

APPLICATION FOR CERTIFICATE OF NEED

For

Lorien Harford Nursing & Rehabilitation Center

A New 70 Bed Comprehensive Care Facility in Harford County

On behalf of

Lorien Harford III, LLC dba Lorien Harford Nursing & Rehabilitation Center

Submitted for Review By the

MARYLAND HEALTH CARE COMMISSION

February 6, 2015

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INTRODUCTION

Lorien – Harford III, LLC (“Lorien”) proposes to construct and operate a new 70 bed Comprehensive Care Facility on a 5.38 +/- acre site at 2000 Rock Spring Road, Forest Hill, Maryland 21050 north of Bel Air. The facility will be housed in a newly constructed 42,324 gsf building which will include 3 levels as follows:

- Ground Level – a 10,000 gsf +/- Ground Level housing ‘back of the house’ areas (Food Service, Housekeeping, Maintenance, Clean / Soiled Laundry, Electrical, Mechanical, Staff Lounge, Storage, Medical Gas, Loading), all as shown on the Ground Level Drawing at Apx. 1.
- 1st Level – a 16,162 gsf Floor containing a 30 Bed Unit A (1 Nurses’ Station and 15 Double Occupancy Rooms); and Offices and Ancillary areas (Kitchen; Physical Therapy; Speech Therapy; Admissions, Business, Activities, Unit Managers Offices; Private Dining / Conference Rooms, Dining / Activities area; Nurses Lounge; Clean and Soiled Utility Rooms; Housekeeping Room; and Lobbies / Sitting Areas) all as shown on the 1st Level Drawing at Apx. 1. The 15 Double occupancy Resident Rooms range in size from 317 sf to 337 sf.
- 2nd Level - a 16,162 gsf Floor containing a 40 Bed Unit A (1 Nurses’ Station and 5 Double occupancy Resident Rooms + 30 Single occupancy Resident Rooms); and Offices and Ancillary areas (Café / Lounge; Conference Room; Physician’s Office; Unit Manager Office MDS Coordinator Office; Clean / Soiled Utility) all as shown on the 2nd Level Drawing at Apx. 1. The 30 Single occupancy Resident Rooms range in size from 191 to 276 sf; and the 5 Double Occupancy Rooms range in size from 311 to 345 sf.

The 70 Bed Nursing Facility is intended to be Phase 1 of the total project. Lorien will ultimately proceed with the Phase 2 construction of a non CON regulated and separately licensed Assisted Living Facility based on the model it has successfully implemented at Lorien Harford. Upon completion of both phases, the proposed Nursing Facility will become a key component in Lorien’s innovative ‘aging in place’ model offering a continuum of care so that its residents

have access to a range of services as they age and as their needs change without having to leave their community. Further, as a non-CCRC, the project will serve the needs of the general public.

Lorien Harford III and its existing sister facility, Lorien Harford, were the sole entities that stepped forward to file Letters of Intent to develop projects meeting the need identified by the State health Plan. As described more particularly in this Application, Lorien Harford III will meet the need for 70 of the 97 beds projected as needed.¹ Thus, not only will the identified need be met, but the residents of Harford County will gain an innovative model of care that is much in demand as shown by the continuing success of Lorien Harford.

¹ The remaining 27 beds are being applied for by Lorien Bel Air.

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. <u>Lorien Harford III, LLC</u>
Legal Name of Project Applicant
(i.e. Licensee or Proposed Licensee) | 3.a. <u>Lorien Harford Nursing &
Rehabilitation Center</u>
Name of Facility |
| b. <u>1205 York Road – PH Suite</u>
Street | b. <u>2000 Rock Spring Road</u>
Street (Project Site) |
| c. <u>Lutherville</u> <u>21093</u> <u>Baltimore</u>
City Zip County | c. <u>Forest Hill</u> <u>21015</u> <u>Harford</u>
City Zip County |
| d. <u>(410) 825 - 8400</u>
Telephone | 4. <u>N/A</u>
Name of Owner (if different than
applicant) |
| e. <u>Louis Mangione, Pres.</u>
Name of Owner/Chief Executive | |
| 2.a. <u>N/A</u>
Legal Name of Project Co-Applicant
(i.e. if more than one applicant) | 5.a. <u>N/A</u>
Representative of
Co-Applicant |
| b. <u>N/A</u>
Street | b. <u>N/A</u>
Street |
| c. <u>N/A</u>
City Zip County | c. <u>N/A</u>
City Zip County |
| d. <u>N/A</u>
Telephone | d. <u>N/A</u>
Telephone |
| e. <u>N/A</u>
Name of Owner/Chief Executive | |

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

Louis G. Grimm, Sr., CEO

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

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

Establishment of a new 42,324 gsf 3 Level 70 Bed Comprehensive Care Facility including (a) a 10,000 gsf Ground Floor containing ‘back of the house’ operations; (b) a 16,162 gsf 1st Level containing a 30 Bed Nursing Unit and ancillary spaces; and (c) a 16,162 gsf 2nd Level containing a 40 Bed Nursing Unit and additional ancillary space.

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

- | | | |
|---|---|--|
| a. Governmental <input type="checkbox"/> | b. Sole Proprietorship <input type="checkbox"/> | c. To be Formed <input type="checkbox"/> |
| Proprietary <input checked="" type="checkbox"/> | Partnership <input type="checkbox"/> | Existing <input checked="" type="checkbox"/> |
| Nonprofit <input type="checkbox"/> | Corporation <input checked="" type="checkbox"/> (LLC) | |
| | Subchapter "S" <input type="checkbox"/> | |

9. Current Licensed Capacity and Proposed Changes: N/A

Service	Unit Description	Currently Licensed/ Certified	Units to be Added or Reduced	Total Units if Project is Approved
Comprehensive Care	Beds	<u> </u> / <u> </u>	70	70
Assisted Living**	Apt. Units	<u> </u> / <u> </u>	N/A	N/A
Extended Care	Beds N/A	<u> </u> / <u> </u>	N/A	N/A
Adult Day Care	"Slots" N/A	<u> </u> / <u> </u>	N/A	N/A
Other (Specify)	N/A	<u> </u> / <u> </u>	N/A	N/A
		<u> </u> / <u> </u>		

10. Community Based Services Provided by Facility:

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

11. Project Location and Site Control:

- A. Site Size 5.46 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.)

The site is properly zoned for the proposed Nursing Home in its current B2 Zoning classification. But as with any development, the Applicant has to proceed with normal project development approvals including concept plan, new site plan, grading / sediment control, Storm Water Management approval, General Discharge Permit from MDE, Building permit, etc.

C. Site Control:

- (1) Title held by: 2000 Rock Spring Road LLC
- (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 **The Site is currently controlled by means of a signed, exclusive Letter of Intent ("LOI") between the land Owner and Commercial Contractors, Inc. ("CCI"), the construction company owned by the Mangione Family. The LOI provides that the Purchaser will be CCI or a 'related entity' (i.e. an entity owned by the Mangione Family). It is expected that the related Mangione entity will be the actual Purchaser following execution of the Purchase Agreement with the land Owner, conclusion of a 120 day due diligence period, and Closing by October 1, 2015, all as provided for in the LOI, and assuming the CON is timely awarded.**

(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 18 months from approval date.
 - B. Beginning Construction 4 months from capital obligation.
 - C. Pre-Licensure/First Use 18 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. **Establishment of a new 42,324 gsf 3 Level 70 Bed Comprehensive Care Facility including (a) a 10,000 gsf Ground Floor containing 'back of the house' operations; (b) a 16,162 gsf 1st Level containing a 30 Bed Nursing Unit and ancillary spaces; and (c) a 16,162 gsf 2nd Level containing a 40 Bed Nursing Unit and additional ancillary space. Construction will be Class C, Good Construction with Brick.**

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. *Note: 1 Nurse Station on 1st Level & 1 Nurse Station on 2nd Level as shown on Drawings.*
- 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 70 comprehensive care beds will be configured in a 30 – Bed Unit on the 1st Level (15 Double occupancy Rooms) and a 40 – Bed Unit on the 2nd Level (5 Double occupancy rooms + 30 Single occupancy rooms). See Floor Plans 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 currently being built.*
and
- 6) the "footprint" and location of the facility on the proposed or existing site. *See Drawing with building footprint on proposed site, 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.

The site is in an established area with nearby commercial development and all required utilities are currently available to the 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				
Service Location (Floor/Wing)	Current Licensed Beds	Based on Physical Capacity				Service Location (Floor/Wing)	Based on Physical Capacity			
		Room Count			Physical Bed Capacity		Room Count			Physical Bed Capacity
		Private	Semi-Private	Total Rooms			Private	Semi-Private	Total Rooms	
COMPREHENSIVE CARE						COMPREHENSIVE CARE				
	0			0	0	1st Floor	0	15	15	30
	0			0	0	2nd Floor	30	5	35	40
				0	0				0	0
				0	0				0	0
				0	0				0	0
SUBTOTAL Comprehensive Care	0	0	0	0	0	SUBTOTAL	30	20	50	70
ASSISTED LIVING						ASSISTED LIVING				
					0					
					0					
TOTAL ASSISTED LIVING	0	0	0	0	0	TOTAL ASSISTED LIVING	0	0	0	0
Other (Specify/add rows as needed)				0	0	Other (Specify/add rows as needed)			0	0
TOTAL OTHER						TOTAL OTHER				
FACILITY TOTAL	0	0	0	0	0	FACILITY TOTAL	30	20	50	70

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)*		
Class A	<input type="checkbox"/>	<input type="checkbox"/>
Class B	<input type="checkbox"/>	<input type="checkbox"/>
Class C	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Class D	<input type="checkbox"/>	<input type="checkbox"/>
Type of Construction/Renovation*		
Low	<input type="checkbox"/>	<input type="checkbox"/>
Average	<input type="checkbox"/>	<input type="checkbox"/>
Good	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Excellent	<input type="checkbox"/>	<input type="checkbox"/>
Number of Stories	2.5	
*As defined by Marshall Valuation Service		
PROJECT SPACE	List Number of Feet, if applicable	
Total Square Footage	Total Square Feet	
Ground Floor	10,000	
First Floor	18,162	
Second Floor	18,162	
Third Floor		
Fourth Floor		
Total Square Footage	42,324	0
Average Square Feet	14,108	
Perimeter in Linear Feet	Linear Feet	
Ground Floor	360	
First Floor	791	
Second Floor	791	
Third Floor		
Fourth Floor		
Total Linear Feet	1,942	0
Average Linear Feet	777	
Wall Height (floor to eaves)	Feet	
Ground Floor	12	
First Floor	12	
Second Floor	10	
Third Floor		
Fourth Floor		
Average Wall Height	11.33	
OTHER COMPONENTS		
Elevators	List Number	
Passenger	2	
Freight	Shares Passenger	
Sprinklers	Square Feet Covered	
Wet System	42,324	
Dry System		
Other		
Type of HVAC System for proposed project	Gas & Electric	
Type of Exterior Walls for proposed project	Brick & Sliding	

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	RENOVATION COSTS
SITE PREPARATION COSTS		
Normal Site Preparation	\$225,000	
Utilities from Structure to Lot Line		
Subtotal included in Marshall Valuation Costs	\$225,000	\$0
Site Demolition Costs	\$10,000	
Storm Drains	\$200,000	
Rough Grading	\$200,000	
Hillside Foundation	\$180,000	
Paving		
Exterior Signs	\$30,000	
Landscaping	\$20,000	
Walls		
Yard Lighting		
Other (Specify/add rows if needed)		
Subtotal On-Site excluded from Marshall Valuation Costs	\$640,000	
OFFSITE COSTS		
Roads	\$80,000	
Utilities	\$140,000	
Jurisdictional Hook-up Fees	\$210,000	
Other (Specify/add rows if needed)		
Subtotal Off-Site excluded from Marshall Valuation Costs	\$430,000	
TOTAL Estimated On-Site and Off-Site Costs <u>not</u> included in Marshall Valuation Costs	\$1,070,000	\$0
TOTAL Site and Off-Site Costs included and excluded from Marshall Valuation Service*	\$1,295,000	\$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	Total
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. Land Purchased/Donated	\$1,260,000		\$1,260,000
b. New Construction			
(1) Building	\$5,940,000		\$5,940,000
(2) Fixed Equipment			\$0
(3) Site and Infrastructure	\$1,295,000		\$1,295,000
(4) Architect/Engineering Fees	\$400,000		\$400,000
(5) Permits (Building, Utilities, Etc.)	\$150,000		\$150,000
SUBTOTAL New Construction	\$7,785,000	\$0	\$7,785,000
c. Renovations			
(1) Building			\$0
(2) Fixed Equipment (not included in construction)			\$0
(3) Architect/Engineering Fees			\$0
(4) Permits (Building, Utilities, Etc.)			\$0
SUBTOTAL Renovations	\$0	\$0	\$0
d. Other Capital Costs			
(1) Movable Equipment	\$1,080,000		\$1,080,000
(2) Contingency Allowance	\$250,000		\$250,000
(3) Gross interest during construction period	\$182,813		\$182,813
(4) Other (Specify/add rows if needed)			
SUBTOTAL Other Capital Costs	\$1,512,813	\$0	\$1,512,813
TOTAL CURRENT CAPITAL COSTS	\$10,557,813	\$0	\$10,557,813
e. Inflation Allowance	\$797,563		\$797,563
TOTAL CAPITAL COSTS	\$11,355,376	\$0	\$11,355,376
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees	\$75,000		\$75,000
b. Bond Discount			\$0
c. Legal Fees	\$20,000		\$20,000
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	\$15,000		\$15,000
SUBTOTAL	\$110,000	\$0	\$110,000
3. Working Capital Startup Costs	\$750,000		\$750,000
TOTAL USES OF FUNDS	\$12,215,376	\$0	\$12,215,376
B. Sources of Funds			
1. Cash	\$3,195,376		\$3,195,376
2. Philanthropy (to date and expected)			\$0
3. Authorized Bonds			\$0
4. Interest Income from bond proceeds listed in #3			\$0
5. Mortgage	\$7,500,000		\$7,500,000
6. Working Capital Loans	\$750,000		\$750,000
7. Grants or Appropriations			
a. Federal			\$0
b. State			\$0
c. Local			\$0
8. Other - FF&E Loan	\$770,000		\$770,000
TOTAL SOURCES OF FUNDS	\$12,215,376	\$0	\$12,215,376
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 Harford III, Inc. dba Lorien Harford Nursing & Rehabilitation Center

70 Comprehensive Care Beds

Project Budget

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.				
Projected Mortgage Debt at Opening	<u>\$ 7,500,000</u>				
Average Outstanding Construction Loan	\$ 3,750,000				
Estimated Monthly Interest Rate (3.25% annual rate)	0.2708%				
Construction Period, # months	18				
Interest Rate	4.8750%				
Construction Period Interest	<u>\$ 182,813</u>				

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 \$250,000. These amounts have been estimated by the project's construction team who each have approximately forty years of construction experience, including construction of projects very similar to the project's floor plan.

Inflation Allowance

The inflation allowance is estimated based upon a 35 month time frame from application date to midpoint of construction (January 2018) at an estimated inflation rate of 3% per year (8.75% for the 35 month period). This inflation allowance rate of 8.75% is multiplied by Total Current Capital Costs to result in estimated inflation of \$797,563.

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

Not Applicable

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				20X1	20X2	20X3				
1. ADMISSIONS										
a. Comprehensive Care (public)										
b. Comprehensive Care (CCRC Restricted)										
<i>Total Comprehensive Care</i>	0	0	0	0	0	0	0	0	0	0
c. Assisted Living										
d. Other (Specify/add rows of needed)										
TOTAL ADMISSIONS	0	0	0	0	0	0	0	0	0	0
2. PATIENT DAYS										
a. Comprehensive Care (public)										
b. Comprehensive Care (CCRC Restricted)										
<i>Total Comprehensive Care</i>	0	0	0	0	0	0	0	0	0	0
c. Assisted Living										
d. Other (Specify/add rows of needed)										
TOTAL PATIENT DAYS	0	0	0	0	0	0	0	0	0	0
3. NUMBER OF BEDS										
a. Comprehensive Care (public)										
b. Comprehensive Care (CCRC Restricted)										
<i>Total Comprehensive Care Beds</i>	0	0	0	0	0	0	0	0	0	0
c. Assisted Living										
d. Other (Specify/add rows of needed)										
TOTAL BEDS	0	0	0	0	0	0	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)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
b. Comprehensive Care (CCRC Restricted)										
<i>Total Comprehensive Care Beds</i>	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
c. Assisted Living	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
d. Other (Specify/add rows of needed)										
TOTAL OCCUPANCY %	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#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)	360	560	560				
b. Comprehensive Care (CCRC Restricted)							
Total Comprehensive Care	360	560	560	0	0	0	0
c. Assisted Living							
d. Other (Specify/add rows of needed)							
TOTAL ADMISSIONS	360	560	560				
2. PATIENT DAYS							
a. Comprehensive Care (public)	14,235	23,725	23,725				
b. Comprehensive Care (CCRC Restricted)							
Total Comprehensive Care	14,235	23,725	23,725	0	0	0	0
c. Assisted Living							
d. Other (Specify/add rows of needed)							
TOTAL PATIENT DAYS	14,235	23,725	23,725				
3. NUMBER OF BEDS							
a. Comprehensive Care (public)	70	70	70				
b. Comprehensive Care (CCRC Restricted)							
Total Comprehensive Care Beds	70	70	70	0	0	0	0
c. Assisted Living							
d. Other (Specify/add rows of needed)							
TOTAL BEDS	70	70	70	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)	55.7%	92.9%	92.9%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
b. Comprehensive Care (CCRC Restricted)							
Total Comprehensive Care Beds	55.7%	92.9%	92.9%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
c. Assisted Living				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
d. Other (Specify/add rows of needed)							
TOTAL OCCUPANCY %	55.7%	92.9%	92.9%	#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

Not Applicable

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				20X1	20X2	20X3					
1. REVENUE											
a. Inpatient Services											
b. Outpatient Services											
Gross Patient Service Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c. Allowance For Bad Debt											
d. Contractual Allowance											
e. Charity Care											
Net Patient Services Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
f. Other Operating Revenues (Specify/add rows if needed)											
NET OPERATING REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. EXPENSES											
a. Salaries & Wages (including benefits)											
b. Contractual Services											
c. Interest on Current Debt											
d. Interest on Project Debt											
e. Current Depreciation											
f. Project Depreciation											
g. Current Amortization											
h. Project Amortization											
i. Supplies											
j. Other Expenses (Specify/add rows if needed)											
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. INCOME											
a. Income From Operation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Non-Operating Income											
SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c. Income Taxes											
NET INCOME (LOSS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Not Applicable

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				20X1	20X2	20X3				
4. PATIENT MIX										
a. Percent of Total Revenue										
1) Medicare										
2) Medicaid										
3) Blue Cross										
4) Commercial Insurance										
5) Self-pay										
6) Other- Medicare Part B										
TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
b. Percent of Inpatient Days										
1) Medicare										
2) Medicaid										
3) Blue Cross										
4) Commercial Insurance										
5) Self-pay										
6) Other										
TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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	\$ 5,282	\$ 8,781	\$ 8,781				
b. Outpatient Services							
Gross Patient Service Revenues	\$ 5,282	\$ 8,781	\$ 8,781	\$ -	\$ -	\$ -	\$ -
c. Allowance For Bad Debt	\$ 53	\$ 132	\$ 132				
d. Contractual Allowance							
e. Charity Care							
Net Patient Services Revenue	\$ 5,229	\$ 8,649	\$ 8,649	\$ -	\$ -	\$ -	\$ -
f. Other Operating Revenues (Specify)	\$ 29	\$ 47	\$ 47				
NET OPERATING REVENUE	\$ 5,258	\$ 8,696	\$ 8,696	\$ -	\$ -	\$ -	\$ -
2. EXPENSES							
a. Salaries & Wages (including benefits)	\$ 3,014	\$ 3,945	\$ 3,945				
b. Contractual Services	\$ 950	\$ 1,556	\$ 1,556				
c. Interest on Current Debt							
d. Interest on Project Debt	\$ 314	\$ 311	\$ 301				
e. Current Depreciation							
f. Project Depreciation	\$ 322	\$ 322	\$ 322				
g. Current Amortization	\$ 22	\$ 22	\$ 22				
h. Project Amortization							
i. Supplies	\$ 493	\$ 821	\$ 821				
j. Other Expenses (Specify)	\$ 817	\$ 1,269	\$ 1,269				
TOTAL OPERATING EXPENSES	\$ 5,932	\$ 8,246	\$ 8,236	\$ -	\$ -	\$ -	\$ -

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	\$ (674)	\$ 450	\$ 460	\$ -	\$ -	\$ -	\$ -
b. Non-Operating Income							
SUBTOTAL	\$ (674)	\$ 450	\$ 460	\$ -	\$ -	\$ -	\$ -
c. Income Taxes							
NET INCOME (LOSS)	\$ (674)	\$ 450	\$ 460	\$ -	\$ -	\$ -	\$ -
4. PATIENT MIX							
a. Percent of Total Revenue							
1) Medicare	47.27%	47.38%	47.38%				
2) Medicaid	34.48%	34.32%	34.32%				
3) Blue Cross							
4) Commercial Insurance	3.32%	3.33%	3.33%				
5) Self-pay	11.61%	11.64%	11.64%				
6) Other- Medicare Part B	3.32%	3.33%	3.33%				
TOTAL	100.00%	100.00%	100.00%	0.0%	0.0%	0.0%	0.0%
b. Percent of Inpatient Days							
1) Medicare	34.61%	34.61%	34.61%				
2) Medicaid	50.00%	50.00%	50.00%				
3) Blue Cross							
4) Commercial Insurance	3.08%	3.08%	3.08%				
5) Self-pay	12.31%	12.31%	12.31%				
6) Other							
TOTAL	100.00%	100.00%	100.00%	0.0%	0.0%	0.0%	0.0%

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			

TABLE H: SUPPLEMENTAL INFORMATION

REVENUE RECONCILIATION- INPATIENT SERVICES						
1. a. Inpatient Services	\$ 5,282	\$ 8,781	\$ 8,781			
Medicare- Days	4928	8213	8213			
Medicare- Avg Rate PPD	\$ 506.71	\$ 506.71	\$ 506.71			
Medicare Revenue	\$ 2,497,067	\$ 4,161,609	\$ 4,161,609			
Medicaid- Days	7118	11863	11863			
Medicaid- Avg Rate PPD	\$ 255.86	\$ 254.01	\$ 254.01			
Medicaid Revenue	\$ 1,821,211	\$ 3,013,321	\$ 3,013,321			
Commercial Insurance Days	438	730	730			
Commercial Insurance- Avg Rate PPD	\$ 400.00	\$ 400.00	\$ 400.00			
Commercial Insurance Revenue	\$ 175,200	\$ 292,000	\$ 292,000			
Self Pay- Comp Care Days	1752	2920	2920			
Self Pay- Average Rate	\$ 350.00	\$ 350.00	\$ 350.00			
Self Pay Revenue	\$ 613,200	\$ 1,022,000	\$ 1,022,000			
Self Pay- ALU Days						
Self Pay- Average Rate						
Self Pay Revenue	\$ -	\$ -	\$ -			
Medicare Part B- Est Revenue	\$ 175,200	\$ 292,000	\$ 292,000			
TOTAL Inpatient Revenue	\$ 5,281,878	\$ 8,780,930	\$ 8,780,930			
	14236	23726	23726			

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			
2. j. Other Expenses (Specify/add rows if needed)	\$ 817	\$ 1,269	\$ 1,269			
Cable TV	11	18	18			
Repairs & Maintenance	7	12	12			
Utilities	96	120	120			
Sewer & Water	16	24	24			
Help Wanted Advertising	7	12	12			
Promotional Advertising	11	18	18			
Minor Equipment	5	18	18			
Data Processing	29	48	48			
Insurance	59	59	59			
Legal Fees	12	12	12			
Accounting	18	18	18			
Management Fees	198	360	360			
Licenses & Permits	17	28	28			
Telephone & Postage	9	14	14			
Dues & Subscriptions	12	20	20			
Meetings & Seminars	1	2	2			
Auto, gas & diesel	4	8	8			
Bank Fees	6	9	9			
Contributions						
Personal Property Taxes		15	15			
Real Estate Taxes	66	66	66			
Medicaid QA/Provider Taxes	220	366	366			
Equipment Rental	13	22	22			
Sales Tax						
Other/Rounding						
	<u>\$ 817</u>	<u>\$ 1,269</u>	<u>\$ 1,269</u>			

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 unaffiliated projections in Tables G and H. See additional instruction in the column to the right of the table.

Job Category	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) *	
	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	\$ 120,016	\$120,016			\$0	1.00	120,016
Business Office Manager			-	1.00	\$5,016	\$5,016			\$0	1.00	\$5,016
Payroll/HR Staff			-	1.00	49,920	\$49,920				1.00	49,920
Quality Assurance			-	0.50	\$8,240	\$29,120				0.50	29,120
Receptionists			-	2.80	24,960	\$69,888				2.80	69,888
Admissions Director			-	1.00	\$2,000	\$2,000				1.00	\$2,000
			-			\$0			\$0	-	-
Total Administration	-		\$ -	7.30		\$ 375,960			\$0	7.30	\$375,960
Direct Care Staff (List general categories, add rows if needed)											
Director of Nursing			-	1.00	\$7,406	\$7,406			\$0	1.00	\$7,406
Unit Managers			-	1.40	\$6,000	\$8,400			\$0	1.40	\$8,400
Evening/Night Supervisors- RN or LPN			-	2.80	\$8,240	\$163,072			\$0	2.80	\$163,072
Registered Nurses/Licensed Practical Nurses			-	12.60	\$8,240	\$733,824			\$0	12.60	\$733,824
Certified Medicine Aides			-	5.60	\$4,000	\$22,400			\$0	5.60	\$22,400
Certified GNA's			-	23.63	\$2,000	\$47,260			\$0	23.63	\$47,260
MDS Coordinator			-	1.00	\$7,200	\$7,200			\$0	1.00	\$7,200
Unit Secretaries			-	2.00	\$3,300	\$6,600			\$0	2.00	\$6,600
Central Supply Clerk			-	0.50	\$3,320	\$1,660			\$0	0.50	\$1,660
Total Direct Care	-		-	50.53		2,104,138			\$0	50.53	\$2,104,138
Support Staff (List general categories, add rows if needed)											
Social Services Director			-	1.00	\$2,000	\$2,000			\$0	1.00	\$2,000
Activities Director			-	1.00	\$4,680	\$4,680			\$0	1.00	\$4,680
Activities Assistant			-	1.40	\$2,960	\$4,144			\$0	1.40	\$4,144
Dietary Manager			-	1.00	\$4,920	\$4,920			\$0	1.00	\$4,920
Cooks			-	2.80	\$8,080	\$22,624			\$0	2.80	\$22,624
Dietary Aides			-	6.73	\$2,000	\$13,460			\$0	6.73	\$13,460
Housekeeping Manager			-	1.00	\$4,600	\$4,600			\$0	1.00	\$4,600
Housekeepers- SNF			-	3.28	\$2,000	\$6,560			\$0	3.28	\$6,560
Floor Technicians			-	0.50	\$2,960	\$1,480			\$0	0.50	\$1,480
Laundry			-	2.63	\$2,000	\$5,260			\$0	2.63	\$5,260
Campus Maintenance Director			-	1.00	\$4,789	\$4,789			\$0	1.00	\$4,789
Medical Records			-	0.50	\$3,320	\$1,660			\$0	0.50	\$1,660
Total Support	-		-	22.84		\$26,161			\$0	22.84	\$26,161
REGULAR EMPLOYEES TOTAL	-		-	80.68		\$3,106,280			\$0	80.68	\$3,106,280
2. Contractual Employees											
Administration (List general categories, add rows if needed)											
Employee Benefits Administration						\$3,559				-	\$3,559
Medical Records						\$3,559				-	\$3,559
Employee Background Checks- Contracted						\$5,931				-	\$5,931
									\$0	-	-
Total Administration	-		-	-		\$13,049			\$0	-	\$13,049
Direct Care Staff (List general categories, add rows if needed)											
Physical Therapists				6.00		\$67,373				6.0	\$67,373
Occupational Therapists				5.00		\$49,639				5.0	\$49,639
Speech Pathologists				3.00		\$215,443				3.0	\$215,443
Pharmacy Consultant						\$4,745				0.0	\$4,745
IV Therapy						\$5,931					
Medical Director				0.25		\$42,000				0.3	\$42,000
Laboratory Services				0.75		\$47,381				0.8	\$47,381
Radiology				0.50		\$36,759				0.5	\$36,759
Consolidated Billing Related Items						\$5,931					
Ambulance Services						\$7,118					

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

1st Floor- 30 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	8.0	24.0	8.0	8.0	8.0	24.0	
L. P. N. s				-				-	
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	48.0	40.5	25.0	113.5	48.0	40.5	25.0	113.5	
Licensed Beds at Project Completion				30	Licensed Beds at Project Completion				30
Hours of Bedside Care per Licensed Bed Per Day				3.78	Hours of Bedside Care per Licensed Bed Per Day				3.78
Ward Clerks (bedside care time calculated at 50%	4.0			4.0	4.0			4.0	
Total Including 50% of Ward Clerks Time	52.0	40.5	25.0	117.5	52.0	40.5	25.0	117.5	
Total Hours of Bedside Care per Licensed Bed Per Day				3.92	Total Hours of Bedside Care per Licensed Bed Per Day				3.92

2nd Floor- 40 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	8.0	24.0	8.0	8.0	8.0	24.0	
L. P. N. s	8.0	8.0	8.0	24.0	8.0	8.0	8.0	24.0	
Unit Mgr/Super- RN	6.0	6.0	6.0	18.0	6.0	6.0	6.0	18.0	
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	52.5	37.0	149.5	60.0	52.5	37.0	149.5	
Licensed Beds at Project Completion				40	Licensed Beds at Project				40
Hours of Bedside Care per Licensed Bed Per Day				3.74	Hours of Bedside Care per				3.74
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	52.5	37.0	153.5	64.0	52.5	37.0	153.5	
Total Hours of Bedside Care per Licensed Bed Per				3.84	Total Hours of Bedside Care				3.84

Combined Unit/Facility Totals							
Total Including 50% of Ward Clerks Time				271.00			271.00
Licensed Beds at Project Completion				70			70
Total Hours of Bedside Care per Licensed Bed Per Day				3.87			3.87

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

All assumptions used in developing revenue and expense projections in Table H and I have been determined by a team of health care professionals based upon market conditions, known operational costs and budgets, phase up assumptions in years #20X1, #20X2, and #20X3 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 \$350.00 per day for private pay patients in year 20X3.

Medicare Part A rates vary depending upon the RUGS level. Existing Medicare utilization results in a Medicare Part A rate of approximately \$506.71 per patient day in 20X3.

The average Insurance rate is projected to be \$400.00 per patient day.

Medicaid rates are calculated based upon the newly implemented prospective reimbursement system, which became effective on January 1, 2015. Using the regulations associated with the new system, it has been estimated that Medicaid will issue a prospective rate of \$254.01 per patient day in year 20X3.

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.)**

* * * * *

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 to construct a new Nursing Facility with 70 beds which do not exceed the Need for 97 new beds identified in the SHP.

(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 Harford Nursing & Rehabilitation Center (“Lorien Harford”) states its intention to participate in the Medical Assistance Program and is committed to meeting all the requirements of this standard. Lorien Harford projects a 50% Medicaid Occupancy percentage for its beds which exceeds the Harford County level of 47.22% and the regional level of 49.74%. (See Application, Table H, Line Item 4.b.2). Further, Lorien Harford agrees to execute a MOU, as required, covering its beds as part of 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 Harford will operate in compliance with the requirements of this standard and is fully committed to meeting the requirements of the community - based services standard, as follows.

Lorien Harford 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 Harford 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 Harford 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 Harford 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 Harford

Like all Lorien Nursing Facilities, Lorien Harford will provide 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 was most recently provided to the Commission in connection with Lorien Bel Air's Application for CON approval to add 21 beds, approved February 20, 2014 (D.N. 13-12-2345). Lorien Harford commits to continuing to adhere to these same Lorien corporate policies and procedures.

As part of the development of individualized treatment plans for its non-elderly residents, Lorien Harford 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 Harford 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 will be operated consistent with the requirements of this standard. Based upon its intent to comply, the Application should be found consistent with the 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

RESPONSE: Lorien Harford is consistent with the requirements of this standard. As shown on the Schematic Floor Plans attached at APX 1, all Resident Rooms in the facility are configured as either single or double occupancy and no more than two residents share a toilet.² In addition, each patient room also contains a shower rather than the ‘gang showers’. 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.

² 1st Floor will contain a 30 Bed Unit with 15 Double Occupancy Resident Rooms ranging in size from 317 sf to 337 sf and each with its own Toilet and Shower. The 2nd Level will contain a 40 Bed Unit with 5 Double Occupancy Resident Rooms ranging in size from 311 to 345 sf; and 30 Single Occupancy Resident Rooms ranging in size from 191 to 276 sf . Each Resident Room on the 2nd Level will also have its own Toilet and Shower.

(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 located in a suburban area which has already seen commercial development over the years. Accordingly, all necessary public utilities, including public water, sewer, electricity and telephone utilities, are available to the site.

Accordingly, the proposed project is 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: The Nursing Facility's design will be consistent with the State Health Plan standards regarding Facility and Unit Design.

The design balances the need for an efficient medical facility for residents with a wide range of health care needs, including higher acuity levels, with the desirability of a therapeutic setting. In this regard, Lorien Harford's design addresses several objectives. On the 30-bed 1st Floor Unit where long term care residents will be located, the design recognizes the advantages of locating of Resident Rooms in proximity to the central Nurses Station to increase observation. Further, the 40-bed 2nd Floor Unit, intended primarily for short – term patients, is designed to allow residents of different acuity levels and care needs to be grouped in appropriate areas. This unit also includes an 8-bed cluster intended to serve residents with higher acuities who are non-ambulatory. These rooms are configured to allow for more intense monitoring, observation and interaction with Staff.

The design, including 30 Single occupancy rooms and 20 Double occupancy rooms, facilitates Lorien's ability to adjust to the changing patient mix during ongoing operations. Lorien will be able to care for a mix of shorter stay and longer stay residents, including those admitted for rehabilitation services, as well as residents with ADRD.

The proximity of resident rooms to ancillary areas will allow residents to routinely ambulate or be mobilized to the Dining / Activities Room on the 1st Floor or the Café / Lounge on the 2nd Floor for group socialization and recreation.

Thus, Lorient Harford 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.

The 30 Beds on the 1st Level will be deployed in 15 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.

The 40 beds on the proposed 2nd Level Unit C will be housed in 30 Single Occupancy Rooms and 5 Double Occupancy Rooms ($30 + 10 = 40$ Beds). It is anticipated that this Unit will primarily serve Short Term Rehabilitation Patients.

This design and bed configuration also provides Staff flexibility in grouping residents according to their needs as the patient mix changes during ongoing operations. Thus, the design enhances Lorient Harford'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.

The patient 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.

The proposed facility does not contain a discrete Alzheimer's Care Unit. However, Lorien Harford expects to treat residents with Alzheimer's Disease and Related Disorders throughout the facility. As related to building design, such residents will benefit from placement in 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 appropriate placements in a number of Resident Rooms near Nurse Stations and Activities areas. This will avoid confusion and create a more residential feel.

Colors, patterns, textures and lighting will be designed to create a soothing and non-institutional atmosphere throughout the facility. 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](http://ezinearticles.com/?Nursing%20Home%20Design&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 is 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 Lorien Harford'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. As a result of this disclosure, the Applicant is consistent with this standard.

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

RESPONSE: As only a *proposed* Nursing Facility, Lorien Harford has not yet been able to enter into collaborative relationships with other types of providers. However, Lorien facilities are always eager to enter into such collaborative relationships once the facility is completing the construction phase or is in operation.

For example, Lorien Bel Air, an existing sister facility, most recently 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, documenting that Lorien Bel Air maintains such agreements with other providers including Behavioral Health, Hospice Home Care, Home Health, Nursing & Rehabilitation providers, and Hospital, including outpatient psychiatric services). Lorien Harford will likewise enter into such agreements and relationships as it nears its opening.

Lorien Harford also notes that this Application includes a strong letter of support for the proposed 70 bed facility from Lyle E. Sheldon, FACHE, President and CEO of University of Maryland Upper Chesapeake Health (see Apx. 6). Mr. Sheldon's letter specifically acknowledges Lorien's innovative orientation and enthusiasm in working with Upper Chesapeake Health, including its participation in the pending Telemedicine Pilot Project. While that example refers to Lorien Bel Air, Mr. Sheldon's letter concludes:

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

(emphasis supplied)

Lorien Harford is committed to meeting the requirements of this standard and submitting evidence of such agreements during the 1st Use Approval process. It will happily accept such a Condition of approval as is customarily imposed.

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(l)-(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: Only Part (a) of this standard is applicable to the review of the proposed Lorien Harford project. Part (b) is not applicable since this project is not a relocation of existing beds. Part (a) of this standard will be addressed in more detail in the analysis of the proposed project's consistency with the Need Criterion at COMAR 10.24.01.08G(3)(b), which is incorporated by reference here. The following summarizes the conclusions of that analysis.

Bed Need / Unmet Needs Generally: The need for the beds in the proposed project has been established by the correct application of the State Health Plan's Bed Need Methodology, as published in the October 3, 2014 edition of the Maryland Register, which shows a need for an additional 97 beds to serve Harford County by 2016. Further, the projected bed need clearly establishes the population's unmet need. Lorien Harford's application proposes to implement 70 of these needed beds, with the remaining 27 beds being applied for by the existing Lorien Bel Air in another CON Application.

Demographic Changes: The Commission has previously recognized that the growth rate of the target population in the 65+ age cohort in Harford County has remained high (see *Decision, Lorien Bel Air, DN 13-12-2345*, dated February 20, 2014). Further, 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% ($44,560/30,560 = 1.4581$). Clearly, as the SHP recognizes, the target population is underserved.

Utilization Trends: The stabilized existing Nursing Facilities in Harford County have been highly utilized for at least the last six years.³ Table 2 in the discussion of consistency with the COMAR Need Criterion, *infra*, shows that the stabilized existing facilities in Harford County have each experienced occupancies in excess of 90% in recent years and that the Jurisdictional occupancy has consistently remained high.

Lorien believes that these indicators support the Commission's finding of a projected need for an additional 97 beds by 2016, and further that Lorien Harford's proposed project has demonstrated consistency with this standard.

³ A sixth Nursing Facility, Lorien Bulle Rock in Havre de Grace opened in the Spring, 2013 and is just now achieving stabilization of its fill-up. It reports occupancy of 83% for FYE 12/31/2014. Further, according to CFO Norman Snowberger, Lorien Bulle Rock requires only an increase of 3 net admissions to its average census to achieve 90% occupancy and expects to achieve high occupancy now that it has completed fill up and beginning the stabilized phase (see Apx. 2).

(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: This Application proposes the establishment of a new Comprehensive Care Facility, not an expansion of an existing facility. Therefore, this standard is not applicable to this review.

(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 referenced previously and as shown in Table 2, *infra*, 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. Therefore, it has not been included in Table 2. However, as of FYE 12/31/2014, Lorien Bulle Rock states it experienced an 83% occupancy level and expects 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 Harford, 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 Lorien Harford project is 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 Harford states its intention to participate in the Medical Assistance Program and is committed to meeting all the requirements of applicable paragraphs (a) and (b) of this standard. Lorien Harford projects a Medicaid Occupancy percentage which exceeds the minimum required level (See Application, Table H line 4.b.2 showing a projected 50% Medicaid Utilization rate). Further, as noted in its response to COMAR 10.24.08.05A.(2) Medical Assistance Participation, above, Lorien Harford agrees to execute a MOU as required, prior to pre-licensing certification and is willing to accept a condition of approval to this effect, as is customarily imposed. The applicant understands that it is not required to submit the countersigned MOU now. Accordingly, Lorien Harford is consistent with this standard.

(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 Harford is not an existing facility. Therefore, this standard is not applicable to the review of its proposed project.

(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). Need.

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.

RESPONSE: The October 3, 2014 published State Health Plan Bed Need projections show additional need for 97 Comprehensive Care beds in Harford County by 2016. This application proposes the addition of 70 of those beds. As referenced earlier, demographic and utilization data support need for these additional beds, as follows.

The growth rate of population in the 65+ age cohort in Harford County remains high. As Table 1 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
2000-2020**

			% Change '00-'10		% Change '10-'15		% Change '15-'20
	2000	2010		2015		2020	
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>

Lorien Harford's proposed facility is located in the central part of the county, north of Bel Air, and is readily accessible via Harford County's road network. The proposed facility's site is only a 4.6 mile, 7 minute drive from University of Maryland Upper Chesapeake Medical Center with which Lorien will maintain an excellent relationship. In this regard, please see the letter of support dated January 29, 2015 from Lyle E. Sheldon, FACHE, President and CEO of University of Maryland Upper Chesapeake Health, attached at Apx. 6.

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 have operated in excess of 90% occupancy since 2008.

TABLE 2
Occupancy Rates
Nursing Homes in Harford County
2008-2013

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
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%

The Average occupancy has exceeded 90% for some time. Table 2 does not include Lorien Bulle Rock which opened in the Spring of 2013 and is just now entering its stabilized status. It will show an occupancy rate of 83.21% for FYE 12/31/2014 and expects to achieve 90% for the coming year (see Letter from Lorien CFO Norman E. Snowberger, attached at Apx.2). However, even at Lorien Bulle Rock's 83% occupancy level, the County's jurisdictional average still exceeds 90%.

Lorien Harford believes that these indicators all 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.

Finally it must be noted that the proposed project is intended as Phase 1 of the establishment of the combined model of care which also incorporates an Assisted Living Facility as Phase 2 as conditions warrant following fill up and stabilization of Lorient Harford. As such, the project will make an important contribution to the community and target population by offering an alternative to traditional Nursing Home placement.

COMAR 10.24.01.08G(3)(c). Availability of More Cost-Effective Alternatives.

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.

RESPONSE: The State Health Plan identifies a need for an additional 97 beds, and easily accommodates Lorien Harford's proposal to establish a new 70 bed comprehensive care facility. 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 Table 2, above).

As Staff is aware, the Lorien Bel Air has submitted an Application to add an additional 27 beds to its existing facility. Accordingly, Lorien Health Systems two projects will meet all of the Commission's projected need. These Lorien projects are the only proposals currently available to meet the identified need. No other existing provider or other party has stepped forward to offer an alternative method of meeting this identified bed need. Simply stated, there are no other alternatives for meeting this identified need.

Further, the proposed project enjoys widespread and strong community support, as noted in the letters submitted on its behalf at Apx. 6.

In addition, Lorien Harford's Costs, Budgetary, and Operating Projections are reasonable as shown in applicable tables and statement of assumptions at Part III, above. Staffing patterns are appropriate as shown by the information contained in Tables H, I, and J at Part III. Lorien does not anticipate difficulty in recruiting Staff as a result of its new modern facility and accessible location.

Lorien Bel Air's Project Costs are quite efficient as shown by the Marshall Valuation Service ("MVS") analysis on the following pages (See also Apx 3). The following summarizes the analysis.

Project Costs

A complete Marshall Valuation Service ("MVS") analysis is included as Exhibit 3 The following summarizes the Exhibit and explains Lorien's rationale. The Ground Floor in Lorien Harford III is not a basement. Eighty percent of it is above grade due to the slope of the property.

New Construction I. Marshall Valuation Service Calculation

Type	Convalescent Hospital
Construction Quality/Class	C/Good
Stories	3
Perimeter	647
Height of Ceiling	11.33
Square Feet	42,324
f.1 Average floor Area	14,108

A. Base Costs

Basic Structure	\$178.67
Elimination of HVAC cost for adjustment	0
HVAC Add-on for Mild Climate	0
HVAC Add-on for Extreme Climate	0

Total Base Cost	\$178.67
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B. Additions

Elevator (If not in base)	\$4.04
Other	\$0.00

Subtotal	\$4.04
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Total		\$182.71	
C. Multipliers			
Perimeter Multiplier		0.964160653	
Product		176.1643225	
Height Multiplier (plus/minus from 12')		0.984666667	
Product		\$173.46	
Multi-story Multiplier (0.5%/story above 3)		1	
Product		\$173.46	
D. Sprinklers			
Sprinkler Amount		3.30	
Subtotal		\$176.76	
E. Update/Location Multipliers			
Update Multiplier		1.06	1/15
Product		\$187.37	
Location Multiplier		1.01	1/15
Product		\$189.24	
Final Square Foot Cost Benchmark		\$189.24	

II. Cost of New Construction

II. The Project

A. Base Calculations	Actual	Per Sq. Foot
Building	\$5,940,000	\$140.35
Fixed Equipment	\$0	\$0.00
Site Preparation	\$1,295,000	\$30.60
Architectural Fees	\$400,000	\$9.45
Permits	\$150,000	\$3.54
Capitalized Construction Interest	Calculated Below	\$0.00
Subtotal	\$7,785,000	\$183.94

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:

B. Extraordinary Cost Adjustments

	Project Costs	Associated A&E Fees
Site Demolition Costs	\$10,000	\$553
Storm Drains	\$200,000	\$11,057
Rough Grading	\$200,000	\$11,057
Hillside Foundation	\$180,000	\$9,952
Paving		\$0
Exterior Signs	\$30,000	\$1,659
Landscaping	\$20,000	\$1,106
Walls		\$0
Yard Lighting		\$0
Jurisdictional Hook-up Fees	\$210,000	\$11,610
Roads	\$80,000	\$4,423
Utilities	\$140,000	\$7,740
Total Cost Adjustments	\$1,070,000	\$59,156.88

Explanation of Extraordinary Costs

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

- Demolition –House that is currently on the site will have to be demolished. These costs are specifically excluded from the Marshall & Swift Valuation base square foot cost per Section 1, page 3 of the Marshall Valuation Service.
- Storm Drains – The MVS specifically states that the cost of storm drains is not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.
- Rough Grading – The MVS specifically states that the cost of rough grading is not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.
- Roads - The MVS specifically states that the cost of roads is not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.
- Signs - The MVS specifically states that the cost of signage is not included in the MVS estimate per Section 1, page 3 of the Marshall Valuation Service.

- Landscaping – These costs are specifically excluded from the Marshall & Swift Valuation base square foot cost per Section 1, page 3 of the Marshall Valuation Service.
- Hillside Foundation – These costs are specifically excluded from the Marshall & Swift Valuation base square foot cost per Section 1, page 3 of the Marshall Valuation Service.
- Off-Site Utilities – This project requires the relocation of off-site utilities. These costs are specifically excluded from the Marshall & Swift Valuation base square foot cost per Section 1, page 3 of the Marshall Valuation Service.
- Jurisdictional Hook-Up Fees - The MVS specifically states that the cost of Jurisdictional Hook-up Fees is 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 an “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	\$5,940,000	\$140.35
Fixed Equipment	\$0	\$0.00
Site Preparation	\$225,000	\$5.32
Architectural Fees	\$340,843	\$8.05
Permits	\$150,000	\$3.54
Subtotal	\$6,655,843	\$157.26
Capitalized Construction Interest	\$230,085	\$5.44
Total	\$6,885,928	\$162.70
MVS Benchmark		\$189.24
The Project		\$162.70
Difference		-\$26.55
		-14.03%

One can see that Lorien Harford estimates that the costs in the apples to apples comparison to the MVS estimate are below the MVS benchmark.

For all these reasons, Lorien Harford is consistent with this Criterion and there are no other more cost effective alternatives.

COMAR 10.24.01.08G(3)(d). Viability of the Proposal.

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. Sources of Funds for Project, 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.

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

Generally: The Operating Projections (Tables and Supporting Information) included in Part III of this Application, demonstrate that Lorien Harford is a financially sound proposal 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 independent CPA's attestation demonstrates the owners have the resources necessary to fund the project (see Apx. 4)

Documentation of the Adequacy of Financial Resources: Lorien Harford is a privately held business independently owned and operated by members of the Mangione Family. The new facility will be managed by Maryland Health Enterprises, Inc. dba Lorien Health Systems which

is also a privately held Mangione entity. Lorien Harford is a new entity not yet in business. Neither any existing Lorien facility or 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 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. 4. It affirms the owners have the ability to fund the equity 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. 5).

Documentation of the Adequacy of Non-Financial Resources: Regarding non-financial resources, Letters of Community Support are included at Apx. 6. 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

Randall A. Citrano, Citrano Medical Laboratories

Wayne Tapscott, Paidon Products

Carol Brockmeyer, Forest Hill, MD

Michael Citrano, Forest Hill, MD

Angela Soul, Bel Air, MD

J. Jason Skidmore, President / CEO, Hart to Heart Transportation

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

Staffing patterns are appropriate as shown by the information contained in Tables H, I, and J at Part III. Please note that Direct hours of Patient Care exceed State requirements (see Table J). Lorien does not anticipate difficulty in recruiting Staff as a result of its new modern facility and accessible location.

Probable Impact of the Project on the cost and charges for similar services at other facilities in the area: Since the other facilities in Harford County also highly utilized, it is not anticipated that approval of Lorien Harford's 90 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 in beds is directly responsive to identified bed need, and represents a relatively minor increase in available inventory. Further, the Commission's February 20, 2014 Decision approving the requested addition of 21 beds at Lorien Bel Air found that there would be positive impact. Certainly, approval of these 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.

Proposed patient charges for affected services: Such charges are stated in Apx.7.

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

COMAR 10.24.01.08G(3)(e) Compliance with Conditions of Previous Certificates of Need.

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

RESPONSE: The Applicant, Lorien Harford III, LLC is a brand new entity and has never been awarded a CON. Accordingly, this Criterion is not applicable to this review.

10.24.01.08G(3)(f). Impact on Existing Providers.

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.

RESPONSE: The proposed project is Phase 1 of what will ultimately become another example of Lorien's combined model incorporating comprehensive care services with an onsite Assisted Living Facility. Once the Comprehensive Care component filled and stabilized, the ALF will be added in Phase 2. 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 70 beds being applied for here have been identified as being needed

by the State Health Plan. They constitute a relatively minor 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 a centrally located, attractive new facility as Phase 1 of what will ultimately become an innovative aging - in - place facility.

As such, the proposed project represents an ongoing and important investment in Harford County's health care infrastructure particularly as it is expected that Lorien Harford will become an important contributor to the ongoing efforts to effectively manage population health in Harford County. In this regard, the applicant is proud to cite the letter of support from Lyle E. Sheldon, FACHE, President / CEO of University of Maryland Upper Chesapeake Health (see Apx, 6).

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 AIR⁴

RE PART I – PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. *Does Lorien Harford III, LLC operate any other nursing homes or related business in addition to Lorien Harford? 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: See Application, p. 11, Item 11.C(5). The Building and Land will be owned by a Mangione Family related entity. The Applicant, which will be the licensee is Lorien Harford III, LLC which is also a Mangione Family entity as set forth in the Letter of Intent and its modification.

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

RESPONSE: Lorien Harford III, LLC the Project Applicant / Licensee.

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

RESPONSE: The related Mangione Family entity, the prospective owner of the building and land will sign the construction contract and oversee the construction project.

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, LLC dba Lorien Harford N & Rehab. Ctr.
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< - - - Mgmt. Services - - - >

Maryland Health Enter., Inc. DBA Lorien Health Systems

⁴ 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 Harford will respond to additional Staff inquiries during Completeness Review / Additional Information Requests.

6. *Regarding the response to question 11B, please respond to the following questions;*
- What is the current status of efforts to obtain and the timetable for obtaining site plan approval?*
 - 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., as noted in the Application, **the site is already properly zoned** for the land use as a matter of right (Zoning Classification B2). So in that sense, the land use approval has already been obtained. Lorient cannot file for Site Plan approval until it is issued a CON for the expansion. Lorient intends to finalize drawings including the Site Plan after it has received the CON and completed its site studies and necessary design / engineering work. Re b., as noted in the Application, **the site is already properly zoned for the land use.** Other required approvals in the development process are explained in response to Item 11B of the Application form set (see Application, p. 10). Lorient Bel Air is not aware of any other site approval requirements. Lorient 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.*

RESPONSE: *More details of Project Description* - The 3 – level building will be finished in brick. Appropriate landscaping will be done around the building.

RE PART II – PROJECT BUDGET

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

RESPONSE: This project involves construction of a 42,324 gsf building which does not have any known unusual building, design or site issues. The project sponsors have many years' experience in constructing buildings, including all of the existing Lorient facilities, 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)

9. *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 Harford's proposed site the Harford County Government. The site is properly zoned B2 for the use. According to the County Department of Public Works, there is no moratorium on water or sewer in place in the area. 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.

10. *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 Harford also expects to treat / care 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 are expected to 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 / visitors thereby avoiding feelings of isolation and depression.

c. Explain how the design will accommodate the clustering of higher acuity residents as described...: The drawings show that the placement of the Nursing Station on the 2st Level Unit allowing for the 8 Room cluster expected to be filled with higher acuity residents as stated.

11. 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. The funds are not coming from any other health related entities.

12. Regarding the attestation in Appendix 4, 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 Lorient'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.

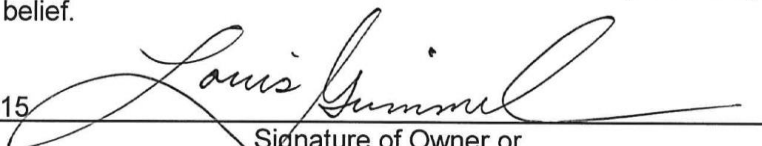
5. Have the applicant, owners or responsible individuals listed in response to Question 1, above, ever pled guilty to or been convicted of a criminal offense in any way connected with the ownership, development or management of the applicant facility or any of the health care facilities listed in response 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)

LLC AUTHORIZATION

THIS IS TO CERTIFY that LOUIS G. GRIMMEL, SR, CEO Lorien Health Systems, has been authorized by Lorien Harford III, LLC 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.

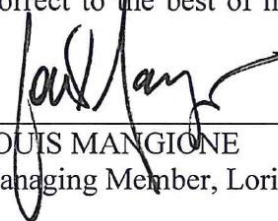
DATE: Effective February 6, 2015


Name: LOUIS MANGIONE
Title: Managing Member
Lorien Harford III LLC

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

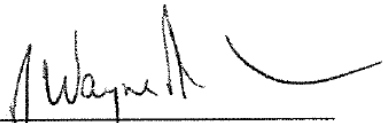


Norman E. Snowberger
Chief Financial Officer
Lorien Health Systems

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

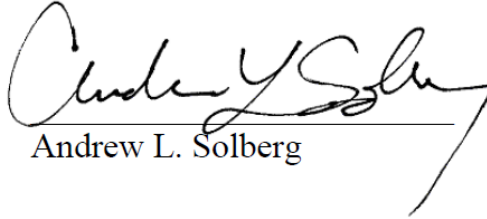


Name: Wayne Brannock
Title: Chief Operating Officer

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 February 6, 2015


Andrew L. Solberg

APPENDIX

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

Apx. 1(A)

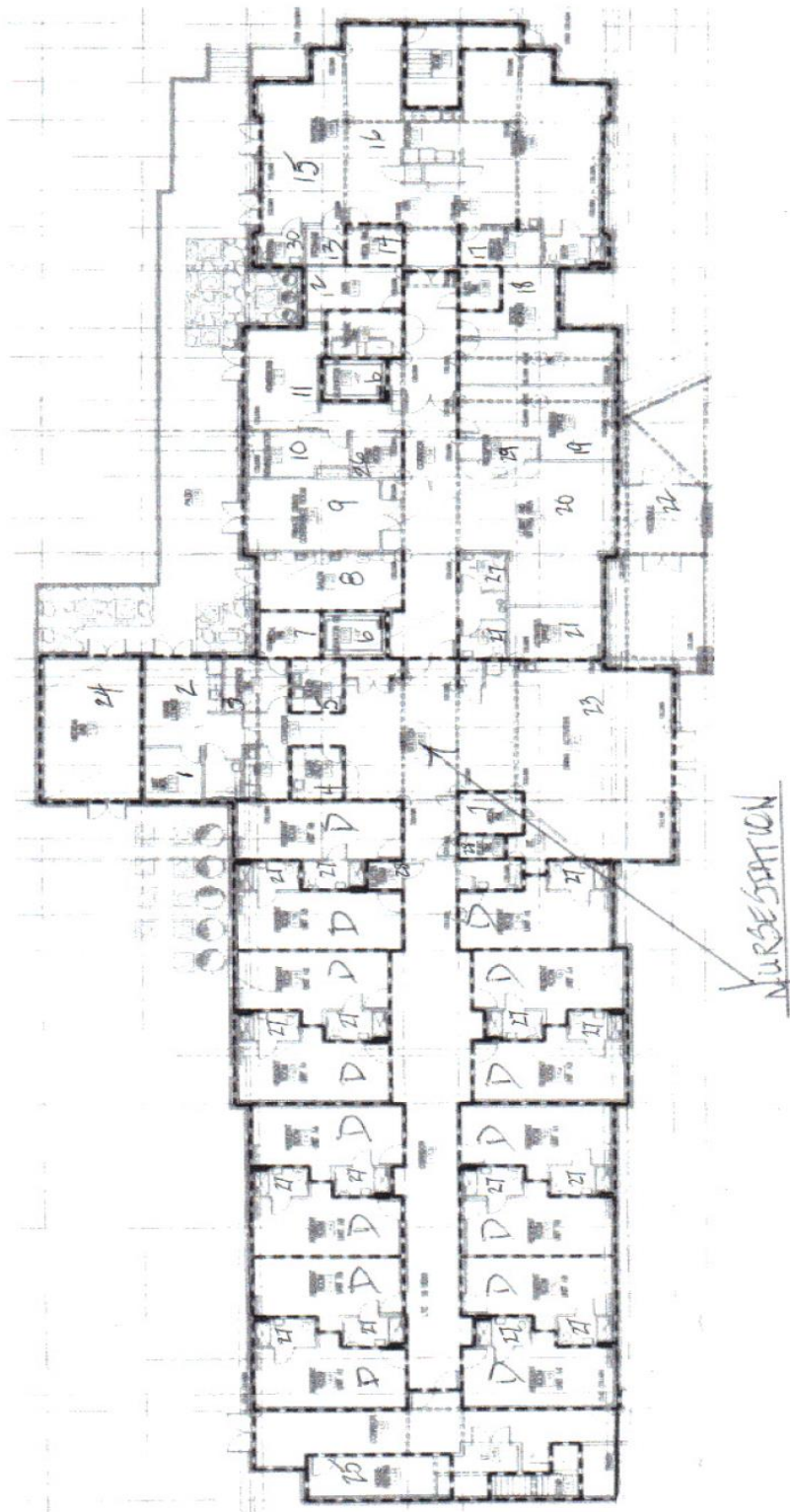
KEY – 1ST LEVEL FLOOR PLAN ON NEXT PAGE

<u>Room / Area #</u>	<u>Function</u>
D	15 Double Occupancy Resident Rooms ranging from 317 sf to 337 sf
1	Unit Manager Office
2	Nurse Lounge
3	Conference Room
4	Clean Utility
5	Soiled Utility
6	Elevators (2)
7	Mechanical Room
8	Salon
9	Private Dining Room / Conference Room
10	Administrator's Office
11	Admissions Office
12	Director of Nursing Office
13	Storage
14	Mechanical Room
15	Physical Therapy
16	Kitchen
17	Speech Therapy Office
18	Social Worker Office
19	Business Office
20	Lobby / Sitting Area
21	Activities Office
22	Vestibule
23	Dining / Activities
24	Medical Gases
25	Housekeeping
26	Printing Room
27	Bathrooms
28	Mechanical Room
29	Reception
30	Restroom

Apx. 1(B) – 1st Level Drawing

LORIEN HARFORD III – 1st Floor (16,162 sf)

- 1 Nurse Station (NS)
- 15 Doubles (D) = 30 Beds in 15 Patient Rooms



Apx. 1(C)

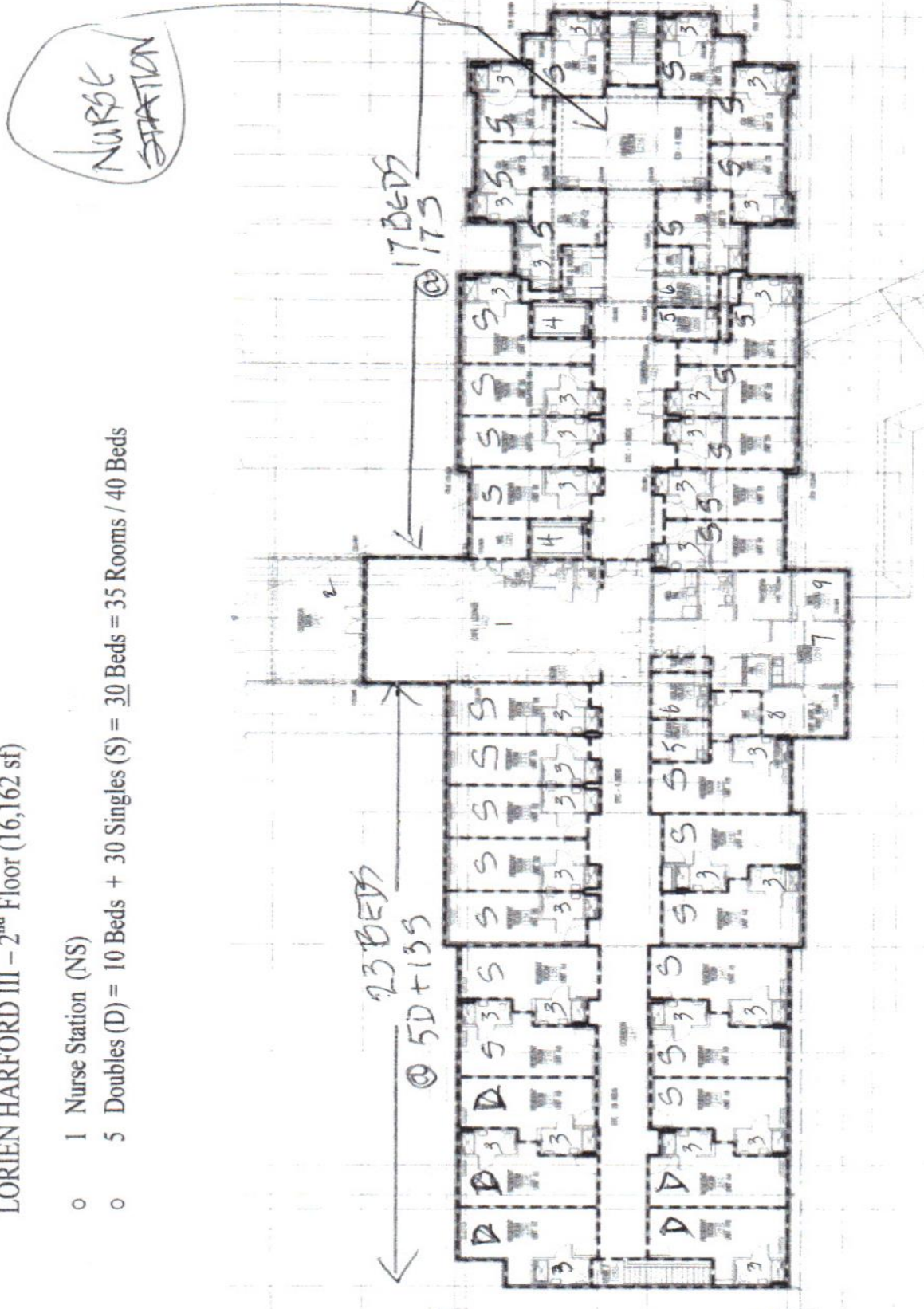
KEY – 2nd LEVEL FLOOR PLAN ON NEXT PAGE

<u>Room / Area #</u>	<u>Function</u>
D	5 Double Occupancy Resident Rooms ranging from 311 sf to 345 sf
S	13 Single Occupancy Rooms ranging from 191 sf to 276 sf
1	Café / Lounge
2	Outdoor Deck
3	Bathrooms
4	Elevator
5	Clean Utility
6	Soiled Utility
7	Nurse's Lounge
8	Unit Manager Office
9	MDS Coordinator Office

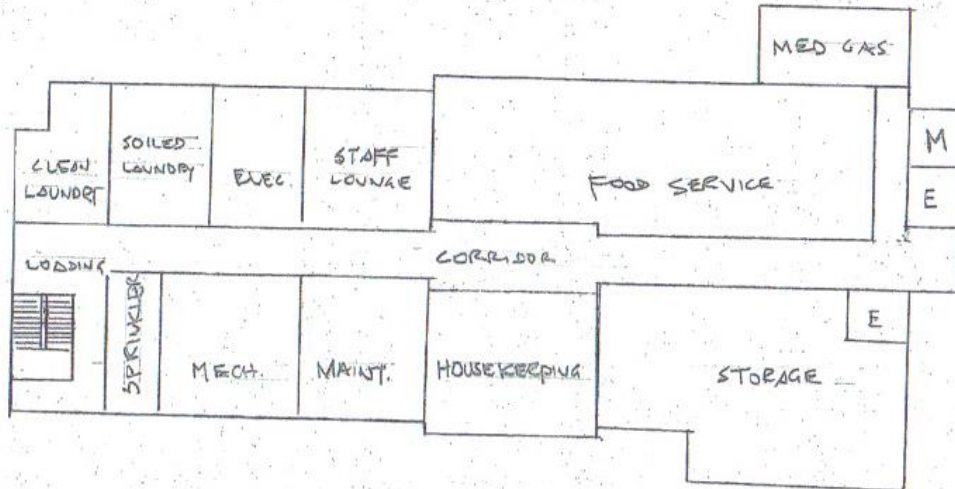
Apx. 1(D) 2nd Level Drawing

LORIEN HARFORD III - 2nd Floor (16,162 sf)

- 1 Nurse Station (NS)
- 5 Doubles (D) = 10 Beds + 30 Singles (S) = 30 Beds = 35 Rooms / 40 Beds

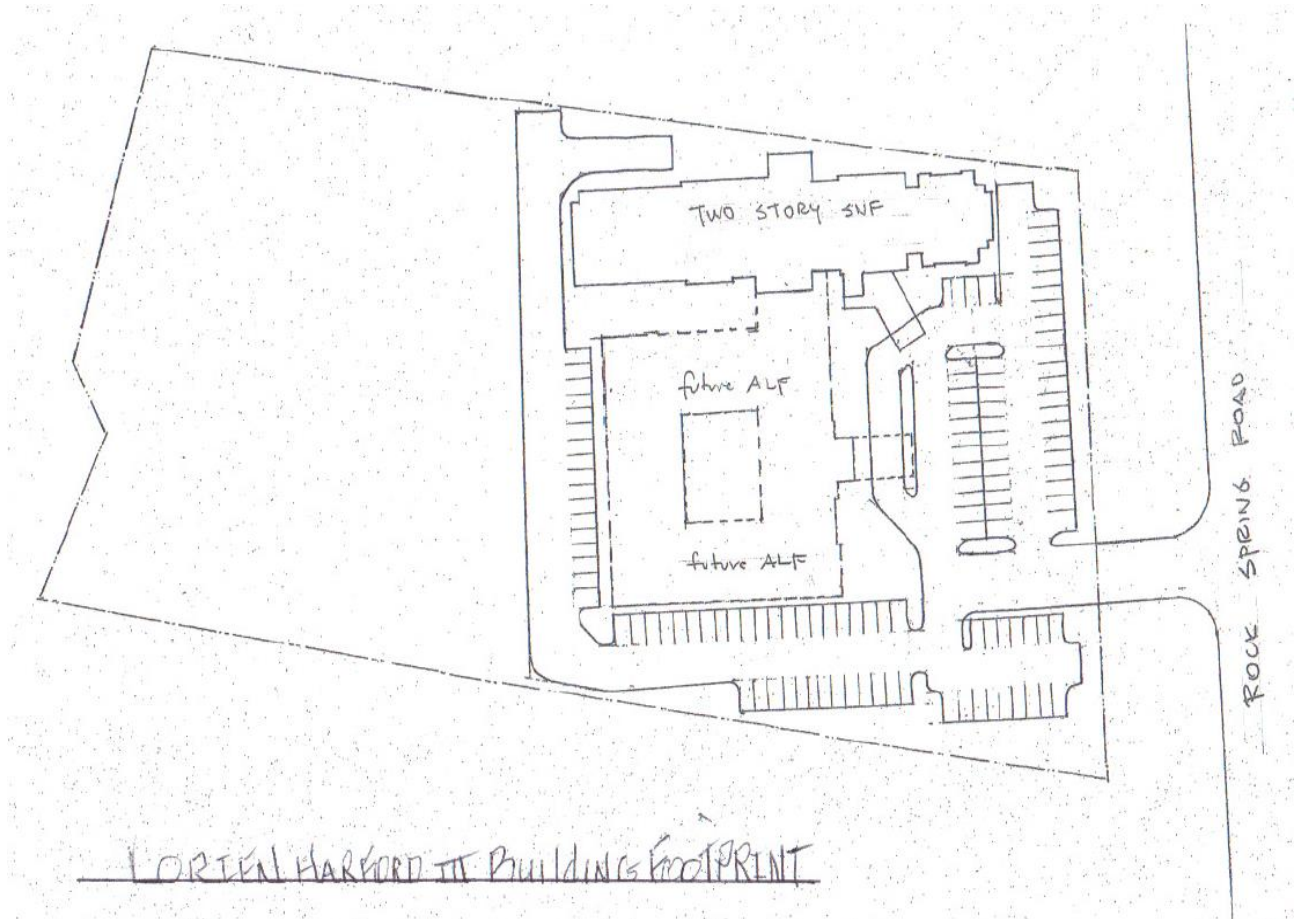


Apx 1(E) Ground Floor



LORIAN HARKFORD III GROUND LEVEL
10,000 SF +/-

Apx. 1 (F) Building Footprint on Site



APX. 2

Apx. 2 Letter re Lorien Bulle Rock Occupancy



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,

A handwritten signature in blue ink, appearing to read "N. Snowberger", is written over the closing "Very truly yours,".

NORMAN E. SNOWBERGER, CFO
Lorien Health Systems

APX. 3

Apex. 3
**Marshall Valuation Service
 Analysis**
LORIEN HARFORD III
New Construction

I. The Marshall and Swift Benchmark

Type	Convalescent Hospital
Construction Quality/Class	C/Good
Stories	3
Perimeter	647
Height of Ceiling	11.33
Square Feet	42,324
f.1 Average floor Area	14,108

A. Base Costs

Basic Structure	\$178.67
Elimination of HVAC cost for adjustment	0
HVAC Add-on for Mild Climate	0
HVAC Add-on for Extreme Climate	0
Total Base Cost	\$178.67

B. Additions

Elevator (If not in base)	\$4.04
Other	\$0.00
Subtotal	\$4.04

Total	\$182.71
--------------	-----------------

C. Multipliers

Perimeter Multiplier	0.964160653	From Area Perimeter	15-37
Product	176.1643225	Interpolation	
Height Multiplier (plus/minus from 12')	0.984666667	See	15-37
Product	\$173.46	Interpolation	

t			
Multi-story Multiplier (0.5%/story above 3)	1		15-25
Product	\$173.46		
D. Sprinklers			
Sprinkler Amount	3.30		15-36
Subtotal	\$176.76		
E. Update/Location Multipliers			
Update Multiplier	1.06	1/15	99-3
Product	\$187.37		
Location Multiplier	1.01	1/15	99-5
Product	\$189.24		
Final Square Foot Cost Benchmark	\$189.24		

II. The Project

A. Base Calculations	Actual	Per Sq. Foot
Building	\$5,940,000	\$140.35
Fixed Equipment	\$0	\$0.00
Site Preparation	\$1,295,000	\$30.60
Architectural Fees	\$400,000	\$9.45
Permits	\$150,000	\$3.54
Capitalized Construction Interest	Calculated Below	\$0.00
Subtotal	\$7,785,000	\$183.94

B. Extraordinary Cost Adjustments

	Project Costs	Associated A&E Fees
Site Demolition Costs	\$10,000	\$553
Storm Drains Rough	\$200,000	\$11,057
Grading Hillside	\$200,000	\$11,057
Foundation	\$180,000	\$9,952

Paving		\$0
Exterior Signs	\$30,000	\$1,659
Landscaping	\$20,000	\$1,106
Walls		\$0
Yard Lighting		\$0
Jurisdictional Hook-up Fees	\$210,000	\$11,610
Roads	\$80,000	\$4,423
Utilities	\$140,000	\$7,740
Total Cost Adjustments	\$1,070,000	\$59,156.88
Per Square Foot		
C. Adjusted Project Cost		
Per square foot	\$6,655,843	

C. Adjusted Project Cost		Per Square Foot
Building	\$5,940,000	\$140.35
Fixed Equipment	\$0	\$0.00
Site Preparation	\$225,000	\$5.32
Architectural Fees	\$340,843	\$8.05
Permits	\$150,000	\$3.54
Subtotal	\$6,655,843	\$157.26
Capitalized Construction Interest	\$230,085	\$5.44
Total	\$6,885,928	\$162.70

MVS Benchmark	\$189.24
The Project	\$162.70
Difference	-\$26.55
	-14.03%

**LORIEN
HARFORD III
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	Calculated:	Below	Actual	Above
			647.33				647.33	
Area		600	333	700		600	333	700
Below	14,000	0.956		0.975	Below	0.956		0.975
Actual	14,108				Actual	552.44	0.9641607	740.82
Above	16,000	0.942		0.958	Above	0.942		0.958

Area Interpolation

			0.9		0.01
1	0.956	-	42	=	4
			140		
2	14108	-	00	=	108
			140		200
3	16000	-	00	=	0
			200		0.05
4	108	/	0	=	4
					0.00
			0.0		075
5	0.014	*	54	=	6
			0.0		0.95
			007		524
6	0.956	-	56	=	4
			0.9		0.01
7	0.975	-	58	=	7
					0.00
			0.0		091
8	0.017	*	54	=	8
			0.0		0.97
			009		408
9	0.975	-	18	=	2

Perimeter Interpolation

10	700	-	600	=	100
----	-----	---	-----	---	-----

47.3
333
33
0.47
333
33
0.01
883
8
0.00
891
67
0.96
416
07

10,0	00
16,1	62
16,1	62
42,3	24
14,1	08
705	4
Wall	
Heig	
Inter	
on	
1	

Cost) X Total Cap Interest]			3	0
	89.2	#DI		
Building/Subtotal	%	V/0!		
	\$230	#DI		
Building Cap Interest&Financing	,085	V/0!		

APX. 4

Apx. 4 Letter from CPA

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 III, LLC

70 Comprehensive Care Beds

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

Apex. 5 Letter from Wells Fargo Bank re Interest in Financing



February 2, 2015

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

RE: Lorian Harford III LLC (New to Bed Nursing Facility)

Dear Mr. Mangione:

We understand that you and your family are filing an Application for Certificate of Need seeking approval to construct a New to Bed Nursing facility near Bel Air in Harford County. I understand the building will comprise approximately 42,324 +/- square feet. I also understand the projected cost to be \$12.1 Million Dollars, including a \$7.5 Million Dollar Mortgage and a \$770,000 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,

A handwritten signature in blue ink that reads "Elizabeth M. Phelan".

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

APX. 6

Apx. 6 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
uchhs.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 Senior services. Further, we acknowledge your stated commitment to assisting us in reducing and altogether avoiding unnecessary hospital admissions and re-admissions.

Louis G. Grimm, Sr.
CEO, Lorien Health Systems
Page 2

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,

A handwritten signature in black ink, appearing to read 'Lyle E. Sheldon', written over the printed name.

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



"To help lick loneliness"

P.O. Box 44176
Baltimore, MD 21236
Phone: 443.977.9726
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
Executive Director
Pets on Wheels, Inc.



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 Orlando
President
Right at Home
443-371-7145



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



"Helping You Enhance Your Environment"
Commercial Cleaning Equipment and Supplies

Local: 410.272.6400
Baltimore: 410.575.6550
Toll Free: 800.439.4003
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 activities for their residents that maintain their dignity 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

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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

2801 Sandy Hook Road, Forest Hill, MD 21050

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

January 23, 2015

Ed Walter:

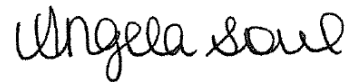
As you know, I have worked at Lorien Bel Air for over three years. I started out in 2011 as a part-time GNA as I went to Towson University full-time to get my Bachelor's degree in Gerontology. In July of 2014, after receiving my degree, I began working in Administration doing various tasks in the Social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

A handwritten signature in black ink that reads "Angela Soul". The script is cursive and fluid, with the first letter of "Angela" being a large capital 'A' and the last letter of "Soul" being a capital 'S'.

Angela Soul



January 22, 2015

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

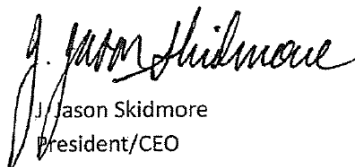
Re: Lorien Bel Air Expansion and Proposed New Lorien Nursing Facility at Forest Hill

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 in Harford County. I understand you are currently seeking State approval to add 27 new nursing beds to your previously announced 21-bed expansion project, so it will be a 117-bed nursing facility upon completion. I also understand the addition will increase the number of Assisted Living units on the facility's first and second floors. 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 rapidly growing population of senior citizens, many of whom require the services Lorien proposes.

Sincerely,


J. Jason Skidmore
President/CEO

355 Granary Road, Forest Hill, MD 21050 • 866-276-9554 • 877-483-3608 (fax)
www.harttohearttransportation.com

APX. 7

Apx. 7 Charges
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: <ul style="list-style-type: none"> 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	from \$6.93 every four weeks
• Bi-Weekly – The Aegis	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	from \$35.30 base rate
• Additional consecutive hours	
• M-F, 7 AM to 5 PM	from \$12.95 per hour
• M-F, 5 PM to 7 AM	from \$13.25 per hour
*Radiology	
Rehabilitation services:	
• Physical therapy	\$25.00 to \$100.00 per 15 minute visit
• Occupational therapy	\$25.00 to \$150.00 per 15 minute visit
• Speech therapy	\$25.00 to \$150.00 per 15 minute visit
Specialist services, for example:	
• *Podiatry services	
Telephone services:	
• Initial phone	\$16.00
• Average basic service	\$ 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 (see Exhibit 7).