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June 16, 2017

Via Hand Delivery

Ruby Potter
Health Facilities Coordinator
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

**Re: Glen Meadows Retirement Community
Application to Purchase and Operate Publicly Available
Nursing Home Beds – Matter #17-03-2395
Responses to Completeness Questions Received 6/9/17**

Dear Ms. Potter:

I am in receipt of the correspondence to Peter Dabbenigno, Executive Director, Glen Meadows Retirement Community dated June 9, 2017 from Kevin McDonald concerning the above-mentioned matter. Please see attached Tab 13 for the answers to the second set of completeness questions received 6/9/17.

Enclosed are four copies of Tab 13 per Mr. McDonald's request. Also enclosed are four copies of Tab 14 which are the affirmations for the second set of completeness responses.

In addition, enclosed is a new Table of Contents for the binders. I am assuming that only four copies are required per Mr. McDonald's correspondence.

Thank you for assistance in this matter.

Very truly yours,



Rose M Matricciani

Matter #17-03-2395
Responses to Completeness Questions of 6/9/17
June 16, 2017
Page 2

RMM:mrn

Enclosures:

4 copies of Tab 13 - second set of completeness questions and answers
4 copies of Tab 14 - affirmations
4 copies of Table of Contents

cc: Peter Dabbenigno, Executive Director
Presbyterian Senior Living Services, Inc. d/b/a Glen Meadows Retirement Community

Andrew L. Solberg, Consultant
A.L.S. Healthcare Consultant Services

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REVISED TABLE OF CONTENTS

6/16/17

Matter #17-03-2395

Tabs	Pages
Tab 1	
Application	1-36
Tab 2	
Tables	
CON TABLE PACKAGE FOR NURSING HOME (CCFs) APPLICATIONS	
2. Revised CON TABLE PACKAGE FOR NURSING HOME (CCFs) APPLICATIONS	
A. Bed Capacity by Floor and Nursing Unit Before and After Project	
B. Proposed Construction and Renovation Square Footage	
C. Project Budget	
D. Utilization Projections – Entire Facility	
2. Revised Utilization Projections – Entire Facility	
E. Utilization Projections – New Facility or Service	
2. Revised Utilization Projections – New Facility or Service	
F. Revenues & Expenses, Uninflated – Entire Facility	
2. Revised Revenues & Expenses, Uninflated – Entire Facility	
G. Revenues & Expenses, Uninflated – New Facility or Service	
2. Revised Revenues & Expenses, Uninflated – New Facility or Service	
H. Workforce Information	
2. Revised Workforce Information	
I. Scheduled Staff for Typical Work Week	
J. Construction Characteristics	
K. Onsite and Offsite Costs Included and Excluded in Marshall Valuation Costs	
Tab 3	
A. Discharge Planning Policy	1-2
B. Transfer and Discharge Process	1-3
Tab 4	
A. Whole Building Design Guide	1-9
B. Project Drawings	
Tab 5	1-7
A. QA Policy - Quality Assurance and Process Improvement - QAPI	
B. Acceptance of Allegation of Compliance 9/21/16, DHMH, OHCQ	

Tabs	Pages
Tab 6	
Consolidated Financial Statements December 31, 2015 and 2014	1-32
Tab 7	
Letters of Support	1-6
Tab 8	
Affirmation Statements	1-6
James F. Bernardo, Executive Vice President and Chief Operating Officer Presbyterian Senior Living, Inc.	
Dan Davis, MS, MHA, Vice President Continuing Care Operations Presbyterian Senior Living, Inc.	
Peter Dabbenigno, Executive Director Presbyterian Senior Living Services, Inc. d/b/a Glen Meadows Retirement Community	
Donna Casner, Vice President & Controller Presbyterian Senior Living, Inc.	
Michelle Hollis, Assistant Controller Presbyterian Senior Living, Inc.	
Andrew L. Solberg, Healthcare Consultant A.L.S. Healthcare Consultant Services	
B. Affirmation Statements re: Completeness and Additional Information Request	7-12
Jeffrey Davis, Senior Vice President, Chief Financial Officer Presbyterian Senior Living, Inc.	
Dan Davis, MS, MHA, Vice President Continuing Care Operations Presbyterian Senior Living, Inc.	
Peter Dabbenigno, Executive Director Presbyterian Senior Living Services, Inc. d/b/a Glen Meadows Retirement Community	
Donna Casner, Vice President & Controller Presbyterian Senior Living, Inc.	
Michelle Hollis, Assistant Controller Presbyterian Senior Living, Inc.	
Andrew L. Solberg, Healthcare Consultant A.L.S. Healthcare Consultant Services	
Tab 9	
Glen Meadows Health Care Center Drawing	

Tabs	Pages
Tab 10	
Policy and Procedures related to Compliance with Requirements for Glen Meadows Retirement Community’s Operation of Public Nursing Home Beds	
Tab 11	
Rationale for Assumptions	1-4
Tab 12	
5 Years of Certified Financials	
A. Consolidated Financial Statements December 31, 2012 and 2011	
B. Consolidated Financial Statements December 31, 2013 and 2012	
C. Consolidated Financial Statements December 31, 2014 and 2013	
D. Consolidated Financial Statements December 31, 2015 and 2014	
E. Consolidated Financial Statements December 31, 2016 and 2015	
Tab 13	
Second Set of Completeness Responses	1-6
A. Graph – Health Center Occupancy for Jan. 2015 – Apr. 2017 Actual Occupancy vs. Budgeted	
B. Chart – Actual Occupancy vs. Budgeted Occupancy for Jan. 2015 – Apr. 2017	
Tab 14	
Affirmations for Second Set of Completeness Responses	1-3
Peter Dabbenigno, Executive Director	
Presbyterian Senior Living Services, Inc. d/b/a Glen Meadows Retirement Community	
Donna Casner, Vice President & Controller	
Presbyterian Senior Living, Inc.	
Michelle Hollis, Assistant Controller	
Presbyterian Senior Living, Inc.	

TAB 13

**Glen Meadows Retirement Community Application to Purchase and Operate Publicly
Available Nursing Home Beds
Matter # 17-03-2395
Responses to 2nd Completeness Questions Received 6/8/17**

**1. Please explain the account titled “Amortization/Residual Amortization” under
Other Operating Revenues in Table F.**

Residents entering Glen Meadows Retirement Community (the “Community”) into an Independent Living or Assisted Living unit execute a Residence and Care Agreement, approved by the Maryland Department of Aging (the “Agreement”), which requires payment of an entrance fee, based on the unit to be occupied. Ten percent (10%) of the entrance fee is due upon execution of the Agreement, and the remainder is due upon occupancy. For the 100% refundable option contracts, entrance fees are refundable in full upon termination of the Agreement and subsequent re-occupancy of the unit. These entrance fees are not amortized into revenue and are reflected as a liability in entrance fee payable on the consolidated statements of financial position.

The Community also offers a 50% and a 75% nonrefundable contract option. The non-refundable portion of the entrance fees is amortized to income over the estimated remaining life expectancy of each resident while the resident resides in an Independent Living or Assisted Living unit. The portion of the guaranteed refundable fee upon re-occupancy is not amortized and is reflected as a liability in entrance fee payable on the consolidated statements of financial position.

The Agreement provides for potential death or termination refunds of the non-refundable portion if re-occupancy occurs before the contractual amortization is completed in accordance with the terms of the Agreement. The remaining amount of unamortized, nonrefundable entrance fees is recorded as residual amortization revenue upon surrender of the Independent Living or Assisted Living unit.

Table F includes revenues and expenses for the entire Community, which includes revenues generated by Independent Living, Assisted Living and Health Center residents. The amortization and residual amortization revenue generated by entrance fees is reported on Table F.

Table G includes revenues and expenses for the Health Center only. Since entrance fees are not applicable for Health Center residents, there is no amortization or residual amortization revenue reported on Table G.

The Notes to the audited Consolidated Financial Statements for fiscal year ended December 31, 2016 discuss deferred revenue related to the amortization of entrance fees. Reference Note 2(m).

2. The application states that “GM agrees to meet all of the requirements of this standard in regard to the patient days generated by admissions from the public.

GM will not count any Medicaid days generated by GM CCRC members in the percentage” in response to standard 10.24.08.05A.(2). Table G, however, projects Medicaid clients as a % of patient days in the upper-30’s. Please explain.

The details of projected census and revenue by payer type and by CCRC and Public days was provided in the spreadsheet titled *GM Response to Completeness Question #8 - Tables* in response to the letter dated April 27, 2017. The budgeted figures project Medicaid census days for Public admissions to reach 44.99% of total Public census days by fiscal year 2020. The projected census and revenue figures reported on Table G are for the entire Health Center and include Public and CCRC data. Additionally, the assumption used for available bed days is based on the operation of 31 beds, which is the current number of licensed Health Center beds.

The tables below summarize the census data from the *GM Response to Completeness Question #8 – Tables* spreadsheet.

CY 2017

Payer Type	CCRC Days	% to Total Days per Table G
Private Pay	1,972	24.00%
Medicare	2,136	26.00%
Medicaid	3,204	39.00%
Commercial Insurance	904	11.00%
Total	8,216	100.00%
Available Bed Days	11,315	
Occupancy	72.61%	

CY 2018

Payer Type	Public Days	% to Total Public Days	CCRC Days	% to Total CCRC Days	Total Days	% to Total Days per Table G
Private Pay	185	14.48%	1,812	24.01%	1,997	22.63%
Medicare	750	58.69%	1,962	25.99%	2,712	30.73%
Medicaid	153	11.97%	2,944	39.00%	3,097	35.09%
Commercial Insurance	190	14.86%	830	11.00%	1,020	11.55%
Total	1,278	100.00%	7,548	100.00%	8,826	100.00%
Available Bed Days					11,315	
Occupancy					78.00%	

CY 2019

Payer Type	Public Days	% to Total Public Days	CCRC Days	% to Total CCRC Days	Total Days	% to Total Days per Table G
Private Pay	297	12.52%	1,696	22.70%	1,993	20.25%
Medicare	1,355	57.10%	2,209	29.57%	3,564	36.20%
Medicaid	488	20.56%	2,701	36.15%	3,189	32.40%
Commercial Insurance	233	9.82%	865	11.58%	1,098	11.15%
Total	2,373	100.00%	7,471	100.00%	9,844	100.00%
Available Bed Days					11,315	
Occupancy						87.00%

CY 2020

Payer Type	Public Days	% to Total Public Days	CCRC Days	% to Total CCRC Days	Total Days	% to Total Days per Table G
Private Pay	231	7.01%	1,477	20.35%	1,708	16.19%
Medicare	1,383	41.99%	2,600	35.82%	3,983	37.75%
Medicaid	1,482	44.99%	2,351	32.39%	3,833	36.32%
Commercial Insurance	198	6.01%	830	11.44%	1,028	9.74%
Total	3,294	100.00%	7,258	100.00%	10,522	100.00%
Available Bed Days					11,346	
Occupancy						93.00%

CY 2021

Payer Type	Public Days	% to Total Public Days	CCRC Days	% to Total CCRC Days	Total Days	% to Total Days per Table G
Private Pay	231	7.01%	1,235	17.02%	1,466	13.89%
Medicare	1,383	41.99%	2,680	36.92%	4,063	38.51%
Medicaid	1,482	44.99%	2,611	35.97%	4,093	38.79%
Commercial Insurance	198	6.01%	732	10.09%	930	8.81%
Total	3,294	100.00%	7,258	100.00%	10,522	100.00%
Available Bed Days					11,315	
Occupancy						93.26%

CY 2022

Payer Type	Public Days	% to Total Public Days	CCRC Days	% to Total CCRC Days	Total Days	% to Total Days per Table G
Private Pay	231	7.01%	1,220	16.81%	1,451	13.75%
Medicare	1,383	41.99%	2,641	36.38%	4,024	38.13%
Medicaid	1,482	44.99%	2,686	37.00%	4,168	39.50%
Commercial Insurance	198	6.01%	712	9.81%	910	8.62%
Total	3,294	100.00%	7,259	100.00%	10,553	100.00%
Available Bed Days					11,315	
Occupancy					93.27%	

3. **The actuarial report (A.V. Powell & Associates LLC) dated March 30, 2015 includes a table (2.2) that projects the demand for nursing home beds by Glen Meadows CCRC residents. The table below compares those projections to the projections in your CON application. Please elaborate on what leads you to believe that there will be an average of nine beds available to fill with “public” patients (as Table D projects for 2020-2022).**

Average Nursing Home Daily Census – Glen Meadows Residents

	2015	2016	2017	2018	2019	2020	2021	2022
Projected actuarially	22	26	28	29	29	29	28	27
Actual/Projected	27.4	21.9	22.5	20.7	20.5	19.8	20.7	19.9

Since January of 2015, Glen Meadows has experienced a steady decline in occupancy in the skilled nursing beds to a low of 56% in February 2017. (See Tabs A and B.) Since May of 2016, the average monthly census has been 63.56% leaving an average of 12 open beds per day.

The Centers for Medicare and Medicaid Services has implemented various initiatives that incentivize (or penalize) acute care providers to provide services to beneficiaries more efficiently. This has resulted in Medicare beneficiaries not obtaining a three-day qualifying hospital stay to trigger a skilled nursing benefit period, or the patient has been discharged home with outpatient or home health agency services.

Managed care plans have significantly reduced approved lengths of stay in skilled nursing, or have not approved skilled nursing services in lieu of outpatient or home health agency services.

Residents have increasingly opted to receive home health agency services or At Home Services provided by Glen Meadows (residential agency services) rather than skilled nursing services. All of these trends are affecting Glen Meadows' ability to maintain the occupancy projections in the A.V. Powell projections.

It is the goal of Glen Meadows to reach and maintain financial viability. Obtaining the public beds will allow Glen Meadows to continue to serve its own residents as well as the local community including residents of other assisted living communities and residents in areas north of the county where skilled nursing is not available.

- 4. Please confirm what information is conveyed in Table H. It shows a total staffing for the entire facility of 100.1 FTEs; it also shows that the staff would change by just 1.5 FTEs to support the proposed project. Can you confirm MHCC staff's reading of your submission – i.e., that the 100.1 applies to the entire CCRC (not just the CCF part) and that the incorporation of public beds would cause staffing to increase by just 1.5 FTEs – is correct? If not, please describe the actual situation. Also, please outline the incremental costs you are projecting for the patients who would be admitted to “publicly available beds.”**

Table H reflects current staffing and projected staffing of the Health Center only. It is not the intention of the proposed project to operate more than the currently licensed 31 beds. Due to the small unit size, the projected increase in occupancy will not require a significant amount of additional staffing. No additional supportive staff will be required from departments such as Housekeeping and Dietary. Only incremental increases in Nurse Aide staffing will be required to meet the minimum staffing requirements for nursing hours per patient day.

The other incremental costs included in the CY 2018 – CY 2022 budget projections include therapy, pharmacy and ancillary expense, as these costs will be incurred due to higher occupancy rates and increased Medicare and Medicaid census days. Specific details of the assumptions applied to budgeted expenses were provided in the response to Question #8 of the April 27, 2017 letter. In summary:

An inflation factor of 2.5% was applied to the 2017 budgeted figures for subsequent years with the following exceptions:

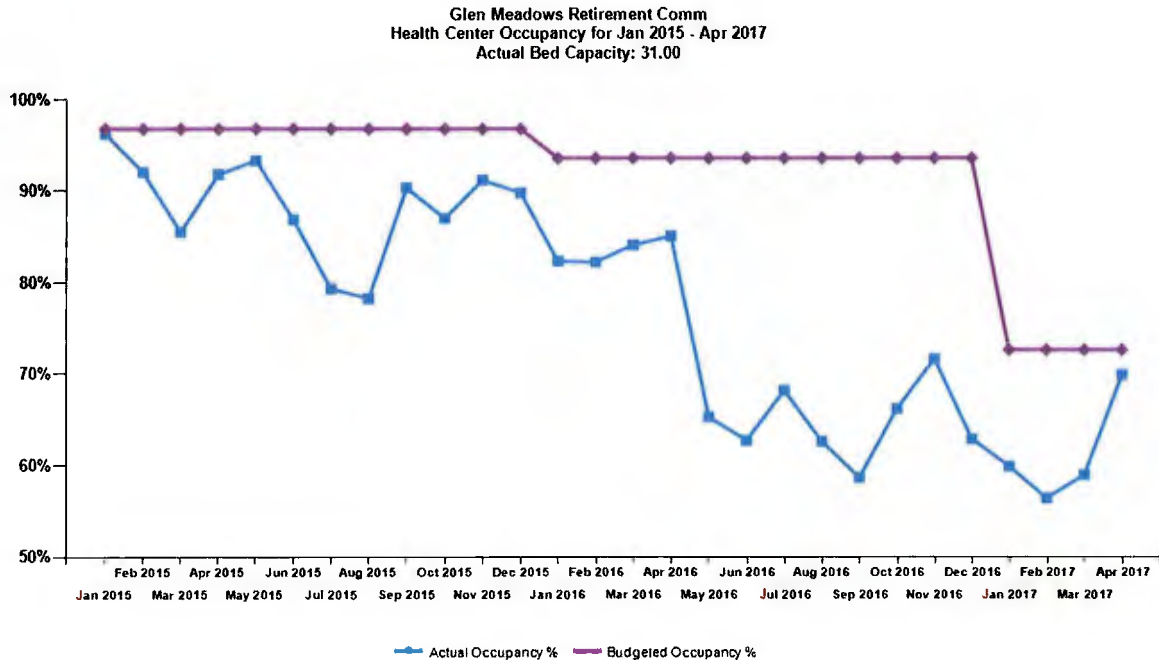
- Additional wages and benefits for Health Center CNAs as noted on Table H. Workforce were added in addition to the 2.5% increase applied to Table F. and Table G. Line 2.a. Salaries & Wages.
 - FTEs are projected to increase due to the increased Health Center occupancy as noted in the Utilization Projections on Table E. Section 4. The additional FTE expense of \$55,914 was added in CY 2018 and carried forward through CY 2022.
- Additional therapy expense was added to Table F. and Table G. Line 2.b. Contractual Services in addition to the 2.5% increase for CY 2018 and CY 2019.
 - Therapy utilization is projected to increase due to increased occupancy and Medicare utilization as noted on Table E. Section 4 and Table G. Line 4.b.1).

- CY 2020 – CY 2022 Contractual Services expenses are inflated 2.5% annually based on CY 2019.
- Incremental expense added for CY 2018 = \$132,923
- Incremental expense added for CY 2019 = \$201,436
- Additional pharmacy and ancillary expense was added to Table F. and Table G. Line 2.j. Other Expenses – Pharmacy & Medical Ancillaries in addition to the 2.5% increase for CY 2018 and CY 2019.
 - Expenses are projected to increase due to increased occupancy and Medicare utilization as noted on Table E. Section 4 and Table G. Line 4.b.1.
 - CY 2020 – CY 2022 Pharmacy & Medical Ancillaries expenses are inflated 2.5% annually based on CY 2019.
 - Incremental expense added for CY 2018 = \$33,833
 - Incremental expense added for CY 2019 = \$49,474

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TAB A

Presbyterian Senior Living
 Actual vs Budgeted Occupancy Chart



TAB B

Glen Meadows Retirement Comm
Health Center Occupancy for Jan 2015 – Apr 2017
Actual Bed Capacity: 31.00

	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015
Actual Occ %	96.254%	92.051%	85.536%	91.828%	93.34%	86.882%	79.292%	78.252%	90.323%	86.993%
Budgeted Occ %	96.774%	96.774%	96.774%	96.774%	96.774%	96.774%	96.774%	96.774%	96.774%	96.774%

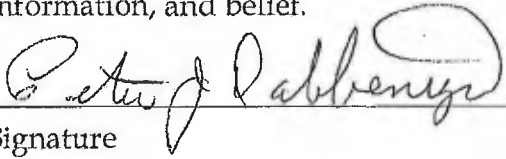
	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 016	Jul 2016	Aug 2016
Actual Occ %	91.183%	89.802%	82.31%	82.202%	84.079%	85.054%	65.245%	62.688%	68.158%	62.539%
Budgeted Occ %	96.774%	96.774%	93.555%	93.555%	93.555%	93.555%	93.555%	93.555%	93.555%	93.555%

	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017
Actual Occ %	58.602%	66.181%	71.613%	62.851%	59.834%	56.336%	58.897%	69.892%
Budgeted Occ %	93.555%	93.555%	93.555%	93.555%	72.581%	72.581%	72.581%	72.581%

TAB 14

AFFIRMATION STATEMENT

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.


Signature

06-14-2017
Date

AFFIRMATION STATEMENT

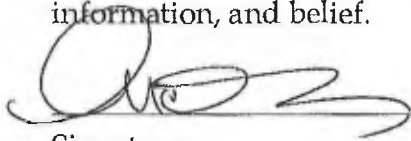
I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.

Donna Casne
Signature

06/14/2017
Date

AFFIRMATION STATEMENT

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.

A handwritten signature in black ink, appearing to be 'A. J. [unclear]', written over a horizontal line.

Signature

6/14/17

Date