

**APPLICATION FOR CERTIFICATE OF NEED**

**for a**

**25 Bed Addition to Existing 70 Bed Nursing Facility**

*Submitted on behalf of*

**LORIEN NURSING & REHABILITATION CENTER – ELKRIDGE**

For Review By the

**MARYLAND HEALTH CARE COMMISSION**

August 5, 2016

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

Attorney for Applicant

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For internal staff use:

**MARYLAND  
HEALTH  
CARE  
COMMISSION**

\_\_\_\_\_  
MATTER/DOCKET NO.

\_\_\_\_\_  
DATE DOCKETED

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

***ALL APPLICATIONS MUST FOLLOW THE FORMATTING REQUIREMENTS DESCRIBED IMMEDIATELY BELOW. NOT FOLLOWING THESE FORMATTING INSTRUCTIONS WILL RESULT IN THE APPLICATION BEING RETURNED.***

**Required Format:**

**Table of Contents.** The application must include a Table of Contents referencing the location of application materials. Each section in the hard copy submission should be separated with tabbed dividers. Any exhibits, attachments, etc. should be similarly tabbed, and pages within each should be numbered independently and consecutively. **The Table of Contents must include:**

- **Responses to PARTS I, II, III, and IV of the COMPREHENSIVE CARE FACILITY (NURSING HOME) application form**
- **Responses to PART IV must include responses to the standards in the State Health Plan chapter, COMAR 10.24.08, *applicable to the type of nursing home project proposed.***
  - All Applicants must respond to the general standards, COMAR 10.24.08.05A.
  - Applicants proposing *new construction or expansion* of comprehensive care facility beds, including replacement of an existing facility or existing beds, if new outside walls are proposed must also respond to all the standards in COMAR 10.24.08.05B.
  - Applicants only proposing *renovations within existing facility* walls using beds currently shown in the Commission's inventory as authorized to the facility must respond to all the standards in COMAR 10.24.08.05C in addition to the standards in .05A. Applicants for such renovations should not respond to the standards in .05B.
  - All Applicants must respond to the Review Criteria listed at 10.24.01.08G(3)(b) through 10.24.01.08G(3)(f) as detailed in the application form.
- **Identification of each Attachment, Exhibit, or Supplement**

Application pages must be consecutively numbered at the bottom of each page. Exhibits attached to subsequent correspondence during the completeness review process shall use a consecutive numbering scheme, continuing the sequencing from the original application. (For example, if the last exhibit in the application is Exhibit 5, any exhibits used in subsequent responses should begin with Exhibit 6. However, a replacement exhibit that merely replaces an exhibit to the application should have the same number as the exhibit it is replacing, noted as a replacement.

## **SUBMISSION FORMATS:**

We require submission of application materials and the applicant's responses to completeness questions in three forms: hard copy; searchable PDF; and in Microsoft Word.

- **Hard copy:** Applicants must submit six (6) hard copies of the application to:  
Ruby Potter  
Health Facilities Coordinator  
Maryland Health Care Commission  
4160 Patterson Avenue  
Baltimore, Maryland 21215
- **PDF:** Applicants must also submit *searchable* PDF files of the application, supplements, attachments, and exhibits.<sup>1</sup> All subsequent correspondence should also be submitted both by paper copy and as *searchable PDFs*.
- **Microsoft Word:** Responses to the questions in the application and the applicant's responses to completeness questions should also be electronically submitted in Word. Applicants are strongly encouraged to submit any spreadsheets or other files used to create the original tables (the native format). This will expedite the review process.

Applicants are strongly encouraged to submit any spreadsheets or other files used to create the original tables (the native format). This will expedite the review process.

PDFs and spreadsheets should be submitted to [ruby.potter@maryland.gov](mailto:ruby.potter@maryland.gov) and [kevin.mcdonald@maryland.gov](mailto:kevin.mcdonald@maryland.gov).

**Note that there are certain actions that may be taken regarding either a health care facility or an entity that does not meet the definition of a health care facility where CON review and approval are not required. Most such instances are found in the Commission's procedural regulations at COMAR 10.24.01.03, .04, and .05. Instances listed in those regulations require the submission of specified information to the Commission and may require approval by the full Commission. Contact CON staff at (410) 764-3276 for more information.**

*A pre-application conference will be scheduled by Commission Staff to cover this and other topics. Applicants are encouraged to contact Staff with any questions regarding an application.*

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<sup>1</sup> PDFs may be created by saving the original document directly to PDF on a computer or by using advanced scanning technology

**PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION**

**PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION**

**1. FACILITY**

**Name of Facility:** Lorien Life Center Howard II, Inc dba  
Lorien Nursing & Rehabilitation  
Center - Elkridge

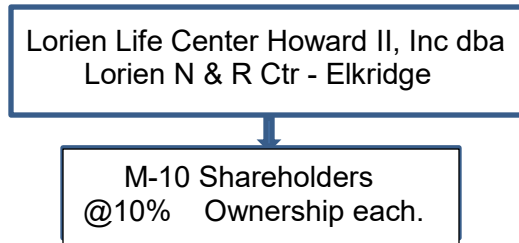
**Address:**

7615 Washington Blvd.	Elkridge	21075	Howard
Street	City	Zip	County

**2. Name of Owner** Lorien LifeCenter Howard II, Inc.

If Owner is a Corporation, Partnership, or Limited Liability Company, attach a description of the ownership structure identifying all individuals that have or will have at least a 5% ownership share in the applicant and any related parent entities. Attach a chart that completely delineates this ownership structure.

As stated in the Letter of Intent the following 10 individuals (hereafter collectively stated as “M-10”) each have a 10% ownership interest in the facility: Louis Mangione; John Mangione; Rosemary (Mangione) Juras; Linda (Mangione) Licata; Joanne (Mangione) Hock; Peter Mangione, Frances (Mangione) O’Keefe; Samuel Mangione; Michelle (Mangione) Collison; and Nicholas Mangione, Jr. The Chart below delineates the ownership structure:



**3. APPLICANT.** *If the application has a co-applicant, provide the following information in an attachment.*

**Legal Name of Project Applicant (Licensee or Proposed Licensee):** NA

**Address:** NA

Street				
	City	Zip	State	County
Telephone:				

**4. NAME OF LICENSEE OR PROPOSED LICENSEE, if different from applicant:**

Same



**5. LEGAL STRUCTURE OF APPLICANT (and LICENSEE, if different from applicant).**

Check  or fill in applicable information below and attach an organizational chart showing the owners of applicant (and licensee, if different).

- A. Governmental
  - B. Corporation 
    - (1) Non-profit
    - (2) For-profit
    - (3) Close  State & date of incorporation:  
8/1/2006 in Maryland
  - C. Partnership 
    - General
    - Limited
    - Limited liability partnership
    - Limited liability limited partnership
    - Other (Specify): \_\_\_\_\_
  - D. Limited Liability Company
  - E. Other (Specify): \_\_\_\_\_
- To be formed:
- Existing:

**6. PERSON(S) TO WHOM QUESTIONS REGARDING THIS APPLICATION SHOULD BE DIRECTED**

**A. Lead or primary contact:**

**Name and Title:** James A. Forsyth, Esq.

**Company Name** Law Offices of James A. Forsyth, Esq.

**Mailing Address:**

11604 Garrison Forest Rd Owings Mills 21117 MD  
Street City Zip State

**Telephone:** 443 928 7936

**E-mail Address (required):** jaforseyth@comcast.net

**Fax:** NA

If company name is different than applicant briefly describe the relationship Attorney for Applicant

**B. Additional or alternate contact:**

**Name and Title:** Louis G. Grimmel, CEO

**Company Name** Maryland Health Enterprises, Inc. dba Lorien Health Systems

**Mailing Address:**

3300 N. Ridge Road, Suite 390 Ellicott City 21043 MD  
Street City Zip State

**Telephone:** 410 750 7500

**E-mail Address (required):** lggrimmel@lorienhealth.com

**Fax:** NA

If company name is different than applicant briefly describe the relationship Lorien Health Systems provides Management Services to Lorien-Elkridge. (Lorien Health Systems is 100% owned by Mrs. Mary Mangione, mother of the adult owners referenced above at Item 2 as "M-10")

**7. NAME OF THE OWNER OR PROPOSED OWNER OF THE REAL PROPERTY and Improvements (if different from the licensee or proposed licensee)**

**Legal Name of the Owner of the Real Property**

Music Fair Road, LP, a Mangione Family limited partnership

**Address:**

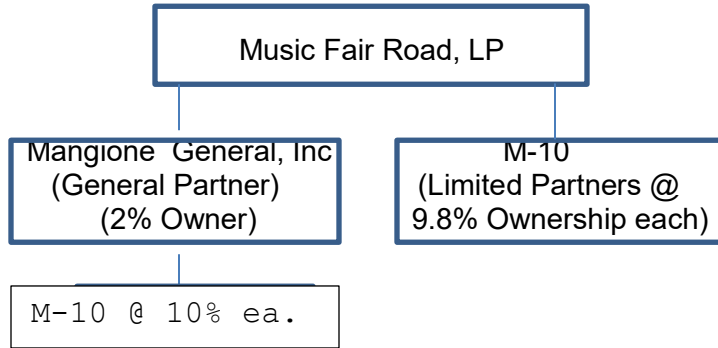
1205 York Road, Penthouse Suite, Lutherville 21204 MD Balto  
Street City Zip State County

**Telephone:** 410 825 8400

**If Owner is a Corporation, Partnership, or Limited Liability Company attach a description of the ownership structure identifying all individuals that have or will have at least a 5% ownership share in the in the real property and any related parent entities. Attach a chart that completely delineates this ownership structure.**

As shown by the Chart on the next page, the real property is owned by a Maryland Limited Partnership comprised of Mangione General Partnership (the General Partner owned by M-10 \_\_\_\_\_)

individuals with 10% ownership each) and individual Limited Partners collectively known as M-10, each of whom has a 9.8% ownership interest.



**8. NAME OF THE Owner of the Bed Rights (i.e., the person/entity that could sell the beds included in this application to a 3<sup>rd</sup> party):**

**Legal Name of the Owner of the Rights to Sell the CCF Beds**

The Applicant, Lorien Life Center Howard II, Inc. dba Lorien Nursing & Rehabilitation Center – Elkridge, is the Owner of the Bed Rights.

**If the Legal Entity that has or will have the right to sell the CCF beds is other than the Licensee or the Owner of the Real Property Identified Above Provide the Following Information. NA**

Address: NA

Street	City	Zip	State	County
--------	------	-----	-------	--------

Telephone: \_\_\_\_\_

**9. If a management company or companies is or will be involved in the clinical or financial management of the facility or will provide oversight of any construction or renovations proposed as part of this APPLICATION, identify each company or individual that will provide the services and describe the services that will be provided. Identify any ownership relationship between the management company and the owner of the facility and/or the real property or any related entity.**

Maryland Health Enterprises, Inc. dba Lorien Health Systems provides certain Management services to Lorien Elkridge. These include management oversight services, clinical guidance, accounting, billing, legal, human resources, operational and planning services. Lorien Health Systems does not have any ownership interests in the Applicant or the owner of the Real Property. As noted in the response to Item 6 B above, Lorien Health Systems is 100% owned by Mrs. Mary Mangione, mother of the adult owners referenced above at Items 2 & 7 as “M-10”)

**Name of Management Company** Maryland Health Enterprises, Inc. dba Lorien Health Systems

Address: See next page

3300 N., Ridge Rd, Ste 390	Ellicott City	21043	MD	Howard
Street	City	Zip	State	County

Telephone: 410 750 7500

## 10. TYPE OF PROJECT

The following list includes all project categories that require a CON pursuant to COMAR 10.24.01.02(A). Please mark all that apply in the list below.

If approved, this CON would result in (check as many as apply):

- (1) A new health care facility built, developed, or established
- (2) An existing health care facility moved to another site
- (3) A change in the bed capacity of a health care facility
- (4) A change in the type or scope of any health care service offered by a health care facility
- (5) A health care facility making a capital expenditure that exceeds the current threshold for capital expenditures found at:

[http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs\\_con/documents/con\\_capital\\_threshold\\_20140301.pdf](http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_capital_threshold_20140301.pdf)

## 11. PROJECT DESCRIPTION

**A. Executive Summary of the Project:** The purpose of this BRIEF executive summary is to convey to the reader a holistic understanding of the proposed project: what it is, why you need to do it, and what it will cost. A one-page response will suffice. Please include:

- (1) Brief Description of the project – what the applicant proposes to do
- (2) Rationale for the project – the need and/or business case for the proposed project
- (3) Cost – the total cost of implementing the proposed project

(1) Description: Applicant proposes to construct a 3 story addition to its existing 3 story building, to add 25 additional beds to its existing 70 bed facility, and to reconfigure its existing mix of Private and Semi Private Patient Rooms. As a result of the reconfiguration of its existing 70 beds and the addition of 25 new beds, Lorien Elkridge will have 35 beds on Patient Floor 1 (23 Privates and 6 Semi Privates) and 60 beds on Patient Floor 2 (16 Privates and 22 Semi Privates) all as shown on Table A, *infra*. (Note: As a result of the reconfiguration of its existing beds and the addition of 25 new CON-approved beds, each of the two Patient Floors in the new Addition will house 15 Private Patient Rooms as shown on the Drawings at APX. 1.

(2) Rationale: This expansion is intended to meet a portion of the Howard County Bed Need and to respond to the desire for more Private Rooms. As a result of the 25 New CON-approved Beds and the reconfiguration of the existing 70 Beds, the facility will have 39 Privates (up from 12 existing Privates) and 28 Semi

Privates (down from 29 existing Semi Privates).

(3) Cost: Total Project Cost is projected to be \$ 5,457,500 per Table C Project Budget.

**B. Comprehensive Project Description:** The description should include details regarding:

(1) **Construction, renovation, and demolition plans** – A total of 19,727 sf of new construction on new 3 story Addition (6,661 sf on Ground Floor, 6,533 sf on 1<sup>st</sup> Floor and 6,533 sf on 2<sup>nd</sup> Floor Additions; and a total of 1,549 sf of Renovations where the Addition joins the existing building including the conversion of two existing patient rooms to new Nurse Stations on Floors 1 and 2, all as shown on labeled Drawings at APX 1 showing 2-sty addition and reconfigured beds.

(2) **Changes in square footage of departments and units** – The expansion will add 6,661 sf to the Basement / Ground Level, 6,533 sf to the 1<sup>st</sup> Floor Nursing Unit and 6,533 sf to the 2<sup>nd</sup> Floor Nursing Unit. Also, 251 sf of space will be renovated on the Ground Floor where the Addition meets the existing building, 649 sf of existing space will be renovated on the 1<sup>st</sup> Floor where the Addition meets the existing building including two existing patient rooms being converted to a new Nurse Station. Likewise, 649 sf of existing space will be also renovated on the 2nd Floor where the Addition meets the existing building including two existing patient rooms being converted to a new Nurse Station. Ancillary service areas on each floor and corresponding sf are included. (See APX. 1)

(3) **Physical plant or location changes** – Changes to the physical plant are described above and are shown on Drawings at APX 1.

(4) **Changes to affected services following completion of the project** – Services remain the same but will be delivered in 27 more Private Rooms (e.g 39 instead of 12 per Table A).

(5) **Outline the project schedule**.- All dates run from CON Approval date: land use approvals within 12 mos.; finalize architectural drawings within 12 mos; sign construction contract within 18 months; begin construction within 22 months; construction and 1<sup>st</sup> Use within 30 months.



**12. Complete Table A of the CON Table Package for Nursing Home (CCF) Applications –**  
See Table A on next page.

**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				Physical Bed Capacity	Service Location (Floor/Wing)	Based on Physical Capacity			Physical Bed Capacity	
		Room Count			Total Rooms			Room Count				Total Rooms
		Private	Semi-Private	Total Rooms				Private	Semi-Private	Total Rooms		
<b>COMPREHENSIVE CARE</b>						<b>COMPREHENSIVE CARE</b>						
First Floor Unit	26	6	10	16	26	First Floor Unit	23	6	29	35		
Second Floor Unit	44	6	19	25	44	2nd Floor- 45 Bed Unit	1	22	23	45		
				0	0	2nd Floor- 15 Bed Unit	15	0	15	15		
				0	0				0	0		
				0	0				0	0		
<b>SUBTOTAL Comprehensive Care</b>	<b>70</b>	<b>12</b>	<b>29</b>	<b>41</b>	<b>70</b>	<b>SUBTOTAL</b>	<b>39</b>	<b>28</b>	<b>67</b>	<b>95</b>		
<b>ASSISTED LIVING</b>						<b>ASSISTED LIVING</b>						
<b>TOTAL ASSISTED LIVING</b>						<b>TOTAL ASSISTED LIVING</b>						
<b>Other (Specify/add rows as needed)</b>				0	0	<b>Other (Specify/add rows as needed)</b>			0	0		
<b>TOTAL OTHER</b>						<b>TOTAL OTHER</b>						
<b>FACILITY TOTAL</b>	<b>70</b>	<b>12</b>	<b>29</b>	<b>41</b>	<b>70</b>	<b>FACILITY TOTAL</b>	<b>39</b>	<b>28</b>	<b>67</b>	<b>95</b>		

13. Identify any community based services that are or will be offered at the facility and explain how each one will be affected by the project. No services will be affected.

14. REQUIRED APPROVALS AND SITE CONTROL

- A. Site size: 3.1 +/- acres
- B. Have all necessary State and local land use and environmental approvals, including zoning and site plan, for the project as proposed been obtained? YES \_\_\_\_\_ NO X (If NO, describe below the current status and timetable for receiving each of the necessary approvals.)

The site already owned by sponsor's related company (see below) and is home to an existing Nursing Facility owned by members of the Mangione Family (see Response to Item 2, above). The site is currently zoned POR which allows Nursing Facilities as a matter of right. An Environmental Concept Plan (ECP) must be prepared and submitted, but may be waived since almost all the infrastructure is in place. Site Development Plan (SDP) approval is required and no problems are anticipated for this small scale project. The county may require a new traffic study to be performed, although such a study was performed in 2010 based on a much larger sized expansion. Applicant projects securing all approvals for the addition within 16 mos. of CON Approval. A projected timetable would be: Finalize site plans within 4 mos of CON Approval; if required, submit ECP within 6 mos of CON Approval (anticipate approval 3 mos. from submission); Submit SDP within 2 mos of ECP approval; submit potential traffic study, if required, at same time as SDP; all land use / environmental Approvals anticipated within 10 - 16 mos of CON Approval.

- C. Form of Site Control (Respond to the one that applies. If more than one, explain.):
  - (1) Owned by: Music Fair Road, LP, a Mangione Family limited partnership (See Chart at Item 7, above)  
\_\_\_\_\_
  - (2) Options to purchase held by: \_\_\_\_\_  
Please provide a copy of the purchase option as an attachment.
  - (3) Land Lease held by: \_\_\_\_\_  
Please provide a copy of the land lease as an attachment.
  - (4) Option to lease held by: \_\_\_\_\_  
Please provide a copy of the option to lease as an attachment.
  - (5) Other: \_\_\_\_\_  
Explain and provide legal documents as an attachment.

15. PROJECT SCHEDULE

In completing this section, please note applicable performance requirements time frames set forth in Commission regulations, COMAR 10.24.01.12. Ensure that the information

presented in the following table reflects information presented in Application Item 11 (Project Description).

	Proposed Project Timeline	
Obligation of 51% of capital expenditure from approval date	18	months
Initiation of Construction within 4 months of the effective date of a binding construction contract	4	months
Time to Completion of Construction from date of capital obligation	12	months

**16. PROJECT DRAWINGS – *Please see APX 1, attached, for Drawings of Existing Building & Proposed Addition / Renovation Project.***

Projects involving new construction and/or renovations should include scalable schematic drawings of the facility at at least a 1/16” scale. Drawings should be completely legible and include dates.

These drawings should include the following before (existing) and after (proposed), as applicable:

- A. Floor plans for each floor affected with all rooms labeled by purpose or function, number of beds, location of bath rooms, nursing stations, and any proposed space for future expansion to be constructed, but not finished at the completion of the project, labeled as “shell space”. **See APX. 1**
- B. For projects involving new construction and/or site work a Plot Plan, showing the “footprint” and location of the facility before and after the project. **See APX. 1**
- C. Specify dimensions and square footage of patient rooms. **190 sf + 62 sf bathroom; see APX. 1 Drawings of Proposed Addition and inset with Private Room dimensions.**

**17. FEATURES OF PROJECT CONSTRUCTION**

- A. If the project involves new construction or renovation, complete the Construction and Renovation Square Footage worksheet in the CON Table Package (Table B) –

***Please see Table B on the following page.***



**TABLE B. PROPOSED NEW CONSTRUCTION AND RENOVATION SQUARE FOOTAGE**

*INSTRUCTION: Account for all existing and proposed square footage by floor. Further breakdown by nursing unit and building wing are at Applicants discretion and should be used by applicants if it adds valuable information to the description of the existing and proposed facilities. Add or delete rows if necessary. See additional instruction in the column to the right of the table.*

Gross Square Footage by Floor/Nursing Unit/Wing	DEPARTMENTAL GROSS SQUARE FEET				
	Current	To be Added Thru New Construction	To Be Renovated	To Remain As Is	Total After Project Completion
Basement/Ground Floor	14,889	6,661	251	14,638	21,550
First Floor	14,835	6,533	649	14,186	21,368
Second Floor	14,743	6,533	649	14,094	21,276
Roof Top Room	1,835	0	0	1,835	1,835
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
<b>Total</b>	<b>46,302</b>	<b>19,727</b>	<b>1,549</b>	<b>44,753</b>	<b>66,029</b>

- B. **Discuss the availability and adequacy of utilities** (water, electricity, sewage, natural gas, etc.) for the proposed project and identify the provider of each utility. Specify the steps that will be necessary to obtain utilities.

As the MHCC has previously found, this existing Nursing Facility which fronts Rte. 1 is served by public utilities and has ready access to them. Lorien Elkridge will submit plans for any required utility capacity increases as part of the Site

Plan Approval process and will schedule any expansions of capacity during the Building Permit / Construction phase. The following entities provide utilities to the facility:

Water & Sewer – Howard County Dept. of Public Works, Bureau of Utilities

Gas and Electricity – Baltimore Gas & Electric

Telephone – Windstream (Paetec)

Fios -Verizon

Data Lines -Howard County

Trash Services - Waste Management

Medical Waster – Stericycle

**PART II - PROJECT BUDGET**

## **PART II - PROJECT BUDGET**

**Complete the Project Budget worksheet in the CON Table Package (Table C).**

**Note:** Applicant should include a list of all assumptions and specify what is included in each budget line, as well the source of cost estimates and the manner in which all cost estimates are derived. Explain how the budgeted amount for contingencies was determined and why the amount budgeted is adequate for the project given the nature of the project and the current stage of design (i.e., schematic, working drawings, etc.)

---

**RESPONSE:** See Table C and Statement of Assumptions, Explanations of Cost Estimates & Contingencies, etc. on following pages.

**TABLE C. 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 Areas	Total
<b>A. USE OF FUNDS</b>			
<b>1. CAPITAL COSTS</b>			
a. Land Purchased/Donated	\$500,000		\$500,000
<b>b. New Construction</b>			
(1) Building	\$3,000,000		\$3,000,000
(2) Fixed Equipment	\$400,000		\$400,000
(3) Site and Infrastructure	\$200,000		\$200,000
(4) Architect/Engineering Fees	\$250,000		\$250,000
(5) Permits (Building, Utilities, Etc.)	\$75,000		\$75,000
<b>SUBTOTAL New Construction</b>	<b>\$3,925,000</b>	<b>\$0</b>	<b>\$3,925,000</b>
<b>c. Renovations</b>			
(1) Building	\$105,000		\$105,000
(2) Fixed Equipment (not included in construction)	\$15,000		\$15,000
(3) Architect/Engineering Fees			\$0
(4) Permits (Building, Utilities, Etc.)			\$0
<b>SUBTOTAL Renovations</b>	<b>\$120,000</b>	<b>\$0</b>	<b>\$120,000</b>
<b>d. Other Capital Costs</b>			
(1) Movable Equipment	\$300,000		\$300,000
(2) Contingency Allowance	\$100,000		\$100,000
(3) Gross interest during construction period	\$69,125		\$69,125
(4) Other (Specify/add rows if needed)			\$0
<b>SUBTOTAL Other Capital Costs</b>	<b>\$469,125</b>	<b>\$0</b>	<b>\$469,125</b>
<b>TOTAL CURRENT CAPITAL COSTS</b>	<b>\$5,014,125</b>	<b>\$0</b>	<b>\$5,014,125</b>
e. Inflation Allowance	\$333,375		\$333,375
<b>TOTAL CAPITAL COSTS</b>	<b>\$5,347,500</b>	<b>\$0</b>	<b>\$5,347,500</b>
<b>2. Financing Cost and Other Cash Requirements</b>			
a. Loan Placement Fees	\$42,500		\$42,500
b. Bond Discount			\$0
c. Legal Fees	\$30,000		\$30,000
d. Non-Legal Consultant Fees	\$12,500		\$12,500
e. Liquidation of Existing Debt			\$0
f. Debt Service Reserve Fund			\$0
g. Other - Legal CON	\$25,000		\$25,000
<b>SUBTOTAL</b>	<b>\$110,000</b>	<b>\$0</b>	<b>\$110,000</b>
<b>3. Working Capital Startup Costs</b>			
			\$0
<b>TOTAL USES OF FUNDS</b>	<b>\$5,457,500</b>	<b>\$0</b>	<b>\$5,457,500</b>
<b>B. Sources of Funds</b>			
1. Cash	\$907,500		\$907,500
2. Philanthropy (to date and expected)			\$0
3. Authorized Bonds			\$0
4. Interest Income from bond proceeds listed in #3			\$0
5. Mortgage	\$4,250,000		\$4,250,000
6. Working Capital Loans			\$0
<b>7. Grants or Appropriations</b>			
a. Federal			\$0
b. State			\$0
c. Local			\$0
8. Other - FFE Loan	\$300,000		\$300,000
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$5,457,500</b>	<b>\$0</b>	<b>\$5,457,500</b>
<b>Annual Lease Costs (if applicable)</b>			
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.

## PROJECT BUDGET STATEMENT OF ASSUMPTIONS

### Cost Estimates

The construction budget estimates were developed by the Applicant’s affiliated construction management firm, Commercial Contractors, Inc., based upon their many years of experience in the construction industry and knowledge of current industry conditions. Financial aspects of the Budget were developed by the project sponsors and financial consultant and are also based on their years of experience as developers of a variety of commercial building projects, including hotels, office buildings, conference centers and health care facilities.

### 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:

Projected Mortgage Debt at Opening	\$ 4,250,000				
Average Outstanding Construction Loan	\$ 2,125,000				
Estimated Monthly Interest Rate (3.25% annual rate)	0.2708%				
Construction Period, # months	12				
	3.2500%				
<b>Construction Period Interest</b>	<b>\$ 69,063</b>				

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 \$100,000. This amount has been estimated by the project’s construction team who each have approximately forty years of construction experience, including construction of this applicant’s original project.

## **Inflation Allowance**

The inflation allowance is estimated based upon a 30 month time frame from application date to midpoint of construction (February 2019) at an estimated inflation rate of 3% per year (7.50% for the 30 month period). This inflation allowance rate of 7.50% is multiplied by Total Current Capital Costs to result in estimated inflation of \$333,375.

The 3% annual inflation rate is a projected estimate based upon historical inflation data, rounded upward so as to be conservative. The United States of America, Bureau of Labor Statistics “Consumer Price Index- June 2016” news release dated July 15, 2016 reports the annual increase in overall CPI (Consumer Price Index) to be 1.0% and the “Housing- Shelter” component to be 3.5%.

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



**PART III - 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  
1205 York Road, Penthouse Suite  
Lutherville, Maryland 21093

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2. Are the applicant, owners, or the responsible persons listed in response to Part 1, questions 2, 3, 4, 7, and 9 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 Harford, Inc. dba Lorien Belair (2000 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).

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3. Has the Maryland license or certification of the applicant facility, or any of the facilities listed in response to Question 2, above, 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.

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4. Other than the licensure or certification actions described in the response to Question 3, above, has any facility with which any applicant is involved, or has any facility with which any applicant has in the past been involved (listed in response to Question 2, above) received inquiries in last from 10 years from any federal or state authority, the Joint Commission, or other regulatory body regarding possible non-compliance with any state, federal, or Joint Commission requirements for the provision of, the quality of, or the payment for health care services that have resulted in actions leading to the possibility of penalties, admission bans, probationary status, or other sanctions at the applicant facility or at any facility listed in response to Question 2? If yes, provide, for each such instance, copies of any settlement reached, proposed findings or final findings of non-compliance and related documentation including reports of non-compliance, responses of the facility, and any final

disposition or conclusions reached by the applicable authority.

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

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5. Have the applicant, owners or responsible individuals listed in response to Part 1, questions 2, 3, 4, 7, and 9, 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 as applicable the court, the date(s) of conviction(s), diversionary disposition(s) of any type, or guilty plea(s).

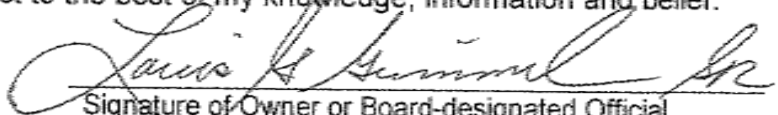
No.

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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.

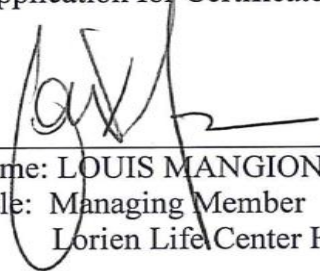
August 4, 2016  
Date

  
\_\_\_\_\_  
Signature of Owner or Board-designated Official  
CEO  
\_\_\_\_\_  
Position/Title  
Louis G. Grimmel, Sr.  
\_\_\_\_\_  
Printed Name

**BOARD AUTHORIZATION**

THIS IS TO CERTIFY that LOUIS G. GRIMMEL, SR, CEO Lorien Health Systems, has been authorized by Lorien Life Center Howard II, Inc. 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.


DATE: August 4, 2016

  
Name: LOUIS MANGIONE  
Title: Managing Member  
Lorien Life Center Howard II, Inc.

**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: August 4, 2016

  
\_\_\_\_\_  
LOUIS MANGIONE  
President Lorien Life Center Howard II, Inc

**AFFIRMATION**

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

Date: August 4, 2016



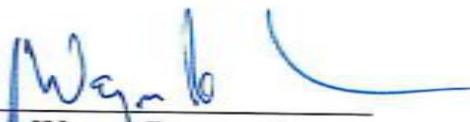
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Norman E. Snowberger  
Chief Financial Officer  
Lorien Health Systems

**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: August 4, 2016

  
Name: Wayne Brannock  
Title: Chief Operating Officer

**AFFIRMATION RE BUDGET, STAFFING AND OPERATING PROJECTIONS**  
**Operating Projections (Lorien – Elkridge)**

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

Date: August 4, 2016

A handwritten signature in blue ink, appearing to read "Michael J. Snarski", is written over a horizontal line.

Name: Michael J. Snarski.  
Title: 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: August 4, 2016

/s/  
\_\_\_\_\_

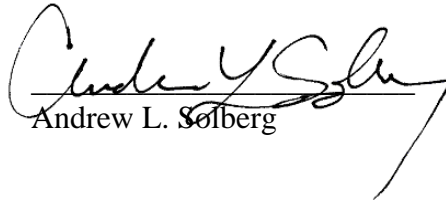
Andrew L. Solberg



**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: August 4, 2016

  
Andrew L. Solberg

**PART IV - CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR  
10.24.01.08G(3):**

**PART IV - CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR  
10.24.01.08G(3):**

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

***An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards and other review criteria.***

If a particular standard or criteria is covered in the response to a previous standard or criteria, the applicant may cite the specific location of those discussions in order to avoid duplication. When doing so, the applicant should ensure that the previous material directly pertains to the requirement and the directions included in this application form. Incomplete responses to any requirement will result in an information request from Commission Staff to ensure adequacy of the response, which will prolong the application's review period.

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

Every Comprehensive Care Facility ("CCF" -- more commonly known as a nursing home) applicant must address each applicable standard from **COMAR 10.24.08: State Health Plan for Facilities and Services -- Nursing Home and Home Health Services**. Those standards follow immediately under **10.24.08.05 Nursing Home Standards**.

Please provide a direct, concise response explaining the project's consistency with each standard. In cases where demonstrating compliance with a standard requires the provision of specific documentation, please include the documentation as a part of the application.

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**CONSISTENCY WITH STATE HEALTH PLAN STANDARDS**

***COMAR 10.24.08.05 Nursing Home Standards.***

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

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

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**RESPONSE:** The State Health Plan SHP currently in effect when the LOI was filed projects a current need for 105 additional Comprehensive Care beds to serve Howard County. Accordingly, this need projection is applicable to the proposed project. Further, the proposed project is consistent with this standard since it seeks 25 beds which is less than 105 beds.

\* \* \* \* \*

(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:** The applicant participates in the Medical Assistance Program and previously submitted to MHCC a fully executed MOU dated February 3, 2012 with a 42.20% Medicaid participation rate. Medicaid participation rates for 2014 and 2015 were 51.0 % and 53.1% respectively. The facility projects a 58.27% Medicaid rate for 2016 and Medicaid rates exceeding 57% in years X1, X2, and X3 (see Table F, line item 4.b.2)). The expanded facility will continue to be operated in compliance with the above Standard’s requirements. Lorien agrees to execute a new MOU covering all its beds prior to pre-licensing certification and will certainly accept a condition to this effect as has been customarily imposed. The applicant understands that it is not required to submit the 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:** The original project has already been found consistent with this standard. Lorien Elkridge remains fully committed to meeting the requirements of the community-based services standard and the expanded facility will continue to be operated under the same procedures.

Lorien Elkridge will continue to 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. Lorien Elkridge will also continue to 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 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, the facility will continue to 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:** The original project has already been found consistent with this standard. Lorien commits to continuing to meet all the requirements of this standard. Lorien Elkridge will continue to provide in-service training to its staff on the psychosocial problems facing non-elderly disabled residents. As part of the development of individualized treatment plans for its non-elderly residents, Lorien initiates 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 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. A copy of Lorien's In-Service Training Policy and policies regarding Discharge Planning are attached as APX. 2.

\* \* \* \* \*

**(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 Elkridge is a modern new facility which opened in 2012. The proposed project involves the addition of 25 new beds to be housed in newly constructed space. As shown and stated on the drawings attached at APX. 1, the 25 new beds will be housed in the new Addition on each patient floor in new single – occupancy, Private Rooms measuring 190 sf and each with 62 sf bathrooms with showers (Total: 252 sf). (Some existing beds will be reconfigured to also create additional Private Rooms, as shown on Table A). All resident rooms will be either single occupancy Private Rooms or double occupancy Semi Private Rooms each with its own bathroom. No more than two residents will share a toilet or a shower (e.g. no demeaning ‘gang showers’). There will be individual temperature controls in each new room, as there are in the existing rooms. Although the project involves minor renovations of the areas where the Addition joins the existing building, and for the creation of the two new Nurses Stations shown on the Drawings at APX. 1, the project is primarily an expansion project, not a renovation project. For all these reasons, the proposed project is consistent with the requirements of this standard.

\* \* \* \* \*

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

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**RESPONSE:** The original project on this same site has already been found consistent with this standard. The proposed site is currently served by all required public utilities. The proposed facility will continue to be served by public water provided by the Howard County Department of Public Works, Bureau of Utilities (see Application, Part I, Item 17 B, above).

\* \* \* \* \*

*(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:** Lorien Elkridge’s existing design was found to be consistent with this criterion when it received its initial CON On September 20, 2007. The expansion will continue to 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, the design addresses several objectives. On the 1<sup>st</sup> Floor Unit where shorter term rehabilitation patients are expected to be located, the design recognizes the



advantages of locating of Resident Rooms in proximity to the new centralized Nurses Station to increase observation. Patients with higher acuities or in need of increased observation may be placed in rooms in closer proximity to the Nursing Station.

Further, the 45 and 15 bed Nursing Units on the 2<sup>nd</sup> Floor, intended primarily for longer term patients, are also designed to allow residents of different acuity levels and care needs to be grouped in appropriate areas. A number of rooms located near the Nurses Stations allow for more intense monitoring, observation and interaction with Staff. The new Nursing Station on the 2<sup>nd</sup> Floor will afford observation of the new 15 bed Addition as well as Patient Rooms on the adjacent areas in the existing building.

The design facilitates the reconfiguration of Lorien Elkridge's existing beds so as to allow the creation of 27 additional Private Rooms, with a reduction of Semi Private double occupancy rooms from 29 to 28 all as shown on Table A. This design will facilitate Lorien Elkridge'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 also allow residents to routinely ambulate or be mobilized to the Dining / Activities Rooms and the two Lounges on the 1<sup>st</sup> Floor and 2<sup>nd</sup> Floors for group socialization and recreation.

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

As shown on Table A, the 35 Beds on the 1<sup>st</sup> Floor will be deployed in 23 Private Rooms and 6 Semi Private double occupancy rooms (23 + 12 = 35 Beds). As noted, it is anticipated that this re-sized Unit will serve the facility's Short Term Patients.

The beds on the proposed 2<sup>nd</sup> Floor will be housed in 16 Single Occupancy Rooms and 22 double occupancy Semi Private Rooms (16 + 44 = 60 Beds). It is anticipated that these beds will primarily serve Long Term Patients. These patients are expected to be less ambulatory and many may benefit from a shared room.

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 Lorien 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.

Lorien Elkridge does not contain a discrete Alzheimer's Care Unit. However, the facility treats residents with Alzheimer's Disease and Related Disorders throughout the facility. As related to building design, such residents 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 Plans 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.

It should be noted that an important goal of Lorien Elkridge's design is to allow for increased resident privacy and quality of life with enhanced dignity. These are important aspects of resident care needs. Thus all of the new 25 beds will be deployed in Private single occupancy rooms thereby increasing the facility's complement of Private Rooms from the current 12 to 39. The proposed expansion continues the facility's commitment to including a bathroom with shower in all Private and Semi-Private resident rooms rather than utilizing 'gang showers'. Further, the new units will have rooms large enough (190 sf + 62 sf bathroom) to accommodate resident furnishings as well as allowing facility Staff to easily maneuver any necessary equipment required in the care of residents. Hallways and doorways will, of course, accommodate residents who use wheelchairs.

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, *ezonearticles.com*, [http://ezonearticles.com/?Nursing – Home -Design&id=970551](http://ezonearticles.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](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:** The original project has already been found consistent with this standard. None of the project's principals have pleaded guilty to or been convicted of a criminal offense in any way connected with the ownership, development, or management of a health care facility.

\* \* \* \* \*

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

---

**RESPONSE:** Lorien Elkridge currently complies with the requirements of this standard, and will continue to maintain its existing relationships with other providers as required by this standard. As part of its March 5, 2012 request for 1<sup>st</sup> Use Approval, Lorien Elkridge submitted Transfer and Referral Agreements with an array of providers including providers of less intensive care so each resident has access to the entire long term care continuum. Such agreements included the following:

Adult Day Care: Agreement with Winter Growth Adult Day Care

Home Health: Agreement with Professional Health Resources

On-site Geropsychiatric Services: Agreement with Mansbach, PC – MedOptions  
for geropsychiatric and related mental health services

Skilled Nursing: Agreement with Encore at Turf Valley

Skilled Nursing: Agreement with Lorien Columbia

Assisted Living: Agreement with Encore at Turf Valley

Assisted Living: Agreement with Harmony Hall

Hospital (with Inpatient Psychiatric Services): Agreement with Howard County  
General Hospital

Accordingly, Lorien Elkridge 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(1)-(9):*

**(1) Bed Need.**

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

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

\* \* \* \* \*

**RESPONSE:** The proposed project is for the expansion of an existing facility utilizing beds newly identified in the current State Health Plan as being needed to serve the residents of Howard County. These beds are not in the Commission’s current inventory of beds. Therefore part (a) of this standard is not applicable to this review. Likewise, part (b) is not applicable since the proposed expansion does not include a relocation of existing comprehensive care beds.

The factors addressed by the standard are matters which have already been addressed by the State Health Plan in its development of the Bed Need Projection showing the need for an additional 105 beds. Moreover, Need for the project is discussed further in this Application’s response to Criterion 10.24.01.08G(3)(b), Need, *infra*. Accordingly, the proposed project is consistent with this standard.

\* \* \* \* \*

**(2) Facility Occupancy.**

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

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

---

**RESPONSE:** The proposed expansion project is consistent with this standard since all 70 of its beds are licensed and available for use. Further, as shown by the relevant pages of its FY 2014 and FY 2015 Cost Reports included at APX. 3, Lorien Elkridge has met the minimum 90% average occupancy requirement as follows: FY 2014 – 91.77%; FY 2015 – 90.26%. Further, Lorien Elkridge projects a FY 2016 occupancy of 90.7% (See Table D, line item 4.a). Accordingly, the proposed project is consistent with this standard.

\* \* \* \* \*

**(3) *Jurisdictional Occupancy.***

(a) *The Commission may approve a CON application for a new nursing home only if the average jurisdictional occupancy for all nursing homes in that jurisdiction equals or exceeds a 90 percent occupancy level for at least the most recent 12 month period, as shown in the Medicaid Cost Reports for the latest fiscal year, or the latest Maryland Long Term Care Survey, if no Medicaid Cost Report is filed. Each December, the Commission will issue a report on nursing home occupancy.*

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

---

**RESPONSE:** This standard is not applicable to this review since the proposed project is not for a new nursing home. Rather it is an expansion of an existing facility. (However, jurisdictional occupancies are discussed below in connection with 10.24.01.08G(3)(f). *Impact on Existing Providers*, below).

\* \* \* \* \*

**(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.*

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**RESPONSE:** As noted in its response to *COMAR 10.24.08.05.A(2)*, above, Lorien Elkridge participates in the Medical Assistance Program. On March 5, 2012, it submitted to MHCC a fully executed MOU dated February 3, 2012 with a required 42.20% Medicaid participation rate. Medicaid participation rates for 2013 and 2014 were 51 % and 53.1% respectively. The facility projects a 58.3% Medicaid rate for 2016. The expanded facility will continue to be operated in compliance with the above Standard's requirements. Lorien agrees to execute a new MOU covering all its beds as part of its request for 1<sup>st</sup> Use Review and will certainly accept a condition to this effect as has been customarily imposed. The applicant understands that it is not required to submit the MOU now.

\* \* \* \* \*

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

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**RESPONSE:** As shown by the letter from Mr. Wayne Brannock, Lorien Health Systems Director of Quality Assurance, there are no current outstanding Level G deficiencies at any of the comprehensive care facilities managed by Lorien Health Systems (See APX. 4). In addition,

the facility will continue to be operated in accordance with Lorien's Quality Assurance Program, a summary of which is also attached as APX. 4. Accordingly, this Application is consistent with this standard.

\* \* \* \* \*

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

---

**RESPONSE:** The proposed project is not for the relocation of a facility as contemplated by this standard. Therefore this standard is not applicable to this project.

\* \* \* \* \*

**C. Renovation of Facility.** *The Commission will review projects involving renovation of comprehensive care facilities using the following standards in addition to .05A(1)-(9).*

**(1) Bed Status.** *The number of beds authorized to the facility is the current number of beds shown in the Commission's inventory as authorized to the facility, provided:*

*(a) That the right to operate the facility, or the beds authorized to the facility, remains in good standing; and*

*(b) That the facility provides documentation that it has no outstanding Level G or higher deficiency reported by the Office of Health Care Quality.*

**(2) Medical Assistance Program Participation.** *An applicant for a Certificate of Need for renovation of an existing facility:*

*(a) Shall participate in the Medicaid Program;*

*(b) May show evidence as to why its level of participation should be lower than that required in .05A2(b) of this Chapter because the facility has programs that focus on discharging residents to community-based programs or an innovative nursing home model of care;*

*(c) Shall present a plan that details how the facility will increase its level of participation if its current and proposed levels of participation are below those required in*



.05A2(b) of this Chapter; and

(d) Shall agree to accept residents who are Medicaid-eligible upon admission

(3) **Physical Plant.** An applicant must demonstrate how the renovation of the facility will improve the quality of care for residents in the renovated facility, and, if applicable will eliminate or reduce life safety code waivers from the Office of Health Care Quality and the State Fire Marshall's Office.

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**RESPONSE:** The above standards are not applicable to this review since the proposed project is for an expansion of an existing facility and not a facility – wide renovation. The 1,549 sf of renovation where the new addition meets the existing building is only incidental to the expansion project, as is the renovation involved in creating the two new Nursing Stations.

\* \* \* \* \*

**CONSISTENCY WITH COMAR CON REVIEW CRITERIA**

**10.24.01.08G(3)(b). Need.**

***The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.***

***INSTRUCTIONS:*** Fully address the way in which the proposed project is consistent with any specific applicable need standard or need projection methodology in the State Health Plan. If the current bed need projection published by the MHCC based on the need formula in the State Health Plan does not project a need for all of the beds proposed, the applicant should identify the need that will be addressed by the proposed project by quantifying the need for all facility and service capacity proposed for development, relocation or renovation in the project.

*If the project involves modernization of an existing facility through renovation and/or expansion, provide a detailed explanation of why such modernization is needed by the service area population of the nursing home. Identify and discuss relevant building or life safety code issues, age of physical plant issues, or standard of care issues that support the need for the proposed modernization.*

*Please assure that all sources of information used in the need analysis are identified and identify all the assumptions made in the need analysis with respect to demand for services, the projected utilization rate(s), and the relevant population considered in the analysis with information that supports the validity of these assumptions. The existing and/or intended service area population of the applicant should be clearly defined.*

*Complete the Statistical Projection (Tables D and E, as applicable) worksheets in the CON*

*Table Package, as required. Instructions are provided in the cover sheet of the CON package. Table D must be completed if the applicant is an existing facility. Table E must be completed if the application is for a new facility or service or if it is requested by MHCC staff.*

**RESPONSE:** In accordance with past practice, the Applicant relies on the utilization data and needs analysis of the State Health Plan’s (SHP) Bed Need Projection and finding of need.

According to the MHCC’s recently published new bed need projections (Maryland Register, Volume 43, Issue 9, Friday, April 29, 2016), Howard County needs 105 additional nursing home beds by 2016. This application proposes the addition of 25 beds to Lorien Elkridge’s 70 bed complement. It is therefore consistent with the controlling bed need determination by the MHCC.

The SHP’s Bed Need Methodology projection reflects the demographic changes occurring in Howard County as the population continues to age. In this regard, Table 1, below, shows that the Maryland Department of Planning projects that Howard County population will grow from 309,040 in 2015 to 332,260 in 2020, an increase of 7.5%. However, the population age 65 and older will grow from 39,150 to 50,050, an increase of 27.8%.

**Table 1  
Howard County Population  
2000, 2010, 2015, and 2020**

Age Cohort	% Change			% Change			
	2000	2010	'00-'10	2015	'10-'15	2020	'15-'20
0-4	18,248	17,363	-4.8%	17,950	3.4%	19,720	9.9%
5-19	55,837	63,360	13.5%	64,470	1.8%	65,540	1.7%
20-44	96,212	92,961	-3.4%	97,220	4.6%	106,260	9.3%
45-64	59,077	84,356	42.8%	90,250	7.0%	90,690	0.5%
65+	18,468	29,045	57.3%	39,150	34.8%	50,050	27.8%
Total	247,842	287,085	15.8%	309,040	7.6%	332,260	7.5%

Source: Maryland Department of Planning  
(<http://planning.maryland.gov/MSDC/County/howa.pdf>), Accessed 10/30/14

The proposed addition of these 25 beds will also result in the creation of an additional 23 single occupancy, Private patient rooms thereby bringing the complement to 35 Private Rooms

and improving the patient experience (see Table A, above) and enabling Lorien Elkridge to better serve the needs of the residents of Howard County, its primary service area. While the Applicant has experienced occupancies above 90%, as noted in response to *COMAR 10.24.08.05.B(2) Facility Occupancy*, above, (FY 2014 – 91.77%; FY 2015 – 90.26%; FY 2016 – projected occupancy of 90.7%) the facility believes that the availability of more Private Rooms will be responsive to consumer preference while also positioning the facility to experience higher occupancies in the future.

It should also be noted that the addition of 25 beds found needed by the State Health Plan would not possibly have any material negative impact on the County’s existing providers since it represents a very small percentage of the existing inventory of 602 beds. (*See also* discussion under *10.24.01.08G(3)(f). Impact on Existing Providers* below).

For all these reasons, the proposed expansion is consistent with the Commission’s own determination of Need.

As required, a Statement of Assumptions relating to Tables D, E, F, G, H, and I as well as Tables D and E are included on the following pages.

## **Statement of Assumptions re: Utilization, Revenue, and Expense projections Tables D to H:**

All assumptions used in developing utilization, revenue, and expense projections in Table D, E, F, G, and H have been determined by a team of health care professionals based upon market conditions, known operational costs and budgets (including the existing operating results of Lorien Elkrige's existing facility), phase up assumptions in years #20X1 and #20X2-20X3 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.

### **Utilization**

It is estimated that the 25 bed project will phase up its occupancy over eight months. Upon reaching stabilized occupancy, it is projected that the 25 beds will maintain occupancy of 94.3% and the overall facility will maintain an overall occupancy level of 91.8%. The reason for projecting a slightly higher occupancy level for the 25 bed project is because all of the 25 beds are more desirable private rooms.

### **Patient Services Revenue Assumptions**

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

Medicare Part A rates vary depending upon the RUGS level. Existing Medicare utilization results in a Medicare Part A rate of approximately \$506.94 per patient day. For the proposed 25 bed project, the average Medicare Part A rate is estimated to be \$503.75 per patient day. When blending estimated rates of the existing facility with the 25 bed project, it is estimated that the average Medicare Part A rate will average \$506.10 per patient day in Years 20X2 and 20X3.

Private Pay Rate Assumption- The average room rate is estimated to be \$365.00 per day for private pay patients in years 20X1 - 20X3. No inflation adjustments applied to the rate.

The average Insurance rate is \$440.00 per day for the existing operations and for the proposed 25 bed project, the average private insurance rate is projected to be \$440.00 per patient day. The blended rate is estimated at \$440.00 for the entire facility in 20X2 and 20X3.

Medicaid rates are calculated based upon the State of Maryland's prospective reimbursement system, which became effective on January 1, 2015. The system is currently in its last stage of phase-in and will be fully implemented as of January 2017. The current Medicaid rate (as of July 1, 2016) is \$256.63 per patient day. When the last stage of phase in is completed on January 1, 2017, it is estimated that the Medicaid per diem rate will be \$255.93. For years 20X2 and 20X3, the Medicaid rate is projected to remain at \$255.93 per patient day. This rate assumption assumes that the facilities case mix index will remain the same as its current level.

As detailed above, the 25 bed project is projected to have no impact on private pay charges of the facility and no or minimal impact on the charges related to Medicaid and Medicare patients. (see also APX. 6 Patient Charges)

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

### **Payer Mix**

The projected payer mix is consistent with the current payer mix of the facility.

### **Expense Assumptions- Supply Cost and Other Expenses**

Supply Costs- Supply costs have been estimated based upon an estimated amount per patient day. Most supply costs are calculated based upon the estimated cost PPD multiplied by the total number of patient days (nursing, over the counter drugs, raw food, activities, dietary, housekeeping, laundry, maintenance, and office supplies) while certain other supply costs are calculated based upon an estimated cost PPD multiplied by only Medicare and Commercial Insurance days (prescription drugs). This is because prescription drugs for Medicaid patients are billed directly by the pharmacy to the Medicaid's Pharmacy Program.

Other Costs- The largest item of other expenses is Medicaid Provider Taxes which is a PPD tax charged to all patient days except for Medicare. The material balance of the remaining items in other costs are fixed monthly estimates, of which some are based upon an annual billing (such as real estate taxes, and insurance premiums).

### **Expense Assumptions- Financing and Project Depreciation**

As for the expense assumptions developed by the team of healthcare professional, specific costs for year 20X3 are detailed at Table H of the application for labor and contractual services and schedules of Other Expenses are included as supplemental data at Tables F & G. 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 5% 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

**TABLE D. 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.

Indicate CY or FY- Calendar	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.						
	2014	2015	2016	20X1	20X2	20X3				
<b>1. ADMISSIONS</b>										
a. Comprehensive Care (public)	439	395	408	528	558	558				
b. Comprehensive Care (CCRC Restricted)										
<b>Total Comprehensive Care</b>	<b>439</b>	<b>395</b>	<b>408</b>	<b>528</b>	<b>558</b>	<b>558</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
c. Assisted Living										
d. Other (Specify/add rows of needed)										
<b>TOTAL ADMISSIONS</b>	<b>439</b>	<b>395</b>	<b>408</b>	<b>528</b>	<b>558</b>	<b>558</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. PATIENT DAYS</b>										
a. Comprehensive Care (public)	22,401	23,061	23,241	29,691	31,842	31,842				
b. Comprehensive Care (CCRC Restricted)										
<b>Total Comprehensive Care</b>	<b>22,401</b>	<b>23,061</b>	<b>23,241</b>	<b>29,691</b>	<b>31,842</b>	<b>31,842</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
c. Assisted Living										
d. Other (Specify/add rows of needed)										
<b>TOTAL PATIENT DAYS</b>	<b>22,401</b>	<b>23,061</b>	<b>23,241</b>	<b>29,691</b>	<b>31,842</b>	<b>31,842</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3. NUMBER OF BEDS</b>										
a. Comprehensive Care (public)	66.88	70	70	95	95	95				
b. Comprehensive Care (CCRC Restricted)										
<b>Total Comprehensive Care Beds</b>	<b>67</b>	<b>70</b>	<b>70</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
c. Assisted Living										
d. Other (Specify/add rows of needed)										
<b>TOTAL BEDS</b>	<b>67</b>	<b>70</b>	<b>70</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4. OCCUPANCY PERCENTAGE</b> <i>*IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.</i>										
a. Comprehensive Care (public)	91.8%	90.3%	90.7%	85.6%	91.8%	91.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
b. Comprehensive Care (CCRC Restricted)										
<b>Total Comprehensive Care Beds</b>	<b>91.8%</b>	<b>90.3%</b>	<b>90.7%</b>	<b>85.6%</b>	<b>91.8%</b>	<b>91.8%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
c. Assisted Living										
d. Other (Specify/add rows of needed)										
<b>TOTAL OCCUPANCY %</b>	<b>91.8%</b>	<b>90.3%</b>	<b>90.7%</b>	<b>85.6%</b>	<b>91.8%</b>	<b>91.8%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>5. OUTPATIENT (specify units used for charging and recording revenues)</b>										
a. Adult Day Care										
b. Other (Specify/add rows of needed)										
<b>TOTAL OUTPATIENT VISITS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note- Year 2014 # of Beds based upon weighted average for the year (64 beds from 1/1 through 7/9, then 70 beds effective 7/10/2014).

**TABLE E. UTILIZATION 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.						
<i>Indicate CY or FY- Calendar</i>	20X1	20X2	20X3				
<b>1. ADMISSIONS</b>							
a. Comprehensive Care (public)	120	150	150				
b. Comprehensive Care (CCRC Restricted)							
<b>Total Comprehensive Care</b>	<b>120</b>	<b>150</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
c. Assisted Living							
d. Other (Specify/add rows of needed)							
<b>TOTAL ADMISSIONS</b>							
<b>2. PATIENT DAYS</b>							
a. Comprehensive Care (public)	6,450	8,601	8,601				
b. Comprehensive Care (CCRC Restricted)							
<b>Total Comprehensive Care</b>	<b>6,450</b>	<b>8,601</b>	<b>8,601</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
c. Assisted Living							
<b>TOTAL PATIENT DAYS</b>							
<b>3. NUMBER OF BEDS</b>							
a. Comprehensive Care (public)	25	25	25				
b. Comprehensive Care (CCRC Restricted)							
<b>Total Comprehensive Care Beds</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
c. Assisted Living							
d. Other (Specify/add rows of needed)							
<b>TOTAL BEDS</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4. OCCUPANCY PERCENTAGE</b> <i>*IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.</i>							
a. Comprehensive Care (public)	70.7%	94.3%	94.3%				
b. Comprehensive Care (CCRC Restricted)							
<b>Total Comprehensive Care Beds</b>	<b>70.7%</b>	<b>94.3%</b>	<b>94.3%</b>				
c. Assisted Living							
d. Other (Specify/add rows of needed)							
<b>TOTAL OCCUPANCY %</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>				
<b>5. OUTPATIENT (specify units used for charging and recording revenues)</b>							
a. Adult Day Care							
b. Other (Specify/add rows of needed)							
<b>TOTAL OUTPATIENT VISITS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* \* \* \* \*

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

**The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.**

**INSTRUCTIONS:** Please describe the planning process that was used to develop the proposed project. This should include a full explanation of the primary goals or objectives of the project or the problem(s) being addressed by the project. It should also identify the alternative approaches to achieving those goals or objectives or solving those problem(s) that were considered during the project planning process, including the alternative of the services being provided by existing facilities.

For all alternative approaches, provide information on the level of effectiveness in goal or objective achievement or problem resolution that each alternative would be likely to achieve and the costs of each alternative. The cost analysis should go beyond development cost to consider life cycle costs of project alternatives. This narrative should clearly convey the analytical findings and reasoning that supported the project choices made. It should demonstrate why the proposed project provides the most effective goal and objective achievement or the most effective solution to the identified problem(s) for the level of cost required to implement the project, when compared to the effectiveness and cost of alternatives including the alternative of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review

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**RESPONSE:** Lorien Elkridge has always intended to expand beyond its initial bed complement so that it could better meet the needs of the population and meet the expected demand for admission to this new facility in an area of Howard County undergoing revitalization and new development. The facility is operating with only 12 Private Rooms and patient preference for Private Rooms is increasing. Now that the facility has stable utilization and there is a need for additional beds in Howard County, Lorien Elkridge's proposal to add 25 additional new beds can be easily accommodated.

The primary goals of the planning process were to (1) expand the bed complement so as to achieve greater economies of scale; (2) to increase the number of Private Single Occupancy Rooms so as to enhance the quality of life of Lorien Elkridge's residents and help meet consumer



preferences; and (3) achieve business growth as a for-profit provider of quality health care services while contributing to growth in local and state economic development. In this regard, it should be noted that Lorien Elkridge has only 12 Private Single Occupancy Rooms, which it considers to be an inadequate number in view of increasing demand for Private Rooms.

The Applicant's internal planning process considered several alternatives. The alternative of doing nothing was considered and quickly rejected because it would mean Lorien Elkridge would be hamstrung in its ability to maintain a vibrant new facility in an area of the county without a Nursing Facility. Further, this alternative would effectively mean that the Applicant would shirk its mission of serving as an important community resource offering needed services. In addition, this alternative would be contrary to Lorien Elkridge's functioning as a for-profit, tax-paying business which provides employment and economic activity which benefit the local and state economies.

The alternative of simply converting existing Semi-Private Double Occupancy Rooms to Privates was rejected since it would come at the expense of losing existing beds and economies of scale. Further, existing beds would either be lost or re-deployed in new space to be constructed without sufficient corresponding revenues associated with gaining additional beds. This alternative would not allow Lorien Elkridge to expand its business or to make a more positive impact on the local and state economies.

No other alternatives to the Applicant's proposal to increase its complement of Private Patient Rooms were available. Likewise, there are no other applicants seeking to meet any of the County's bed need. Further, other Lorien managed facilities cannot contribute to meeting the need for additional services since Encore at Turf Valley is currently undergoing its own 28 bed expansion project, and Lorien Columbia has continued to downsize its once - 361 bed facility pursuant to its plan to reconfigure outdated infrastructure.

The applicant thus determined that a 25 bed increase coupled with a reconfiguration of its existing beds would provide a cost effective method of increasing its supply of Private Rooms while helping to meet the need for additional beds in Howard County as identified by the State Health Plan. Thus, as shown on the drawings at APX. 1 and Table A, the project will result in the

creation of 27 new Private Rooms (39 total including the 12 existing Privates). In fact, as the drawings show, each patient floor of the proposed new addition would consist of 15 Private Rooms.

In addition, the Applicant's Project Costs for this expansion are reasonable. As shown in the analysis on the following pages, Lorien's projected cost per square foot is reasonable as compared to the Marshall Valuation Service ('MVS) benchmark for 'Convalescent Hospitals.

For all of these reasons, the proposed project is consistent with this criterion.

\* \* \* \* \*

*(7) Construction Cost of Hospital Space.*

*The proposed cost of a hospital construction project shall be reasonable and consistent with current industry cost experience in Maryland. The projected cost per square foot of a hospital construction project or renovation project shall be compared to the benchmark cost of good quality Class A hospital construction given in the Marshall Valuation Service® guide, updated using Marshall Valuation Service® update multipliers, and adjusted as shown in the Marshall Valuation Service® guide as necessary for site terrain, number of building levels, geographic locality, and other listed factors. If the projected cost per square foot exceeds the Marshall Valuation Service® benchmark cost, any rate increase proposed by the hospital related to the capital cost of the project shall not include the amount of the projected construction cost that exceeds the Marshall Valuation Service® benchmark and those portions of the contingency allowance, inflation allowance, and capitalized construction interest expenditure that are based on the excess construction cost.*

The Marshall Valuation Service ("MVS") analysis is set forth below. Lorien-Elkridge must clarify that the addition's ground floor is not a basement. Because of the slope of the property, this floor is a ground level floor.

**I. Marshall Valuation Service Benchmark**  
**New Construction**

Type	Convalescent Hospital
Construction Quality/Class	C/Good
Stories	3
Average Perimeter	333
Height of Ceiling	11.84
Square Feet	19,727
Average floor Area	6,576

**A. Base Costs**

Basic Structure	\$185.03
Elimination of HVAC cost for adjustment	0
HVAC Add-on for Mild Climate	0
HVAC Add-on for Extreme Climate	0

**Total Base Cost** \$185.03

**B. Additions**

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

**Subtotal** \$0.00

**Total** \$185.03

**C. Multipliers**

Perimeter Multiplier 0.978902137  
    Product 181.1262623

Height Multiplier (plus/minus from 12') 0.996340777  
    Product \$180.46

Multi-story Multiplier (0.5%/story above 3) 1  
    Product \$180.46

**D. Sprinklers**

    Sprinkler Amount 3.85

**Subtotal** \$184.31

**E. Update/Location Multipliers**

Update Multiplier 1.03  
    Product \$189.84

Location Multiplier	1.02
Product	\$193.64
<b>Final Square Foot Cost Benchmark</b>	<b>\$193.64</b>

## II. Project Costs

The Project costs are calculated as follows:

<b>A. Base Calculations</b>	<b>Actual</b>	<b>Per Sq. Foot</b>
Building	\$3,000,000	\$152.08
Fixed Equipment	\$400,000	\$20.28
Site Preparation	\$200,000	\$10.14
Architectural Fees	\$250,000	\$12.67
Permits	\$75,000	\$3.80
Capitalized Construction Interest	\$84,415	\$4.28
<b>Subtotal</b>	<b>\$4,009,415</b>	<b>\$203.25</b>

As directed by MHCC staff years ago, only the Capitalized Construction Interest and Financing Costs associated with the “Building” cost applies in the MVS analysis. The Capitalized Construction Interest allocable to the Building cost was calculated as follows:

	New	Renovation	Total		
Building Cost	\$3,000,000	\$42,000			
Subtotal Cost (w/o Cap Interest)	\$3,925,000	\$42,000	\$3,967,000		
Subtotal/Total	98.9%	1.1%		Net Interest	Financing
Total Project Cap Interest & Financing [(Subtotal Cost/Total Cost) X Total Cap Interest]	\$110,443	\$1,182	\$111,625	\$69,125	\$42,500
Building/Subtotal	76.4%	100.0%			
Building Cap Interest&Financing	\$84,415	\$1,182			

However, this project includes a considerable amount of costs for facets of the project that would not be included in the MVS average, such as demolition, canopies, etc. Associated Capitalized Construction Interest for those items included in the “Building” cost center are included as Extraordinary costs.

**B. Extraordinary Cost Adjustments**

	<b>Project Costs</b>	<b>Associated A&amp;E Fees</b>	<b>Associated Cap Interest</b>	<b>Total</b>
Demolition	\$20,000	\$1,389		<b>\$21,389</b>
Storm Drains	\$20,000	\$1,389		<b>\$21,389</b>
Rough Grading	\$60,000	\$4,167		<b>\$64,167</b>
Landscaping	\$10,000	\$694		<b>\$10,694</b>
Roads	\$35,000	\$2,431		<b>\$37,431</b>
Utilities	\$15,000	\$1,042		<b>\$16,042</b>
Jurisdictional Hookup Fees	\$15,000	\$1,042		<b>\$16,042</b>
Signs	\$10,000	\$694	\$281	<b>\$10,976</b>
Canopy	\$15,000	\$1,042	\$422	<b>\$16,464</b>
<b>Total Cost Adjustments</b>	<b>\$200,000</b>	<b>\$13,888.89</b>	<b>\$703.46</b>	<b>\$214,592</b>
<b>Per Square Foot</b>				<b>\$10.88</b>

<b>C. Adjusted Project Cost</b>	<b>\$3,794,823</b>			
<b>Per square foot</b>				<b>\$192.37</b>

**MVS Benchmark \$193.64**  
**The Project \$192.37**

Accordingly, Lorien’s projected cost per square foot is reasonable as compared to the Marshall Valuation Service (‘MVS) benchmark.

\* \* \* \* \*

**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 non-financial resources, including community support, necessary to implement the project within the time frames set forth in the Commission’s performance requirements, as well as the availability of resources necessary to sustain the project.*

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**INSTRUCTIONS:** *Please provide a complete description of the funding plan for the project, documenting the availability of equity, grant(s), or philanthropic sources of funds and*

demonstrating, to the extent possible, the ability of the applicant to obtain the debt financing proposed. Describe the alternative financing mechanisms considered in project planning and provide an explanation of why the proposed mix of funding sources was chosen.

- Complete applicable Revenue & Expense Tables and the Workforce and Bedside Care Staffing worksheets in the CON Table Package, as required (Tables H and I for all applicants and Table F for existing facilities and/or Table G, for new facilities, new services, and when requested by MHCC staff). Attach additional pages as necessary detailing assumptions with respect to each revenue and expense line item. Instructions are provided in the cover sheet of the CON package and on each worksheet. Explain how these tables demonstrate that the proposed project is sustainable and provide a description of the sources and methods for recruitment of needed staff resources for the proposed project, if applicable. If the projections are based on Medicare percentages above the median for the jurisdiction in which the nursing home exists or is proposed, explain why the projected Medicare percentages are reasonable.
- Audited financial statements for the past two years should be provided by all applicant entities and parent companies to demonstrate the financial condition of the entities involved and the availability of the equity contribution. If audited financial statements are not available for the entity or individuals that will provide the equity contribution, submit documentation of the financial condition of the entities and/or individuals providing the funds and the availability of such funds. Acceptable documentation is a letter signed by an independent Certified Public Accountant. Such letter shall detail the financial information considered by the CPA in reaching the conclusion that adequate funds are available.
- If debt financing is required and/or grants or fund raising is proposed, detail the experience of the entities and/or individuals involved in obtaining such financing and grants and in raising funds for similar projects. If grant funding is proposed, identify the grant that has been or will be pursued and document the eligibility of the proposed project for the grant.

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**RESPONSE:** The proposed project will be funded through a combination of owners' equity contribution and commercial lending (mortgage plus FFE loan), as shown on Table C, Budget. A favorable borrowing climate and the sponsor's excellent relationship with lenders made conventional financing the most attractive option. The project sponsor has not had any difficulties in obtaining financing for any of its nursing facility developments. As shown by the letter of interest from M & T Bank at APX 5 (which also includes a letter from the independent CPA attesting to the project sponsor's ability to obtain financing).

The applicable Utilization, Revenue & Expense Tables and the Workforce and Bedside Care Staffing worksheets from the CON Table Package included following the Statement of

Assumptions, show that the project is financially viable and feasible. The Statement of Assumptions and additional information provided on the following pages demonstrate that reasonable operating projections support the project. The Applicant does not have audited financial statements. However, a letter from an independent certified public accountant (Michael J. Snarski, CPA) is also included at APX. 5. This letter documents Mr. Snarski's familiarity with the financial condition of the Owners and their financial ability to meet the funding requirements of the project.

Letters of support for the proposed project are included at APX. 7. Additional letters of support for the project will be submitted to the Commission as they are received.

Staffing patterns are appropriate as shown by the information contained in the Workforce and Staffing Tables H and I. Lorien does not anticipate difficulty in recruiting the small number of additional incremental staffing required as a result of its new modern facility and readily accessible location off of U.S. Route 1 in Elkridge, north of Laurel. Typically, Lorien utilizes a Staff Recruitment Plan that feature the following efforts, as necessary:

*Targeted Institutions: Human Resources and Recruiting personnel will identify all Community Colleges, Vocational Schools and High Schools offering related programs (i.e. Nursing, Food Service. Job offers will be posted through the appropriate department of these institutions).*

*Targeted Civil and Government Organizations: Lorien Recruiting Staff will regularly visit and coordinate employment opportunities with the local Job Corps, the Mayor's Office of Unemployment and Maryland Job Service.*

*Targeted Fairs and Expo's: Lorien Recruiting Staff will regularly attend Job expos and all appropriate scheduled community events. Additionally, when opening a new facility, 45 days prior to opening Lorien Recruiting staff will host a job fair on site.*

*Targeted Media: Lorien will advertise online with CareerBuilder.com, Indeed.com, Lorien Health Websites, and other media as necessary.*

*Lorien Health Resources: Lorien Health promotes and provides educational assistance*

*along the nursing career ladder.*

Tables E through I are included on the following pages. A ‘Statement of Assumptions re Utilization, Revenue and Expense Projections’ used in the Tables D through H was previously included in the discussion responding to *10.24.01.08G(3)(b). Need*, above. Accordingly, the proposed project is consistent with this criterion. However, the Statement of Assumptions is repeated here for the sake of Staff’s convenience:

**Statement of Assumptions re: Utilization, Revenue, and Expense projections Tables**

All assumptions used in developing utilization, revenue, and expense projections in Table D, E, F, G, and H have been determined by a team of health care professionals based upon market conditions, known operational costs and budgets (including the existing operating results of Lorien Elkridge’s existing facility), phase up assumptions in years #20X1 and #20X2-20X3 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.

**Utilization**

It is estimated that the 25 bed project will phase up its occupancy over eight months. Upon reaching stabilized occupancy, it is projected that the 25 beds will maintain occupancy of 94.3% and the overall facility will maintain an overall occupancy level of 91.8%. The reason for projecting a slightly higher occupancy level for the 25 bed project is because all of the 25 beds are more desirable private rooms.

**Patient Services Revenue Assumptions**

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

Medicare Part A rates vary depending upon the RUGS level. Existing Medicare utilization results in a Medicare Part A rate of approximately \$506.94 per patient day. For the proposed 25 bed project, the average Medicare Part A rate is estimated to be \$503.75 per patient day. When blending estimated rates of the existing facility with the 25 bed project, it is estimated



that the average Medicare Part A rate will average \$506.10 per patient day in Years 20X2 and 20X3.

Private Pay Rate Assumption- The average room rate is estimated to be \$365.00 per day for private pay patients in years 20X1 - 20X3. No inflation adjustments applied to the rate.

The average Insurance rate is \$440.00 per day for the existing operations and for the proposed 25 bed project, the average private insurance rate is projected to be \$440.00 per patient day. The blended rate is estimated at \$440.00 for the entire facility in 20X2 and 20X3.

Medicaid rates are calculated based upon the State of Maryland's prospective reimbursement system, which became effective on January 1, 2015. The system is currently in its last stage of phase-in and will be fully implemented as of January 2017. The current Medicaid rate (as of July 1, 2016) is \$256.63 per patient day. When the last stage of phase in is completed on January 1, 2017, it is estimated that the Medicaid per diem rate will be \$255.93. For years 20X2 and 20X3, the Medicaid rate is projected to remain at \$255.93 per patient day. This rate assumption assumes that the facilities case mix index will remain the same as its current level.

As detailed above, the 25 bed project is projected to have no impact on private pay charges of the facility and no or minimal impact on the charges related to Medicaid and Medicare patients.

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

### **Payer Mix**

The projected payer mix is consistent with the current payer mix of the facility.

### **Expense Assumptions- Supply Cost and Other Expenses**

Supply Costs- Supply costs have been estimated based upon an estimated amount per patient day. Most supply costs are calculated based upon the estimated cost PPD multiplied by the total number of patient days (nursing, over the counter drugs, raw food, activities, dietary, housekeeping, laundry, maintenance, and office supplies) while certain other supply costs are calculated based upon an estimated cost PPD multiplied by only Medicare and Commercial

Insurance days (prescription drugs). This is because prescription drugs for Medicaid patients are billed directly by the pharmacy to the Medicaid's Pharmacy Program.

Other Costs- The largest item of other expenses is Medicaid Provider Taxes which is a PPD tax charged to all patient days except for Medicare. The material balance of the remaining items in other costs are fixed monthly estimates, of which some are based upon an annual billing (such as real estate taxes, and insurance premiums).

### **Expense Assumptions- Financing and Project Depreciation**

As for the expense assumptions developed by the team of healthcare professional, specific costs for year 20X3 are detailed at Table H of the application for labor and contractual services and schedules of Other Expenses are included as supplemental data at Tables F & G. 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 5% 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

**TABLE F. 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 D reflecting changes in volume and with the costs of the Workforce identified in Table H. 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.*

Dollar 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	2014	2015	2016	20X1	20X2	20X3				
<b>1. REVENUE</b>										
a. Inpatient Services	\$ 7,759	\$ 8,155	\$ 8,149	\$ 10,334	\$ 11,082	\$ 11,082				
b. Outpatient Services										
<b>Gross Patient Service Revenues</b>	<b>\$ 7,759</b>	<b>\$ 8,155</b>	<b>\$ 8,149</b>	<b>\$ 10,334</b>	<b>\$ 11,082</b>	<b>\$ 11,082</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
c. Allowance For Bad Debt	\$ 111	\$ 121	\$ 143	\$ 176	\$ 188	\$ 188				
d. Contractual Allowance										
e. Charity Care										
<b>Net Patient Services Revenue</b>	<b>\$ 7,648</b>	<b>\$ 8,034</b>	<b>\$ 8,006</b>	<b>\$ 10,158</b>	<b>\$ 10,894</b>	<b>\$ 10,894</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
f. Other Operating Revenues (Specify/add rows if needed)	\$ 35	\$ 30	\$ 34	\$ 40	\$ 42	\$ 42				
<b>NET OPERATING REVENUE</b>	<b>\$ 7,683</b>	<b>\$ 8,064</b>	<b>\$ 8,040</b>	<b>\$ 10,198</b>	<b>\$ 10,936</b>	<b>\$ 10,936</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>2. EXPENSES</b>										
a. Salaries & Wages (including benefits)	\$ 3,632	\$ 3,256	\$ 3,232	\$ 4,326	\$ 4,485	\$ 4,485				
b. Contractual Services	\$ 1,213	\$ 1,418	\$ 1,566	\$ 1,945	\$ 2,071	\$ 2,071				
c. Interest on Current Debt	\$ 212	\$ 206	\$ 204	\$ 198	\$ 196	\$ 194				
d. Interest on Project Debt				\$ 153	\$ 150	\$ 147				
e. Current Depreciation	\$ 601	\$ 564	\$ 562	\$ 562	\$ 562	\$ 562				
f. Project Depreciation				\$ 144	\$ 144	\$ 144				
g. Current Amortization				\$ -	\$ -	\$ -				
h. Project Amortization				\$ 22	\$ 22	\$ 22				
i. Supplies	\$ 903	\$ 789	\$ 766	\$ 984	\$ 1,057	\$ 1,057				
j. Other Expenses (Specify/add rows if needed)	\$ 1,373	\$ 1,443	\$ 1,446	\$ 1,814	\$ 1,910	\$ 1,910				
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 7,934</b>	<b>\$ 7,676</b>	<b>\$ 7,776</b>	<b>\$ 10,148</b>	<b>\$ 10,597</b>	<b>\$ 10,592</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>3. INCOME</b>										
a. Income From Operation	\$ (251)	\$ 388	\$ 264	\$ 50	\$ 339	\$ 344	\$ -	\$ -	\$ -	\$ -
b. Non-Operating Income										
<b>SUBTOTAL</b>	<b>\$ (251)</b>	<b>\$ 388</b>	<b>\$ 264</b>	<b>\$ 50</b>	<b>\$ 339</b>	<b>\$ 344</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
c. Income Taxes										
<b>NET INCOME (LOSS)</b>	<b>\$ (251)</b>	<b>\$ 388</b>	<b>\$ 264</b>	<b>\$ 50</b>	<b>\$ 339</b>	<b>\$ 344</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**TABLE F. 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 D reflecting changes in volume and with the costs of the Workforce identified in Table H. 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.*

Dollar 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	2014	2015	2016	20X1	20X2	20X3				
<b>4. PATIENT MIX</b>										
<b>a. Percent of Total Revenue</b>										
1) Medicare	46.44%	39.44%	41.58%	41.48%	41.39%	41.39%				
2) Medicaid	34.85%	42.37%	43.19%	42.37%	42.26%	42.26%				
3) Blue Cross										
4) Commercial Insurance	6.51%	5.40%	4.43%	4.66%	4.71%	4.71%				
5) Self-pay	11.02%	11.43%	9.84%	10.66%	10.85%	10.85%				
6) Other - Medicare Part B	1.18%	1.36%	0.97%	0.83%	0.79%	0.79%				
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>b. Percent of Inpatient Days</b>										
1) Medicare	32.41%	28.01%	28.76%	28.52%	28.46%	28.46%				
2) Medicaid	51.00%	53.10%	58.27%	57.63%	57.47%	57.47%				
3) Blue Cross										
4) Commercial Insurance	5.60%	6.94%	3.53%	3.68%	3.72%	3.72%				
5) Self-pay	10.99%	11.95%	9.45%	10.17%	10.34%	10.34%				
6) Other - Medicare Part B										
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

**TABLE F: SUPPLEMENTAL INFORMATION**

<b>REVENUE RECONCILIATION- INPATIENT SERVICES</b>										
1. a. Inpatient Services	\$ 7,759	\$ 8,155	\$ 8,149	\$ 10,334	\$ 11,082	\$ 11,082				
Medicare- Days	7259	6459	6683	8467	9062	9062				
Medicare- Avg Rate PPD	\$ 496.33	\$ 497.96	\$ 506.94	\$ 506.27	\$ 506.10	\$ 506.10				
Medicare Revenue	\$ 3,602,859	\$ 3,216,324	\$ 3,387,880	\$ 4,286,588	\$ 4,586,301	\$ 4,586,301	\$ -	\$ -	\$ -	\$ -
Medicaid- Days	11425	12245	13542	17111	18300	18300				
Medicaid- Avg Rate PPD	\$ 236.63	\$ 282.20	\$ 259.92	\$ 255.93	\$ 255.93	\$ 255.93				
Medicaid Revenue	\$ 2,703,498	\$ 3,455,539	\$ 3,519,837	\$ 4,379,218	\$ 4,683,519	\$ 4,683,519	\$ -	\$ -	\$ -	\$ -
Commercial Insurance Days	1255	1600	820	1094	1186	1186				
Commercial Insurance- Avg Rate PPD	\$ 402.71	\$ 275.04	\$ 440.00	\$ 440.00	\$ 440.00	\$ 440.00				
Commercial Insurance Revenue	\$ 505,401	\$ 440,064	\$ 360,800	\$ 481,360	\$ 521,840	\$ 521,840	\$ -	\$ -	\$ -	\$ -
Self Pay- Comp Care Days	2462	2757	2196	3019	3294	3294				
Self Pay- Average Rate	\$ 347.41	\$ 338.09	\$ 365.00	\$ 365.00	\$ 365.00	\$ 365.00				
Self Pay Revenue	\$ 855,323	\$ 932,114	\$ 801,540	\$ 1,101,935	\$ 1,202,310	\$ 1,202,310	\$ -	\$ -	\$ -	\$ -
Medicare Part B- Est Revenue	\$ 91,636	\$ 111,127	\$ 78,812	\$ 85,362	\$ 87,572	\$ 87,572				
<b>TOTAL Inpatient Revenue</b>	<b>\$ 7,758,718</b>	<b>\$ 8,155,168</b>	<b>\$ 8,148,869</b>	<b>\$ 10,334,463</b>	<b>\$ 11,081,542</b>	<b>\$ 11,081,542</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
				29691	31842	31842				

**TABLE F. 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 D reflecting changes in volume and with the costs of the Workforce identified in Table H. 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.

Dollar 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.					
	2014	2015	2016	20X1	20X2	20X3			
<b>Indicate CY or FY- Calendar</b>									
<b>2. j. Other Expenses (Specify/add rows if needed)</b>	\$ 1,373	\$ 1,443	\$ 1,446	\$ 1,814	\$ 1,910	\$ 1,910			
Gas & Electric	120	123	115	151	151	151			
Water & Sewer	20	28	26	33	35	35			
Insurance	53	61	42	58	58	58			
Mgt Fees	324	354	378	461	489	489			
Advertising	40	28	27	37	37	37			
Auto	2	2	5	5	6	6			
Bk Fees	9	8	8	10	11	11			
DP	37	35	32	37	39	39			
Dues&Sub	9	9	9	12	13	13			
Accounting	8	13	11	11	11	11			
Legal	9	12	12	13	13	13			
Telephone	23	19	19	24	26	26			
Equip Rental	58	25	30	40	43	43			
Seminars/Ed	1	2	1	1	2	2			
Meals & Ent	-	-	-	-	-	-			
Ground Rent	90	90	90	90	90	90			
Minor Equipment	14	18	13	17	19	19			
Building Rental	-	-	-	-	-	-			
R&M	10	26	46	56	63	63			
Political Contr	1	-	3	3	3	3			
Other Prof Fees	-	-	-	-	-	-			
Fines & Penalties	4	8	-	-	-	-			
Cable TV	2	3	3	3	4	4			
Licenses & Fees	56	46	50	64	69	69			
RE Taxes	114	114	114	156	156	156			
Sales Tax	-	-	-	-	-	-			
TPPT Taxes	14	13	11	14	15	15			
Provider Tax	353	402	398	515	554	554			
Other/Rounding	2	4	3	3	3	3			
	<b>\$ 1,373</b>	<b>\$ 1,443</b>	<b>\$ 1,446</b>	<b>\$ 1,814</b>	<b>\$ 1,910</b>	<b>\$ 1,910</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**TABLE G. 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 E and with the Workforce costs identified in Table H. 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.*

<b>Dollar Amounts in Thousands</b>	<b>Projected Years (ending five years after completion) Add columns of needed.</b>						
<b>Indicate CY or FY- Calendar</b>	<b>20X1</b>	<b>20X2</b>	<b>20X3</b>				
<b>1. REVENUE</b>							
a. Inpatient Services	\$ 2,240	\$ 2,987	\$ 2,987				
b. Outpatient Services							
<b>Gross Patient Service Revenues</b>	<b>\$ 2,240</b>	<b>\$ 2,987</b>	<b>\$ 2,987</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
c. Allowance For Bad Debt	\$ 33	\$ 45	\$ 45				
d. Contractual Allowance							
e. Charity Care							
<b>Net Patient Services Revenue</b>	<b>\$ 2,207</b>	<b>\$ 2,942</b>	<b>\$ 2,942</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
f. Other Operating Revenues (Specify)	\$ 6	\$ 8	\$ 8				
<b>NET OPERATING REVENUE</b>	<b>\$ 2,213</b>	<b>\$ 2,950</b>	<b>\$ 2,950</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>2. EXPENSES</b>							
a. Salaries & Wages (including benefits)	\$ 1,094	\$ 1,253	\$ 1,253				
b. Contractual Services	\$ 379	\$ 505	\$ 505				
c. Interest on Current Debt							
d. Interest on Project Debt	\$ 153	\$ 150	\$ 147				
e. Current Depreciation							
f. Project Depreciation	\$ 144	\$ 144	\$ 144				
g. Current Amortization							
h. Project Amortization	\$ 22	\$ 22	\$ 22				
i. Supplies	\$ 218	\$ 291	\$ 291				
j. Other Expenses (Specify)	\$ 368	\$ 464	\$ 464				
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,378</b>	<b>\$ 2,829</b>	<b>\$ 2,826</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**TABLE G. 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 E and with the Workforce costs identified in Table H. 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.*

<b>Dollar Amounts in Thousands</b>	<b>Projected Years (ending five years after completion) Add columns of needed.</b>						
<b>Indicate CY or FY- Calendar</b>	<b>20X1</b>	<b>20X2</b>	<b>20X3</b>				
<b>3. INCOME</b>							
a. Income From Operation	\$ (165.00)	\$ 121.00	\$ 124.00	\$ -	\$ -	\$ -	\$ -
b. Non-Operating Income							
<b>SUBTOTAL</b>	<b>\$ (165.00)</b>	<b>\$ 121.00</b>	<b>\$ 124.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
c. Income Taxes							
<b>NET INCOME (LOSS)</b>	<b>\$ (165.00)</b>	<b>\$ 121.00</b>	<b>\$ 124.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>4. PATIENT MIX</b>							
<b>a. Percent of Total Revenue</b>							
1) Medicare	40.10%	40.10%	40.10%				
2) Medicaid	40.80%	40.80%	40.80%				
3) Blue Cross							
4) Commercial Insurance	5.40%	5.40%	5.40%				
5) Self-pay	13.40%	13.40%	13.40%				
6) Other- Medicare Part B	0.30%	0.30%	0.30%				
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>b. Percent of Inpatient Days</b>							
1) Medicare	27.66%	27.66%	27.66%				
2) Medicaid	55.33%	55.32%	55.32%				
3) Blue Cross							
4) Commercial Insurance	4.25%	4.25%	4.25%				
5) Self-pay	12.76%	12.77%	12.77%				
6) Other							
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

**TABLE G. 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 E and with the Workforce costs identified in Table H. 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.*

Dollar Amounts in Thousands	Projected Years (ending five years after completion) Add columns of needed.					
Indicate CY or FY- Calendar	20X1	20X2	20X3			

**TABLE G: SUPPLEMENTAL INFORMATION**

**REVENUE RECONCILIATION- INPATIENT SERVICES**

1. a. Inpatient Services	\$ 2,240	\$ 2,987	\$ 2,987				
Medicare- Days	1784	2379	2379				
Medicare- Avg Rate PPD	\$ 503.75	\$ 503.75	\$ 503.75				
Medicare Revenue	\$ 898,690	\$ 1,198,421	\$ 1,198,421	\$ -	\$ -	\$ -	\$ -
Medicaid- Days	3569	4758	4758				
Medicaid- Avg Rate PPD	\$ 255.93	\$ 255.93	\$ 255.93				
Medicaid Revenue	\$ 913,414	\$ 1,217,715	\$ 1,217,715	\$ -	\$ -	\$ -	\$ -
Commercial Insurance Days	274	366	366				
Commercial Insurance- Avg Rate PPD	\$ 440.00	\$ 440.00	\$ 440.00				
Commercial Insurance Revenue	\$ 120,560	\$ 161,040	\$ 161,040	\$ -	\$ -	\$ -	\$ -
Self Pay- Comp Care Days	823	1098	1098				
Self Pay- Average Rate	\$ 365.00	\$ 365.00	\$ 365.00				
Self Pay Revenue	\$ 300,395	\$ 400,770	\$ 400,770	\$ -	\$ -	\$ -	\$ -
Medicare Part B- Est Revenue	\$ 6,550	\$ 8,760	\$ 8,760				
<b>TOTAL Inpatient Revenue</b>	<b>\$ 2,239,609</b>	<b>\$ 2,986,706</b>	<b>\$ 2,986,706</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
	6450	8601	8601	0	0	0	



**TABLE G. 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 E and with the Workforce costs identified in Table H. 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.*

<b>Dollar Amounts in Thousands</b>	<b>Projected Years (ending five years after completion) Add columns of needed.</b>						
<b>Indicate CY or FY- Calendar</b>	<b>20X1</b>	<b>20X2</b>	<b>20X3</b>				
<b>2. j. Other Expenses (Specify/add rows if needed)</b>	\$ 368	\$ 464	\$ 464				
Gas & Electric	36	36	36				
Water & Sewer	7	9	9				
Insurance	16	16	16				
Mgt Fees	83	111	111				
Advertising	10	10	10				
Auto		1	1				
Bk Fees	2	3	3				
DP	5	7	7				
Dues&Sub	3	4	4				
Accounting							
Legal	1	1	1				
Telephone	5	7	7				
Equip Rental	10	13	13				
Seminars/Ed		1	1				
Meals & Ent							
Ground Rent							
Minor Equipment	4	6	6				
Building Rental							
R&M	10	17	17				
Political Contr							
Other Prof Fees							
Fines & Penalties							
Cable TV		1	1				
Licenses & Fees	14	19	19				
RE Taxes	42	42	42				
Sales Tax							
TPPT Taxes	3	4	4				
Provider Tax	117	156	156				
Other/Rounding							
	<b>\$ 368</b>	<b>\$ 464</b>	<b>\$ 464</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**TABLE H. WORKFORCE INFORMATION**

**INSTRUCTION:** List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables F and G. 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)
<b>1. Regular Employees</b>											
<i>Administration (List general categories, add rows if needed)</i>											
Administrator	1.00	\$ 102,006	\$ 102,006			\$0			\$0	1.00	102,006
Business Office Manager	1.00	55,077	55,077			\$0			\$0	1.00	55,077
Business Office Assistant	0.50	42,836	21,418	0.50	36,067	\$18,034			\$0	1.00	39,452
Payroll/HR Staff	1.00	46,675	46,675	0.50	42,432	\$21,216			\$0	1.50	67,891
Staffing Coordinator	1.00	39,016	39,016			\$0			\$0	1.00	39,016
Quality Assurance	0.25	77,523	19,381	0.25	77,523	\$19,381			\$0	0.50	38,762
Receptionists	2.50	24,080	60,200			\$0			\$0	2.50	60,200
Admissions Staff	1.00	44,363	44,363	0.50	44,363	\$22,181			\$0	1.50	66,544
			-			\$0			\$0	-	-
<b>Total Administration</b>	<b>8.25</b>		<b>\$ 388,136</b>	<b>1.75</b>		<b>\$ 80,812</b>			<b>\$0</b>	<b>10.00</b>	<b>\$468,948</b>
<i>Direct Care Staff (List general categories, add rows if needed)</i>											
Director of Nursing	1.00	107,098	107,098			\$0			\$0	1.00	107,098
ADON	0.75	77,523	58,142			\$0			\$0	0.75	58,142
Unit Managers			-	1.00	77,523	\$77,523			\$0	1.00	77,523
Evening/Night Supervisors- RN or LPN	0.90	76,505	68,854	0.30	76,505	\$22,951			\$0	1.20	91,806
Weekend Supervisor	0.60	65,770	39,462	0.30	65,770	\$19,731			\$0	0.90	59,193
Registered Nurses/Licensed Practical Nurses	7.00	59,893	419,249	2.10	59,893	\$125,775			\$0	9.10	545,024
Registered Nurses/Licensed Practical Nurses	7.00	60,826	425,784	2.80	60,826	\$170,314			\$0	9.80	596,097
Certified Medicine Aides	2.10	33,946	71,286			\$0			\$0	2.10	71,286
Certified Medicine Aides			-	1.40	35,443	\$49,620			\$0	1.40	49,620
Certified GNA's	7.88	31,824	250,614	10.50	29,872	\$313,657			\$0	18.38	564,271
Certified GNA's	14.44	29,872	431,279			\$0			\$0	14.44	431,279
MDS Coordinator	1.00	59,999	59,999	0.50	59,999	\$29,999			\$0	1.50	89,998
Unit Secretaries	1.00	27,050	27,050	1.00	27,050	\$27,050			\$0	2.00	54,101
Central Supply Clerk	0.50	40,798	20,399			\$0			\$0	0.50	20,399
			-			\$0			\$0	-	-
<b>Total Direct Care</b>	<b>44.16</b>		<b>1,979,217</b>	<b>19.90</b>		<b>836,622</b>			<b>\$0</b>	<b>64.06</b>	<b>\$2,815,839</b>
<i>Support Staff (List general categories, add rows if needed)</i>											
Security/Transportation			-			-			\$0	-	-
Social Services Director	1.00	54,101	54,101			-			\$0	1.00	54,101
Social Services Assistant	0.50	42,835	21,418	0.50	42,835	21,418			\$0	1.00	42,835
Activities Director	1.00	40,798	40,798			-			\$0	1.00	40,798
Activities Assistant	1.00	25,459	25,459	0.70	25,459	17,821			\$0	1.70	43,281
Dietary Manager			-			-			\$0	-	-
Cooks			-			-			\$0	-	-
Cooks Helpers			-			-			\$0	-	-
Dietary Aides			-			-			\$0	-	-
Porter			-			-			\$0	-	-
Dietician	0.40	86,116	34,446	0.30	86,116	25,835			\$0	0.70	60,281
Housekeeping Manager	0.50	38,189	19,094			-			\$0	0.50	19,094
Housekeepers- SNF	2.81	19,094	53,703	2.00	19,094	38,189			\$0	4.81	91,892
Lead Housekeeper	0.94	23,338	21,879			-			\$0	0.94	21,879
Laundry	2.63	19,434	51,014			-			\$0	2.63	51,014
Facility Maintenance Staff	0.50	38,189	19,094			-			\$0	0.50	19,094
Medical Records	0.50	40,798	20,399			-			\$0	0.50	20,399
			-			-			\$0	-	-
<b>Total Support</b>	<b>11.78</b>		<b>361,406</b>	<b>3.50</b>		<b>103,263</b>			<b>\$0</b>	<b>15.28</b>	<b>\$464,669</b>
<b>REGULAR EMPLOYEES TOTAL</b>	<b>64.19</b>		<b>2,728,760</b>	<b>25.15</b>		<b>1,020,696</b>			<b>\$0</b>	<b>89.34</b>	<b>\$3,749,456</b>

**TABLE H. WORKFORCE INFORMATION**

**INSTRUCTION:** List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables F and G. 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)
<b>2. Contractual Employees</b>											
<i>Administration (List general categories, add rows if needed)</i>											
Administration											
Employee Benefits Administration	0.05		5,810	0.02		2,196			\$0	0.07	8,006
Contracted Office Staff	0.05		1,859	0.01		703			\$0	0.06	2,562
Employee Background Checks- Contracted	0.10		9,296	0.04		3,514			\$0	0.14	12,810
C/S - Computer	0.02		1,627	0.01		615			\$0	0.03	2,242
Training	0.02		1,627	0.01		615			\$0	0.03	2,242
Consulting	0.01		1,260	0.01		615			\$0	0.02	1,875
<b>Total Administration</b>	<b>0.25</b>		<b>21,479</b>	<b>0.10</b>		<b>8,258</b>			<b>\$0</b>	<b>0.35</b>	<b>29,737</b>
<i>Direct Care Staff (List general categories, add rows if needed)</i>											
Physical Therapists	4.00		440,072	1.25		138,418			\$0	5.3	578,490
Occupational Therapists	3.00		327,897	1.00		103,135			\$0	4.0	431,032
Speech Pathologists	1.00		94,917	0.30		29,855			\$0	1.3	124,772
IV Therapy	0.15		19,987	0.08		7,554			\$0	0.2	27,541
Part B Therapy	0.50		66,990	0.10		7,446			\$0	0.6	74,436
Pharmacy Consultant	0.10		6,507	0.03		2,460			\$0	0.1	8,967
Medical Director	0.25		46,356	0.08		6,000			\$0	0.3	52,356
Laboratory Services	0.25		43,925	0.08		16,211			\$0	0.3	60,136
Radiology	0.25		44,623	0.08		16,469			\$0	0.3	61,092
Consolidated Billing Related Items			4,183			1,581			\$0	0.0	5,764
Ambulance Services			9,994			3,688			\$0	0.0	13,682
						-			\$0	0.0	-
<b>Total Direct Care Staff</b>	<b>9.50</b>		<b>1,105,451</b>	<b>3.00</b>		<b>332,817</b>			<b>\$0</b>	<b>12.5</b>	<b>\$1,438,268</b>
<i>Support Staff (List general categories, add rows if needed)</i>											
Activity Programs, including Special Costs	0.10		4,648	-		-			\$0	0.1	4,648
Beauty and Barber	0.25		6,507	0.10		2,460			\$0	0.4	8,967
Contracted Dietary	12.00		386,498	4.00		146,078			\$0	16.0	532,576
Contracted Trash Removal			10,458			3,953			\$0	0.0	14,411
Contracted- Other Physical Plant Work			29,516			11,156			\$0	0.0	40,672
Contracted Medical Records			1,627			615			\$0	0.0	2,242
<b>Total Support Staff</b>	<b>12.35</b>		<b>439,254</b>	<b>4.10</b>		<b>164,262</b>			<b>\$0</b>	<b>16.5</b>	<b>\$603,516</b>
<b>CONTRACTUAL EMPLOYEES TOTAL</b>	<b>22.10</b>		<b>1,566,184</b>	<b>7.20</b>		<b>505,337</b>			<b>\$0</b>	<b>29.3</b>	<b>\$2,071,521</b>
<b>Benefits (State method of calculating benefits below):</b>			<b>503,367</b>			<b>231,950</b>					<b>735,317</b>
<b>Projected Employee Benefits are estimated based upon historical data.</b>											
<b>TOTAL COST</b>	<b>86.29</b>		<b>\$ 4,798,311</b>	<b>32.4</b>		<b>\$1,757,983</b>	<b>0.0</b>		<b>\$0</b>		<b>\$6,556,294</b>

**TABLE I. 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

<b>Rehab - 35 beds</b>	<b>Weekday Hours Per Day</b>				<b>Weekend Hours Per Day</b>				
<b>Staff Category</b>	<b>Day</b>	<b>Evening</b>	<b>Night</b>	<b>Total</b>	<b>Day</b>	<b>Evening</b>	<b>Night</b>	<b>Total</b>	
Registered Nurses	12.00	12.00	12.00	36.00	12.00	12.00	12.00	36.00	
L. P. N. s	8.00	8.00		16.00	8.00	8.00		16.00	
Unit Mgr/Super- RN	4.00	3.60		7.60	6.00	6.00		12.00	
C. N. A.s	30.00	22.50	15.00	67.50	30.00	22.50	15.00	67.50	
Medicine Aides	8.00	4.00		12.00	8.00	4.00		12.00	
<b>Total</b>	<b>62.00</b>	<b>50.10</b>	<b>27.00</b>	<b>139.10</b>	<b>64.00</b>	<b>52.50</b>	<b>27.00</b>	<b>143.50</b>	
<b>Licensed Beds at Project Completion</b>				<b>35</b>	<b>Licensed Beds at Project Completion</b>				<b>35</b>
<b>Hours of Bedside Care per Licensed Bed Per Day</b>				<b>3.97</b>	<b>Hours of Bedside Care per Licensed Bed Per Day</b>				<b>4.10</b>
Ward Clerks (bedside care time calculated at 50%)	4.00			4.00				-	
<b>Total Including 50% of Ward Clerks Time</b>	<b>66.00</b>	<b>50.10</b>	<b>27.00</b>	<b>143.10</b>	<b>64.00</b>	<b>52.50</b>	<b>27.00</b>	<b>143.50</b>	
<b>Total Hours of Bedside Care per Licensed Bed Per Day</b>				<b>4.09</b>	<b>Total Hours of Bedside Care per Licensed Bed Per Day</b>				<b>4.10</b>

<b>LTC - 45 beds</b>	<b>Weekday Hours Per Day</b>				<b>Weekend Hours Per Day</b>				
<b>Staff Category</b>	<b>Day</b>	<b>Evening</b>	<b>Night</b>	<b>Total</b>	<b>Day</b>	<b>Evening</b>	<b>Night</b>	<b>Total</b>	
Registered Nurses				-				-	
L. P. N. s	12.00	12.00	8.00	32.00	12.00	12.00	8.00	32.00	
Unit Mgr/Super- RN	4.00	3.60		7.60	8.00	4.00		12.00	
C. N. A.s	33.75	37.50	22.50	93.75	33.75	37.50	22.50	93.75	
Medicine Aides	8.00		-	8.00	8.00			8.00	
<b>Total</b>	<b>57.75</b>	<b>53.10</b>	<b>30.50</b>	<b>141.35</b>	<b>61.75</b>	<b>53.50</b>	<b>30.50</b>	<b>145.75</b>	
<b>Licensed Beds at Project Completion</b>				<b>45</b>	<b>Licensed Beds at Project</b>				<b>45</b>
<b>Hours of Bedside Care per Licensed Bed Per Day</b>				<b>3.14</b>	<b>Hours of Bedside Care per</b>				<b>3.24</b>
Ward Clerks (bedside care time calculated at 50%)	4.00			4.00				-	
<b>Total Including 50% of Ward Clerks Time</b>	<b>61.75</b>	<b>53.10</b>	<b>30.50</b>	<b>145.35</b>	<b>61.75</b>	<b>53.50</b>	<b>30.50</b>	<b>145.75</b>	
<b>Total Hours of Bedside Care per Licensed Bed</b>				<b>3.23</b>	<b>Total Hours of Bedside Care</b>				<b>3.24</b>

**TABLE I. 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

<b>LTC - 15 beds</b>	<b>Weekday Hours Per Day</b>				<b>Weekend Hours Per Day</b>				
<b>Staff Category</b>	<b>Day</b>	<b>Evening</b>	<b>Night</b>	<b>Total</b>	<b>Day</b>	<b>Evening</b>	<b>Night</b>	<b>Total</b>	
Registered Nurses	8.00	8.00	8.00	24.00	8.00	8.00	8.00	24.00	
L. P. N. s				-				-	
Unit Mgr/Super- RN				-				-	
C. N. A.s	11.25	7.50	7.50	26.25	11.25	7.50	7.50	26.25	
Medicine Aides				-				-	
<b>Total</b>	19.25	15.50	15.50	50.25	19.25	15.50	15.50	50.25	
<b>Licensed Beds at Project Completion</b>				15	<b>Licensed Beds at Project</b>				15
<b>Hours of Bedside Care per Licensed Bed Per Day</b>				3.35	<b>Hours of Bedside Care per</b>				3.35
Ward Clerks (bedside care time calculated at 50%)				-				-	
<b>Total Including 50% of Ward Clerks Time</b>	19.25	15.50	15.50	50.25	19.25	15.50	15.50	50.25	
<b>Total Hours of Bedside Care per Licensed Bed</b>				3.35	<b>Total Hours of Bedside Care</b>				3.35

<b>Combined Unit/Facility Totals</b>			
<b>Total Including 50% of Ward Clerks Time</b>	338.70		339.50
<b>Licensed Beds at Project Completion</b>	95		95
<b>Total Hours of Bedside Care per Licensed Bed</b>	3.57		3.57

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

*An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.*

**INSTRUCTIONS:** *List all of the Maryland Certificates of Need that have been issued to the project applicant, its parent, or its affiliates or subsidiaries over the prior 15 years, including their terms and conditions, and any changes to approved Certificates that needed to be obtained. Document that these projects were or are being implemented in compliance with all of their terms and conditions or explain why this was not the case.*

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**RESPONSE:** The Applicant is an independent entity formed in 2006. It does not have a parent corporation, formal affiliates or subsidiaries. However, its stockholders also own other existing Nursing Facilities which have received a number of CONs in the last 15 years, as discussed below. On information and belief, none of these facilities were involved in comparative reviews that involved the awarding of preferences. Based on counsel's records, Lorien Elkridge's owners have received the following CONs in the last 15 years:

**Lorien Elkridge (2007 & 2008):** Lorien Elkridge has received two CONs in the last 15 years. D.N. 06-13-2185 was approved September 20, 2007 and authorized the establishment of a 60 bed nursing facility using beds transferred from Lorien Columbia. On February 19, 2009, while the original project was being developed, the MHCC also approved D.N. 08-13-2246 which authorized an additional 4 beds (64 total. *Note:* 6 'creep beds' were added in 2014 bringing the bed complement to the current 70 beds) which had been found to be needed by new SHP bed need projections. Both approvals carried the same standard conditions, namely submission of a Medicaid MOU; submission of Transfer and Referral Agreements prior to pre-licensure certification; and development of no more than 2 beds per patient room. On March 5, 2012, the Applicant submitted its request for pre-licensure certification with documentation demonstrating compliance with the first two conditions. The licensing survey demonstrated compliance with the third condition regarding the prohibition of more than two beds per room. The Commission granted First Use Approval on April 18, 2012 and found all three Conditions had been met. Lorien Elkridge opened in July, 2012 ahead of its September, 2012 deadline for

completion and First Use. The required utilization in the Medicaid MOU has been met per the facility's filed Cost Reports: FY 2014 - 51% and FY 2015 – 53.1%.

During the course of its development, the project received two Modifications in response to the economic pressures and housing collapse caused by the Great Recession and the subsequent 'Stimulus' funding enacted to jump start the economy, as follows:

*First Modification* - Initially, the approved project combined the Nursing Facility with an attached, non-CON regulated Assisted Living Facility ('ALF') to be constructed on its site along the Route 1 Revitalization Corridor in Elkridge, a long neglected area which Howard County officials prioritized for revitalization and modern re-development. However, following Lorien Elkridge's CON approvals, the economy crashed as a result of the Great Recession. The housing market was severely impacted. Since utilization of Lorien ALFs is dependent on the prior sale of private residences, the applicant determined it would be prudent to convert the Nursing Facility to a freestanding facility to ensure it would not be impacted by a potentially underperforming ALF caused by conditions in the housing market. Accordingly, revised Drawings and budgetary / operating projections were submitted. The Commission approved the first Modification in February 2010.

*Second Modification* – The Howard County government singled Lorien Elkridge out as eligible for 'stimulus' bond financing under the American Recovery and Reinvestment Act (ARRA). On December 16, 2010, the Commission approved the change in financing to tax exempt ARRA-funded Recovery Zone Facility Bonds and minor design changes deemed not to be significant. The Commission calculated that this change would save the State of Maryland \$109,000 per year in reduced Medicaid reimbursement to the facility.

**Lorien Mays Chapel (2005 & 2005):** Lorien LifeCenter Baltimore County dba Lorien Mays Chapel, has received two CONs within the last 15 years. The first, Docket No. 04 – 03 - 2143, authorized the construction of a 70 – bed freestanding Nursing Facility on a site within a Planned Unit Development known as Mays Chapel North, at 12230 Roundwood Road in

Cockeysville, Baltimore County. These 70 beds were purchased by the sponsors from another facility where they were deployed in 'Quad', four-bed rooms in an obsolete physical plant.

While the project was under development, the sponsors also purchased 15 more beds from a defunct nursing facility. A second CON Application (D.N. 05 – 03 – 2168) was filed and Approved on November 22, 2005 authorizing the relocation of those 15 beds thereby increasing the total bed complement to 85 beds at the new facility. The project sponsors moved forward with a 27 month accelerated development schedule made possible by the fact that the project was located within a Planned Unit Development, thus streamlining and simplifying the development process.

A number of conditions were imposed including submission of Transfer and Referral Agreements, a Medicaid MOU, a Resident and Family Council Grievance Procedure, and no more than two beds per room. Development proceeded as planned and without complications. On June 20, 2007 MHCC Staff accompanied OHCQ on the licensing agency's survey. On June 21, 2007 the facility was officially licensed, open and accepting patients, thereby meeting the requirements of its accelerated development schedule. On June 22, 2007, the MHCC issued First Use Approval finding that the project was consistent with the CON Approval.

The facility's Cost Reports demonstrate that it has maintained its required Medicaid Utilization levels per its MOU, as follows: FY 2014: 62.34%; FY 2015 62.01 %.

**Lorien Nursing & Rehabilitation Center - Taneytown:** Lorien Taneytown is an existing 63 bed Nursing Facility which was approved 15 years ago. *D.N. 01 – 06 – 2081* approved the facility for construction at its Antrim Business Center site on September 13, 2001. This was a site change undertaken in response to the suggestion of the City of Taneytown itself which wanted the project to be constructed at its new development area. Conditions included the submission of the Grievance Procedure, Patients' Bill of Rights, Transfer and Referral Agreements, and the Medicaid MOU. By letter dated July 27, 2004, Lorien Taneytown requested first use review and submitted documentation regarding required conditions. The facility was licensed and opened in mid-October, 2004. The average Medicaid utilization percentage for



Carroll County is 45.2%. Cost Reports show the facility is operated in compliance with its required Medicaid Utilization levels, as follows: FY 2014: 58.13%; FY 2015: 54.29 %.

**Encore at Turf Valley (originally called ‘Lorien LifeCenter - Ellicott City’)**: Encore has received three CONs in the last 15 years: *D.N. 01-13-2084*; *D.N. 05-13-2159*; and *D.N. 15-13-2365* (expansion). These projects are discussed below.

*D.N. 01-13-2084* was approved in 2002 for a 63 bed Nursing Facility attached to a non – CON regulated Assisted Living Facility at a site across the Little Patuxent River in the luxurious Turf Valley planned golf course community then under development in Ellicott City. The MHCC Decision was very supportive of the Applicant’s project finding that "Lorien's use of existing CCF beds to create an innovative model in which comprehensive care beds and assisted living units are integrated is to be commended and encouraged, as a model that contributes to a higher quality of life." (See Decision, January 17, 2002, *Lorien LifeCenter - Ellicott City*; D.N.01-13-2084).

All required Quarterly Reports were filed and the CON remained in good standing as pre-development activities proceeded. However, the project encountered unforeseen delays in securing local, State and federal approvals of the public road to the project’s approved site in the Master Development as a result of the environmental impacts caused by a required stream crossing necessary to allow site access. Litigation also delayed implementation of the project. Ultimately, the Applicant entered into an agreement with the MHCC to implement a creative solution that allowed re-locating the project to an adjacent parcel of land also within the Turf Valley community. The new site avoided the necessity of crossing the environmentally sensitive stream, and also allowed expeditious development of the project.

However, even though the new site was in eyesight of the approved site, the MHCC required the Applicant to file a new CON Application (*D.N. 05-13-2159*). This application was approved October 19, 2006 without conditions, except for the Performance Requirements. The project then proceeded in active development and remained in in good standing through its opening.

Unfortunately, the proposed Encore facility became ensnared in a massive and continuing series of appeals and litigation undertaken by a small group of anti-growth activists generally opposed to development in Howard County including the Turf Valley planned community. The Applicant soldiered on and kept the MHCC fully informed of developments in all of its timely filed Quarterly Reports. This attachment from Quarterly Report 4 filed in October, 2006 summarized the status:

“Attachment 2 to Quarterly Report 3 previously summarized litigation undertaken by certain anti-growth activists opposed to the master development, the Turf Valley Planned Community, including a pending judicial action challenging Howard County's underlying zoning system. Further, the attachment explained the Sponsor's belief that the noted litigious actions regarding the master development indicated the possibility that the opponents may also attempt to interfere directly with the development of Lorien - Ellicott City in the future. (In this regard, the attachment noted the development process afforded a number of potential opportunities to appeal required Howard County permit approvals as this health care project moves forward including the current subdivision / site plan approval process and the future issuance of required permits, including the building permit).

“Since the filing of Quarterly Report 3, Lorien's project has continued to move forward. The Sponsor received approval of the sketch development plan from the Howard County Department of Planning and Zoning (HCPZ) on September 1, 2006, pursuant to notice dated September 18, 2006 (see item 1 attached). Accordingly, the Sponsor has been working with its engineers to move forward with the next step in the site development phase. **However, Lorien's concerns stated in Attachment 2 of Quarterly Report 3 have been born out.** The Sponsor has been advised by telephone that sometime after the September 1st approval, the opponents filed an appeal of the HCDZ approval and that this matter is now pending. The Sponsor has not been served but is awaiting receipt of copies of the appeal from Howard County's attorneys. As soon as it is received, it will forward a copy to the Commission. The Sponsor intends to file papers to participate in the appeal and defend the County's approval of Lorien's plan. Lorien will keep the Commission advised of the progress of the appeal.

“The new appeal buttresses Lorien's earlier belief that appeals of the nursing home development approvals would potentially be undertaken in an attempt to simply delay timely implementation of Lorien - Ellicott City's development schedule or to gain leverage. In this regard, a wave of anti-development furor by certain activists has

occurred this election year in Howard County. Although this activity is unrelated to the development at Turf Valley, and has not heretofore addressed the nursing project, Lorien believes it is part of the milieu faced by any development. (see items 2 and 3 for news reports regarding unrelated development opposition in other areas of Howard County.

**“Lorien believes the appeal of its HCPZ plan approval fits a strategy of attempting to delay the development of its nursing home / assisted living facility so that it cannot be built within the time frames imposed by the performance requirements of its CON.** The existence of development deadlines was public knowledge and known to any potential opponent of development. In this regard, a December 8, 2005 news report on Lorien's project in The Howard County Times made reference to the performance requirements, citing a statement by Pamela Barclay, Deputy Director, MHCC:

‘The Commission requires that Mangione build the facility by October 19, 2008, or **lose the state's authorization**, Barclay said. It also requires Lorien Health Systems to have a binding construction contract for the project within 18 months to ensure that the nursing home be built on schedule, she added.’

“The above article also noted that a spokesman for the group opposing the Turf Valley development did not return a call seeking comment on the nursing home project.

“Lorien remains fully committed to the development of its project and will defend any and all of its required approvals in Howard County's development process. However, Lorien cannot sit by and allow itself to be a victim of any potential strategy to 'run out the clock' on this needed senior care community or a pattern of appeals which could have the same effect. Likewise, the Commission itself has recognized the importance of granting stays of the performance requirements when appeals are filed. **Accordingly, Lorien requests a stay of the performance requirements during the pending appeal until the final decision is obtained.** Lorien will forward the notice of the appeal as soon as it is received.”

As part of the web of litigation that engulfed Howard County and impacted development of Encore, even Howard County government was sued in connection with the county's land use approval process. As a result of all of the above, the MHCC stood by Encore's project, determined to issue a stay of the performance requirements applicable to the project, and held the project in continuous good standing. Thus, on October 5, 2006, the MHCC's Executive Director granted the Applicant a Stay of the running of the Performance Requirements.

As the Mangione Family became increasingly confident that the courts would uphold the County's land use approval process and also decisions approving Encore's development, they filed for modifications to the project including design changes (2006) and budget increases (2008).<sup>2</sup> At each step, Encore complied with all applicable regulations, including timely filing of all Quarterly Reports, and kept the MHCC Executive Director aware of the status. Ultimately, the Applicant proceeded with construction of the facility even before the last appeal was decided based on its confidence level in success and desire to demonstrate its level of commitment to the Executive Director and the Commission.

Thus, the facility was constructed and opened early even though the Performance Requirements remained Stayed. By letter dated September 17, 2008, Encore submitted its Medicaid MOU dated September 11, 2008 and specifying a Medicaid Utilization level of 47.35% in satisfaction of the Condition. On January 4, 2010, and again on March 18, 2010, the Applicant filed its Request for 1st Use Review and Approval. The MHCC determined the project was consistent with the CON approval and that all conditions were met via granting 1<sup>st</sup> Use Approval. The Nursing Facility was licensed by OHCQ as of May 7, 2010, became operational and began admitting residents / patients. (The non CON-regulated Assisted Living component was licensed by OHCQ as of July 8, 2010 and also began admitting residents).

Accordingly, the MHCC and Staff have championed Encore's project in the past as an example of a creative and beneficial approach to meeting the needs of the Howard County community in a bold and innovative way. It has been held up as an innovative way of re-developing dated infrastructure. The record shows that the Applicant fought hard to bring this project to fruition and persevered despite obstacles..

As a result of the popularity of Encore and the need for additional beds to serve Howard Countians, the sponsors determined to seek a 28 bed expansion of the Nursing Facility. Accordingly, on September 17, 2015 the MHCC approved Encore's CON Application and

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<sup>2</sup> It should be noted that the October 18, 2008 Modification to update the Budget due to the delays encountered by the appeals, formalized a new set of Performance Requirements requiring that the sponsors had until 2 years and 14 days from the date of a final judicial decision resolving the appeals to execute a Construction Contract and 18 months from that date to license the facility.

awarded the sponsors a new CON (*D.N. 15 – 13 – 2365*) authorizing development of a 28 bed addition. The only condition was submission of the required Medicaid MOU at the time of First Use Review. The project is in the development phase and the CON continues to be in good standing. The Applicant has not received any other CON approvals within the last 15 years.

Finally, Cost Reports show that Encore is meeting its current 47.35% required Medicaid MOU utilization level: FY 2014 – 50.43%; and FY 2015 – 56.21%.

**Lorien Nursing & Rehabilitation Center - Belair:** Lorien Bel Air has received three CONs in the last 15 years, D.N. 01 - 12 – 2085, D.N. 13 – 12 – 2345, and D.N. 15 – 12 – 2358, as follows.

*D.N. 01 - 12 - 2085* was approved in June, 2002 and authorized a 22 bed expansion of the previously approved 40 bed Nursing Facility (with a 56 unit non CON- regulated ALF). The 22-Bed CON was issued with Conditions as follows: (1) Obligate 51% of the approved capital expenditure by September, 2002; (2) Complete project by March 21, 2003; (3) no more than two beds per room; (4) submission of transfer / referral agreements prior to licensing; (5) submission of Medicaid MOU prior to pre-licensure certification; (6) No extensions of Performance Requirements except for extraordinary cause shown. This 22 bed project was completed and the beds were licensed in October, 2002 *five months ahead of the March 2003 deadline imposed by Condition 2*. The MHCC issued Pre-licensure Certification authorizing licensure and finding that all conditions had been met, including submission of transfer and referral agreements and the Medicaid MOU.

Regarding the MOU, the original required Medicaid utilization level was 66.5%. Initially, Lorien Bel Air experienced difficulty in attaining what soon became clear was an unrealistically high Medicaid utilization level for a number of reasons. First, the health care system had entered a transitional phase with greater emphasis on community based alternatives to traditional long term Medicaid stays. In recognition of this, as further discussed below, after Lorien Bel Air signed the MOU at the 66.5% level, the MHCC and Medical Assistance Program joined in

adjusting the required utilization levels by reducing them by 15.5% to reflect these changing realities, effective March 12, 2007.

In evaluating its Medicaid Utilization in its early years, it should be noted that Lorien Bel Air was designed to provide a substantial portion of its services for shorter term rehabilitation patients who would be returned to residential settings rather than transitioning to long term Medicaid stays. Secondly, the calculation of Medicaid Utilization levels failed to acknowledge that the methodology was skewed against a facility with a small number of Nursing beds (e.g. initially 62, then 69 effective 12/1/2005 due to adding 'creep' beds). For a facility with fewer beds like Lorien Bel Air, a small number of residents can result in substantial changes in Medicaid Utilization. Further, when a Medicaid patient is transferred to a hospital for acute care, that patient will become a Medicare patient for a time upon returning to the facility after a three day qualifying hospital stay since such patients are typically 'dually eligible' under both the Medicare and Medicaid programs. The result is to further decrease Medicaid Utilization even though the facility is serving the same patients and is *not* refusing to serve Medicaid patients.

In reviewing its early Medicaid Utilization, it should also be noted that Lorien Bel Air's FY is based on the Calendar Year. Thus, the facility's first *full year of operations* was not FY 2003 since Lorien Bel Air did not open until *October, 2002*. Under the MOU a facility has three years to reach the required Medicaid Utilization level. In Lorien Bel Air's case, its Medicaid Utilization levels during its first three years of full operations were 34% in 2004, 37.6% in 2005, and 39.1% in 2006. While these percentages were short of the unrealistically high 66.5% specified in its outdated 2002 MOU, they were found to represent 'substantial progress' in a letter dated June 29, 2005 from Elizabeth Groninger, Chief, Division of LTC, DHMH.

Further, Lorien notes that aside from the level specified in the MOU, the *actual* Medicaid participation level *fluctuates* based on the yearly changes noted in the regular updates to the minimum Medicaid Participation Levels the MHCC publishes in periodic updates to Supplement 3 of the Long Term Care Chapter of the State Health Plan. Lorien Bel Air's early Medicaid Utilization was, in fact, close to the Medicaid Utilization specified in the MHCC's Supplement 3 which reflected actual experience in Central Maryland and Harford County. Thus, even though

Lorien Bel Air did not reach the unrealistic 66.5% Medicaid Utilization rate specified in its 2002 MOU, by its fifth full year of operations in 2008, its Medicaid utilization paralleled the actual Harford County average as follows:

<u>Fiscal Year</u>	<u>Harford County Medicaid Level</u>	<u>Lorien Bel Air Medicaid Level<sup>3</sup></u>
2007	46.82%	47.86%

In addition, the record reflects that Lorien Bel Air’s request to reduce the required Medicaid utilization rate by the new 15.5% adjustment ‘slipped through the cracks’. MHCC Staff did not reply to Lorien Bel Air’s request in letters to Mr. Parker dated December 14, 2007 and February 13, 2008 for approval to enter into a new MOU with a reduced utilization rate. Nevertheless, the Medical Assistance Program entered into a new MOU effective December, 2007 with a revised Medicaid Utilization Rate of 46.8%.

As the MHCC found in its July 16, 2013 Decision approving a further expansion of Lorien Bel Air (*see* D.N. 15 – 12 – 2358), the facility has met its adjusted Medicaid Utilization Level in years FY 2008 through FY 2013. Further, the facility’s filed Cost Reports show that in FYE 2014 and 2015, Lorien Bel Air experienced Medicaid Utilization Rates of 49.73% and 47.45% respectively, thus continuing to meet the MOU’s required rate.

**D.N. 13 – 12 – 2345** was approved in February, 2014 to add 21 additional beds to the facility. However, following approval, the MHCC discovered it had erred in its projections and released corrected bed need projections in October, 2014 showing the need for 97 beds for the same 2016 Target Year. Accordingly, Lorien Bel Air determined to enlarge its expansion project and filed a CON Application for an additional 27 beds. This new application, **D.N. 15 – 12 – 2358**, was approved on July 16, 2015. It superseded the earlier 21 bed project authorized by D.N. 13 – 12 – 2345, and authorized an expansion totaling 48 beds (21 + 27 beds = 48). This project included only one condition, namely submission at the time of first use review of a new

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<sup>3</sup> Source: Lorien records based on MHCC Medicaid Participation Rate Updates and Lorien Bel Air Cost Reports

Medicaid MOU covering all the facility's beds. The CON is in good standing and the project is in the development phase.

**Lorien Nursing & Rehabilitation Center – Bulle Rock:** Lorien Bulle Rock received one CON, *D.N. 08 – 12 – 2288* which was approved on April 16, 2009 authorizing construction of a 78 bed Nursing Facility on a site along U.S. Route 40 adjacent to the golf course community of Bulle Rock in Havre de Grace, in Harford County. The project utilized 61 beds found to be needed under the State Health Plan and 17 Nursing beds acquired from Harford Memorial Hospital which was eliminating its subacute unit (61 + 17 = 78 beds). The project also received approval of a Modification Request on December 15, 2011 covering certain design changes and re-positioning the facility so that it was perpendicular rather than parallel to railroad tracks at the rear of the site.

Two standard conditions were placed on the approval: submission of a Medicaid MOU prior to first use approval; and submission of transfer and referral agreements prior to first use approval.

By letter dated February 14, 2013, Lorien Bulle Rock, by its counsel, requested First Use Review and Approval. This request also included submission of the required Medicaid MOU with a 47.92 Utilization level; and written Transfer and Referral Agreements with other health care providers within the long term care continuum. On April 2, 2013, the MHCC issued First Use Approval which included the finding that the project is complete and consistent with the terms of the April 16, 2009 CON and the December 15, 2011 Modification.

Based on its Cost Reports, Lorien Bulle Rock has exceeded the required Medicaid Utilization level and has reported the following Medicaid percentages in its second and third years of operation: FY 2014 – 50.67% and FY 2015 – 55.04%.

**Lorien Harford III, LLC (D.N. 15-12-2359):** This project was approved June 18, 2015 for a 70 bed freestanding Nursing Facility planned to be located on a site at 2000 Rock Spring Road in Forest Hill, Harford County. The project was envisioned as an inpatient component of a campus that



ultimately would also include a Geriatric Urgent Care Center. However, the project encountered difficulties with access to the site since the sponsors could not obtain approval for both left and right turn access to the site from Rock Spring Road. In addition, the sponsor had anticipated that a hospital would locate the urgent care center on the site. However, a different site was selected.

Although the sponsor sought a meeting with MHCC Staff to discuss options for bringing these beds into service, the meeting was not productive. Thereafter, the sponsor acceded to the Executive Director's February 5, 2016 s recommendation that it relinquish the CON with the option of re-applying for these beds in the future. Accordingly, by letter dated February 25, 2016 the sponsors relinquished the CON.

\* \* \* \* \*

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

*An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.*

*INSTRUCTIONS: Please provide an analysis of the impact of the proposed project. Please assure that all sources of information used in the impact analysis are identified and identify all the assumptions made in the impact analysis with respect to demand for services, payer mix, access to service and cost to the health care delivery system including relevant populations considered in the analysis, and changes in market share, with information that supports the validity of these assumptions. Provide an analysis of the following impacts:*

- a) On the volume of service provided by all other existing health care providers that are likely to experience some impact as a result of this project;*
- b) On the payer mix of all other existing health care providers that are likely to experience some impact on payer mix as a result of this project. If an applicant for a new nursing home claims no impact on payer mix, the applicant must identify the likely source of any expected increase in patients by payer.*
- c) On access to health care services for the service area population that will be served by the project. (State and support the assumptions used in this analysis of the impact on access);*

d) *On costs to the health care delivery system.*

*If the applicant is an existing nursing home, provide a summary description of the impact of the proposed project on costs and charges of the applicant nursing home, consistent with the information provided in the Project Budget, the projections of revenues and expenses, and the work force information.*

---

**RESPONSE:** In a CON review decided September 17, 2015, the Commission determined that the addition of 28 beds to the 63 bed Encore at Turf Valley facility "...will not have a significant impact on the market share or financial performance of other CCFs in Howard County, while the incremental increase would allow greater access for the elderly population..." (See *Lorien Howard, Inc., D.N. 15 – 13 – 2365; Decision at p. 20*). Further, Staff concluded that the addition of those beds would not negatively impact existing providers while having a positive impact on the residents of Howard County (Decision at p. 21). That 28 bed project is similar in size to the proposed 25 bed expansion of Lorien Elkridge. For the same reasons, the addition of a similarly small number of 25 beds to Lorien Elkridge would not have an adverse impact on other County providers serving the general public while increasing access in an area of the County served by only one facility.

In this regard, the four Nursing Facilities which currently serve the county's general population (non-CCRC) have shown health occupancies with a 91.70 facility average as shown by Table 2, below. It should be noted that Ellicott City Health and Rehabilitation Center's (ECHRC) data has been drawn from the MHCC's Public Use files which, unlike Cost Reports, do not employ a blended calculation of licensed beds in cases where beds have been temporarily delicensed. As the MHCC data files show, ECHRC began FY 2014 with 165 licensed beds and concluded with 182 beds. This shows that 17 beds were temporarily de-licensed, presumably for renovations.

**Table 2**  
**Licensed Beds, Patient Days, and Percent Occupancy FY 2014**  
**Non-CCRC Nursing Homes in Howard County**

Facilities	Lic. Beds	Potential Bed Days	Patient Days	% Occupancy
Lorien Nursing and Rehabilitation Center Columbia	209	76,285	70,224	92.05%
* Ellicott City Health & Rehabilitation Center	182	66,430	58,986	88.79%
Encore at Turf Valley	63	22,995	21,665	94.22%
Lorien Nursing and Rehabilitation Center - Elkridge	64/70	24,410	24,410	<u>91.77%</u>
			Average	91.70%

*Source:* 2014 Medicaid Cost Reports for all Lorien facilities (see APX. 3). Ellicott City Health & Rehabilitation Center Data is from MHCC Public Use file, accessed July 19, 2016.

In addition, FY 2015 Cost Reports attached at APX 3 also show that the three Lorien facilities have continued to experience healthy occupancies, as follows: Lorien Columbia – 89.55% (rounds to 90%); Encore – 94.36%; and Lorien Elkridge – 90.26%.

Given the SHP’s finding that 105 additional beds are *needed in 2016* and that the proposed 25 beds will not come online until almost 3 years hence, there will be even more built up demand. Therefore, these new beds can have only a negligible impact on the volume of services or patient mix at existing facilities.

It should also be noted that there are 602 beds in the Howard County Bed inventory. The addition of only 25 new beds amounts to so small an increase (0.041%) that it cannot be reasonably be a negative impact on the existing facilities or costs to the system while increasing access to services in a revitalizing area in which only one facility is currently located, namely, Lorien Elkridge. As discussed in the ‘Statement of Assumptions re Utilization, Revenue, and Expense projections Tables D to H’ included above in the discussion of *10.24.01.08G(3)(b)*.

*Need*, the 25 bed project is not projected to have an impact on private pay charges of the facility and no or minimal impact on the charges related to Medicaid and Medicare patients.

Further, as shown by the MVS analysis included above in the discussion of 10.24.01.08G(3)(c).Availability of More Cost-Effective Alternatives, the project's adjusted construction costs of \$192.37 are consistent with the Marshall Valuation Service benchmark of \$193.64. Likewise, the operating projections set forth above in the various Tables demonstrate feasibility and reasonable costs to the system.

Finally, approval of this modest expansion project will have a positive impact on the existing health care system because it will allow an additional 27 Private rooms to be added to a facility currently housing only 12.

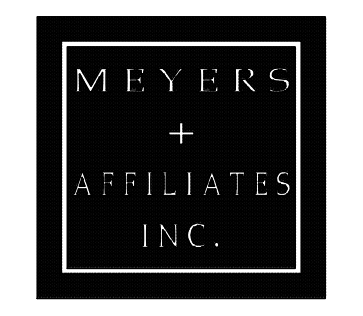
For all of these reasons, the proposed Lorien Elkridge project is consistent with this Criterion.

[ END ]

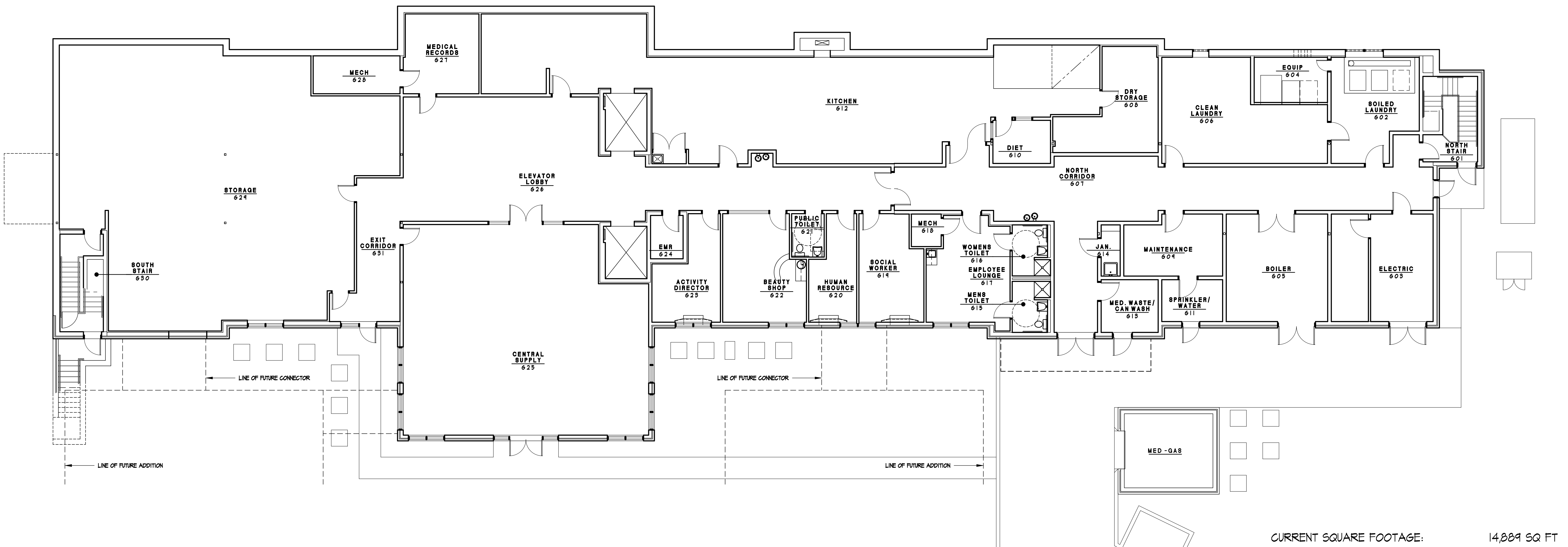
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<b><u>Item</u></b>	<b><u>Apx No.</u></b>
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In - service Training and Discharge Planning Policies	2
Cost Report Excerpts re Occupancy (Lorien Facilities in HoCo)	3
No Deficiencies & Quality Assurance Letter / Summary	4
CPA Letter & Bank Letter re Interest in Financing	5
Daily Rates and Patient Charges	6
Letters of Community Support	7

REVISIONS	BY



Professional Certification  
 I certify that these documents were prepared or approved by me, and that I am duly licensed architect under the laws of the State of Maryland, license number 2002 A, expiration date February 25, 2018.



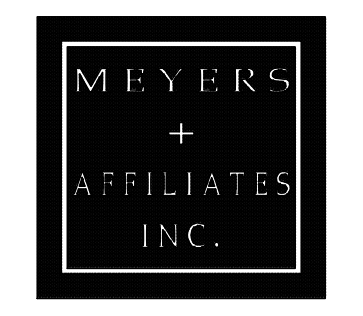
CURRENT SQUARE FOOTAGE: 14,889 SQ FT

1 GROUND FLOOR PLAN  
 A1.1 1/8" = 1'-0"

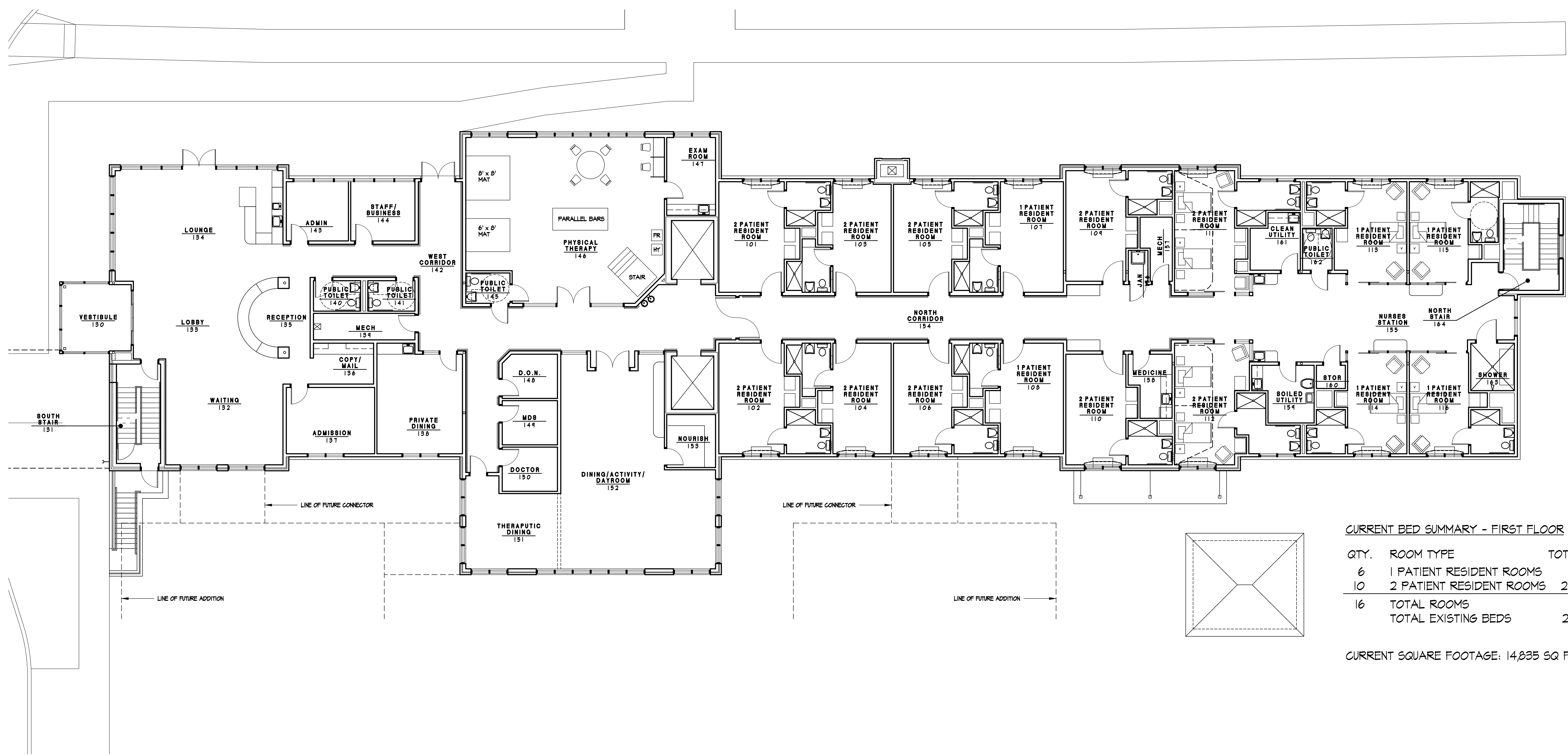
**Lorien Nursing - Elkridge Addition**  
 7615 Washington Blvd  
 Elkridge, Maryland 21075

EXISTING  
 GROUND  
 FLOOR  
 PLAN

DATE	July 26, 2016
SCALE	1/8" = 1'-0"
DRAWN	
JOB	
SHEET	<b>A1.1</b>
OF	SHEETS



Professional Certification  
 I certify that these documents were prepared or approved by me, and that I am duly licensed architect under the laws of the State of Maryland, license number 2002 A, expiration date February 25, 2018.



CURRENT BED SUMMARY - FIRST FLOOR

QTY.	ROOM TYPE	TOTAL BEDS
6	1 PATIENT RESIDENT ROOMS	6 BEDS
10	2 PATIENT RESIDENT ROOMS	20 BEDS
16	TOTAL ROOMS	
	TOTAL EXISTING BEDS	26 BEDS

CURRENT SQUARE FOOTAGE: 14,835 SQ FT

1 FIRST FLOOR PLAN  
 A1.2 1/8" = 1'-0"

**Lorien Nursing - Elkridge Addition**  
 7615 Washington Blvd  
 Elkridge, Maryland 21075

EXISTING FIRST FLOOR PLAN

DATE	July 26, 2016
SCALE	1/8" = 1'-0"
DRAWN	
JOB	
SHEET	<b>A1.2</b>
OF SHEETS	

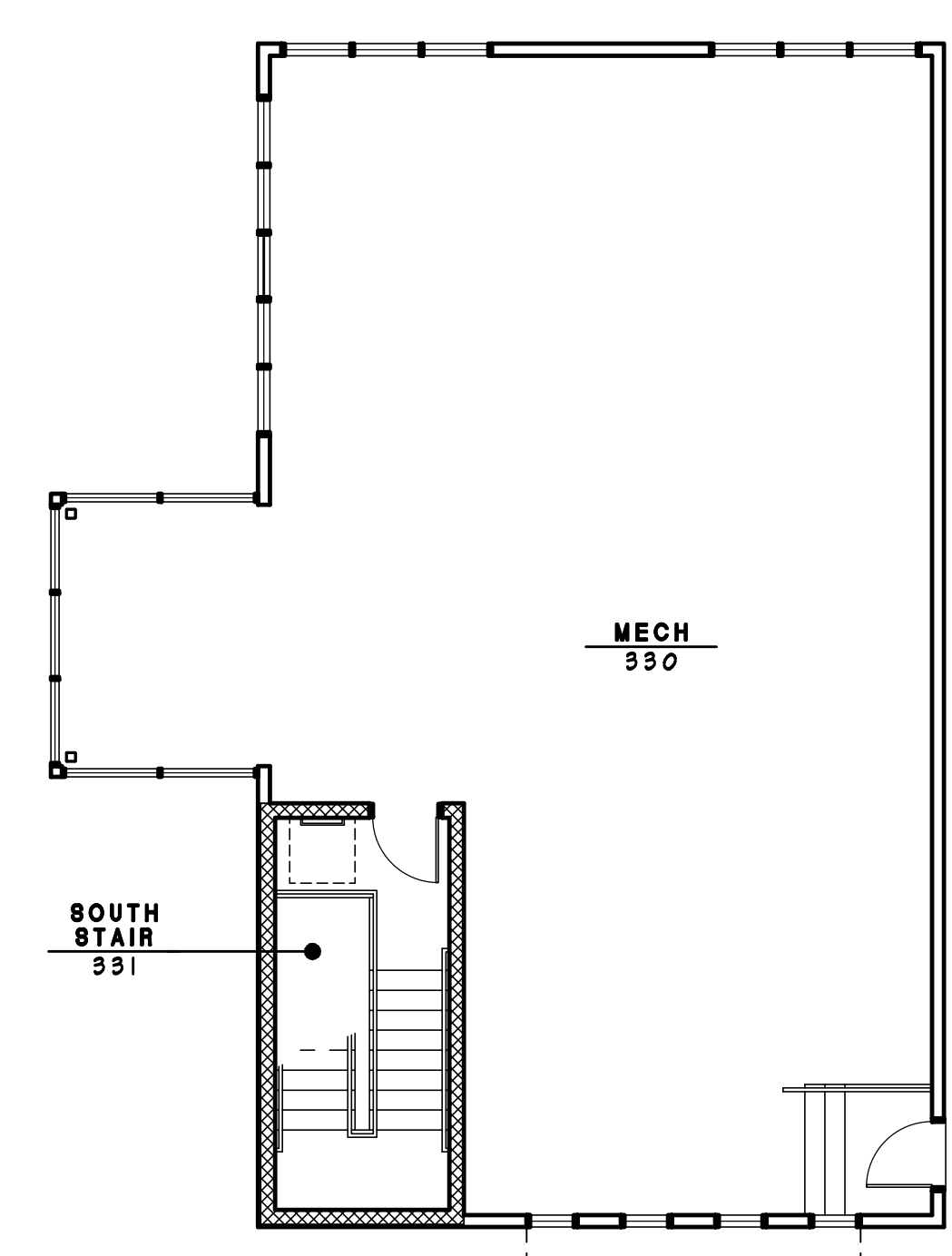


Professional Certification  
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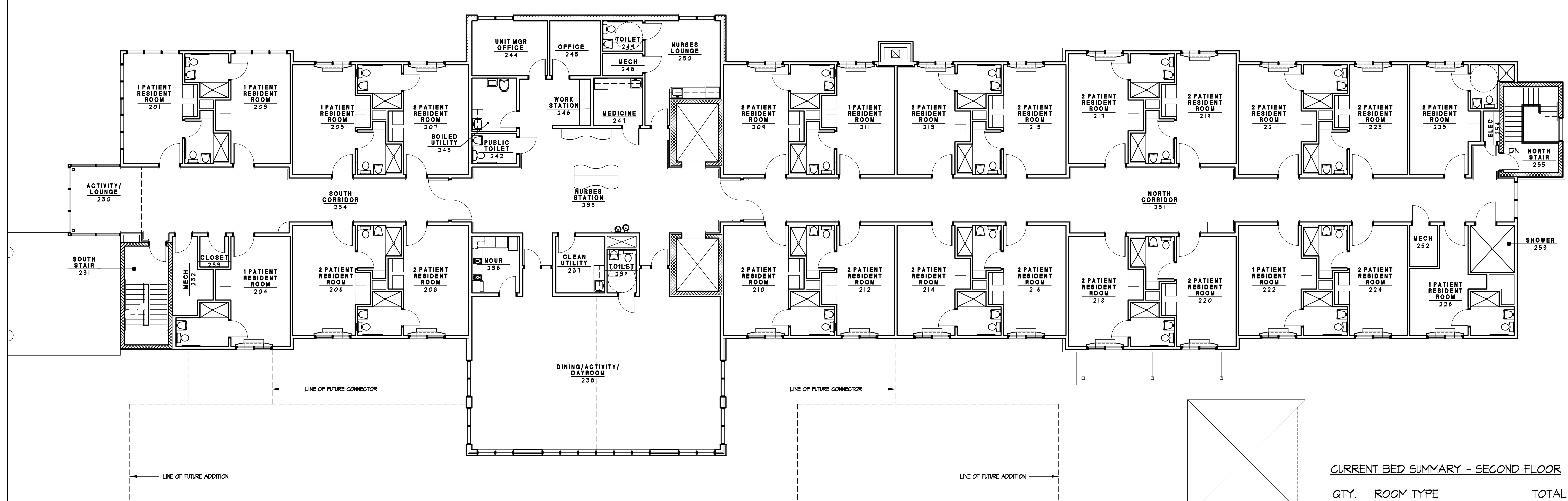
**Lorien Nursing - Elkridge Addition**  
 7615 Washington Blvd  
 Elkridge, Maryland 21075

EXISTING SECOND FLOOR PLAN

DATE July 26, 2016  
 SCALE 1/8" = 1'-0"  
 DRAWN  
 JOB  
 SHEET **A13**  
 OF SHEETS



**2 ROOFTOP ROOM FLOOR PLAN**  
 A1.3 1/8" = 1'-0"



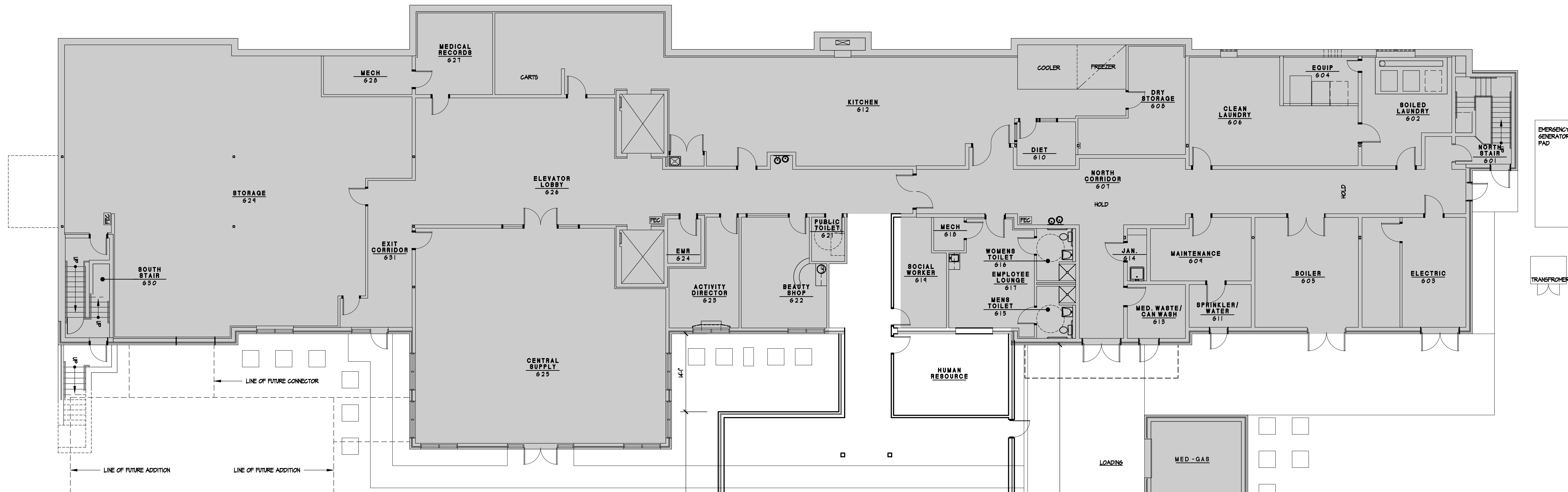
**CURRENT BED SUMMARY - SECOND FLOOR**

QTY.	ROOM TYPE	TOTAL BEDS
6	1 PATIENT RESIDENT ROOMS	6 BEDS
19	2 PATIENT RESIDENT ROOMS	38 BEDS
25	TOTAL ROOMS	
	TOTAL EXISTING BEDS	44 BEDS

CURRENT SQUARE FOOTAGE: 14,743 SQ FT  
 CURRENT ROOFTOP ROOM SQUARE FOOTAGE: 1,835 SQ FT

**1 SECOND FLOOR PLAN**  
 A1.3 1/8" = 1'-0"

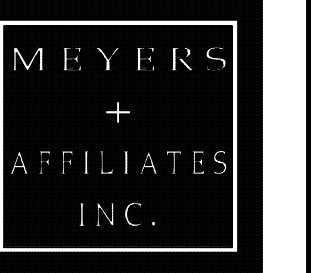




EXISTING PLAN - NO WORK

CURRENT SQUARE FOOTAGE: 14,889 SQ FT  
 ADDITIONAL SQUARE FOOTAGE: 6,661 SQ FT  
 TOTAL NEW SQUARE FOOTAGE: 21,550 SQ FT  
 CURRENT RENOVATED SQUARE FOOTAGE: 251 SQ FT

REVISIONS BY



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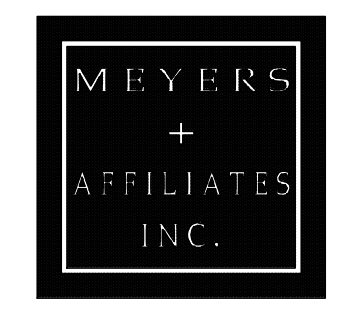
**Lorien Nursing - Elkridge Addition**

7615 Washington Blvd  
 Elkridge, Maryland 21075

PROPOSED  
 GROUND  
 LEVEL

DATE July 26, 2016  
 SCALE 1/8" = 1'-0"  
 DRAWN  
 JOB

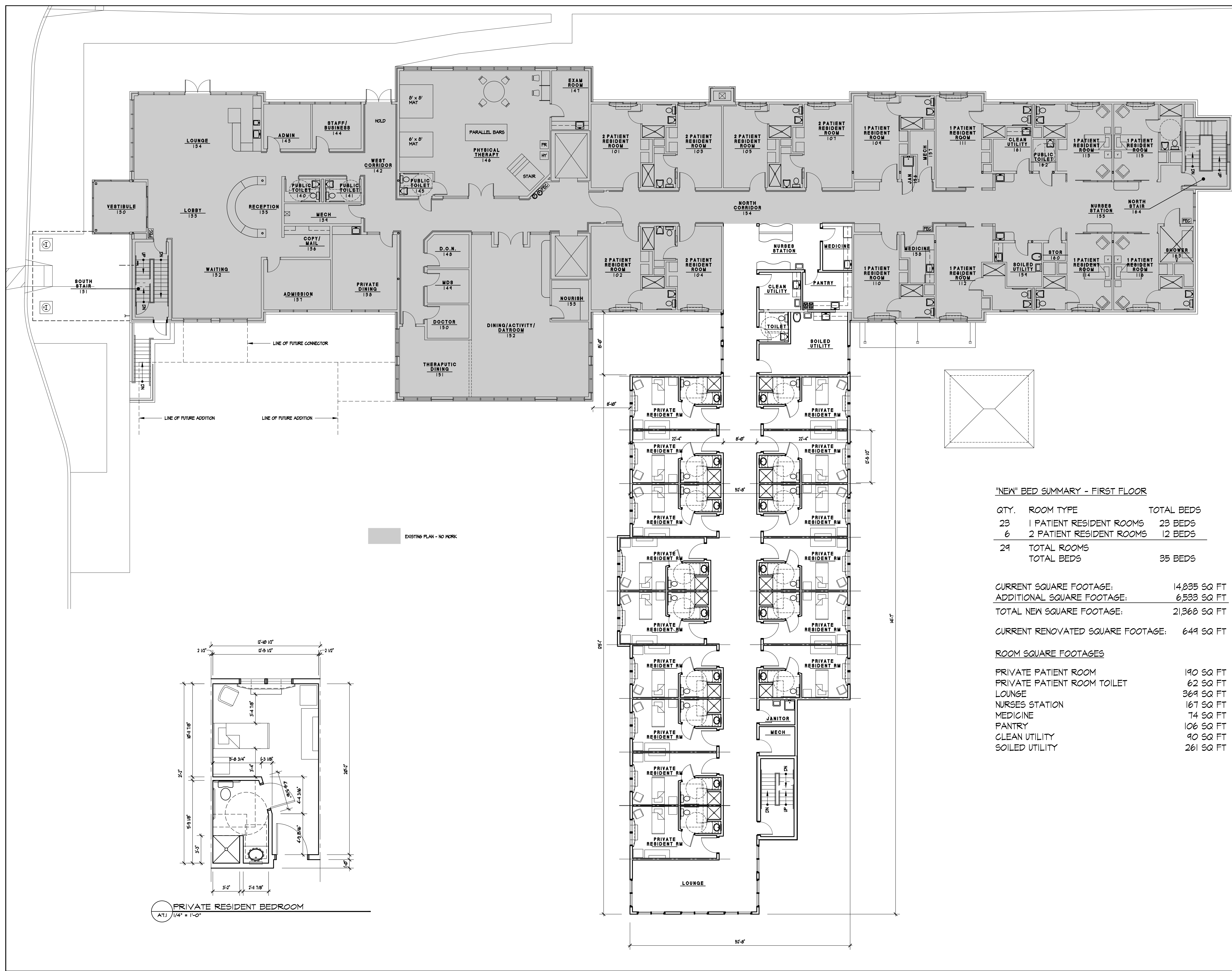
SHEET  
**A1.4**  
 OF SHEETS



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**Lorien Nursing - Elkridge Addition**  
7615 Washington Blvd  
Elkridge, Maryland 21075

**PROPOSED FIRST LEVEL**



**"NEW" BED SUMMARY - FIRST FLOOR**

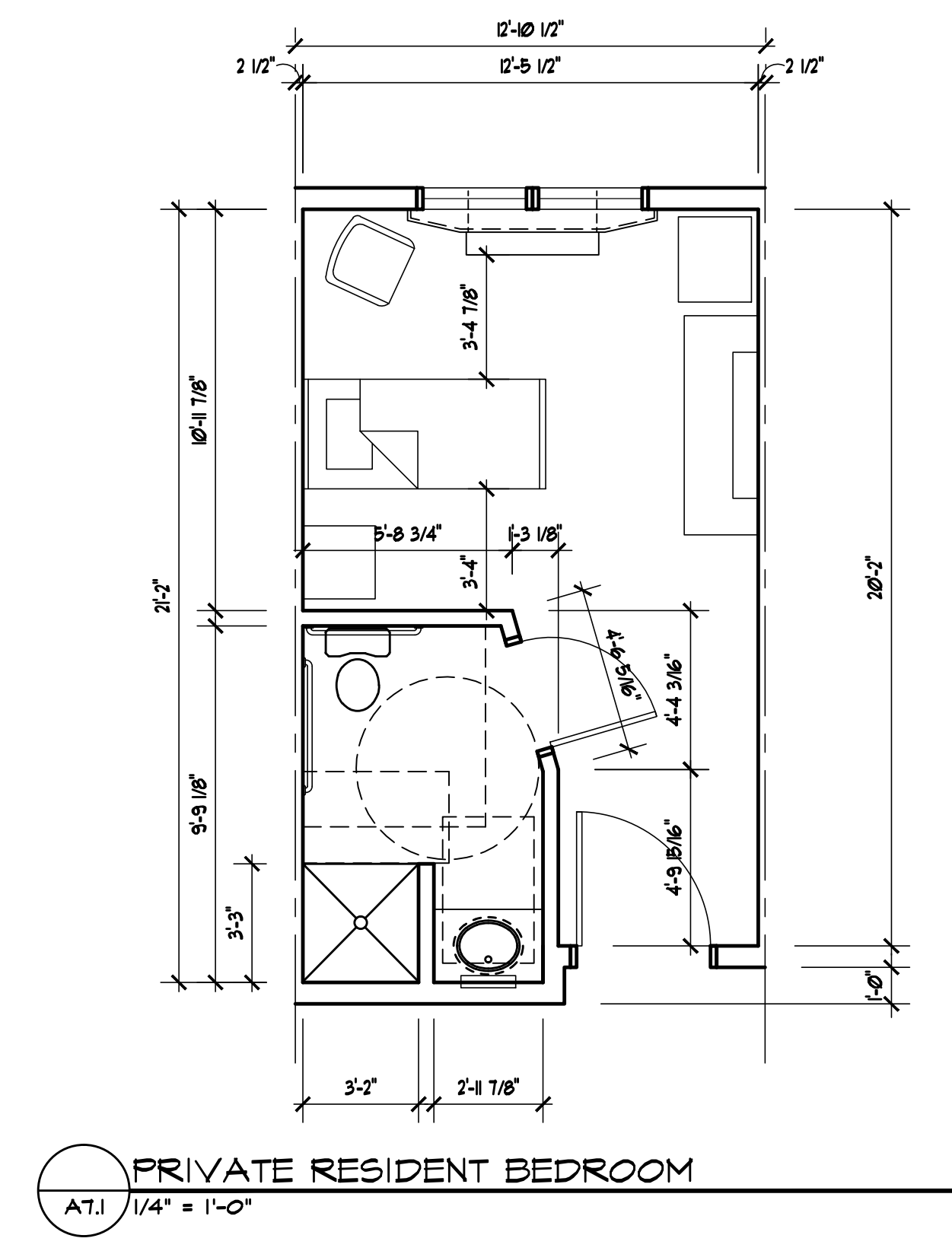
QTY.	ROOM TYPE	TOTAL BEDS
23	1 PATIENT RESIDENT ROOMS	23 BEDS
6	2 PATIENT RESIDENT ROOMS	12 BEDS
29	TOTAL ROOMS	
	TOTAL BEDS	35 BEDS

CURRENT SQUARE FOOTAGE:	14,835 SQ FT
ADDITIONAL SQUARE FOOTAGE:	6,533 SQ FT
TOTAL NEW SQUARE FOOTAGE:	21,368 SQ FT

CURRENT RENOVATED SQUARE FOOTAGE: 649 SQ FT

**ROOM SQUARE FOOTAGES**

PRIVATE PATIENT ROOM	190 SQ FT
PRIVATE PATIENT ROOM TOILET	62 SQ FT
LOUNGE	369 SQ FT
NURSES STATION	167 SQ FT
MEDICINE	74 SQ FT
PANTRY	106 SQ FT
CLEAN UTILITY	90 SQ FT
SOILED UTILITY	261 SQ FT





Professional Certification  
I certify that these documents were prepared or approved by me, and that I am duly licensed architect under the laws of the State of Maryland, license number 2002 A, expiration date February 25, 2018.

**Lorien Nursing - Elkridge Addition**  
7615 Washington Blvd  
Elkridge, Maryland 21075

**PROPOSED SECOND LEVEL**

DATE July 26, 2016  
SCALE 1/8" = 1'-0"  
DRAWN  
JOB  
SHEET  
**A1.6**  
OF SHEETS



**"NEW" BED SUMMARY - SECOND FLOOR**

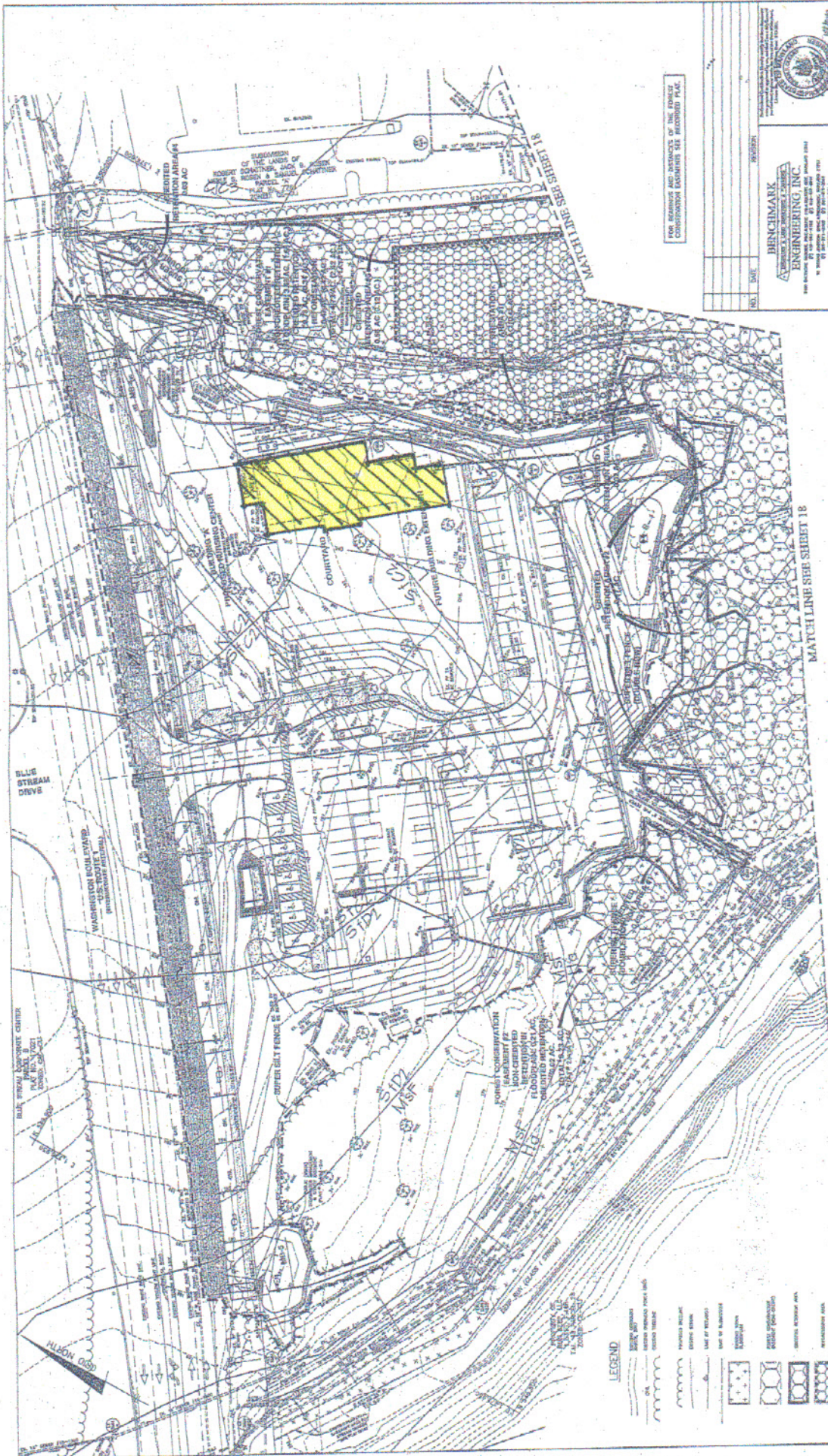
QTY.	ROOM TYPE	TOTAL BEDS
16	1 PATIENT RESIDENT ROOMS	16 BEDS
22	2 PATIENT RESIDENT ROOMS	44 BEDS
38	TOTAL ROOMS	
	TOTAL BEDS	60 BEDS

CURRENT SQUARE FOOTAGE:	14,743 SQ FT
ADDITIONAL SQUARE FOOTAGE:	6,533 SQ FT
TOTAL NEW SQUARE FOOTAGE:	21,276 SQ FT
CURRENT RENOVATED SQUARE FOOTAGE:	649 SQ FT
CURRENT ROOFTOP ROOM SQUARE FOOTAGE:	1,835 SQ FT

**ROOM SQUARE FOOTAGES**

PRIVATE PATIENT ROOM	190 SQ FT
PRIVATE PATIENT ROOM TOILET	62 SQ FT
LOUNGE	369 SQ FT
NURSES STATION	167 SQ FT
MEDICINE	74 SQ FT
PANTRY	106 SQ FT
CLEAN UTILITY	90 SQ FT
SOILED UTILITY	261 SQ FT

**2 ROOFTOP ROOM FLOOR PLAN**  
A1.6 1/8" = 1'-0"



FOR BARRIERS AND DETAILS OF THE FOREST CONSERVATION EXAMINE THE RECORDED PLAN.

**BENCHMARK ENGINEERING INC.**  
 1000 W. 10TH ST. SUITE 100  
 DENVER, CO 80202  
 TEL: 303.733.1100  
 FAX: 303.733.1101  
 WWW.BENCHMARKENGINEERING.COM

**LORIEN-ELKRIDGE**  
 MARICOPA AZ

NO. 1000 AS 4200, 4201, 4202, 4203, 4204, 4205, 4206, 4207, 4208, 4209, 4210, 4211, 4212, 4213, 4214, 4215, 4216, 4217, 4218, 4219, 4220, 4221, 4222, 4223, 4224, 4225, 4226, 4227, 4228, 4229, 4230, 4231, 4232, 4233, 4234, 4235, 4236, 4237, 4238, 4239, 4240, 4241, 4242, 4243, 4244, 4245, 4246, 4247, 4248, 4249, 4250, 4251, 4252, 4253, 4254, 4255, 4256, 4257, 4258, 4259, 4260, 4261, 4262, 4263, 4264, 4265, 4266, 4267, 4268, 4269, 4270, 4271, 4272, 4273, 4274, 4275, 4276, 4277, 4278, 4279, 4280, 4281, 4282, 4283, 4284, 4285, 4286, 4287, 4288, 4289, 4290, 4291, 4292, 4293, 4294, 4295, 4296, 4297, 4298, 4299, 4300, 4301, 4302, 4303, 4304, 4305, 4306, 4307, 4308, 4309, 4310, 4311, 4312, 4313, 4314, 4315, 4316, 4317, 4318, 4319, 4320, 4321, 4322, 4323, 4324, 4325, 4326, 4327, 4328, 4329, 4330, 4331, 4332, 4333, 4334, 4335, 4336, 4337, 4338, 4339, 4340, 4341, 4342, 4343, 4344, 4345, 4346, 4347, 4348, 4349, 4350, 4351, 4352, 4353, 4354, 4355, 4356, 4357, 4358, 4359, 4360, 4361, 4362, 4363, 4364, 4365, 4366, 4367, 4368, 4369, 4370, 4371, 4372, 4373, 4374, 4375, 4376, 4377, 4378, 4379, 4380, 4381, 4382, 4383, 4384, 4385, 4386, 4387, 4388, 4389, 4390, 4391, 4392, 4393, 4394, 4395, 4396, 4397, 4398, 4399, 4400, 4401, 4402, 4403, 4404, 4405, 4406, 4407, 4408, 4409, 4410, 4411, 4412, 4413, 4414, 4415, 4416, 4417, 4418, 4419, 4420, 4421, 4422, 4423, 4424, 4425, 4426, 4427, 4428, 4429, 4430, 4431, 4432, 4433, 4434, 4435, 4436, 4437, 4438, 4439, 4440, 4441, 4442, 4443, 4444, 4445, 4446, 4447, 4448, 4449, 4450, 4451, 4452, 4453, 4454, 4455, 4456, 4457, 4458, 4459, 4460, 4461, 4462, 4463, 4464, 4465, 4466, 4467, 4468, 4469, 4470, 4471, 4472, 4473, 4474, 4475, 4476, 4477, 4478, 4479, 4480, 4481, 4482, 4483, 4484, 4485, 4486, 4487, 4488, 4489, 4490, 4491, 4492, 4493, 4494, 4495, 4496, 4497, 4498, 4499, 4500, 4501, 4502, 4503, 4504, 4505, 4506, 4507, 4508, 4509, 4510, 4511, 4512, 4513, 4514, 4515, 4516, 4517, 4518, 4519, 4520, 4521, 4522, 4523, 4524, 4525, 4526, 4527, 4528, 4529, 4530, 4531, 4532, 4533, 4534, 4535, 4536, 4537, 4538, 4539, 4540, 4541, 4542, 4543, 4544, 4545, 4546, 4547, 4548, 4549, 4550, 4551, 4552, 4553, 4554, 4555, 4556, 4557, 4558, 4559, 4560, 4561, 4562, 4563, 4564, 4565, 4566, 4567, 4568, 4569, 4570, 4571, 4572, 4573, 4574, 4575, 4576, 4577, 4578, 4579, 4580, 4581, 4582, 4583, 4584, 4585, 4586, 4587, 4588, 4589, 4590, 4591, 4592, 4593, 4594, 4595, 4596, 4597, 4598, 4599, 4600, 4601, 4602, 4603, 4604, 4605, 4606, 4607, 4608, 4609, 4610, 4611, 4612, 4613, 4614, 4615, 4616, 4617, 4618, 4619, 4620, 4621, 4622, 4623, 4624, 4625, 4626, 4627, 4628, 4629, 4630, 4631, 4632, 4633, 4634, 4635, 4636, 4637, 4638, 4639, 4640, 4641, 4642, 4643, 4644, 4645, 4646, 4647, 4648, 4649, 4650, 4651, 4652, 4653, 4654, 4655, 4656, 4657, 4658, 4659, 4660, 4661, 4662, 4663, 4664, 4665, 4666, 4667, 4668, 4669, 4670, 4671, 4672, 4673, 4674, 4675, 4676, 4677, 4678, 4679, 4680, 4681, 4682, 4683, 4684, 4685, 4686, 4687, 4688, 4689, 4690, 4691, 4692, 4693, 4694, 4695, 4696, 4697, 4698, 4699, 4700, 4701, 4702, 4703, 4704, 4705, 4706, 4707, 4708, 4709, 4710, 4711, 4712, 4713, 4714, 4715, 4716, 4717, 4718, 4719, 4720, 4721, 4722, 4723, 4724, 4725, 4726, 4727, 4728, 4729, 4730, 4731, 4732, 4733, 4734, 4735, 4736, 4737, 4738, 4739, 4740, 4741, 4742, 4743, 4744, 4745, 4746, 4747, 4748, 4749, 4750, 4751, 4752, 4753, 4754, 4755, 4756, 4757, 4758, 4759, 4760, 4761, 4762, 4763, 4764, 4765, 4766, 4767, 4768, 4769, 4770, 4771, 4772, 4773, 4774, 4775, 4776, 4777, 4778, 4779, 4780, 4781, 4782, 4783, 4784, 4785, 4786, 4787, 4788, 4789, 4790, 4791, 4792, 4793, 4794, 4795, 4796, 4797, 4798, 4799, 4800, 4801, 4802, 4803, 4804, 4805, 4806, 4807, 4808, 4809, 4810, 4811, 4812, 4813, 4814, 4815, 4816, 4817, 4818, 4819, 4820, 4821, 4822, 4823, 4824, 4825, 4826, 4827, 4828, 4829, 4830, 4831, 4832, 4833, 4834, 4835, 4836, 4837, 4838, 4839, 4840, 4841, 4842, 4843, 4844, 4845, 4846, 4847, 4848, 4849, 4850, 4851, 4852, 4853, 4854, 4855, 4856, 4857, 4858, 4859, 4860, 4861, 4862, 4863, 4864, 4865, 4866, 4867, 4868, 4869, 4870, 4871, 4872, 4873, 4874, 4875, 4876, 4877, 4878, 4879, 4880, 4881, 4882, 4883, 4884, 4885, 4886, 4887, 4888, 4889, 4890, 4891, 4892, 4893, 4894, 4895, 4896, 4897, 4898, 4899, 4900, 4901, 4902, 4903, 4904, 4905, 4906, 4907, 4908, 4909, 4910, 4911, 4912, 4913, 4914, 4915, 4916, 4917, 4918, 4919, 4920, 4921, 4922, 4923, 4924, 4925, 4926, 4927, 4928, 4929, 4930, 4931, 4932, 4933, 4934, 4935, 4936, 4937, 4938, 4939, 4940, 4941, 4942, 4943, 4944, 4945, 4946, 4947, 4948, 4949, 4950, 4951, 4952, 4953, 4954, 4955, 4956, 4957, 4958, 4959, 4960, 4961, 4962, 4963, 4964, 4965, 4966, 4967, 4968, 4969, 4970, 4971, 4972, 4973, 4974, 4975, 4976, 4977, 4978, 4979, 4980, 4981, 4982, 4983, 4984, 4985, 4986, 4987, 4988, 4989, 4990, 4991, 4992, 4993, 4994, 4995, 4996, 4997, 4998, 4999, 5000



**FOR BARRIERS AND DETAILS OF THE FOREST CONSERVATION EXAMINE THE RECORDED PLAN.**

**FOR BARRIERS AND DETAILS OF THE FOREST CONSERVATION EXAMINE THE RECORDED PLAN.**

APPROVED: *[Signature]*  
 DATE: 11/16/07  
 PROJECT NO. 0701  
 SHEET 17 OF 25

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# Staff Development In-Service Training

## —General Policies

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### Policy Statement

It is the policy of this facility that all personnel must attend and participate in regularly scheduled in-service training programs.

### Procedure

1. The primary purpose of our facility's in-service training program is to provide our employees with an in-depth review of our established operational policies and procedures, their positions, methods and procedures to follow in implementing assigned duties, and to provide up-to-date information that will assist in providing quality care.
2. We are an equal opportunity organization, and our in-service training programs apply equally to all personnel without regard to race, color, creed, national origin, age, sex, religion, or handicap.
3. The primary objectives of our facility's in-service training programs are:
  - a. To plan and organize a system of training that begins with an orientation program and continues throughout employment through scheduled in-service training programs;
  - b. To develop in each employee an awareness of his/her abilities and limitations in providing care for residents;
  - c. To develop the abilities of each employee;
  - d. To assist employees in seeing themselves as others see them;
  - e. To develop and maintain a cooperative attitude among all employees;
  - f. To develop an awareness of the many teaching/learning experiences, and the contribution made by the employee to these experiences;
  - g. To teach each employee the specific policies and procedures of our facility;
  - h. Based on outcomes of performance reviews (trends);
  - i. Sufficient to ensure continuing competence of each department (no less than 12 hours per year);
  - j. Reflective of facilities scope of services and special needs inherent in this area.

Last Revised 04/09/02

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# Discharge Planning of the Non-elderly Disabled Resident

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## Policy Statement

It is the policy of this company to assure timely discharge planning for non-elderly disabled resident's to receive care in the least restrictive therapeutic setting including the community with appropriate support.

## Procedure

To assure that residents receive care in the least restrictive therapeutic setting including the community with appropriate support, this facility will assure that non-elderly disabled resident's discharge planning process shall begin immediately following admission; and further shall contain the following elements as appropriate:

1. A discharge date, if appropriate, within 90-days of admission to the nursing facility, and voluntary transfer to a more appropriate setting.
2. Evaluation of the resident's needs to determine the least restrictive care setting based on available personal and community resources.
3. Based on the interdisciplinary care teams evaluation, determination of physical/environmental barriers that need to be overcome for the resident to return the community or a lesser level of care.
4. Determination of community resources for habilitation, housing and assistance with activities of daily living.
5. Determination of the educational needs of the resident, their family and/or caregivers in medical/nursing procedures and scheduling appropriate educational resident/family teaching sessions. These sessions should be scheduled so that there is sufficient time to have a didactic, demonstration and competency component.
6. Involving the resident in determining and applying for various community based programs. These include but are not limited to:
  - a. Section 8 Housing
  - b. Meals on Wheels
  - c. Nursing Home Waiver Program
  - d. Younger Adults Waiver Program
  - e. Medical Assistance Program
  - f. Medicare Program

- g. Various Durable Medical Equipment Programs
- h. Community Based Support Groups that target their disability
- i. MTA Mobility Program
- j. Specific educational resources such as the Maryland School for the Blind, Hearing and Speech Society, various academic and employment re-training programs.
- k. Vocational Rehabilitation programs.
- l. Drug and Alcohol Counseling.

7. If the non-elderly resident's stay in a nursing facility does exceed 90-days, the discharge plan should be re-evaluated every 90-days thereafter to determine if the resident's status has changed and care in a lesser non-instructional setting would be appropriate. During non-elderly residents' lengths of stay, the facility shall make every effort to room non-elderly residents near each other, and make every effort to meet their special needs.

Page Updated on 07/03/2008

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# Resident's Plan of Care

---

## Policy Statement

It is the policy of this facility to develop and maintain an individualized plan of care for each resident.

## Procedure

1. The nursing staff, in coordination with other resident care services, develops and maintains a plan of care for each resident.
2. The care plan is developed from the resident assessment (MDS) and in coordination with the attending physician's regimen of care. The plan is reviewed as necessary, but at least quarterly, by all professional personnel involved in the care of the resident.
3. The care plan is available for use by all personnel providing care/services to/for the resident. It includes, but is not limited to:
  - a. The identification of problem;
  - b. Any risk factor(s) associated with the problem;
  - c. Goals to achieve in preventing, reversing, or maintaining the problem;
  - d. Approaches to use in resolving problems or risk factors;
  - e. Which professional service is responsible for each element of care; and
  - f. Evaluations.
  - g. Discharge Planning
  - h. Comfort Care
4. The care plan is implemented within twenty-one (21) days of the resident's admission, and the resident and family are encouraged to participate in the development of his/her care plan.
5. Policies governing the development of care plans are located in a separate chapter of this manual entitled "Care Plans."

Last Revised 05/04/07



**OCCUPANCY AND RATE DATA**

**PART I - INPATIENT DAYS BY CLASS OF LICENSE**

MONTH	COMPREHENSIVE CARE				NON-COMPREHENSIVE CARE		TOTAL OF FACILITY
	PRIVATE	MARYLAND MEDICAL ASSISTANCE	MEDICAID HOSPICE	OTHER GOVT.	DOMICILIARY	(SPECIFY)	
	1. JULY	451	4,289	152	754		
2. AUGUST	420	4,186	133	1,003			5,742
3. SEPTEMBER	442	3,971	89	1,058			5,560
4. OCTOBER	368	4,366	117	1,065			5,916
5. NOVEMBER	448	4,354	77	1,086			5,965
6. DECEMBER	402	4,482	50	1,055			5,989
7. JANUARY	546	4,320	42	1,278			6,186
8. FEBRUARY	474	3,878	94	1,185			5,631
9. MARCH	377	4,391	72	984			5,824
10. APRIL	371	4,250	67	1,040			5,728
11. MAY	474	4,729	83	801			6,087
12. JUNE	453	4,709	65	723			5,950
12a.							
12b.							
13. TOTALS	5,226	51,925	1,041	12,032			70,224

14. Total Comprehensive Care Days  
 (Add Line 13, Col. 1, Col. 2, Col. 3 & Col. 4)

70,224
--------

**PART II - BED CAPACITY**

15. Licensed beds at beginning of period	209			209
16. Licensed beds at end of period	209			209
17. Date(s) of change in number of certified beds, if applicable (month/day)				
18. Beds Days available during the period	76,285			76,285

**PART III - PERCENT OCCUPANCY**

19. Total from Line 13 or 14, Part I divided by Line 18, Part II

92.05%			92.05%
--------	--	--	--------

**PART IV - DAILY MINIMUM SEMI-PRIVATE RATES AS OF LAST DAY OF REPORTING PERIOD**

20. Private pay patients	\$268.00			
21. Medicare patients				
22. Medicaid patients				
23. Other (Specify)				
24.				

**OCCUPANCY AND RATE DATA**

**PART I - INPATIENT DAYS BY CLASS OF LICENSE**

MONTH	COMPREHENSIVE CARE				NON-COMPREHENSIVE CARE		TOTAL OF FACILITY
	PRIVATE	MARYLAND MEDICAL ASSISTANCE	MEDICAID HOSPICE	OTHER GOVT.	DOMICILIARY	(SPECIFY)	
	1. JULY	563	4,738		755		
2. AUGUST	586	4,585		903			6,074
3. SEPTEMBER	327	4,357		856			5,540
4. OCTOBER	344	4,515		1,131			5,990
5. NOVEMBER	408	4,398		833			5,639
6. DECEMBER	402	4,536		765			5,703
7. JANUARY	374	4,556		958			5,888
8. FEBRUARY	318	4,143		816			5,277
9. MARCH	501	4,380		712			5,593
10. APRIL	399	4,342		745			5,486
11. MAY	399	4,725		626			5,750
12. JUNE	411	4,401		503			5,315
12a.							
12b.							
13. TOTALS	5,032	53,676		9,603			68,311

14. Total Comprehensive Care Days  
 (Add Line 13, Col. 1, Col. 2, Col. 3 & Col. 4)

68,311
--------

**PART II - BED CAPACITY**

15. Licensed beds at beginning of period	209			209
16. Licensed beds at end of period	209			209
17. Date(s) of change in number of certified beds, if applicable (month/day)				
18. Beds Days available during the period	76,285			76,285

**PART III - PERCENT OCCUPANCY**

19. Total from Line 13 or 14, Part I divided by Line 18, Part II

89.55%			89.55%
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**PART IV - DAILY MINIMUM SEMI-PRIVATE RATES AS OF LAST DAY OF REPORTING PERIOD**

20. Private pay patients	\$268.00			
21. Medicare patients				
22. Medicaid patients				
23. Other (Specify)				
24.				

**OCCUPANCY AND RATE DATA**

**PART I - INPATIENT DAYS BY CLASS OF LICENSE**

MONTH	COMPREHENSIVE CARE				NON-COMPREHENSIVE CARE		TOTAL OF FACILITY
	PRIVATE	MARYLAND MEDICAL ASSISTANCE	MEDICAID HOSPICE	OTHER GOVT.	DOMICILIARY	(SPECIFY) ASST LIVING	
	1. JANUARY	228	808		836		
2. FEBRUARY	295	743		645		2,251	3,934
3. MARCH	335	821		600		2,511	4,267
4. APRIL	285	893		582		2,389	4,149
5. MAY	308	903		638		2,465	4,314
6. JUNE	307	823		655		2,257	4,042
7. JULY	211	1,017		668		2,217	4,113
8. AUGUST	226	964		672		2,298	4,160
9. SEPTEMBER	248	921		529		2,230	3,928
10. OCTOBER	231	995		646		2,327	4,199
11. NOVEMBER	204	986		593		2,211	3,994
12. DECEMBER	228	1,051		570		2,254	4,103
12a.							
12b.							
13. TOTALS	3,106	10,925		7,634		27,883	49,548

14. Total Comprehensive Care Days  
 (Add Line 13, Col. 1, Col. 2, Col. 3 & Col. 4)

21,665
--------

**PART II - BED CAPACITY**

15. Licensed beds at beginning of period	63	97	160
16. Licensed beds at end of period	63	97	160
17. Date(s) of change in number of certified beds, if applicable (month/day)			
18. Beds Days available during the period	22,995	35,405	58,400

**PART III - PERCENT OCCUPANCY**

19. Total from Line 13 or 14, Part I divided by Line 18, Part II

94.22%		78.75%	84.84%
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**PART IV - DAILY MINIMUM SEMI-PRIVATE RATES AS OF LAST DAY OF REPORTING PERIOD**

20. Private pay patients	\$350.00		
21. Medicare patients			
22. Medicaid patients			
23. Other (Specify)			
24.			

**OCCUPANCY AND RATE DATA**

**PART I - INPATIENT DAYS BY CLASS OF LICENSE**

MONTH	COMPREHENSIVE CARE				NON-COMPREHENSIVE CARE		TOTAL OF FACILITY
	PRIVATE	MARYLAND MEDICAL ASSISTANCE	MEDICAID HOSPICE	OTHER GOVT.	DOMICILIARY	(SPECIFY) ASST LIVING	
	1. JANUARY	232	1,070		542		
2. FEBRUARY	231	947		486		2,139	3,803
3. MARCH	221	1,121		496		2,485	4,323
4. APRIL	165	1,020		581		2,465	4,231
5. MAY	244	992		546		2,529	4,311
6. JUNE	214	1,032		498		2,425	4,169
7. JULY	190	1,043		631		2,521	4,385
8. AUGUST	221	1,036		580		2,596	4,433
9. SEPTEMBER	291	984		562		2,576	4,413
10. OCTOBER	263	1,011		637		2,668	4,579
11. NOVEMBER	276	959		575		2,512	4,322
12. DECEMBER	306	981		513		2,618	4,418
12a.							
12b.							
13. TOTALS	2,854	12,196		6,647		29,919	51,616

14. Total Comprehensive Care Days  
 (Add Line 13, Col. 1, Col. 2, Col. 3 & Col. 4)

21,697
--------

**PART II - BED CAPACITY**

15. Licensed beds at beginning of period	63	110	173
16. Licensed beds at end of period	63	110	173
17. Date(s) of change in number of certified beds, if applicable (month/day)			
18. Beds Days available during the period	22,995	40,150	63,145

**PART III - PERCENT OCCUPANCY**

19. Total from Line 13 or 14, Part I divided by Line 18, Part II

94.36%	74.52%	81.74%
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**PART IV - DAILY MINIMUM SEMI-PRIVATE RATES AS OF LAST DAY OF REPORTING PERIOD**

20. Private pay patients	\$350.00		
21. Medicare patients			
22. Medicaid patients			
23. Other (Specify)			
24.			

**OCCUPANCY AND RATE DATA**

**PART I - INPATIENT DAYS BY CLASS OF LICENSE**

MONTH	COMPREHENSIVE CARE				NON-COMPREHENSIVE CARE		TOTAL OF FACILITY
	1	2	3	4	5	6	
	PRIVATE	MARYLAND MEDICAL ASSISTANCE	MEDICAID HOSPICE	OTHER GOVT.	DOMICILIARY	(SPECIFY)	
1. JANUARY	303	876		708			1,887
2. FEBRUARY	272	820		656			1,748
3. MARCH	305	887		697			1,889
4. APRIL	342	892		532			1,766
5. MAY	301	913		663			1,877
6. JUNE	239	913		620			1,772
7. JULY	288	988		600			1,876
8. AUGUST	280	1,129		626			2,035
9. SEPTEMBER	289	1,121		456			1,866
10. OCTOBER	364	1,077		526			1,967
11. NOVEMBER	316	880		627			1,823
12. DECEMBER	418	929		548			1,895
12a.							
12b.							
13. TOTALS	3,717	11,425		7,259			22,401

14. Total Comprehensive Care Days  
 (Add Line 13, Col. 1, Col. 2, Col. 3 & Col. 4)

22,401
--------

**PART II - BED CAPACITY**

15. Licensed beds at beginning of period	64			64
16. Licensed beds at end of period	70			70
17. Date(s) of change in number of certified beds, if applicable (month/day)	7/10/2014			
18. Beds Days available during the period	24,410			24,410

**PART III - PERCENT OCCUPANCY**

19. Total from Line 13 or 14, Part I divided by Line 18, Part II

91.77%			91.77%
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**PART IV - DAILY MINIMUM SEMI-PRIVATE RATES AS OF LAST DAY OF REPORTING PERIOD**

20. Private pay patients	\$310.00			
21. Medicare patients				
22. Medicaid patients				
23. Other (Specify)				
24.				

**OCCUPANCY AND RATE DATA**

**PART I - INPATIENT DAYS BY CLASS OF LICENSE**

MONTH	1	2	3	4	5	6	7
	COMPREHENSIVE CARE				NON-COMPREHENSIVE CARE		TOTAL OF FACILITY
	PRIVATE	MARYLAND MEDICAL ASSISTANCE	MEDICAID HOSPICE	OTHER GOVT.	DOMICILIARY	(SPECIFY)	
1. JANUARY	293	1,018		706			2,017
2. FEBRUARY	319	926		450			1,695
3. MARCH	413	946		599			1,958
4. APRIL	392	963		530			1,885
5. MAY	448	1,026		494			1,968
6. JUNE	415	977		478			1,870
7. JULY	363	1,074		505			1,942
8. AUGUST	397	1,054		559			2,010
9. SEPTEMBER	400	997		541			1,938
10. OCTOBER	346	1,067		596			2,009
11. NOVEMBER	301	1,064		508			1,873
12. DECEMBER	270	1,133		493			1,896
12a.							
12b.							
13. TOTALS	4,357	12,245		6,459			23,061

14. Total Comprehensive Care Days  
 (Add Line 13, Col. 1, Col. 2, Col. 3 & Col. 4)

23,061
--------

**PART II - BED CAPACITY**

15. Licensed beds at beginning of period	70			70
16. Licensed beds at end of period	70			70
17. Date(s) of change in number of certified beds, if applicable (month/day)				
18. Beds Days available during the period	25,550			25,550

**PART III - PERCENT OCCUPANCY**

19. Total from Line 13 or 14, Part I divided by Line 18, Part II	90.26%			90.26%
--	--------	--	--	--------

**PART IV - DAILY MINIMUM SEMI-PRIVATE RATES AS OF LAST DAY OF REPORTING PERIOD**

20. Private pay patients	\$310.00			
21. Medicare patients				
22. Medicaid patients				
23. Other (Specify)				
24.				



August 4, 2016

James A. Forsyth, Esq.  
11604 Garrison Forest Rd.  
Owings Mills, MD 21117

Re: Lorien Nursing & Rehabilitation Center - Elkridge

Dear Mr. Forsyth:

Please advised that I am Lorien Health System's Chief Operating Officer. My duties include overseeing implementation of our Quality Assurance Program at all Lorien managed facilities. I attach a summary of our Quality Assurance Program for inclusion in the Application for Certificate of Need for the expansion of Lorien – Elkridge.

In addition, I work with Lorien facility Administrators during the Surveys performed by the Maryland Office of Health care Quality. In the event deficiencies are found during the course of surveys, facilities abate them and file Plans of Correction, as required.

Please be advised that there are no outstanding Level G deficiencies or any other deficiencies at any Lorien facility.

Very truly yours,

A handwritten signature in black ink, appearing to read "Wayne Brannock", is written over the typed name.

WAYNE BRANNOCK  
Chief Operating Officer

Lorien Health Systems

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

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Occurrence Monitoring Form

Unusual Occurrence Report Form

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Unexpected Death Investigation/CQI (Review and Documentation) Form

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Monthly GNA Report to Quality Assurance/Performance Improvement

Monthly GNA Report Form

Monthly Dietitian's Report to Quality Assurance/Performance Improvement

Monthly Dietitian's Report Form

Psychoactive Medication Log Form to Quality Assurance/Performance Improvement

Psychoactive Medication Report Form

Restraint Report Form to Quality Assurance/Performance Improvement

Restorative Care Report Form to Quality Assurance/Performance Improvement

# Michael J. Snarski

Certified Public Accountant

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

July 25, 2016

Maryland Health Care Commission  
4260 Patterson Avenue  
Baltimore, MD 21215

Re; Loiren Life Center Howard II, Inc. dba  
Lorien Elkridge  
25 Comprehensive Beds

To Whom It May Concern:

I have been the accountant for seventeen 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.

I have been provided financial statements and accounting records of the health care entities and related real estate entities owned by the Mangione family, including the December 31, 2015 financial statements of Lorien Life Center Howard II, Inc. and M-10 Elkridge, LLC.

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



July 29, 2016

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

Re: Lorien Life Center Howard II, Inc. dba Lorien Nursing & Rehabilitation Cter - Elkridge.

Dear Mr. Mangione:

We understand that you and your family are filing an Application for Certificate of Need seeking approval from the MHCC to construct an expansion of your existing Lorien Elkridge senior care facility located at 7615 Washington Blvd., Elkridge, MD 21075. Specifically, you are planning a 3 – story, approximately 20,000 sf addition to the existing facility and adding 25 nursing beds to the current 70 beds. The project will also include approximately 1,600 sf of renovations. You project total project costs to be approximately \$5.5 Million including a \$300,000 FFE loan and an equity contribution of approximately \$908,000.00.

In accordance with your request, the writer would be willing to consider recommending to our loan committees approval of 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.

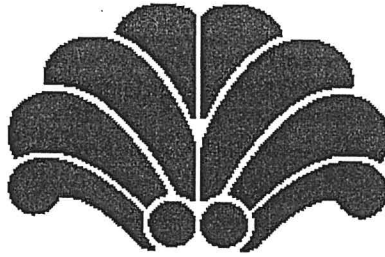
Please understand that this correspondence is not to be construed as a commitment letter. Loan approvals require formal committee decisions and these would be communicated to you in writing. Obviously I will need the Certificate of Need, the plans, specifications, contract, costs, etc., to start the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

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Chris Beach', with a long horizontal flourish extending to the right.

Christian J. Beach  
Group Manager  
Administrative Vice President



## Lorien Nursing and Rehabilitation - Elkridge

### A. Items and Services Included in the Daily Rate

The daily rates and the items and services they include are listed below  
(effective 7/10/2015).

Description	Rate/Day
Semi-Private Room	\$ 340.00
Private	\$ 380.00

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"> <li>a. The administration of prescribed oral medications and ordered diet (except supplements);</li> <li>b. The provision of care to prevent skin breakdown, bedsores, and deformities;</li> <li>c. The provision of care to keep the resident comfortable, clean, and well-groomed;</li> <li>d. The provision of care to protect the resident from accident, injury, and infection;</li> <li>e. The provision of care necessary to encourage, assist, and train the resident in self-care and group activities.</li> </ul>
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. You may be charged for these items and services if you (or your physician) ask for them and you receive them. If you are 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.

<b>Category/Item</b>	<b>Price Range</b>
Catheter care/daily charge	\$5.00
Colostomy care, daily charge	\$5.00 - \$15.00
Dressing supplies, ea.	\$0.50 - \$15.00
Feedings – enteral, daily charge	\$8.50 - \$10.00
Feedings – personal, daily charge	\$6.00
Incontinence, daily charge	\$6.00 - \$10.00
Injections, charge per injection	\$3.00
Isolation, daily charge	\$25.00
IV, daily charge	\$15.00 - \$25.00
Laundry, daily charge	\$1.50
Oxygen concentrator, daily charge	\$8.00
Specialty mattress rental, daily charge	\$15.00
Suctioning/tracheostomy care, daily charge	\$6.00 - \$12.00
Wound care, per treatment	\$5.00
<b>Beauty Shop</b>	<b>Price</b>
Shampoo	\$6.00
Basic Conditioner	\$3.00
Deep Conditioning Treatment	\$10.00
Comb-out / Touch-up	\$6.00
Shampoo & Set Package	\$16.00
Shampoo, Set & Cut Package	\$27.00
Women's Cut	\$14.00
Women's Cut & Shampoo Package	\$15.00
Men's Cut	\$12.00
Men's Clipper Cut	\$10.00
Neck Trim	\$5.00
Braids (Starting at...)	\$20.00
Press & Curl Package	\$30.00
Single Process Color	\$35.00
Temporary Color Rinse	\$4.00
Highlights - Price Level 1	\$35.00
Highlights - Price Level 2	\$45.00
Highlights - Price Level 3	\$55.00
Perm (Includes a Set)	\$45.00
Perm & Cut Package	\$55.00
Hair Straightening Relaxer & Set Package	\$45.00
Manicure	\$12.00
Pedicure	\$25.00

Polish Change / Nail Shaping	\$7.00
Toenail Clipping	\$7.00
Head, Neck&Shoulders Massage (Per 10 min)	\$10.00
Hand Massage (Per 10 min)	\$10.00
Foot Massage (Per 10 min)	\$10.00
30 Min Massage	\$30.00
1 Hr Massage	\$60.00
Men's Facial Grooming	\$5.00
Hair Removal Service (per service chin or lip)	\$8.00
Hair Removal Service (per service for Brow)	\$8.00
<b>Guest Trays</b>	
<b>Guest Trays</b>	<b>Price</b>
Guest Tray (see Front Desk for items)	\$5.00 / Lunch \$5.00 / Dinner

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

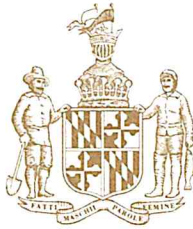
*Dental services	
*Laboratory services	
Medicare co-insurance	\$ 161.50 per day
*Mental health services:	
*Newspapers	
*Optometry	
*Pharmacy	
*Physician services	
*Private Duty Nurses or GNA	
*Radiology	
*Rehabilitation services:	
<ul style="list-style-type: none"> <li>• Physical therapy</li> <li>• Occupational therapy</li> <li>• Speech therapy</li> </ul>	
Specialist services, for example:	
<ul style="list-style-type: none"> <li>• *Podiatry services</li> </ul>	
Telephone /Cable/Internet services:	\$1.50/daily    \$20.00 one time

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 6 of Contract).**

PETER A. HAMMEN  
46th Legislative District  
Baltimore City

*Chair*  
Health and Government  
Operations Committee



*Annapolis Office*  
The Maryland House of Delegates  
6 Bladen Street, Room 241  
Annapolis, Maryland 21401  
410-841-3772 · 301-858-3772  
800-492-7122 Ext. 3772  
Fax 410-841-3409 · 301-858-3409  
Peter.Hammen@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

*District Office*  
6228 Eastern Avenue  
Baltimore, Maryland 21224  
410-631-7900

August 2, 2016

Mr. Ben Steffen  
Executive Director  
Maryland Health Care Commission  
4160 Patterson Avenue  
Baltimore, Maryland 21215

By Fax to 410-358-1236 and U.S. Mail

Re: Lorien Nursing & Rehabilitation Center CON Expansion Project (25 Beds)

Dear Director Steffen:

We understand that Lorien – Elkridge is filing an Application for a CON on August 5, 2016 to expand its 70 bed comprehensive care facility located at 7615 Washington Blvd., Elkridge, MD 21075 (Howard County). We are advised that the expansion project is intended to meet part of the need for an additional 105 Nursing Beds recently identified by the MHCC as needed to serve the needs of residents of Howard County. We are writing to express our strong support for this 25 Bed expansion project.

We are also advised that Lorien Elkridge is the only provider proposing to partially address this need and that there are no other competing projects or alternative proposals before the Maryland Health Care Commission. The expansion will allow Lorien Elkridge to increase its ability to provide a mix of Short Term Rehabilitation and Long Term Care services to the community. These additional beds will also facilitate the creation of a substantial number of Private Patient Rooms thereby responding to individual preferences and increasing resident privacy and dignity.

As Chair and Vice Chair of the Health & Government Operations Committee, we have a very strong interest in supporting the development of modern, well run



health care facilities that meet the growing needs of the elderly population efficiently and effectively. Lorien facilities are well known in the community as excellent providers of care with a focus on expeditiously returning patients to community settings. Accordingly, we hope that the MHCC will give favorable consideration to Lorien Elkridge's Application.

Thank you for considering our views.

Very truly yours,



Delegate Peter Hammen  
Chair, HGO Committee



Delegate Shane Pendergrass  
Vice Chair, HGO Committee

cc: Louis Grimmel, CEO, Lorien Health Systems  
Paul E. Parker, MHCC, Ctr. for Hlth. Planning & Dev. (Fax to 410 358 1311)  
Kevin McDonald, Chief CON Division, MHCC (Fax to 410 358 1311)

July 29, 2016

Mr. John Mangione.  
Administrator  
Lorien Elkridge  
7615 Washington Blvd.  
Elkridge, MD 21075

Re: Facility Expansion Project

Dear Mr. Mangione,

Please note my support for the plan to expand Lorien Elkridge's comprehensive care nursing and rehabilitation services by adding 25 new beds. Your facility is very popular and highly regarded as a valuable community resource.

As numbers of seniors continues to grow in Howard County the need for new beds and services continues apace. Your capacity for offering needed services allows our seniors to access needed services including rehabilitation, as well as long term care.

Lorien Elkridge's setting is also much to be admired and it is easily accessible to residents and families. I look forward to seeing your planned expansion come to fruition.

Sincerely,

*Chanel Moody*

Address: 7014 Gentle Shade Rd #301  
Columbia, Md. 21046

July 29, 2016

Mr. John Mangione.  
Administrator  
Lorien Elkridge  
7615 Washington Blvd.  
Elkridge, MD 21075

Re: 25 Bed Expansion Project

Dear Mr. Mangione,

I am happy to add my support for Lorien Elkridge's planned new 25 Bed expansion of its facility. Your facility has an excellent reputation in the community and its expansion will allow it to offer its medical and therapeutic services to greater numbers of Howard County Seniors as our population ages. Lorien Elkridges is an important part of the Howard County community and I wish you continued success.

Sincerely,

Name:

Address:

Caiyun Zhao

4527 Rolling Meadows,

Ellicott City, MD

21043

July 29, 2016

Mr. John Mangione.  
Administrator  
Lorien Elkridge  
7615 Washington Blvd.  
Elkridge, MD 21075

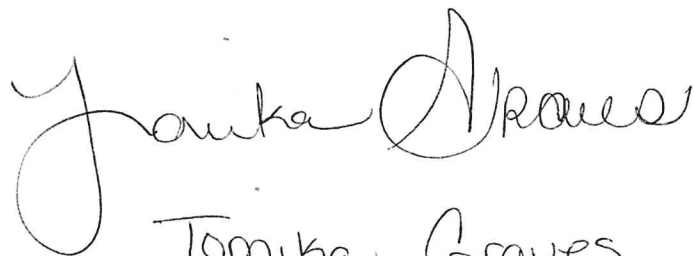
Re: 25 Bed Expansion Project

Dear Mr. Mangione,

I am happy to add my support for Lorien Elkridge's planned new 25 Bed expansion of its facility. Your facility has an excellent reputation in the community and its expansion will allow it to offer its medical and therapeutic services to greater numbers of Howard County Seniors as our population ages. Lorien Elkridges is an important part of the Howard County community and I wish you continued success.

Sincerely,

Name:  
Address:

  
Tomika Graves  
9405 Squires Court  
Laurel, MD 20723

July 29, 2016

Mr. Louis G. Grimmel  
Chief Executive Officer  
Lorien Health Systems  
3300 N. Ridge Rd. – Suite 390  
Ellicott City, Maryland 21043


Dear Mr. Grimmel,

I strongly support your plans to construct a and addition to Lorien Elkridge. I understand you are currently seeking approval to add 25 more nursing beds to your project so that it will be a 95 bed facility.

As you know, we have a fast growing population of senior citizens, many of whom require the services Lorien proposes. In addition, geographic access to services will be improved by the bed expansion.

Sincerely,

Signature

  
Name - ANGELA MATTHEW  
Address - 9155 BOURBON ST #K  
LAUREL MD 20723

July 27, 2016

Mr. John Mangione.  
Administrator  
Lorien Elkridge  
7615 Washington Blvd.  
Elkridge, MD 21075

Re: Bed Expansion Project

Dear Mr. Mangione,

Please be advised that I support your proposed expansion of nursing beds at Lorien Elkridge, Howard County. Your facility has an excellent reputation in the community. I think your bed addition will offer seniors increased access to quality services for the County's growing elderly population and their families.

I enthusiastically support your new project proposal and wish you luck in obtaining speedy regulatory approvals.

Sincerely,



Kayla Santos

Address:

4812 Circling Hunter Dr. Apt. 303  
Columbia MD, 21045

July 26, 2016

Mr. Lou Grimmel  
Lorien Health Systems  
3300 N. Ridge Rd. – Suite 390  
Ellicott City, Maryland 21043

Dear Mr. Grimmel,

Please consider this a letter of support for Lorien's proposed addition of beds to your Lorien Elkrige nursing facility at 7615 Washington Blvd in Elkrige, Howard County Maryland.

This modern and attractive facility brings needed services to an area of Howard County without such facilities and enhances quality of life for our fast growing senior population.

Very truly yours,

Signature *Kari Smith*  
Printed Name - Kari Smith  
Address - 8081 Hillrise Ct  
Elkrige, MD 21075

July 25, 2016

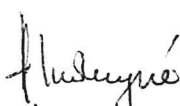
Mr. Louis G. Grimmel  
Chief Executive Officer  
Lorien Health Systems  
3300 N. Ridge Rd. – Suite 390  
Ellicott City, Maryland 21043

Dear Mr. Grimmel,

I strongly support your plans to construct a and addition to Lorien Elkridge.. I understand you are currently seeking approval to add 25 more nursing beds to your project so that it will be a 95 bed facility.

As you know, we have a fast growing population of senior citizens, many of whom require the services Lorien proposes. In addition, geographic access to services will be improved by the bed expansion.

Sincerely,

Signature   
Name - Hermann Ndenque  
Address - 6765 Old Waterloo Road, #407  
Elkridge, MD 21075



July 25, 2016

Mr. Louis Grimmel  
Lorien Health Systems  
3300 N. Ridge Rd.  
Ellicott City, Maryland 21043

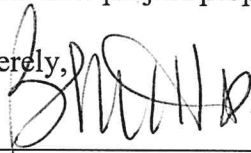
Re: Lorien Nursing & Rehabilitation Center - Elkridge

Dear Mr. Grimmel,

Please be advised that I support the Application for a Certificate of Need for the addition of beds at Lorien Elkridge located at 7615 Washington Blvd in Elkridge. I understand the new addition will allow Lorien to add more Private Rooms while offering seniors increased access to quality services.

This modern facility offers a wonderful community resource for the county's elderly and their families. I enthusiastically support your new project proposal.

Sincerely,



Signature

Printed Name: Brenda Hook

Address: 4812 Circling Hunter Dr. #303  
Columbia, MD. 21045.

July 26, 2016

Mr. John Mangione.  
Administrator  
Lorien Elkridge  
7615 Washington Blvd.  
Elkridge, MD 21075

Re: Facility Expansion Project

Dear Mr. Mangione,

Please note my support for the plan to expand Lorien Elkridge's comprehensive care nursing and rehabilitation services by adding 25 new beds. Your facility is very popular and highly regarded as a valuable community resource.

As numbers of Seniors continues to grow in Howard County the need for new beds and services continues apace. Your capacity for offering needed services allows our seniors to access needed services including rehabilitation, as well as long term care..

Lorien Elkridge's setting is also much to be admired and it is easily accessible to residents and families. I look forward to seeing your planned expansion come to fruition.

Sincerely,



Address:

7114 Beverly Drive Apt C  
Elkridge, MD 21075

July 26, 2016

Mr. Louis Grimmel  
CEO  
Lorien Health Systems  
3300 N. Ridge Rd. Suite 390  
Ellicott City, Maryland 21043

Re: Lorien - Elkridge

Dear Mr. Grimmel,

Please add me to the list of supporters of the Application for a Certificate of Need for the addition of 25 new beds at Lorien Elkridge located at 7615 Washington Blvd in Elkridge. I understand the new addition will allow Lorien to add more Private Rooms while offering seniors increased access to quality services.

Lorien Elkridge is an important community resource for the county's elderly and their families. I enthusiastically support its expansion.

Sincerely,



Signature

Name & Address:

LEA BALDERAS  
3131 PRICILCA VIEW  
ELICOTT CITY, MO 21043

July 26, 2016

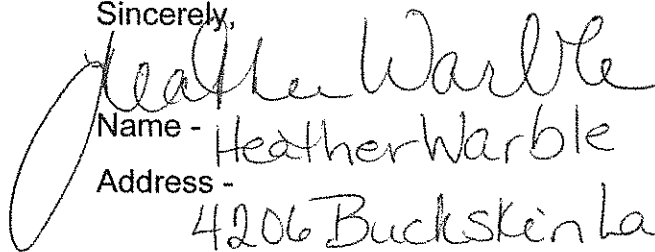
Mr. Louis G. Grimmel  
Chief Executive Officer  
Lorien Health Systems  
3300 N. Ridge Rd. – Suite 390  
Ellicott City, Maryland 21043

Dear Mr. Grimmel,

This is a letter of support for your plans to construct a 25 bed addition to Lorien Elkridge. I understand you are currently seeking approval from the Maryland Health Care Commission to add 25 more nursing beds to your project so that it will be a 95 bed facility.

As you know, we have a fast growing population of senior citizens, many of whom require the services Lorien proposes. In addition, geographic access to services will be improved by the bed expansion since Elkridge is an area served only by your facility.

Sincerely,

  
Name - Heather Warble  
Address -  
4206 Buckskin Lake Dr  
Ellicott City, MD 21042

July 26, 2016

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

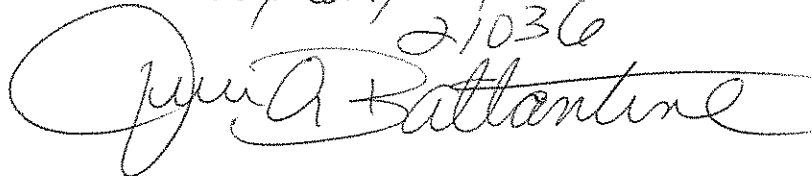
Dear Mr. Grimmel,

Please be advised that I support your proposed expansion of nursing beds at Lorien Elkrige, Howard County. Your facility has an excellent reputation in the community. I think your bed addition will offer seniors increased access to quality services for the County's growing elderly population and their families.

I enthusiastically support your new project proposal and wish you luck in obtaining speedy regulatory approvals.

Sincerely,

Name - Teresa A. Ballantine  
Address - 4971 Green Bridge Rd  
Dayton, MD  
21036

A handwritten signature in cursive script that reads "Teresa A. Ballantine". The signature is written in black ink and is positioned below the printed name and address information.