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January 4, 2017

Mr. Marvin Ostreicher, Managing Member  
Rutland Crossings LLC  
d/b/a The Pines at Rutland Center for Nursing and Rehabilitation  
99 Allen Street  
Rutland, Vermont 05701

*c/o Shireen T. Hart, Esq.*  
*PRIMMER PIPER EGGLESTON & CRAMER PC*  
*150 So. Champlain Street*  
*PO Box 1489*  
*Burlington, VT 05401*

Dear Mr. Ostreicher,

This letter is submitted in accordance with the State's Health Resource Allocation Plan Certification of Need (CON) Standards 5.2 and 5.3 which requires the Department of Disabilities, Aging and Independent Living (DAIL) to review and provide a recommendation in relation to the CON applications from nursing homes and similar entities.

The Department has received the Certificate of Need application from The Pines at Rutland related to the renovation of the third and fourth nursing floors of the existing facility to align with recent renovations of the second floor, all aimed at improving the quality of care for residents.

In completing our review, the Department consulted with the Agency of Human Services' Division of Rate Setting and internally with relevant divisions and staff. We considered both the Department's mission and our desire to advance excellence in quality of care and quality of life for Vermonters. We also considered our desire to promote and support cultural change in our nursing, independent care and assisted living facilities in addition to our work to rebalance options and choices for care across a spectrum of support.

**1. Project Summary:**

The Pines at Rutland seeks a CON for a planned interior renovation to two of their skilled nursing floors located in the facility in Rutland, Vermont. The proposed project involves interior renovations only and includes new finishes, painting, new ceilings, lighting and millwork and the bifurcating of four existing four person rooms into two person bedrooms, offering residents additional privacy. Other areas of construction will include: the creation of Med Rooms behind Nurse Stations, relocation of Clean Work Rooms, relocation of Nourishment areas into existing dining rooms and the creation of a new, vented Oxygen Closet.

The project will not change the current census or capacity at the Pines. The renovations are necessary to modernize the facility to improve the resident experience and the overall quality of care. As the second floor was renovated four years ago, these renovations would render the remaining floors consistent in terms of quality, access and environment.

In considering the potential disruption to current residents, the Pines has developed a renovation plan which anticipates ten phases of renovation, staggered across fifty weeks. Any residents required to temporarily relocate during the transition will be relocated within the facility and disruption minimized. Residents will be given advance notice of the temporary relocation. Although probably already planned, DAIL would strongly suggest that family members of residents also be made aware of the upcoming renovation and potential for temporary relocation.

As an effort to offer additional privacy, modernize the environment and ensure a higher, available quality of care, DAIL concurs with the approach and the intent of the project.

**2. Evaluation of HRAP CON Standard 5.2: Nursing Homes or similar entities seeking to replace or increase beds shall show the beds are needed. Such showing of need shall be confirmed by the Department of Disabilities, Aging and Independent Living:**

As the proposed project is a renovation of an existing facility, there are no additional beds being proposed. In reviewing the most recent census information issued in November of 2016, the Pines is licensed for 125 beds and they have operated in the low 90% in terms of occupancy over the last six months. In November of 2016, Medicaid represented 69% of their total revenue and they had approximately 10% rate of bed vacancy. The regular and consistent census count indicates an ongoing need for the beds in the Rutland area.

**3. Evaluation of HRAP CON Standard 5.3: Nursing homes or similar entities seeking a certificate of need shall provide a written recommendation from the Department of Disabilities, Aging and Independent Living supporting the new health care project proposal:**

**a. Quality of Care:**

The Pines at Rutland Center for Nursing and Rehabilitation is currently in substantial compliance with regulatory requirements. They have a 4-star overall rating from CMS, with 3 stars for health inspection, 3 stars for staffing and 5 stars for quality measures. Their past 2 full recertification surveys have resulted in lower level deficiencies.

There was a significant issue identified in November 2015, but the facility had already completed systemic corrective actions by the time DAIL surveyors went onsite to investigate so the citations were considered "past non-compliance". This proactive approach is a good indicator of their quality assurance process and overall quality of care.

**b. Financial Review**

In a brief review of the financial picture presented by the Pines, their net income appears solid with steady growth projected. Total expenditures also appear to be steady while their cash on hand shows a slow and steady increase. Their current ratios indicate good financial health for the organization overall and their operating expense level has remained consistent over the past few years. The financing strategy proposed to support the renovation appears to be sound.

Overall, the Pines at Rutland's financial picture appears to be consistently solid and DAIL believes that they can support the proposed project.

In conclusion, DAIL affirms its belief that the Pines at Rutland can support the proposed construction and renovation project. We are conditionally supportive of the Pines proposal, dependent on the full application and information obtained by the Green Mountain Care Board during the CON process.

Sincerely,



Monica Caserta Hutt  
Commissioner

C: Donna Jerry, Senior Health Policy Analyst, GMCB  
Camille George, Deputy Commissioner, DAIL  
Clayton Clark, Director of Licensing and Protection, DAIL  
Kathleen Denette, Director, Division of Rate Setting, AHS