

THE CENTER AT EDEN HILL, LLC

A New Skilled Nursing and Rehabilitation Facility
Dover, Delaware

March 28, 2013



THE CENTER AT EDEN HILL

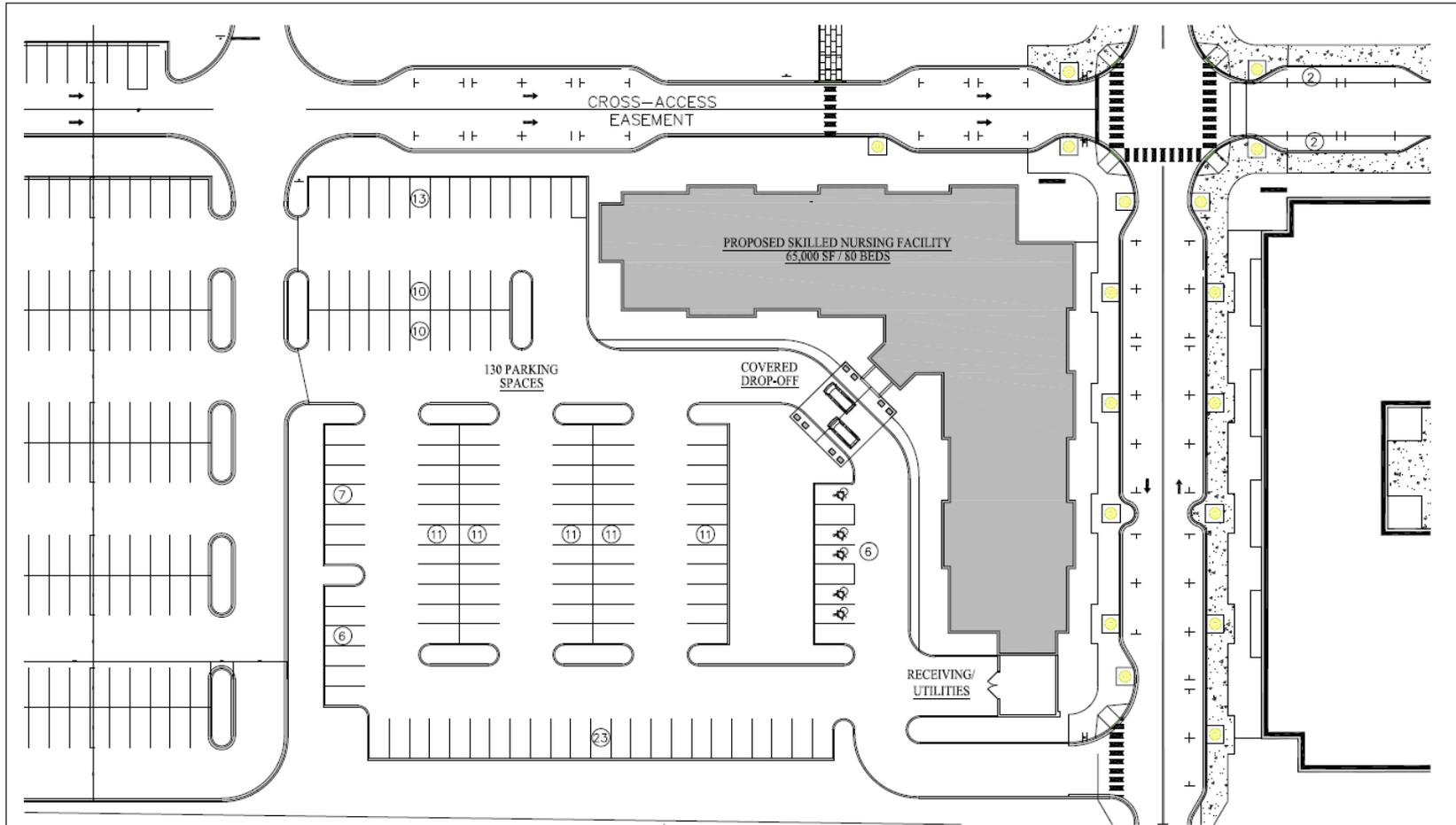
BBL MEDICAL FACILITIES
HCP ARCHITECTS

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PROJECT OVERVIEW

The Center at Eden Hill, LLC

- **65,000 Square Feet**
- **Steel Construction with Exterior Stone Masonry**
- **Three stories**
- **80 Beds**
- **\$16 Million Construction Cost**
- **100% Private Patient Rooms**
- **100% Private Patient Bathrooms**
- **Located at The Eden Hill Medical Center Campus**
- **Exceptional Resources for Physical, Occupational and Speech Therapy**
- **Fully ADA Accessible**



PARTIAL SITE PLAN
 SCALE: 1" = 40'-0"
 DATE: 01/24/2013

W. North St.

Banning St.

200 Banning St, Dover, DE 19904, USA

Proposed Site

APPLICANT OVERVIEW

- Owned principally by a wide cross section of local citizens of Kent county who recognize the existing need in the market. No one owner will own more than 5% of the organization.
- Managed by Veritas Management Group. Veritas specializes in creating locally owned facilities that provide a superior level of aesthetic and comfort, but also superior demonstrated outcomes.
- Developed by the team that built the Eden Hill Medical Center.

CERTIFICATE OF PUBLIC REVIEW

Review Considerations

1. Relationship of the proposal to the Health Resources Management Plan
2. The need of the population for the proposed project
3. The availability of less costly and/or more effective alternatives to the proposal
4. The relationship of the proposal to the existing health care delivery system
5. The immediate and long-term viability of the proposal in terms of the applicant's access to financial, management and other resources
6. The anticipated effect of the proposal on the costs of and charges for health care
7. The anticipated effect of the proposal on the quality of health care.

1. RELATIONSHIP OF THE PROPOSAL TO THE HEALTH RESOURCES MANAGEMENT PLAN

The following attributes are identified by the Health Resources Management Plan as relevant considerations with respect to nursing home applicants:

- A. Can the applicant demonstrate Continuity of Care?
- B. Does the applicant demonstrate a willingness to serve Medicaid patients?
- C. Does the applicant intend to replace facilities not conforming with current standards?
- D. Will the applicant use bed complements of at least 100 beds?

A. CONTINUITY OF CARE

- The applicant is primarily owned by a large cross section of individuals who participate in the healthcare community of Kent County. This structure provides for the most effective linkage and most seamless integration across the continuum of care possible.
- Two full-time social services directors provide highly detailed discharge plans for every patient
- Our therapists do an in-home evaluation to verify patient safety and accessibility for every patient.
- Nurse Liaisons
- Medical Directors

B. WILLINGNESS TO SERVE MEDICAID PATIENTS

- **Absolutely!** Our facility focuses on *avoiding* long-term institutionalization of our patients thereby significantly reducing our need to rely on Medicaid as a primary payor. Our patient demographic typically is eligible for Medicare and may have Medicaid as a secondary payor. We will not discriminate against a Medicaid beneficiary.



C. REPLACING FACILITIES NOT CONFORMING TO CURRENT STANDARDS.

- Building Standards in skilled nursing have dramatically changed during the last decade. We expect to incorporate the following higher standards:
 - 100% Private Rooms and Private Bathrooms help prevent spread of infectious disease and preserve patient dignity
 - “Clear Path” room designs to minimize falls and encourage independence
 - Direct Observation rooms for high-risk patients
 - Advanced HVAC which provides both energy efficiency and comfort
 - In-wall oxygen and suction
 - Advanced nurse call technologies which improve response time and safety to patients
 - Over 3000 square feet of therapy space
 - Shorter patient wings to reduce staff response time
 - Direct line of sight to all patient rooms from nurse stations

D. BED COMPLEMENTS OF AT LEAST 100 BEDS

- The Center at Eden Hill is principally a short-term facility which focuses on preventing long-term institutionalization. As such its impact on state expenditures and overall Medicaid reimbursement levels is expected to be negligible. Bed complements in our situation become less relevant.



2. NEED FOR THE PROPOSED PROJECT

- Overall nursing home occupancy in Kent County was last measured at 93.6%.
- The Health Resources Management Plan targets a 90% occupancy rate.
- One facility *averaged* over 95% occupancy in 2011.
- Such high occupancy rates reduce incentives to improve quality, staffing, and patient environment.
- The national average for occupancy of nursing homes is 82%. (CDC)

2. NEED FOR THE PROPOSED PROJECT CONT.

- The Health Resources Management Plan published in April of 2012 estimated a shortage of 82 beds in Kent County
- Current supply of Private beds = 642
- Kent County's allocated supply of Public (state) beds = 144
- Eight beds have been approved to be added to Courtland Manor
- Total supply of beds in Kent County = 794.
Total projected 2015 Need = 876.

Need for the Proposed Project cont.

Table 2.0 (continued)

**Number of Licensed Beds and Occupancy Rates by Facility, Type and County
January-December, 2011**

Nursing Home	Billable Patient Days 2011	Licensed beds 2011	Months Facility open in 2011	Average days/month 2011	Total days facility open 2011	Licensed bed days in 2011	Occupancy rate 2011 (weighted)	Occupancy rate 2010 (weighted)	% Change 2010-2011 Occupancy
Kent County (Private)									
Capitol Healthcare	41,783	120	12	30.42	365	43,805	95.4%	96.2%	-0.8%
Courtland Manor	22,670	70	12	30.42	365	25,553	88.7%	86.8%	2.2%
Delaware Veterans	40,831	120	12	30.42	365	43,805	93.2%	93.3%	-0.1%
Pinnacle Rehab	51,887	151	12	30.42	365	55,121	94.1%	94.2%	-0.1%
Silver Lake Center	41,547	120	12	30.42	365	43,805	94.8%	93.9%	1.0%
Westminster Village	20,584	61	12	30.42	365	22,267	92.4%	91.5%	1.1%
Kent County Total	219,302	642	n/a	n/a	n/a	234,356	93.6%	93.3%	0.3%

- **Between 2013 and 2020 the population of Delaware residents aged 65 and over (target population) is projected to increase by 29%.**
- **A 29% increase in billable patient days would equate to 282,900 billable patient days by 2020.**
- **At a 90% occupancy level the existing supply can only support 210,920 patient days.**
- **The difference equates to a need of 197 new beds by 2020.**

3. THE AVAILABILITY OF LESS COSTLY AND/OR MORE EFFECTIVE ALTERNATIVES TO THE PROPOSAL

- Nursing facilities provide the lowest-cost inpatient experience available in health care.
- Alternatives to Skilled Nursing include home health care, assisted living, and adult day care.
- Generally, it is very clear whether or not a patient needs to be admitted to a skilled nursing facility. Other care settings are either not adequate in terms of care, or are more expensive.
- Skilled nursing facilities are all reimbursed on the same scale.

4. THE RELATIONSHIP OF THE PROPOSAL TO THE EXISTING HEALTH CARE DELIVERY SYSTEM

- It is expected that the proposed project will alleviate excess demand in the market but have minimal impact on existing providers
- A new facility will help facilitate timely patient discharges from the hospital and avoid expensive delays
- Our location on the Eden Hill Medical Center Campus and our structure of local ownership will allow seamless integration within the existing healthcare framework

5. THE IMMEDIATE AND LONG-TERM VIABILITY OF THE PROPOSAL IN TERMS OF THE APPLICANT'S ACCESS TO FINANCIAL, MANAGEMENT AND OTHER RESOURCES

- The applicant will contribute a minimum of \$7 Million of private capital to the project.
- The management company has raised over \$40 Million in the last three years in debt and equity financing for skilled nursing home projects. (See banking endorsement letters in application)
- The applicant has direct access to the human resources necessary to staff the proposed facility through its broad ownership group.
- Location right on the Health Care Campus of The Eden Hill Medical Center will also help attract necessary personnel.
- The Management Company utilizes technology to daily monitor dozens of financial and clinical metrics to ensure smooth operations.
- The Applicant's model uses a full-time Medical Director on site to ensure clinical quality.

6. THE ANTICIPATED EFFECT OF THE PROPOSAL ON THE COSTS OF AND CHARGES FOR HEALTH CARE

- The Center at Eden Hill is reimbursed identically for the same services as existing facilities.
- The majority of our revenues will be from the Medicare program or private insurers.
- Increased capacity for skilled beds will decrease costs overall because it will facilitate discharge from the high-cost hospital setting.
- Our record of low fall-rates and shorter lengths of stay decreases global costs to the system.
- Our emphasis is on getting the patient to prior functionality and independence, not costly, long-term institutionalization.

7. THE ANTICIPATED EFFECT OF THE PROPOSAL ON THE QUALITY OF HEALTH CARE.

- The management company has a track record of achieving 5-star ratings from Medicare (Medicare rates facilities annually).
- Courtland Manor is the only 5-star facility in Kent County. Ratings are based on staffing, quality control, clinical outcomes and adherence to state and federal regulations.
- Our Staffing Ratios are expected to be almost double the local average.
- Our patients will receive 3-4 times as much one-on-one therapy as the local average.
- 100% Private rooms and bathrooms will improve dignity, enhanced infection control and a better healing environment.
- Onsite Medical Director provides a higher standard of clinical supervision.

Nursing and Therapy Minutes Per Resident Per Day

Publicly available report found on Medicare.gov

Typical Staffing
at Local Facility
in Dover



	XXXX	DELAWARE AVERAGE	NATIONAL AVERAGE
Total Number of Residents	111	92.2	88.2
Total Number of Licensed Nurse Staff Hours per Resident per day	1 hour 30 minutes	2 hours 7 minutes	1 hour 36 minutes
RN Hours per Resident per Day	37 minutes	1 hour 12 minutes	47 minutes
LPN/LVN Hours per Resident per Day	52 minutes	55 minutes	50 minutes
CNA Hours per Resident per Day	1 hour 52 minutes	2 hours 29 minutes	2 hours 27 minutes
Physical Therapy Staff Hours per Resident per Day	5 minutes	6 minutes	6 minutes

[How to Read Staffing Chart](#) | [About Staff Roles](#)

*The star rating a nursing home received for the information it provided about its Registered Nurse (RN) staffing. RNs have between 2 and 6 years of education.

Facility
Managed by
Veritas



	XXXX	COLORADO AVERAGE	NATIONAL AVERAGE
Total Number of Residents	64	75.2	88.2
Total Number of Licensed Nurse Staff Hours per Resident per day	3 hours 58 minutes	1 hour 41 minutes	1 hour 36 minutes
RN Hours per Resident per Day	2 hours 22 minutes	59 minutes	47 minutes
LPN/LVN Hours per Resident per Day	1 hour 37 minutes	42 minutes	50 minutes
CNA Hours per Resident per Day	3 hours 30 minutes	2 hours 26 minutes	2 hours 27 minutes
Physical Therapy Staff Hours per Resident per Day	23 minutes	7 minutes	6 minutes

[How to Read Staffing Chart](#) | [About Staff Roles](#)

Guiding Principles of the CPR Board

Will the Applicant:

- Help improve access, improve quality of care while balancing cost considerations?
 - ✓ Yes. See discussion above.
- Contribute to the care of the medically indigent?
 - ✓ Yes. The applicant will do its part to serve the medically indigent.
- Deliver a coordinated, managed approach to serving the health care needs of the population?
 - ✓ Yes. Creating a central campus at The Eden Hill Medical Center will facilitate care for patients and providers alike

Guiding Principles of the CPR Board (continued)

Will the Applicant:

- Take into account potential out-of-state health resources?
 - ✓ Patients who required skilled nursing care typically are not in a condition to travel long distances. Most patients will live within 20 miles of the facility
- Discourage overutilization of state resources?
 - ✓ Yes. The applicant focuses on short term rehabilitation and avoiding long-term institutionalization. The impact on the state budget is expected to be negligible.
- Strengthen market forces through increased competition?
 - ✓ Yes! Kent County currently provides very little choice. The driving factor is whether or not there is an open bed somewhere... anywhere. With the market currently at full capacity, there are no incentives to staff above statutory limits, provide good customer service or make improvements to the patients' environment.

Guiding Principles of the CPR Board (continued)

Will the Applicant:

- Improve prevention of future healthcare costs and utilization?
 - ✓ Yes. Our whole model is based on eliminating the long-term institutionalization of our patients. While this cannot be wholly avoided, each patient who goes home independently saves the healthcare system approximately \$90K per year.

Our model also focuses on:

- Reducing falls
- Reducing rehospitalizations
- Reducing facility-acquired wounds
- Shortening overall length of stay

The Center at Eden Hill

Thank you for your time!