

MVS Benchmark	$218.30	
The Project	$109.14	
Differenc e	-$109.16	-50.00%

Lorien Bel Air

Renovation

M&S Method for Interpolating Area and Perimeter Factor

To use this, substitute the perimeter and average floor area measures that apply. Then substitute the M&S multipliers from the table on page 15-37 for the sizes just above and below the actual measures.

Perimeter		Below	Actual	Above	Calculated:	Below	Actual	Above
Area		200	240	250		200	240	250
Below	1,500	1.191		1.277	Below	1.191		1.277
Actual	1,600				Actual	1.1738	**1.23892**	1.2552
Above	2,000	1.105		1.168	Above	1.105		1.168

Area Interpolation

1	1.191	-	1.105	=	0.086
2	1600	-	1500	=	100
3	2000	-	1500	=	500
4	100	/	500	=	0.2
5	0.086	*	0.2	=	0.0172
6	1.191	-	0.0172	=	1.1738
7	1.277	-	1.168	=	0.109
8	0.109	*	0.2	=	0.0218
9	1.277	-	0.0218	=	1.2552

Perimeter Interpolation

10	250	-	200	=	50
11	240	-	200	=	40
12	40	/	50	=	0.8
13	1.2552	-	1.1738	=	0.0814
14	0.0814	*	0.8	=	0.06512
15	1.1738	+	0.06512	=	1.23892

	Perimeter	Area
1		
2	60	400
3		
Total	60	400
Avg	60	400
	120	800

	240			1600						
	Height			Wall Height Interpolation						
1		0.953			10	0.953				
2	11				11.00					
3					11	0.977				
	11.00	**0.9**								
				1	0.953	-	0.977	=	-0.024	
				2	11	-	10	=	1	
				3	11	-	10	=	1	
				4	1	/	1	=	1	
				5	-0.024	*	1	=	-0.024	
				6	0.953	-	-0.024	=	**0.9**	
				Sprinkler						
					10,000	4.21				
					400					
					15,000	3.91				
				1	4.21	-	3.91	=	0.3	
				2	400	-	10000	=	-9600	
				3	15000	-	10000	=	5000	
						4	-9600	/	5000	= -1.92
						5	0.3	*	-1.92	= -0.576
						6	4.21	-	-0.576	= **4.786**

APX. 5

APX. 5 CPA Letter

Michael J. Snarski
Certified Public Accountant

5608 St. Albans Way • Baltimore, Maryland 21212 • 410-532-7245

February 6, 2015

Maryland Health Care Commission
4260 Patterson Avenue
Baltimore, MD 21215

Re: Lorien Harford, Inc. dba Lorien- Bel Air
48 Comprehensive Care Beds &
34 Assisted Living Units

To Whom It May Concern:

I have been the accountant for sixteen years of Maryland Health Enterprises, Inc., and the related health care entities of the Mangione family. I have prepared Medicaid cost reports, corporate income tax returns, and performed various other accounting and reimbursement services for their health care related entities. Based on this knowledge, it is my opinion that the Mangione family have the financial resources and assets available to fulfill the equity contribution and equipment loan requirements in the above referenced Certificate of Need application.

Respectfully submitted,

Michael J. Snarski
Certified Public Accountant

APX. 6

APX. 6 Bank Letter

WELLS FARGO

January 28, 2015

Mr. Louis Mangione
1205 York Road – PH Suite
Lutherville, Maryland 21093

RE: Lorien Harford, Inc. dba Lorien Bel Air
Expansion Project (48 Nursing Home Beds and Assisted Living Units)

Dear Mr. Mangione:

We understand that you and your family are filing an Application for Certificate of Need seeking approval to construct an expansion of your existing Lorien Bel Air senior care facility in Harford County. Specifically, you are planning a 3-story addition of your existing facility referenced above and located at 1909 Emmorton Road, Bel Air, MD 21015. The existing 69-bed 3rd Floor Nursing Facility will be expanded by adding 48 additional comprehensive care beds. Approximately 34 additional Assisted Living Units will be added to the 1st (10 Units) and 2nd Floors (24 Units). CON Approval is required only for the additional Nursing Beds. I understand the addition will comprise approximately 55,000 square feet. I also understand the projected cost to be $13.14 Million Dollars, including a $10 Million Dollar Mortgage and a $540,000 FF&E Loan.

In accordance with your request, the writer would be willing to consider recommending for credit approval a construction loan for the project following CON approval. If approved, the length of the commitment could be for 60 to 120 days to allow sufficient time for closing.

Please understand that this correspondence is not to be construed as a commitment letter. Loan approvals require formal approval, and these would be communicated to you in writing. Obviously I will need the Certificate of Need, the plans, specifications, contract, costs, etc., to start the underwriting process. When you are ready, please forward the information to my attention.

We value our relationship with you and your family. Hopefully, we can reach a mutually agreeable structure for financing the combined nursing facility and assisted living facility. Our past financings have always been handled as agreed and we look forward to expanding our business with you.

Sincerely,

Elizabeth M. Phelan

Elizabeth M. Phelan
Senior Vice President
410-332-5245

Together we'll go far

Wells Fargo Bank, N.A.

APX. 7

APX. 7 - Letters of Community Support

UNIVERSITY of MARYLAND
UPPER CHESAPEAKE HEALTH

Lyle E. Sheldon, FACHE
President and Chief Executive Officer

520 Upper Chesapeake Drive, Suite 405
Bel Air, MD 21014
443-643-3302 | 443-643-3334 FAX
uchs.org

January 29, 2015

Louis G. Grimmel, Sr.
Chief Executive Officer
Lorien Health Systems
3300 N. Ridge Road – Suite 390
Ellicott City, MD 21043

Re: Support for New 70 Bed Lorien Facility and New 27 Bed expansion of Lorien Bel Air

Dear Mr. Grimmel:

We are aware that the Maryland Health Care Commission ('MHCC') has recently determined that there is a need for 97 additional comprehensive care beds to serve the residents of Harford County. We recently learned Lorien is the only nursing home provider that has stepped forward with project proposals designed to meet this need.

Specifically, we are aware of your plans to respond to this need for new beds and services by developing two new CON projects, as follows:

First, you propose to further expand Lorien Nursing & Rehabilitation Center Bel Air at 1909 Emmorton Road by adding an additional 27 new comprehensive care beds. These beds will join the 21 beds awarded last year to form a new 48 bed Nursing Unit on an expanded Third Floor. The First and Second Floors will also be expanded to house additional Assisted Living Units.

Second, Lorien Harford III, LLC intends to file a CON application proposing the establishment of a new 70 bed Comprehensive Care Facility in the Bel Air area. It is our understanding that when combined with the 27 beds proposed for addition at Lorien Bel Air, these 70 beds will completely meet the need for the 97 new beds to serve Harford County.

University of Maryland Upper Chesapeake Health values the long-term relationship we have had with Lorien Health Systems, including Lorien Bel Air. We appreciate the forward thinking, innovative orientation that Lorien displays in all facets of its operations, including its participation in our current Telemedicine Pilot Project. We also appreciate your enthusiasm in working with us to enhance the continuum of services being provided to Seniors. We believe the addition of your proposed new nearby nursing facility, as well as the additional capacity at Lorien Bel Air, will make important contributions to meeting the County's growing demand for Senor services. Further, we acknowledge your stated commitment to assisting us in reducing and altogether avoiding unnecessary hospital admissions and re-admissions.

We look forward to undertaking future initiatives with Lorien at your newest facility as well as the expanded Lorien Bel Air. Please accept this letter as evidence of our full support for these important Certificate of Need Applications.

In Good Health,

Lyle E. Sheldon, FACHE
President/CEO

Benjamin Y. Lee, MD

Diplomate – American Board of Internal Medicine

669 Revolution Street
Havre de Grace, MD 21078
Phone: (410) 939-2840
Fax: (410) 939-2329

Mr. Ed Walter
Administrator
Lorien Bel Air
1909 Emmorton Road
Bel Air, Maryland 21015

Re: Lorien Bel Air Expansion and Proposed New Lorien Nursing Facility at Forest Hill

Dear Mr. Walter:

Please note my strong support for your newest plans to construct an additional 27 beds in the new addition to your existing Lorien Bel Air Nursing Center on Emmorton Road, Harford County. I understand you are currently seeking State approval to add twenty seven (27) new nursing beds to your previously announced 21 bed expansion project so that on completion it will be a 117 bed nursing facility. I also understand the addition will also be increasing the number of your Assisted Living Units on the facility's first and second floors. As you know, Lorien Bel Air has an excellent reputation and is highly regarded within the community.

I also support your plans to establish a new 70 Bed Lorien Nursing Facility in Forest Hill area of Harford County. As you know, we have a fast growing population of senior citizens, many of whom require the services Lorien proposes.

Sincerely,

Benjamin Lee, MD
669 Revolution Street
Havre de Grace, Maryland 21078
(410) 939-2840

Harford Primary Care, L.L.C.

Suresh M. Dhanjani, M.D.
Board Certified in
Internal Medicine

Mr. Ed Walter
Administrator
Lorien Bel Air
1909 Emmorton Road
Bel Air, Maryland 21015

Re: Lorien Bel Air & Lorien Forest Hill

Dear Mr. Walter:

This is to voice my support for your newest proposed expansion project at Lorien Bel Air, and your proposed new 70 Bed Nursing Facility in Forest Hill.

The addition of 27 new Nursing Beds and additional Assisted Living apartments to Lorien will be an important resource for the area's elderly and their families. Your facility represents a positive living environment and is a true community resource. Lorien Bel Air's "aging in place" model of care allows seniors to access different levels of service as their needs change while allowing them to remain in the community. Your facility offers needed services and a wide range of life-affirming activities that increase resident dignity and improve quality of life for the elderly in Harford County.

So too, the new Forest Hill facility will add yet another new resource to our area Seniors and their families.

Please accept my best wishes for your success.

Sincerely,

Suresh Dhanjani, MD
622 S. Union Avenue
Havre de Grace, Maryland 21078
(410) 939-3770

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Baltimore, MD 21236
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www.petsonwheels.org

January 21, 2015

Mr. Ed Walter
Administrator
Lorien Bel Air
1909 Emmorton Road
Bel Air, Maryland 21015

Re: Lorien Bel Air Expansion and Proposed New Lorien Nursing Facility at Forest Hill

Dear Mr. Walter:

Please note my strong support for your newest plans to construct an additional 27 beds in the new addition to your existing Lorien Bel Air nursing center on Emmorton Road, Harford County. I understand you are currently seeking State approval to add twenty seven (27) new nursing beds to your previously announced 21 bed expansion project so that on completion it will be a 117 bed nursing facility. I also understand the addition will also be increasing the number of your Assisted Living Units on the facility's first and second floors. As you know, Lorien Bel Air has an excellent reputation and is highly regarded within the community.

I also support your plans to establish a new 70 bed Lorien Nursing Facility in the Forest Hill area of Harford County. As you know, we have a fast growing population of senior citizens, many of whom require the services Lorien is proposing.

Sincerely,

Pat Pawloski

Pat Pawloski
Executive Director
Pets on Wheels, Inc.

Right at Home®

In Home Care & Assistance

January 20, 2015

Mr. Ed Walter
Administrator
Lorien Bel Air
1909 Emmorton Road
Bel Air, MD 21015

Re: Lorien Bel Air Expansion Project

Dear Mr. Walter,

Please consider this Letter of Support on behalf of Lorien Bel Air's proposed additional twenty-seven (27) beds in the new wing to your existing Lorien Bel Air nursing center on Emmorton Road, Harford County. I understand you are currently seeking State approval for this project, so on its completion it will be a 117 bed nursing facility. I also understand the addition will also be increasing the number of your Assisted Living Units on the facility's first and second floors. As you know, Lorien Bel Air has an excellent reputation within the community and this model of expansion is an important community resource for the growing population of seniors in Harford County.

I also support your plans to establish a new 70 bed Lorien Nursing Facility in Forest Hill area of Harford County. With these two projects, our senior population will be greatly benefited with its approval.

As always, should you have any questions or concerns regarding this matter, please feel free to call me and we can further discuss.

Sincerely,

Don

Don Orlando
President
Right at Home
443-371-7145

COUNTY COUNCIL OF HARFORD COUNTY
James V. "Capt'n Jim" McMahan, Jr.
Councilman, District C
212 S. Bond Street, Bel Air, Maryland 21014
410-638-3523

January 26, 2015

Mr. Ed Walter
Administrator
Lorien Bel Air
1909 Emmorton Road
Bel Air, Maryland 21015

Re: Lorien Bel Air Expansion Project

Dear Mr. Walter:

The Maryland Health Care Commission's current State Health Plan identifies a need for 48 new comprehensive care beds to serve the residents of Harford County. I understand that Lorien Bel Air has filed an amended application for a Certificate of Need (CON) to add 27 nursing beds to the 21 approved. Additional non-CON regulated Assisted Living Units will be added as well. This is great news for the folks in my district especially since we have an ever-growing senior population.

Since Lorien of Bel Air is in my district, I have a special interest in your application. I am very familiar with your facility and have visited on numerous occasions addressing the Residents and Family Council. Lorien's innovative model of care is impressive. It creates a continuum of health care services within the same campus, including a Skilled Nursing Center and a separately licensed Assisted Living Facility to serve the county's elderly. At a time when many urge the development of meaningful alternatives to more institutionalized settings, Lorien continues to propose an exciting vision of senior care.

Lorien of Bel Air allows constituents of my district to "age in place" as their medical needs and status change. Our seniors' dignity and independence will be enhanced and they will no longer be forced to leave the community to access needed alternative services.

Harford County is a growing and dynamic community with a pressing need for additional community resources. I therefore support your project and hope that the Commission will give its CON Application favorable consideration.

Yours truly,

James V. "Capt'n Jim" McMahan, Jr.
Councilman, District C

JM:db

CITRANO MEDICAL LABORATORIES, INC.

January 21, 2015

Mr. Ed Walter, Administrator
Lorien Bel Air
1909 Emmorton Road
Bel Air, MD 21015

Dear Mr. Walter,

I fully support your plans to expand your center by 27 additional skilled nursing beds in addition to the construction of a brand new, state of the art 70 bed center in Forest Hill. With the expansion of our country's population and growing need for healthcare services, our area would benefit greatly from the addition of both projects.

Lorien has a partnership and commitment to the community and the residents they serve. The additional beds created by both centers would allow residents to receive quality, compassionate health care in the community they know and love.

Sincerely,

Randall A. Citrano
Citrano Medical Laboratories, Inc.
810 Gleneagles Court, Suite 100
Baltimore, MD 21286

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Fax: 410.575.6442

January 22, 2015

Mr. Ed Walter
Administrator
Lorien Bel Air
1909 Emmorton Road
Bel Air, MD 21015

Re: Lorien Bel and Lorien Forest Hill

Dear Mr. Walter,

Please consider the expansion project at Lorien Bel Air and the new proposed facility in Forest Hill to have the support of Paidon Products.

The Lorien facilities have been an important resource for Maryland's elderly and their families since its beginning in 1977. The "aging in place" model has provided a unique structure that allows residents access to the necessary services (Nursing & Sub Acute Care, Rehabilitation Therapy, Assisted Living, Extended Services, and Dialysis), while at the same time allowing them to remain a part of their community. Additionally, Lorien facilities offer a litany of activies for their residents that maintain their diginity and improve their quality of life.

We believe that the additional facilities – the 27-bed expansion in Bel Air, as well as the new 70-bed facility in Forest Hill – will complement these aims and provide another valuable resource for seniors and their families in Harford County.

Sincerely,

Wayne Tapscott
Paidon Products
791 W. Bel Air Avenue
Aberdeen, MD 21001

Mr. Ed Walter

Administrator, Lorien Bel Air

1901 Emmorton Road

Bel Air, Maryland 21015

Re: Lorien Bel Air and Lorien Forest Hill January 23, 2015

Dear Mr. Walter,

I would like to offer my support for the newest proposed expansion of beds at Lorien Bel Air and for the proposed new 70 bed facility to be built in Forest Hill.

As a lifelong resident of Harford County, I have seen the tremendous growth in the Bel Air and Forest Hill area over the past 15 years. Both of these communities will benefit greatly from the additional beds and services that both Bel Air Lorien and Forest Hill Lorien will provide. Lorien Bel Air's "Aging in Place" model will provide services to many Harford County residents preferring to remain in their homes and age in place. Your skilled nursing facilities and assisted living beds will give these residents the medical and therapeutic support they need as they progress through the aging process, whether for temporary placement or permanent placement.

Your Bel Air facility has an excellent reputation in the community. I believe that senior residents in need of skilled, long term care and assisted living resources will seek your facility as a leader in the community.

I wish you the best of luck in your continued success serving the senior residents in Harford County.

Sincerely,

Carol Brockmeyer

Carol Brockmeyer

2801 Sandy Hook Road, Forest Hill, MD 21050

January 23, 2015

Ed Walter:

As you know, I have worked at Lorien Bel Air for over three years. I started out in 2011 as a part-time GNA as I went to Towson University full-time to get my Bachelor's degree in Gerontology. In July of 2014, after receiving my degree, I began working in Administration doing various tasks in the Social Services department, Admissions office, and Billing office. The knowledge I have gained at Lorien Bel Air both as a GNA and in Administration is invaluable.

The care my co-workers provide our residents is outstanding. During my three years at Lorien, I have seen first-hand direct patient care as well as "behind the scenes" care we provide to our residents. At Lorien, we try our best to make the transition from an acute hospital to sub-acute rehab to home as seamless as possible. This starts in our Admissions department and continues with nursing, rehab, activities, and social services departments. Our departments work together to make this process as smooth as possible for our short-term residents.

Lorien Bel Air also provides exemplary care to the long-term care residents in the facility. We work to keep our residents as independent as possible and treat them with the respect and dignity that they deserve. We individualize each care plan to fit the unique needs of each of our residents.

Due to the aging of the Baby Boomer generation, the number of people 65 and older in the U.S. is projected to increase from 40.3 million people in 2012 to 88.5 million people in 2050. As a result, there are numerous changes that need to occur in our health care system; there will be an increased need of long-term care beds as well as sub-acute rehab beds. Based on my experience at the facility, I strongly believe that Lorien Health Systems should expand to accommodate the influx of the aging population in need of long-term care or sub-acute rehabilitation. Given the opportunity to expand, I believe that Lorien would continue to provide the exemplary care that they are known for. An expansion of the Lorien Bel Air facility as well as an additional facility in Forest Hill would allow more residents of Harford County to receive outstanding skilled nursing and long-term care services.

Sincerely,

Angela Soul

Angela Soul

January 24, 2015

Mr. Ed Walter, Administrator
Lorien Bel Air
1909 Emmorton Road
Bel Air, MD 21015

Dear Mr. Walter,

I understand Lorien is seeking an expansion to the center and possible construction of a new center in Forest Hill, MD. I believe the growing community would benefit greatly from the addition of both projects.

As a Harford County and a prior Lorien patient, I would recommend and support your desire to expand both Bel Air and in Forest Hill.

Sincerely,

Leslie Faber

Leslie Faber
16 Shannon Drive
Bel Air, MD 21014

Mr. Ed Walter, Administrator

Lorien Bel Air

1909 Emmorton Road

Bel Air, MD. 21015

Dear Mr. Walter,

Please accept this letter to fully support your plans to expand your center by 27 additional skilled nursing beds in addition to the construction of a brand new, state of the art 70 bed center in Forest Hill. With the continued expansion of our county's population and growing need for healthcare services, our area would benefit greatly from the addition of both projects.

My mother came to Lorien after a hospitalization to your subacute rehab area. She was well cared for by your staff and felt safe. My brothers and I could leave and believe that the Lorien staff would treat her like their own family. They were quick to call if she needed the family for anything. We were trained and she transitioned home without problems.

As a resident of Harford County, I welcome the expansion of services offered by Lorien Health Systems. Your company has demonstrated a commitment to senior care that is superior.

Sincerely,

George L. Werneke, Jr.

PO Box 594

Bel Air, MD 21014

Forrest Bel Air
1909 Emmorton Rd.
Bel Air, MD 21015

Attn: Ed Walter

It is my understanding that the Forrest Bel Air wishes to add an additional 27 beds to the facility as well as build a facility in Forest Hill.

This growth will provide many benefits to the Harford County community. This will allow more beds and care for the elderly population as well as to those individuals in need of rehabilitation. The facilities will not only provide care and rehab, but also a wide variety of fun activities, entertainment, + religious services by a very friendly staff in a very clean, nicely decorated environment.

The facility accepts insurance and medicaid which is a much needed and vital necessity in this business. It is so important and helpful to the families of the residents and patients!

Additionally, the expansion of Forrest Facilities will provide additional jobs which is a huge benefit to the community! (i.e. Doctors, Nurses, Aids, Administrative, Physical Therapists, Food and Cleaning Personnel, etc.).

It is very difficult to take care of a loved one with major health problems, both physically and financially, so additional health care facilities are welcomed to patients, residents and families in need

Sincerely,
John H Horsman
(3244B)

Mr. Ed Walter, Administrator

Lorien Bel Air

1909 Emmorton Road

Bel Air, MD. 21015

Dear Mr. Walter,

I fully support your plans to expand your center by 27 additional skilled nursing beds in addition to the construction of a brand new, state of the art 70 bed center in Forest Hill. With the continued expansion of our county's population and growing need for healthcare services, our area would benefit greatly from the addition of both projects.

Lorien has a partnership and commitment to the community and the residents they serve. The additional beds created by both centers would allow residents to receive quality, compassionate health care in the community they know and love.

As a resident of Harford County, I welcome the expansion of services offered by Lorien Health Systems. Your company has demonstrated a commitment to senior care with the loving care given to my mother in law, Frances Hall. She feels safe and well-cared for in Lorien Bel Air Assisted Living.

Sincerely,

Jack Grimmel

1605 North Bend Road

Jarrettsville, MD 21084

Cheryl Bayne, RN
1909 Emmorton Road
Bel Air, MD 21015
January 26, 2015

Ed Walter
Administrator
Lorien Bel Air
1909 Emmorton Road
Bel Air, MD 21015

Dear Ed Walter:

As the Director of Nursing, I am delighted to write this letter in support of an additional 27 beds nursing beds and additional Assisted Living apartment here at Lorien Bel Air. Lorien has always recognized the importance of expanding services to care for the existing and growing senior community. Lorien has an excellent reputation and is very successful in providing alternatives to the senior population.

I am also excited and supportive of the proposed 70 bed new facility in the Forest Hill area. This will add much needed quality services for a growing senior population.

I think expansion and a new facility will be beneficial to the entire community.

Sincerely,

Cheryl Bayne, RN

Mr. Ed Walter
Administrator
Lorien Bel Air
1909 Emmorton Road
Bel Air, Maryland 21015

Re: Letter of Support for New 70 Bed Lorien Forest Hill Facility & Further 27 Bed Expansion of Lorien Bel Air

Dear Mr. Walter,

Please consider this to be a Letter of Support for Lorien Bel Air's proposed addition of 27 new nursing beds and additional Assisted Living units to your existing facility in Bel Air. I understand that the nursing beds will be added to a newly redesigned 3rd floor addition which will also house the 21 nursing beds previously approved.

Your combined facility is highly regarded as an important community resource. It will bring expanded services to Harford County's growing population of seniors and meet the recognized need for additional community resources. Your aging in place model is an important community resource which enhances quality of life for our residents.

Likewise, I also support your proposal to establish a new 70 bed Nursing Facility in Forest Hill. The new facility will make an important contribution in increasing access to quality services in a new, modern environment.

Please accept my best wishes for your success as you move forward with these important projects.

Very truly yours,

Michael A. Citrano
1803 Campbell Road
Forest Hill, MD 21050
January 21, 2015

Vera Y. Fisher
1109 Sharon Acres Road
Jarrettsville, MD 21084

April 8, 2013

Director
Lorien Bel Air
1909 Emmorton Road
Bel Air, MD 21015

Dear Director:

I am writing to let you know how much I enjoyed my Lorien of Bel Air experience last week. My daughter and I are extremely impressed with how beautifully kept and clean your establishment is and how wonderful the people taking care of me were. I was assigned to room 302. I also love the fact that you are a Christian environment.

I have had two very bad experiences with a rehab facility and I had no wish to go to one after my surgery. After my second spinal surgery on 1 April I realized my need for a rehab facility to help aid my recovery. I asked to be taken to Lorien of Bel Air hoping the facility was not as bad as the other one.

I wish to thank you and your staff for their excellent care of me during my stay. I don't remember the names of all the nursing staff and aides who gave me support. Please give my regards and well wishes to those people who took excellent care of me, including Arthur Johnson and Tony.

My son, James, was severely injured in a deer hit-and-run on March 10. When the time comes for him to go to a sub-acute rehab facility I am going to fight to have him put into your care.

Sincerely,

Vera Y. Fisher

VERA Y. FISHER

May 14, 2012

Recognition for the 3rd floor rehab staff:

I wish to express my gratitude for the patience and care that the 3rd floor staff has given to my mother (Elizabeth Buczkowski) during her stay there.

The staff conducted themselves in a professional manner during all phases of my mother's care. This reflects highly on the Lorien facility. I am grateful that my mother was sent there for treatment.

With Sincere Appreciation,

Gary Buczkowski

2620 Pleasantville Road
Fallston, MD 21047
March 31, 2011

Louis Grimmel, Sr. CEO
Lorien Health Systems
3300 North Ridge RD Suite 390
Ellicott City, MD 21043
March 30, 2011

Dear Sir:

Our family has been a part of the "Lorien Family" since late 2003 when our sister and brother arrived at the Bel Air Lorien after recovering from a horrific traffic accident in which we were involved. For more than seven years, it has been a blessing for their children and for us to see each of them thrive and live to age 93 and 90 years old.

For almost a year, Ed Walter and his staff dealt with a very difficult situation with still another of our brothers. We praise God for the love and care given him, his wife, children, and extended family. Decisions were made with love, compassion, and considerable wisdom. We cannot praise Ed and his staff enough for this comforting situation. Our brother's wife continues to live at Lorien and is extremely satisfied with the care her husband received. She is very happy there and a total joy to visit.

Furthermore, after taking care of our next-door neighbor for six years, we moved him to Lorien a year ago since we are in our 80's and have the power of attorney to make that decision. John has a form of dementia and, therefore, needs an understanding support system. We consider Lorien a "God Send" in our lives. We are often there so we can see the excellent care provided for our family members, John, and several friends.

Thank you for providing a lovely, well-run facility for our loved ones.

Sincerely,

Lawrence E. Watters

Lawrence E. Watters

Dorothy B. Watters

Dorothy B. Watters

Mr. Robert and Barbara Jones
1337 Southwell Lane
Bel Air, MD 21014
June 16, 2013

Mr. Ed Walter
Lorien Bel Air
1909 Emmorton Road
Bel Air, MD 21014

Re: Eileen P. Bruns

Dear Ed:

I'm sorry it's taken a little time since Mom's passing to write you, but I'm sure you understand. I just have a few things I'd like to say to you and to your amazing staff of caregivers.

First, I would like to thank you personally for everything that you have done on Mom's behalf and for your professionalism, kindness, understanding and compassion with all the ups and downs through these last years. Through the 9 years of Mom's stay at Lorien, we have seen many administrators come and go. I want you to know that out of all of them, YOU were the only one that seemed willing and able to help solve any problems that arose whether good or bad and just listen to our fears and thoughts. Thank you just doesn't seem to be enough for all you've done for me and my Mom through the good times and the bad times. I tried to let you know how much you were appreciated through all of it and hope even today you know that. Thank you so very much again and again.

Secondly, I would like to thank all of the front desk people for their professionalism and compassion through the years. I'd like to especially mention a few of them.....Helen, Eva, Carla, Melody and others who names I just can't recall at the moment. They are wonderful people and do a great job representing Lorien from the second you walk in the door. Thank you ladies!

Thirdly, during Mom's stay in Assisted Living unit, I would like to mention a few others who took impeccable care of Mom's every need. From the maintenance men to the cleaning crew to the dieticians and food services people.....thank you all for a wonderful job over 9 years. Thank you so much to the nursing staff....Cheryl and Terry and Gail and all the others who took such care and compassion to Mom's needs. And dear, dear Mary Ellis....what would I have done without you. You guided me and helped me at every avenue of Mom's stay there and I can never thank you enough for your understanding, humor and compassion. You always kept us smiling!

And fourth, to everyone on the 3rd floor for these very important and yet very sad and emotional last few months. I'd like to say a special thank you to Gail for her undying commitment to Mom and to me. You always seemed to be there when I needed you the most and I'm so thankful you were there with me the day of Mom's passing. Thank you especially to Lynn for all the special hugs and kisses and always letting Mom know she had a friend and was not alone. Rebecca.....amazing! Your gentle care and approach with Mom was one of a daughter tending to her own mother. I will never forget your kindness. Kim and Ken and all the other nurses and aides that took such wonderful care of my Mom. I appreciate each and everyone of you.

And, finally last, but definitely not least, Jeanette Delgado-Goe. You are amazing at your profession and I was so thankful to have you by my side throughout the years. Your guidance, understanding, and also your professionalism in dealing with problems and emotions both with Mom and me were unbelievable. I pray that you will remember us with fondness and forgive us when things got really tough. Thank you for everything Jeanette from the bottom of my heart.

Ed, I hope you know (and I think you do) what an amazing staff of people you have there at Lorien. If and when a time may come that Bob and I need a place to go, I would not hesitate to come back to our Lorien family. But, I promise we'll try not to cause so much trouble. Lol. Thank you again for everything, although I wish there was a bigger and better word that would describe how you all made us feel during Mom's stay. I know.....LOVE!!!!!

Sincerely,

Barb + Bob

Barbara and Bob Jones

Ed Walter

From: Lisa Smith [lds4223@gmail.com]
Sent: Saturday, April 20, 2013 2:08 PM
To: Grimmel-lgrimmel@lorienhealth.com; Lou Grimmel
Cc: Ed Walter
Subject: Thank You from the Delgado family

April 20, 2013

Dear Mr. Grimmel,

It is with great sadness that we write this letter. Our beloved mother, Natividad Delgado, passed away at your Bel Air nursing home on April 6th. The family is, of course, still dealing with the shock of her loss, but at the same time remembering the many wonderful moments we shared with her. We celebrate her amazingly rich life and are grateful to have had her with us for 86 years. We are also grateful for the love she and your caring staff shared.

The very competent care her nurse, Eileen Hanley gave her everyday as she tended to her medical needs, as well as the need to make her comfortable in her last days, warmed our hearts.

Her doctors, Dr. Lee and Dr. Dhanjani were with our mother every step of the way in her last moments, as well as throughout the last few years, always clearly explaining procedures and her prognosis, as she became weaker. Their compassion is so much appreciated.

On a daily basis, the staff that took care of our mother was always cheery, attentive and expert in their duties. We want to especially thank Frances Frank and Nikita Wilson. They were with her on a daily basis, tending to her needs with love and compassion. We were so moved by their devotion and expressions of comfort to our family. We also want to thank Cynthia Harrison, Cathy Gross, Karen Gauss, Leah Dawson, Janet Ison, Cheryl Bayne, Mikayah Ggalazeh, Tina Mills and Gayle Pyle for their good care and attention. And especially appreciate the housekeeping staff: Millie, Laura and Viola, who were always there with smiles and hugs, ready to translate from Spanish to English, whenever there was a pressing need.

Lastly, we would like to especially thank Ed Walter, who as head of Lorien Bel Air, led us, a family with many different personalities and challenges, through some very hard times. His grace and outstanding professionalism was of great comfort.

We have thanked the staff personally, but we wanted you to know how much we appreciate everything they did for our mother throughout the five years she lived at Lorien Bel Air, and in her last hours of need. We will never forget.

Thank you.

Sincerely,

The family of Natividad Delgado

4/29/2013

APX. 8

APX. 8

FOR PRIVATE-PAY RESIDENTS

Effective 01/01/2015

A. Items and Services Included in the Daily Rate

The daily rates and the items and services they include are listed below:

Room Type – LTC (Long Term Care)	**Price Range**
Semi-private	$347.00
Private	$398.50
Room Type – SAR (Sub-Acute & Rehabilitation)	**Price Range**
Semi-private	$515.00
Private	$607.00

Description of Items and Services Included in the Daily Rate
1. Room
2. Board
3. Social services
4. Nursing care, including: a. The administration of prescribed oral medications and ordered diet (except supplements); b. The provision of care to prevent skin breakdown, bedsores, and deformities; c. The provision of care to keep the resident comfortable, clean, and well-groomed; d. The provision of care to protect the resident from accident, injury, and infection; e. The provision of care necessary to encourage, assist, and train the resident in self-care and group activities.
5. Other:

B. Items and Services Not Included in the Daily Rate

The items and services available in the Facility that are not included in the daily rate are listed below. The Resident may be charged for these items and services if you or the Resident (or the Resident's physician) ask for them and the Resident receives them. If the Resident is eligible for Medicare and/or private insurance, and you believe that Medicare

and/or the private insurance may cover an item or service listed below, you should ask us to submit the bill to Medicare and/or the private insurer.

Category/Item	**Price Range**
Bathing/bedside care supplies, ea.	$00.27 - $18.50
Catheter care/daily charge	$5.00
Colostomy care, daily charge	$12.00
Dressing supplies, ea.	$00.18 - $150.00
Emergency equipment (crash cart use)	$75.00
Feedings – enteral, daily charge	$35.00
Feedings – personal, daily charge	$2.00 - $6.00
Finger Sticks, Blood Glucose	$7.50 Each
Incontinence, daily charge	$7.50
Incontinence supplies, ea.	$1.29 - $150.40
Injections, charge per injection	$3.00
Injection supplies, ea.	$00.49 - $7.25
Isolation, daily charge	$35.00
IV pump rentals, monthly charge	$187.00 - $425.00
IV supplies, ea.	$1.29 - $94.00
IV, daily charge	$15.00 - $90.00
Laundry, daily charge	$2.50
Medical equipment rental, monthly charge	$95.00 - $225.00
Medical equipment purchase	Price varies
Nutritional supplements, per unit	$1.08 - $35.00
Oxygen supplies, ea.	$1.20 - $96.00
Oxygen liquid	Dependent upon usage
Oxygen concentrator, daily charge	$10.00
Personal clothing labels	$15.00
Personal hygiene supplies, ea.	$00.27 - $9.50
Protective skin care supplies, ea.	$00.89 - $121.00
Pulse Oximeter, daily charge	$12.00
Restraint/protective device, ea.	$3.50 - $52.60
Specialty bed rental, daily charge	$60.00 - $340.00
Suctioning	$6.00 per day
Tracheostomy care w/Suctioning	$40.00 per day
Tracheostomy supplies, ea.	$4.27 - $174.50
Tube feeding supplies, ea.	$29.75 - $340.00
Ventilator supplies, ea.	$27.50 - $218.00
Wander Guard	$203.00
Wound care, Per Treatment	$7.50

Beauty Shop	**Price**
Color only	$52.00
Comb outs or curl iron comb outs	$16.00
Perms	$73.00
In room service charge (Extra)	$5.00
Nails cut and shaped	$12.00
Manicures	$23.00
Polish Change	$10.00
Men's Haircuts	$18.00
Shampoo, blow-dry and curl iron	$30.00
Shampoo set and hair up-do	$31.00
Shampoo and set	$21.00
Shampoo, cut and set or blow-dry	$39.00
Shampoo only	$5.00
Shampoo and haircut only (no blow-dry)	$21.00
Shampoo and partial haircut (top or back only)	$12.00
Scalp treatments (tea tree oil treatments / sea breeze)	$5.00
Conditioning treatments	$10.00
Shampoo and blow-dry only (no curl iron)	$21.00
Other Miscellaneous services	varies
Guest Trays	**Price**
Guest tray	$5.00

THE FOLLOWING ARE NOT INCLUDED IN THE FACILITY'S DAILY RATE, AND ARE THE RESPONSIBILITY OF THE RESIDENT AND/OR AGENT

Dental services	
• Consultation	from $35.00
• Prophylaxis	from $20.00
• X-rays	from $30.00
• Fillings	from $30.00
• Denture repair	from $35.00
• Root canal therapy	from $225.00
• Full denture (upper or lower)	from $495.00
• Partial denture (upper or lower)	from $560.00
• Other dental services may be available. Contact provider directly for prices.	
*Laboratory services	
Medicare co-insurance	$157.50
Mental health services:	
• Initial consult by psychiatrist	$150.00 - $200.00
• Initial consult by psychologist	$150.00
• Initial consult by social worker	$150.00
Newspapers	
• Daily **Morning Sun**	from $7.50 every four weeks

• **Sunday Sun** • Bi-Weekly **– The Aegis**	from $6.93 every four weeks from $19.95 every six months
Optometry • Routine eye exam	 from $89.00
*Pharmacy	
Physician services	from $75.00

Private duty nurses
• Base service/two hours, M-F
• Additional consecutive hours
  • M-F, 7 AM to 5 PM
  • M-F, 5 PM to 7 AM
	
	from $35.30 base rate
	
	from $12.95 per hour
	from $13.25 per hour

*Radiology	
Rehabilitation services: • Physical therapy • Occupational therapy • Speech therapy	 $25.00 to $100.00 per 15 minute visit $25.00 to $150.00 per 15 minute visit $25.00 to $150.00 per 15 minute visit
Specialist services, for example: • *Podiatry services Telephone services: • Initial phone • Average basic service	 $16.00 $ 1.00 per day

OTHER ITEMS MAY NEED TO BE ORDERED AS RESIDENT CARE DICTATES. COST INFORMATION WILL BE AVAILABLE FROM THE FACILITY OR OUTSIDE PROVIDER AT THAT TIME.

*Contact provider directly for prices