

COMPREHENSIVE CARE FACILITY CERTIFICATE OF NEED APPLICATION



PROPOSED CAPITAL PROJECT FOR CONSTRUCTION OF FOUR-LEVEL ADDITION AND RENOVATION OF EXISTING SPACE

Applicant: Stella Maris, Inc.
April 8, 2016

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PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. FACILITY

Name of Facility: Stella Maris

Address:

<u>2300 Dulaney Valley Road</u>	<u>Timonium</u>	<u>21093</u>	<u>Baltimore County</u>
Street	City	Zip	County

2. NAME OF OWNER Stella Maris, 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.

Applicant's Response:

Mercy Health Services, Inc., a Maryland not-for-profit corporation, is the sole corporate parent of Stella Maris. Mercy Health Services has no parent entities or owners. An organizational chart is attached as **Exhibit 2**.

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):

Stella Maris, Inc.

Address:

<u>2300 Dulaney Valley Road</u>	<u>Timonium</u>	<u>21093</u>	<u>Baltimore County</u>
Street	City	Zip	County

Telephone: 410-252-4500

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

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
Maryland, 1985
- 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: Eric Shope, Senior Vice President Business and Clinical Development

Company Name Stella Maris, Inc.

Mailing Address:

2300 Dulaney Valley Road
Street

Timonium
City

21093
Zip

MD
State

Telephone: 410-252-4500 x. 7313

E-mail Address (required): eshope@stellamaris.org

Fax: 410-560-9675

If company
name is different
than applicant
briefly describe
the relationship

B. Additional or alternate contact:

Name and Title: Judith Weiland, Senior Vice President Strategic / Capital Planning

Company Name Mercy Health Services

Mailing Address:

301 St. Paul Place	Baltimore	21202	MD
Street	City	Zip	State

Telephone: 410-332-9267

E-mail Address (required): jweiland@mdmercy.com

Fax:

If company
name is
different than
applicant briefly
describe the
relationship

Mercy Health Services is the sole corporate parent of Stella Maris.

Name and Title: Thomas C. Dame, Esq.

Company Name Gallagher Evelius & Jones LLP

Mailing Address:

218 N. Charles Street Suite 400	Baltimore	21201	MD
Street	City	Zip	State

Telephone: 410-347-1331

E-mail Address (required): tdame@gejlaw.com

Fax: 410-468-2786

**If company
name is
different than
applicant briefly
describe the
relationship**

Legal Counsel

Name and Title: James C. Buck, Esq.

Company Name Gallagher Evelius & Jones LLP

Mailing Address:

218 N. Charles Street Suite 400
Street

Baltimore
City

21201
Zip

MD
State

Telephone: 410-347-1353

E-mail Address (required): jibuck@gejlaw.com

Fax: 410-468-2786

**If company
name is
different than
applicant briefly
describe the
relationship**

Legal Counsel

Name and Title: Andrew L. Solberg

Company Name A.L.S. Healthcare Consultant Services

Mailing Address:

5612 Thicket Lane
Street

Columbia
City

21044
Zip

MD
State

Telephone: 410-730-2664

E-mail Address (required): asolberg@earthlink.net

Fax: 410-730-2664

If company
name is
different than
applicant briefly
describe the
relationship

Consultant

**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

Stella Maris, Inc.

Address:

2300 Dulaney Valley Road

Timonium

21093

MD

Baltimore

Street

City

Zip

State

County

Telephone: 410-252-4500

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.

**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 3rd party):**

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

Stella Maris, Inc.

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.

Address:

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.

Name of Management Company No management company is or will be involved in the clinical or financial management of the facility.

Address:

Street City Zip State County

Telephone: _____

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

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

Stella Maris, Inc., is a nonprofit, comprehensive care facility, sponsored by the Sisters of Mercy, and an affiliate of Mercy Health Services. For more than 60 years, Stella Maris has offered a comprehensive range of health and residential services for the care of the elderly from retirement through the end of life. Since 1983, Stella Maris has provided both inpatient and home hospice care, having established one of the first hospice care programs in Maryland. Other services provided by Stella Maris include long-term and dementia care, home health and personal care, counseling and bereavement services, medical care, rehabilitation, pastoral care, and a senior day center.

Stella Maris employs an interdisciplinary staff of highly-trained and experienced care providers, which has earned it an unrivaled reputation for excellence. Stella Maris complies with the provisions of the Civil Rights Act of 1964 and all requirements to the end that no person shall, on the basis of race, color or national origin, be excluded from participation in, be denied benefits or otherwise be subjected to discrimination in the provision of services. Stella Maris is the second largest individual provider of Medicaid long term care days in the State of Maryland and the largest provider in Baltimore County.

While Stella Maris has state-of-the art programs, the facilities where much of its outstanding care is provided were designed and built in the 1950s and 1960s and are outdated by today's standards. Rehabilitation beds are currently located in the Pangborn Wing, which was constructed in 1966. Although well-maintained, the structure of the facility can no longer accommodate today's more acute patients who arrive with increasingly more complex medical and rehabilitation needs. Because of its older facilities, Stella Maris has also needed to rely upon waivers from current design standards, including the Americans with Disabilities Act and COMAR regulations establishing minimum clearances around patient beds.

Stella Maris proposes to construct a new four-level addition to its existing comprehensive care facility, including a basement and three stories above ground, and to renovate part of its existing Shehan Wing to accommodate this new addition. The new construction will consist of approximately 75,375 square feet, and the renovation work in the Shehan Wing will involve approximately 5,106 square feet of space. Upon completion, the new construction will result in a 60-bed rehabilitation or "transitional care" unit and shell space on the third floor to accommodate future updates and upgrades to Stella Maris's aging facilities.

Stella Maris is currently licensed for 412 beds, all of which are dually certified for Medicare and Medicaid reimbursement. The project will not change the number of licensed beds. The project will, however, increase the number of private patient rooms and reduce the number of patient rooms where more than two residents share a toilet. The project will also modernize patient rooms and other space to provide a home-like environment in accordance with today's

standards for long term care design, bring certain areas into compliance with federal and state design standards (without waivers), include a state-of-the art rehabilitation gym, and create efficiencies in the manner in which staff can provide care to Stella Maris's patients.

The project will be located at the facility's existing site, 2300 Dulaney Valley Road, Timonium, Maryland 21093, and on land owned by Stella Maris. The total estimated cost of the project is \$23,440,750. See **Exhibit 1, Table C** for additional information.

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

- (1) Construction, renovation, and demolition plans
- (2) Changes in square footage of departments and units
- (3) Physical plant or location changes
- (4) Changes to affected services following completion of the project
- (5) Outline the project schedule.

Stella Maris proposes to expand and renovate its existing facility in order to increase the number of private patient rooms used for rehabilitation services, increase the number of disabled patient accessible rooms, increase the number of rooms that meet the minimum regulatory standards for clearance without waivers, and decrease the number of rooms where two or more residents share a bathroom.

The proposed new construction will include four levels and 75,375 square feet of space as described below:

- Ground Floor – This level will be used for mechanical and electrical rooms, storage, and house administrative services which will be displaced from the Shehan Wing. It will also connect with the existing Shehan Wing to facilitate laundry and dietary services and delivery of supplies between buildings. New construction on this floor will be 16,000 square feet;
- First Floor – This level will provide a dedicated entrance for the rehabilitation beds, reception, and offices. It will also include 30 private patient rehabilitation rooms and a dining room. This floor, which will be 19,925 square feet, will also connect to the existing first floor of the Shehan Wing;
- Second Floor – This level, consisting of 19,725 square feet, will contain 30 private patient rehabilitation rooms and a dining room. It will also connect to the second floor of the Shehan Wing; and
- Third Floor – This level, consisting of 19,725 square feet, will be constructed as shell space, which will provide Stella Maris with flexibility to relocate additional rooms from the outdated Pangborn

Wing in the future in furtherance of additional anticipated efforts to modernize and update Stella Maris's existing facilities.

The proposed renovation will occur on four levels of the existing Shehan Wing, which was originally constructed in 1953. Approximately 5,106 square feet will be renovated and connect with the new construction as described below:

- Ground Floor – This level currently holds Stella Maris's rehabilitation gym, which presently lacks adequate space for necessary equipment and windows. Through the proposed renovation, a state-of-the art rehabilitation gym will be relocated to the first floor of the Shehan Wing so that it is more accessible, above ground, and adequately sized for residents in the new building. Approximately 450 square feet of space in the vacated rehabilitation gym will be renovated and used as employee recreation and break space;
- First Floor – Existing administrative offices on this floor consisting of 4,181 square feet will be renovated to house a new state-of-the art rehabilitation gym. As explained above, current administrative offices on this floor will be relocated to the Ground Floor of the new construction;
- Second Floor – Approximately 475 square feet of this floor will be renovated to allow a connection point between the Shehan Wing and the new construction; and
- Third Floor – This level will be connected to the third floor of the new construction.

Following the new construction and renovation project, Stella Maris will also decommission a total of 60 beds from its Shehan Wing and Pangborn Wing, which dates from 1966. Forty-four beds from 23 rooms that are currently semi-private will be decommissioned (two will become private rooms) and 16 private rooms will be decommissioned. The decommissioned rooms will be used for storage and other non-patient care related uses. The current project does not contemplate renovation in the Pangborn Wing.

Few improvements have been made to the Pangborn Wing, which houses Stella Maris's current rehabilitation unit, since it was originally constructed. Stella Maris desires to modernize and bring its rehabilitation beds into compliance with the following standards (without waivers):

- Americans With Disabilities Act ("ADA") Design Standards. Minimum standards for skilled nursing facilities require 50% of the rooms handicapped accessible and 100% of the rehabilitation rooms handicapped accessible. Very few of the existing rooms and bathrooms meet this requirement.

- Maryland Code of Regulations requires minimum clearances around patient beds. Many of the semi-private rooms do not have the minimum clearances required.

Additionally, Stella Maris has 4 rooms in the Pangborn Wing with a total of 7 beds that currently have no bathroom facilities and require residents to use a common bathroom across the hall. With the new building expansion, Stella Maris will be able to provide 100% of its rehabilitation rooms as handicapped accessible, develop the infrastructure to increase the number of skilled nursing handicapped rooms and bathrooms, increase the number of private rooms, increase the number of rooms that provide the required clearances, and eliminate rooms without bathrooms.

The addition will also allow future renovation of the existing facility without decreasing census or affecting the quality of the environment during the new construction or renovation phases.

The total project is expected to take 40 ½ months from grant of a CON through completion and construction will take place in two phases in accordance with COMAR 10.24.01.12(C)(3)(g). Building design, permitting, and construction contract bidding will take approximately 11 months after the grant of a certificate of need. Stella Maris will obligate 51% of the approved capital for the project within 12 months (approximately 1 month after completing design, permitting, and construction contract bidding). Within 1 month of a contract award, construction will commence. Phase 1 will include the new construction and will be completed in 21 months. Following an approximate 2 month period during which Stella Maris will move into the new construction, Phase 2 will commence which will include the renovation of the Shehan Wing. The renovation will be completed in another 5.5 months. **Exhibit 3** includes draft phasing plans reflecting the proposed new construction and renovation in Phases 1 and 2.

12. Complete Table A of the CON Table Package for Nursing Home (CCF) Applications.

Applicant's Response:

Table A is attached as **Exhibit 1**.

-
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.

Applicant's Response:

See Applicant's response to COMAR 10.24.08.05A(3).

14. REQUIRED APPROVALS AND SITE CONTROL

- A. Site size: The project will take place on 2 parcels owned by Stella Maris that are collectively 24.6 acres; Stella Maris owns approximately 126 acres surrounding the project.
- 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 property, located in Baltimore County, is currently zoned RC-4 (Rural Conservation). The site does not have a current plan on file with the Baltimore County Aging and Disability Resource Center ("DRC"). Accordingly, a request will be made for an exemption pursuant to Baltimore County Code § 32-4-106(a)(1)(vi) (construction of residential accessory structures or minor commercial structures) with the Baltimore County Development Review Committee. If approved, the § 32-4-106(a)(1)(vi) exemption will not require a concept plan, Community Input Meeting development plan, or a hearing before an administrative law judge. If the § 32-4-106(a)(1)(vi) exemption is not approved, the Applicant will make a request for an exemption pursuant to § 32-4-106(b)(6) (construction of accessory structures). If a § 32-4-106(b)(6) exemption is sought, a special hearing plan will be required and will be submitted to the Baltimore County Development Review Committee.

The Baltimore County Department of Environmental Protection and Sustainability will be responsible for reviewing and approving stormwater management and erosion and sediment control for the project. Baltimore County will expect the project site to meet Environmental Site Design ("ESD") requirements set forth in the Maryland Model Stormwater Management Ordinance as well as the Maryland Stormwater Management Guidelines for State and Federal Facilities. The primary goal of Maryland's stormwater management program is to maintain after development, as nearly as possible, the predevelopment runoff characteristics. ESD is a comprehensive design strategy for maintaining predevelopment runoff characteristics and protecting natural resources and relies on integrating site design, natural hydrology, and smaller controls to capture and treat runoff.

The Limit of Disturbance will be larger than 5,000 square feet. Therefore,

compliance with Baltimore County Soil Conservation District Sediment Control measures will be required. The Applicant anticipates no sediment basin or trap will be required, only a silt fence and super silt fence.

C. Form of Site Control (Respond to the one that applies. If more than one, explain.):

- (1) Owned by: Stella Maris, Inc.
- (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	12	months
Initiation of Construction within 4 months of the effective date of a binding construction contract	1	months
Time to Completion of Construction from date of capital obligation	28.5	months
Phase 1 (New Construction)	21	months
Phase 2 (Renovation)	28.5	months

Applicant's Response:

As noted in the Comprehensive Project Description above, the construction of the project will take place in two phases in accordance with COMAR 10.24.01.12(C)(3)(g). Phase 1 will include the new construction and will be completed in 21 months. Phase 2 will include the renovation of the Shehan Wing which will be completed in another 5.5 months. Between Phase 1 and the commencement of Phase 2, Stella Maris will take approximately 2 months to move into the newly constructed building. *See also Exhibit 3.*

16. PROJECT DRAWINGS

Projects involving new construction and/or renovations should include scalable schematic drawings of the facility 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".
- 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.
- C. Specify dimensions and square footage of patient rooms.

Applicant's Response:

Project drawings are attached as **Exhibit 4**. Two large scale drawings will be provided to the Commission.

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)

Applicant's Response:

Table B is attached as **Exhibit 1**.

-
- 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.

<p>The project will utilize all existing utilities which currently serve Stella Maris. Water and sewage is provided by Baltimore County. Gas and electrical services are provided by Baltimore Gas and Electric Company.</p>
--

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.)

Applicants Response:

Table C is attached as **Exhibit 1**. In consultation with its retained architects and construction consultants, Stella Maris calculated the assumptions on **Table C** based on construction projects of similar scale and complexity. **Exhibit 5** reflects extenuating circumstances that increase building costs which have been factored into the building costs of lines 1.B.1 and 1.C.1 on **Table C**. The contingency allowance was calculated as 5% of overall estimated construction costs adjusted for inflation. Design fees were estimated as 8.5% of construction costs plus 6% for reimbursable expenses. Total fixed equipment and information technology costs were estimated at 7% of construction costs. Movable equipment was estimated at 4% of construction costs. Estimates for legal and consulting fees were estimated based on similar historic projects.

To calculate Inflation, Stella Maris utilized the Building Cost Index in the IHS ECONOMICS Healthcare Cost Review (the “Index”) which the MHCC applies to approved projects. The Commission provides the Building Cost Index and instructions for applying it at the Commission’s website:

(http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_cap_cost_index_3rd_qtr_2015.pdf).

Stella Maris calculated the inflation for new construction and renovation separately and added them together to obtain the total inflation. The filing date is in the second quarter of 2016 (“2016.2”). The midpoint of new construction is in the fourth quarter of 2018 (“2018.4”). Using the Commission’s instructions on how to use the Index, Stella Maris utilized the following methodology to calculate that the projected inflation during that period is 3.56%.

Filing Date	2016.2				
Midpoint of Construction	2018.4				
Step 1	2017.2	%MOVAVG	1.4	1.014	<i>A</i>
Step 2	2018.2	%MOVAVG	1.4	1.014	<i>B</i>
Step 3	2018.2	CIS Proxy	1.172		<i>C</i>
	2018.4	CIS Proxy	1.181		<i>D</i>
	<i>D/C</i>			1.007191	<i>E</i>
Inflation	<i>A * B * E</i>			1.03559	

Notably, the MHCC Index (as of 4/6/16) only provides index estimates through the first quarter of 2018. Stella Maris had to estimate what the indices would be for the second quarter of 2018 (“2018.2”) and the fourth quarter of 2018 (“2018.4”).

Furthermore, the renovation phase of this project will have its midpoint during the first quarter of 2020 (“2020.1”). Consequently, Stella Maris had to calculate estimated indices between 2018.1 and 2020.1. Stella Maris did this by calculating the Compound Average Growth Rate (“CAGR”) for the actual indices between 2016.1 and 2018.1 and applying the CAGR to future quarters.

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.

Stella Maris, Inc. 2300 Dulaney Valley Road, Timonium, MD 21093

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.

Not applicable.

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.

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.

No.

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.

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.

April 6, 2016
Date

Sister Karen McNally
Signature of Owner or Board-designated Official
RSM, Chief Administrative Officer

Position/Title
Sister Karen M. McNally

Printed Name

**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 0.24.01.08G(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.**¹ 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.

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.

(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 submits documentation or agrees to submit documentation of a written Memorandum of Understanding with Medicaid to maintain the proportion of Medicaid patient days required by .05A 2(b) of this Chapter.

¹ Copies of all applicable State Health Plan chapters are available from the Commission and are available on the Commission's web site here: http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_shp/hcfs_shp

- (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.

Applicant's Response:

Stella Maris participates in the Medicaid program. All 412 licensed comprehensive care beds at Stella Maris are dually-certified for residents that participate in Medicare and Medicaid. Stella Maris is the second highest individual provider of long term care Medicaid days in the State of Maryland and the highest provider of long term care Medicaid days in Baltimore County, delivering more than 90,000 Medicaid patient days per year. Stella Maris contacted the Maryland Department of Health and Mental Hygiene for the purpose of negotiating an MOU in connection with this application but was advised that a request for an MOU should be made after the application is docketed or immediately prior to licensure by the Office of Health Care Quality. In any event, Stella Maris anticipates entering into another MOU with the Department of Health and Mental Hygiene.

(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;

Applicant's Response:

Stella Maris is committed to providing community-based services and to minimizing the length of stay as appropriate for each resident. In addition to providing long term care and skilled nursing facility services for more than 60 years, Stella Maris has embraced the provision of home and community-based services as an integral part of its operating model. Home and community-based services available from Stella Maris include: (1) skilled home care; (2) home hospice; (3) outpatient therapy; (4) adult medical day care; (5) residential services agency; (6) counseling services; (7) independent living; (8) dental services; and (9) medical services.

The current licenses for Stella Maris as applicable to the various home and community-based services which Stella Maris operates are submitted herewith as **Exhibit 6**. Also attached as **Exhibit 7** are materials which Stella Maris provides to prospective residents regarding the breadth and depth of services available at Stella Maris. Additionally, Stella Maris provides all prospective residents with information regarding community resources available from other public and private providers and agencies, including a booklet entitled Community Resources published by the Baltimore County Department of Aging and the Baltimore City Health Department, Division of Aging and CARE Services. Stella Maris also provides residents with free copies of the Guide to Retirement Living Sourcebook, State of Maryland edition.

(b) Initiating discharge planning on admission; and

Applicant's Response:

It is Stella Maris's policy to complete an initial assessment of each new resident's potential for discharge at the time of admission with the goal of limiting each resident's stay to 90 days or less, where feasible. Stella Maris reassesses each resident's potential for discharge on a periodic basis. Stella Maris's discharge planning includes assessing the needs of the resident, the resident's preference for discharge to an alternative setting and the appropriateness of such alternative setting, whether the resident has family or another support system to assume the role of caregiver, and the accessibility of support services needed by the resident. Stella Maris's policies are attached as **Exhibit 8**.

(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.

Applicant's Response:

Stella Maris fully cooperates with all “Olmstead” efforts approved by the Department of Health and Mental Hygiene and the Department of Disabilities to provide residents, family members, and other authorized decision makers with education and outreach regarding home and community-based alternatives.

(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

Applicant's Response:

Stella Maris requires all staff to participate annually in an inservice training program. One of the six modules in the annual program focuses on resident rights, including the psychosocial needs of all residents, regardless of age. A copy of Stella Maris's training program is attached as **Exhibit 9**. Further, it is the policy of Stella Maris to provide a written, resident focused, individualized, interdisciplinary plan of care for each resident that promotes optimal psychosocial, physical, and functional status while emphasizing each resident's unique needs and wants. These individualized care plans are kept with each resident's medical records and are accessible to all staff at all times to ensure that care is delivered according to each resident's needs and wants. *See also Exhibit 8.*

- (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.

Applicant's Response:

Stella Maris provides all prospective residents with information regarding available community resources regardless of age. *See also Applicant's response to standard 10.24.08.05(A)(3)(b) above.*

(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.

Applicant's Response:

Part of the project involves new construction. The new construction will include all private rooms, and each private room will include its own toilet. Each resident room will also have its own temperature control.

(b) In a **renovation** project:

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

Applicant's Response:

The proposed project will reduce the number of rooms with more than two residents per room. A total of 23 semi-private rooms (44 total beds) will be decommissioned through renovation and new construction; 2 semi-private rooms will be decommissioned in the Shehan Wing and converted to private patient rooms and 21 semi-private rooms will be decommissioned in the Pangborn Wing.

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

Applicant's Response:

All rooms at Stella Maris have individual temperature controls and the proposed project will continue to provide individual temperature controls in all rooms.

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

Applicant's Response:

The proposed project will reduce the number of rooms where more than two residents share a toilet. *See* Applicant's response to standard 10.24.08.05(A)(5)(b)(i) above.

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

Applicant's Response:

Not applicable. *See* Applicant's responses to COMAR 10.24.08.05(A)(5)(b)(i)-(iii) above.

(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.

Applicant's Response:

The proposed project involves the renovation of an existing facility which is already served by public utilities, including an existing twelve (12) inch public water line. Accordingly, the proposed project is consistent with this standard.

(7) Facility and Unit Design. An applicant must identify the special care needs of the resident population it serves or intends to serve and demonstrate that its proposed facility and unit design features will best meet the needs of that population. This includes, but is not limited to:

- (a) Identification of the types of residents it proposes to serve and their diagnostic groups;

Applicant's Response:

The rehabilitation or transitional care unit in the project is designed with all private patient rooms and toilet facilities. This design will enable Stella Maris to more efficiently and effectively admit and care for patients who have experienced an acute spell of illness. Ultimately this design should allow for shorter lengths of stay in acute care and thus generate overall savings to the health care system. Patients admitted to the rehabilitation unit will continue to be predominately over 65 years of age and Medicare recipients.

The primary diagnoses groups that will be served on the rehabilitation care unit include:

1. Orthopedics: joint replacement; fractures; tendon repair; amputations; gait disturbance/falls; and arthritis;
2. Neurology for: cerebrovascular accident; traumatic brain injury; multiple sclerosis; and Parkinson's disease;
3. Pneumonia;
4. Congestive heart failure;
5. Sepsis;
6. Wound Care;
7. Cardiac Surgery; and
8. General Surgery.

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- (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;

Applicant's Response:

Many of the design features illustrated in the design are supported by the FGI 2014 Guidelines for Residential Healthcare and Support Facilities, Facilities Guidelines and Environments for the Aging and Veterans Affairs 2011 Design Guide: Community Living Center, as follows:

- Home Like Atmosphere – creating a therapeutic homelike environment;
- Home Like Dining – Split dining areas to reduce the impression of scale;
- Home Like Corridors – Create staff areas, storage alcoves and personalized room entrances;
- Resident Room Design – The room is their home with single rooms (when possible) allowing for more control and empowerment; and
- Staff Efficiencies – Achieving staff efficiencies by improving sight lines shorten travel distances and provide enough space to maneuver wheelchairs.

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- (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.

Applicant's Response:

This standard is inapplicable.

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- (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.

Applicant's Response:

No principals of Stella Maris, Inc. have ever 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.

Applicant's Response:

Stella Maris is a multi-level provider of long term and post-acute services. Stella Maris provides the following services along the continuum of long term care: (1) skilled nursing facility services; (2) long term care facility services; (3) independent living; (4) skilled home care; (5) residential services agency; (6) outpatient therapy; (7) adult medical day care; (9) home hospice; and (10) in-patient hospice.

Stella Maris also has long-established collaborative relationships with many assisted living providers and other long term care/skilled nursing facilities further ensuring that each resident has access to the entire long term care continuum. Stella Maris has collaborative business relationships with the following assisted living providers:

1. St. Stephen's Green
2. Heart Heritage Estates
3. Springwell Senior Living
4. Arden Courts of Towson
5. Morning Side House of Satyr Hill
6. Maples of Towson
7. Emeritus Towson
8. Sun Valley Communities
9. Brightview
 - a. Towson
 - b. Mays Chapel
 - c. White Marsh
 - d. Perry Hall
10. Encore at Turf Valley

In addition, Stella Maris has collaborative business relationships with the following long term care/skilled nursing facilities:

1. Lorien Health Care
 - a. Bel Air
 - b. Bulle Rock
 - c. Mays Chapel
2. Maryland Masonic Home
3. Envoy of Pikesville
4. Genesis
 - a. Cromwell
 - b. Franklin Woods
 - c. Heritage
 - d. Loch Raven

- e. Perring Parkway
- 5. FutureCare
 - a. Cherrywood
 - b. Cold Spring
 - c. Homewood
 - d. Northpoint

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 expected changes in the next five years; and demonstrated unmet needs of the target population.

Applicant's Response:

Baltimore County comprises Stella Maris's primary service area. The responsible parties for Stella Maris residents (as of 4/5/2016) reside in the following counties:

County	Residents	%
Baltimore County	230	66.1%
Baltimore City	37	10.6%
Harford	28	8.0%
Carroll	9	2.6%
Pennsylvania (State)	8	2.3%
Anne Arundel	6	1.7%
All Other (18 Counties and States)	30	8.6%
Grand Total	348	100.0%

Source: Stella Maris

The population of Baltimore County has grown since the year 2000. Maryland Department of Planning projections show that the county wide population grew by 6.7% between 2000 and 2010, by 3.4% between 2010 and 2015, and is projected to grow by another 1.8% between 2015 and 2020. Furthermore, the population age 65 and older grew by 6.5% between 2000 and 2010, by 13.1% between 2010 and 2015, and is projected to grow by another 12.4% between 2015 and 2020.

Table 1
Population
Baltimore County
2000-2020

Age Cohort	2000	2010	% Change '00-'10	2015	% Change '10-'15	2020	% Change '15-'20
0-4	45,252	48,074	6.2%	49,140	2.2%	49,050	-0.2%
5-19	152,440	152,979	0.4%	155,490	1.6%	157,380	1.2%
20-44	269,896	264,171	-2.1%	269,880	2.2%	274,630	1.8%
45-64	176,369	222,329	26.1%	224,790	1.1%	216,670	-3.6%
65+	110,335	117,476	6.5%	132,760	13.0%	149,280	12.4%
Total	754,292	805,029	6.7%	832,060	3.4%	847,010	1.8%

Source: Maryland Department of Planning website, <http://planning.maryland.gov/MSDC/County/baco.pdf>, accessed on 4/1/16

Over the most recent five years for which data is available, the comprehensive care facilities in Baltimore County have shown stable utilization of about 90% occupancy. Table 2 shows the occupancy rates at the comprehensive care facilities in Baltimore County 2010-2014, based on MHCC Public Use Data. Of note is that the average occupancy rate in the County exceeded 90% for every year except 2013, when it was 89.6%. Stella Maris exceeded 90% occupancy in each of the five years.

Table 2
Occupancy Rates
Comprehensive Care Facilities in Baltimore County
2010-2014

Facility	2014	2013	2012	2011	2010
Manor Care Health Services – Rossville	93.5%	88.9%	94.9%	88.6%	90.7%
Chapel Hill Nursing Center	93.0%	84.1%	91.2%	92.6%	88.7%
ManorCare of Dulaney	80.0%	82.7%	85.4%	89.3%	86.4%
Forest Haven Nursing Home	96.6%	95.7%	97.3%	97.9%	97.1%
Holly Hill Nursing LLC	84.8%	82.8%	68.9%	88.2%	92.6%
Genesis Powerback Rehabilitation - Brightwood Camp	77.3%	76.1%	76.1%	79.5%	99.7%
Genesis Catonsville Commons Center	88.7%	88.0%	88.8%	86.8%	92.3%
Oakwood Care Center	95.1%	94.4%	90.6%	90.1%	92.8%
Little Sisters of the Poor/St.Martin's Home for th	95.3%	93.8%	88.4%	91.2%	93.9%
Manor Care Health Services – Ruxton	93.3%	93.2%	92.6%	94.1%	89.9%
Manor Care Health Services – Towson	87.9%	88.2%	88.6%	92.9%	94.1%
Milford Manor Nursing & Rehabilitation Center	86.6%	90.0%	89.6%	84.8%	78.3%
Genesis Perring Parkway Center -	90.1%	83.2%	91.1%	91.8%	90.8%
Envoy of Pikesville	92.1%	93.8%	94.7%	93.3%	93.8%

Facility	2014	2013	2012	2011	2010
Presbyterian Home of Maryland	78.2%	86.5%	85.1%	81.9%	83.3%
Patapsco Valley Center Genesis Health Care	91.4%	87.7%	85.2%	90.6%	86.0%
Ridgeway Manor Nursing & Rehabilitation Center	87.3%	83.6%	90.6%	89.4%	84.9%
St. Joseph's Nursing Home	99.3%	99.5%	99.7%	99.3%	99.6%
Stella Maris, Inc.	92.1%	91.3%	92.9%	93.1%	93.8%
Summit Park Health & Rehabilitation	90.7%	87.0%	85.7%	92.4%	92.8%
Genesis Loch Raven Center	89.5%	82.8%	86.1%	88.8%	88.3%
Genesis Multi Medical Center	89.1%	89.1%	88.1%	86.3%	89.3%
Frederick Villa Nursing Center	90.7%	86.6%	94.0%	89.8%	91.0%
Riverview Rehabilitation and Health Center	91.7%	95.0%	94.7%	94.1%	67.9%
FutureCare-Old Court	91.3%	89.0%	89.6%	87.6%	94.6%
FutureCare Courtland	92.3%	93.4%	94.7%	95.9%	95.3%
Genesis Cromwell Center	86.5%	87.1%	88.6%	99.7%	90.5%
Genesis Heritage Center	91.5%	91.8%	91.9%	92.4%	93.7%
FutureCare – NorthPoint	93.3%	91.5%	89.5%	90.8%	90.0%
FutureCare-Cherrywood	93.6%	91.8%	91.7%	92.1%	92.0%
Genesis Franklin Woods Center	91.9%	91.5%	90.6%	91.9%	90.0%
Maria Health Care Center	91.7%	86.8%	88.4%	89.2%	86.1%
Manor Care Health Services - Woodbridge Valley	91.2%	92.2%	91.2%	92.4%	92.6%
Lorien Mays Chapel	89.3%	86.8%	88.8%	87.9%	90.4%
Total	90.7%	89.6%	90.3%	91.4%	90.2%

Note: This Table does not include the following CCRCs or Hospital Based Sub-Acute Units:

Augsburg Lutheran Home of Maryland, Autumn Ridge at North Oaks, Broadmead, Charlestown Care Center - Renaissance Gardens, Chestnut Green Health Care Center at Blakehurst, Edenwald, Glen Meadows Retirement Community, Maryland Masonic Homes, Mercy Villa Convent, Oak Crest Village Care Center, Pickersgill Retirement Community, GBMC Subacute, and Northwest Hospital Center-Sub Acute Unit.

Source: MHCC Public Use Data

As to future utilization, although the Commission has not projected any additional bed need for Baltimore County, the aging population, the consistently high average occupancy for facilities throughout the County, and the consistently high occupancy at Stella Maris, show that the existing bed inventory is being utilized.

The proposed project is designed to remedy problems at Stella Maris caused by an aging physical plant originally constructed in the 1950s and 1960s. The addition of private rooms with private toilet facilities and a new modern setting will improve the quality of life for residents who choose Stella Maris and will keep Stella Maris competitive.

Stella Maris has seen a significant drop in its referral-to-admission conversion rate, despite an upward trend in referrals. Since FY 2011, the referral-to-conversion rate has fallen from 36% to 21%. The average referral-to-conversion rate for that time frame is 29.83%. Stella Maris attributes this drop to its aging physical plant. In the same time frame, Stella Maris

has seen an increase in the number of referrals from 1,835 in FY 2011 to 2,947 in FY 2016 (projected).

Stella Maris is currently licensed for 412 comprehensive care beds. All licensed beds are dually certified for Medicare and Medicaid. Of the 412 licensed beds, 45 are currently designated for short-term/post-acute stays (rehabilitation or transitional care). So, at Stella Maris, rehabilitation care comprises 10.9% of the total bed complement. According to the report “The Critical Role of Skilled Nursing and Post-Acute Centers in Maryland’s Healthcare Delivery System 2015” conducted by the Sage Policy Group (the “Sage Report”), the average nursing center in Maryland utilizes 14% of its bed complement for rehabilitation or transitional care. See **Exhibit 10** at page 4. Applying this average to Stella Maris’s 412 beds would yield a 58 bed rehabilitation or transitional care center.

Applying the average conversion rate (29.83%) to the current number of referrals (2,947) would lead to 879 admissions. Multiplying 879 admissions by an average length of stay of 23.3 days at Stella Maris would equal an average daily census of 56 patients. Stella Maris believes that with the addition of private rooms with private toilet facilities and a new modern setting, it can achieve and support these average numbers of admissions and census days.

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- (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 expected changes in the next five years; and how access to, and/or quality of, needed services will be improved.

Applicant’s Response:

The proposed project does not involve relocation of existing comprehensive care facility beds. This standard is inapplicable.

(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.

Applicant’s Response:

The proposed project does not involve expansion of the number of licensed beds. This standard is inapplicable. Nevertheless, the Applicant notes that as reflected on **Exhibit 1, Table D**, the Applicant has had 92 percent or higher occupancy for the most recent consecutive 24 months.

(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.

Applicant's Response:

The proposed project does not involve the construction of a new nursing home. This standard is inapplicable.

(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.

Applicant's Response:

See Applicant's response to standard 10.24.08.05(A)(2) above.

(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.

Applicant's Response:

Through discussion with Commission staff, the Applicant understands that this standard is inapplicable because the proposed project does not involve expansion of an existing facility. Stella Maris, however, has no outstanding Level G or higher deficiencies and maintains a demonstrated program of quality assurance.

(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.

Applicant's Response:

The proposed project does not involve relocation of an existing facility. This standard is inapplicable.

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.

Applicant's Response:

Stella Maris is currently licensed for 412 beds that are dually certified for Medicare and Medicaid. A copy of Stella Maris's license is attached as **Exhibit 11**. Stella Maris has no outstanding Level G or higher deficiencies 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

Applicant's Response:

See Applicant's response to standard 10.24.08.05(A)(2) above.

- (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.

Applicant's Response:

Renovation of the existing Shehan Wing will include conversion of current office space to a state-of-the art rehabilitation gym with connection to the new construction thus resulting in increased quality of care to residents requiring these services.

Through the new construction, Stella Maris will also decommission rooms from its Pangborn and Shehan Wings. Stella Maris will be able to close Pangborn 1 which consists of 45 beds (13 Private Rooms and 16 Semiprivate Rooms). These residents will be relocated to the new construction. In addition, 15 other beds will be taken out of service. Two private rooms on Shehan 3 will be lost due to the new construction blocking their windows. Four rooms (3 Semiprivate and 1 Private) will be decommissioned because they lack bathrooms, two semiprivate rooms will become private and the remaining 2 semiprivate rooms on Pangborn 3 that will be decommissioned are located remotely from core functions such as activity space and staff work areas. By decommissioning outdated and remotely located rooms, Stella Maris will improve the quality of care for its residents and create staffing efficiencies.

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.

Applicant's Response:

See Applicant's response to Standard 10.24.08.05(B)(1) above. **Table D** is attached as **Exhibit 1**. As indicated in the Project Description above and as reflected in **Table D**, Stella Maris is licensed for 412 comprehensive care beds that are all dually licensed by Medicare and Medicaid. The total bed count will not change following completion of the project.

While all beds are dually licensed and residents requiring rehabilitation care covered under Medicare can be and are located throughout the facility, Stella Maris, like most skilled nursing facilities, designates a specific unit for direct hospital admissions. At Stella Maris the unit is called the rehabilitation or "transitional care" unit. Stella Maris attributes a current declining referral-to-admission ratio to certain of its outdated facilities. In particular, numerous patient rooms currently used for rehabilitation are semi-private and lack accessibility for disable residents. Through construction of a new facility with modern room design, Stella Maris anticipates being able to increase its referral-to-admission rate. Specifically, Stella Maris

anticipates being able to convert at least another 250 admissions per year as a result of creating modern private rooms in its rehabilitation unit.

Furthermore, a percentage of Stella Maris's discharges from its rehabilitation or transitional care unit are admitted into some of Stella Maris's other business lines. By increasing admissions to its rehabilitation unit, Stella Maris projects that discharges from its rehabilitation or transitional care unit will result in a slight increase in admissions to other business lines. For example, in FY 2015, 170 of 549 residents discharged from Stella Maris's rehabilitation unit (31%) were discharged to home with Stella Maris's skilled homecare. Considering incremental discharges as a result of adding 15 rehabilitation beds and converting 235 additional rehabilitation admissions per year, Stella Maris projects 73 additional admissions to its skilled homecare service. *See Exhibit 1, Table D, line h.* Likewise, one of every 26 discharges to Stella Maris's skilled homecare service results in an admission to Stella Maris's hospice homecare program. Accordingly, an additional 73 additional skilled homecare service discharges is projected to result in 3 hospice care admissions with an average length of stay of 55 days. *See Exhibit 1, Table D, line i.* It would be reasonable to expect additional admissions to the adult day care center or hospice but Stella Maris has not factored such admissions into its projections.

The projected change in payer mix reflected in **Table D** is attributable to the increase of 15 beds to Stella Maris's rehabilitation unit and a projected increase in the referral-to-admission ratio of prospective residents requiring these services.

Although Stella Maris's total bed count will not change, it will reduce the number of beds currently designated for long term care by 13 beds from 345 to 332. The reduction in long term care beds is projected to reduce the volume of long term care because Stella Maris presently exceeds an average daily census of 332 on occasion. *See Exhibit 1, Table D, line f.* Stella Maris will also reduce the number of beds currently designated for hospice care by 2 from 22 to 20. The census for the hospice unit rarely achieves full census so no impact is projected. *See Exhibit 1, Table D, line g.*

The project will result in an improvement to the quality of care to Stella Maris residents and result in decommissioning of outdated patient rooms. *See Applicant's response to Standard 10.24.08.05C(3) above.*

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.

Applicant's Response:

As explained in the Project Description above, although Stella Maris has state-of-the art programs that provide a comprehensive range of health and residential services, the facilities where much of this outstanding care is provided were designed and built in the 1950s and 1960s and are outdated by today's standards. Stella Maris has identified as its most pressing need to replace its rehabilitation or transitional care unit. Rehabilitation beds are currently located in the Pangborn Wing, which was constructed in 1966. Although well-maintained, the structure of the facility can no longer accommodate today's more acute patients who arrive with increasingly more complex medical and rehabilitation needs. Because of its older facilities, Stella Maris has also needed to rely upon waivers from current design standards, including the Americans with Disabilities Act and COMAR regulations establishing minimum clearances around patient beds.

Stella Maris considered a number of alternatives before arriving at its current plan. Between September and December 2015, Stella Maris performed a facility assessment that reviewed the existing infrastructure and possible design solutions to meet its immediate and long term needs. The primary needs and goals considered were to:

1. Develop a rehabilitation or transitional care unit with 60 private beds and bathrooms that adheres to modern design standards;
2. Create staffing efficiencies; and
3. Construct a masterplan that will allow Stella Maris to correct overtime certain deficiencies in space and infrastructure in the Shehan Wing which

currently houses 102 long term care beds and 22 hospice beds and the Pangborn Wing which currently houses 139 long term care beds and 45 subacute/rehabilitation beds.

Working in collaboration with architects and construction consultants, Stella Maris considered at least four options to achieve these goals, which ranged from limited new construction to total replacement of the Pangborn Wing.

Option 1.

As a first option (“Option 1”), Stella Maris considered adding a 43,800 square foot two level addition plus basement to be accompanied by renovations to approximately 20,460 square feet of the Shehan Wing. Option 1 would have resulted in a 60 bed rehabilitation unit all with private rooms; 44 rehabilitation beds would be located in the new construction and 16 rehabilitation beds would be located in the Shehan Wing. It was projected that Option 1 would cost approximately \$19,500,000. Stella Maris ultimately rejected Option 1 because it did not address the potential for future renovation to the Pangborn Wing and would have resulted in staffing inefficiencies which are discussed below.

Option 2 (Proposed Project).

Stella Maris ultimately chose the current project which is the most effective solution for the level of cost required and one which will allow it to operate at capacity through all phases of the project (“Option 2”). The current project accomplishes each of Stella Maris’s immediate needs and goals but also allows flexibility to develop further upgrades to the Pangborn Wing in the future taking into consideration the demand for, and trends in, long term care services.

In the course of developing Option 2, it was discovered that disbursing 60 private rehabilitation rooms between a slightly smaller new construction of 58,400 square feet and major renovation of approximately 10,000 square feet of space on the second floor of the Shehan Wing would have resulted in significant staffing inefficiencies approximating \$375,000 per year. After discussions and modeling, it was determined that 30 beds per floor in slightly larger new construction would be ideal. Based on this information, the new construction in Option 2 was redesigned to include 30 private rooms on floors 1 and 2. The redesign of the new construction also eliminated the need to undertake major renovations to the existing unit in Shehan Wing with the exception of the first floor renovations to house the new rehabilitation gym as described in the Comprehensive Project Description above. Because of financial constraints but not wanting to preclude future upgrades to the Shehan and Pangborn Wings, the project includes a third floor to be constructed as shell space.

Option 3.

Stella Maris also considered a plan to add a new approximate 67,000 square foot three level addition plus a basement with renovations to the Shehan Wing as an initial project phase which is largely consistent with the current project. The initial phase, however, would have been immediately followed by the construction of another new 57,500 square foot building to

replace the Pangborn Wing (“Option 3”). The first phase of new construction would result in a 60 bed rehabilitation unit spread across three levels of the new building and some renovation to the Shehan Wing. The second phase of new construction would house 20 hospice beds and 106 semi-private long term care beds. Option 3 was projected to cost approximately \$44,000,000. This option was rejected because it was determined to be cost prohibitive at this time.

Option 4.

Further, Stella Maris considered constructing a new 3 story building plus ½ basement that would have been approximately 124,500 square foot (“Option 4”). The new building, which would have entirely replaced the current Pangborn Wing, would have contained 60 private rehabilitation beds, 20 hospice beds, and 130 semi-private long term care beds. Option 4 would have accomplished the two phases of new construction considered in Option 3 at the same time and was considered to determine potential cost savings for undertaking new construction all at once. It was projected that Option 4 would cost approximately \$42,700,000. Again, Stella Maris determined this option to be cost prohibitive at this time.

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

The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

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.

Applicant's Response:

Tables F, H, and I are attached as **Exhibit 1**.

As set forth on **Table C** and the supporting budget assumptions, Stella Maris estimates that the proposed project will cost \$23,440,750. Fulfilling this vision for Stella Maris's future and completing this project will rely on several sources for funding. The sources of funding for the project will consist of: (1) current cash on hand; (2) working capital derived from results of current and future operations earned during the project implementation; and (3) fundraising. No portion of this project will be funded by the assumption of debt.

Stella Maris will use \$5,940,750 of current cash holdings to fund the proposed project. This amount includes certain temporarily restricted donations totaling approximately \$2,800,000 received in prior fiscal years. The remaining \$3,140,750 is unrestricted general operating cash. Cash derived from operations generated over the course of the project will provide the remaining \$7,500,000. Specifically, operations are expected to generate \$1,500,000 annually over the span of the next five years. Finally, as discussed below, Stella Maris anticipates it will raise \$10,000,000 through a fundraising campaign.

The financial projections assume the new facility is open and available for occupancy by the end of fiscal year 2020. With a facility far more updated and attractive, this

project will remedy the immediate logistical issues that currently render Stella Maris incapable of accommodating many of the referrals Stella Maris turns away. Therefore, the opening of the new building is projected to achieve slightly improved occupancy, from 92.1% to 94.6% during fiscal 2021, the first full year of operations.

The financial projections also assume additional services – “downstream” business lines, will be provided as a result of an improved referral-to-conversion rate. Specifically, roughly one third of the discharges utilize Stella Maris skilled homecare or hospice homecare services. Elevated admissions in certain outpatient service lines are therefore assumed. *See Applicant’s response to Standard 10.24.01.08G(3)(b) above.* While net income is projected to remain positive throughout and after the project, it will deteriorate as a result of the additional depreciation expense which will necessarily be incurred. EBIDA, however, will remain strong and largely consistent with pre-project levels.

With a projected increase in admissions, slightly higher census, and the admission of residents with higher acuity, Stella Maris will need additional caregivers. With an additional 75,375 square feet added to its footprint, additional staff will also be needed to care for and maintain the building. The incremental staff expected is shown in **Table 3** below.

Table 3
Projected Staffing Changes: Stella Maris

Position Title	Additional FTEs	Average Salary	Additional Cost
Nursing Admin	.5	\$77,000	\$38,500
RN	4.4	\$67,000	\$294,800
GNA	4.5	\$33,000	\$147,840
Environmental Services	5.5	\$23,000	\$126,500
Dietary	1.2	\$23,000	\$26,450
Clerical	1.4	\$26,000	\$36,400
Medicine Aide	0.3	\$35,360	\$10,608
Social Work	.5	\$58,000	\$29,000
Subtotal	18.2		710,098
Fringe Benefits			\$142,020
Total Costs			\$852,118

These staffing expenses are reflected on **Table F, line 2.a.** Also with the projected growth in Medicare admissions, Stella Maris projects annual increases in therapy expenses of \$481,800, laboratory expenses of \$58,229, and other expenses (laundry, etc.) of \$59,087. These additional expenses are reflected in **Table F, line 2.b.** Interest expense in **Table F, line 2.c** has been trended in tandem with the declining outstanding balance. As projected, interest expense includes an allocation of SWAP interest from Mercy Health Services and is shown to continue beyond Stella Maris’s debt extinguishment.

Depreciation expenses in **Table F** reflect actual depreciation with the addition of subsequent years’ capital expenditures. Depreciation of the new building was calculated in accordance with **Table 4** below.

Table 4
Calculated Depreciation Expense

	Construction	Life	Annual Depreciation
Construction	\$18,618,000	40 years	\$465,000
Design/Legal/Other	\$ 1,845,000	40 years	\$46,000
FFE-IT	\$ 2,043,000	7 Years	\$284,000
Contingency	\$ 934,000	40 Years	\$23,000

Finally, with a projected growth in Medicare admissions, Stella Maris estimates additional annual expenses of \$200,000 in pharmacy expenses and \$65,000 in medical expenses. Further, Stella Maris projects additional property expenses, including utility expenses, to increase by \$73,955. These additional expenses are reflected in **Table F, line 2.i**.

As a condition of its letter of credit, Stella Maris is required to maintain certain covenants with respect to its debt held by Maryland Health and Higher Educational Facilities Authority. Specifically, Stella Maris must maintain an adequate current ratio of 1.25 and a Debt Service Coverage Ratio of 1.35. While these covenants become non-applicable as of July 1, 2021 coinciding with the retirement of its debt, Stella Maris projects its current ratio and debt service coverage ratio will continue to exceed the minimum threshold at all times during the project. As of December 31, 2015, current net assets exceed current liabilities by a margin of 4 to 1, or \$30 million to \$7.5 million. Projections reflect that even the lowest ratio levels expected during the project will still exceed the covenant threshold of 1.25. The debt service coverage ratio is expected to surpass the covenant threshold by comparable margins during the project as well.

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- 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.

Applicant's Response:

Stella Maris's audited financial statements for the past two years are attached as **Exhibits 12 and 13**. The audited financial statements of Mercy Health Services, Inc. for the past two years are attached as **Exhibits 14 and 15**.

- 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.

Applicant's Response:

The primary source of funding for the project is dependent upon successfully achieving a fundraising goal of \$10,000,000. Stella Maris has a solid history of successful fundraising. Fundraising for the non-profit entities that comprise Mercy Health Services, including Stella Maris, is conducted by the Mercy Health Foundation ("MHF"). Established in 1999, MHF has raised more than \$100 million in gifts and pledges from individuals, corporations, and foundations. Over the past 10 years, Stella Maris has received \$15,452,714 in philanthropic support.

In 2015, MHF and Stella Maris engaged the fundraising consulting firm Community Counselling Service Co. LLC ("CCS") to conduct a study to determine fundraising potential for Stella Maris. CCS identified the potential to raise a minimum of \$7.5 million with the potential to exceed this target if a handful of seven-figure commitments are secured. As of March 24, 2016, a total of \$6,190,282 had been pledged, of which \$1,379,239 has already been received. A comprehensive fundraising campaign will continue throughout 2016 and 2017. With twenty percent of the pledges already fulfilled, virtually all of the remaining pledges made thus far indicate they will also be fulfilled during the project when the cash is required.

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- Describe and document relevant community support for the proposed project.

Applicant's Response:

Stella Maris has received several letters of support for this project including from the Greater Baltimore Medical Center, Gilchrist Services Hospice Care, the Mercy Ridge Retirement Community, the Health Facilities Association of Maryland, and current, former, and prospective residents. Letters in support of the project are attached as **Exhibit 16**.

-
- Identify the performance requirements applicable to the proposed project (see Part I question 15) and explain how the applicant will be able to implement the project in compliance with those performance requirements. Explain the process for completing the project design, obtaining State and local land use, environmental, and design approvals, contracting and obligating the funds within the prescribed time frame. Describe the construction process or refer to a description elsewhere in the application that demonstrates that the project can be completed within the applicable time frame(s).

Applicant's Response:

The proposed project will take place in accordance with the performance requirements set forth in COMAR 10.24.01.12C(3)(g). Stella Maris expects to initiate the start of design for the project on January 1, 2017, assuming that the Commission grants a certificate of need. This phase, inclusive of the permit and contractor bid process, is scheduled to take 11 months and be completed by November 30, 2017. *See also* Applicant's response to Part 1, items 14.B and 15. Stella Maris anticipates selecting and entering into a single construction contract for both phases of construction by December 31, 2017. With design and permits completed, construction of the new building will begin on January 1, 2018, weather permitting. Phase 1 of the building project is expected to last 21 months with an anticipated completion date of September 31, 2019. Following the completion of Phase 1, Stella Maris and its residents will move into the newly constructed building over the course of two months.

Phase 2 which involves renovation to the existing Shehan Wing is expected to commence on December 1, 2019. Completion of Phase 2 will take 5 ½ months with an anticipated completion date of May 15, 2020. **Exhibit 17** provides a timeline of anticipated project milestones.

The anticipated project schedule is shown in the table below.

	Phase 1	Phase 2
Assumed CON Approval	December 31, 2016	December 31, 2016
Design Thru Completion Permits and Construction Contract	December 31, 2017	December 31, 2017
Begin Construction	January 1, 2018	December 1, 2019
First Use	October 1, 2019	May 15, 2020

Based on the schedule presented by Stella Maris, the project in its entirety is scheduled to be completed and available for first use by May 15, 2020.

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.

Applicant's Response:

Stella Maris is in compliance with all conditions placed on the CONs granted since 2000, as listed below:

- Renovations in connection with re-licensing 42 temporarily de-licensed comprehensive care facility beds and renovations to improve accommodations for patients occupying 20 licensed comprehensive care beds designated by Stella Maris for hospice use. The CON was granted on June 16, 2005 and was implemented. Docket No. 04-03-2145.

Mercy Health Services, Inc. ("Mercy Health") is the sole corporate parent of Stella Maris. Mercy Health is also the sole corporate parent of Mercy Medical Center, Inc. Applicant does not believe any CONs that may have been granted to Mercy Medical Center are responsive to this standard.

10.24.01.08G(3)(f). Impact on Existing Providers and the Health Care Delivery System.

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

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.

Applicant's Response:

Stella Maris currently is currently licensed for 412 comprehensive care beds ("CCF beds"). After the project is complete Stella Maris will still have the same number of beds; the proposed project maintains the same number of CCF beds as currently licensed. Stella Maris beds are currently counted in the Commission's inventory of CCF beds for Baltimore County. Stella Maris's historic levels of high occupancy are expected to improve marginally. Further, much of the projected net revenue increase will come from on-campus services.

Together, these facts indicate the impact on other providers in the area will be negligible.

Table of Exhibits

Exhibit	Description
1	MHCC Tables
2	Stella Maris organizational chart
3	Project phase drawings
4	Project drawings
5	Budget estimates supporting Table C
6	Stella Maris licenses for community-based services
7	Stella Maris materials regarding community-based services
8	Stella Maris discharge planning policies
9	Stella Maris training materials
10	Sage Policy Group Report to Maryland Facilities Association of Maryland (2015)
11	Stella Maris nursing home license
12	Stella Maris Audited Financials (2014-2015)
13	Stella Maris Audited Financials (2013-2014)
14	Mercy Health Services Audited Financials (2014-2015)
15	Mercy Health Services Audited Financials (2013-2014)
16	Letters of Support
17	Detailed project timeline

Table of Tables

Exhibit	Description
1	Population—Baltimore County—2000-2020
2	Occupancy Rates—Comprehensive Care Facilities in Baltimore County—2010-2014
3	Projected Staffing Changes—Stella Maris
4	Calculated Depreciation Expense

AFFIRMATIONS

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.

April 8, 2016

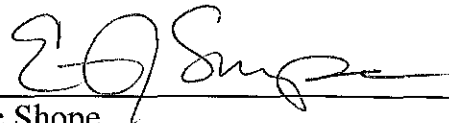
Date

Sister Karen McNally, RSM
Sister Karen M. McNally, RSM
Chief Administrative Officer
Stella Maris, Inc.

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.

April 8, 2016

Date

A handwritten signature in black ink, appearing to read "Eric Shope", written over a horizontal line.

Eric Shope
Senior Vice President
Business & Clinical Development
Stella Maris, Inc.

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.

April 8, 2016

Date

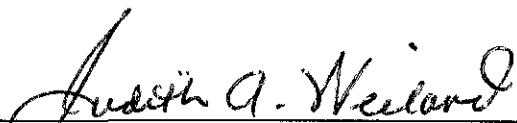


Stephen Stinnette
Senior Vice President, Finance/
Chief Financial Officer
Stella Maris, Inc.

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.

April 8, 2016

Date



Judith A. Weiland
Senior Vice President
Strategic/Capital Planning
Mercy Health Services

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April 8, 2016

Date



Rick Abbott, AIA, EDAC
Principal
Hord | Coplan | Macht

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April 8, 2016

Date




Bob Moore

Vice President

Whiting-Turner Contracting Company

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April 8, 2016
Date

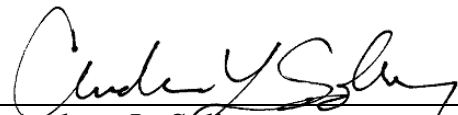


Brian Lauffer
Project Manager
Whiting-Turner Contracting Company

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April 8, 2016

Date

A handwritten signature in black ink, appearing to read "Andrew L. Solberg", written over a horizontal line.

Andrew L. Solberg

A.L.S. Healthcare Consultant Services