

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: Application of Vernon Advent Christian)
 Home, Inc., d/b/a Vernon Green)
 Nursing Home, Replacement of Skilled)
 Nursing Facility)
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_____)

GMCB-001-22con

STATEMENT OF DECISION AND ORDER

Introduction

In this Decision and Order we review the application of Vernon Advent Christian Home, Inc., d/b/a Vernon Green Nursing Home, for a certificate of need (CON) to demolish the existing one story 60-bed skilled nursing facility and build a new three-story 60-bed skilled nursing replacement facility using the Green House Project Model (Green House model). The new facility will be located adjacent to the existing facility. The cost of the project is \$35,690,981.

For the reasons set forth below, we approve the application and issue the applicant a certificate of need, subject to the conditions set forth therein.

Procedural Background

On December 28, 2022, Vernon Green filed a CON application and a request for expedited review. On January 26, 2023, we denied expedited review, because required financial information had not been included in the application submission, but provided that the applicant could resubmit its request for expedited review once it submitted all required financial information, including responses to all finance-related questions. The Board requested additional information regarding the project on January 19, March 9, June 14, June 22 and August 17, 2023, which Vernon Green provided on February 17, June 1, June 14, August 7, and August 23, 2023. The application was closed on August 28, 2023. On September 6, 2023, Vernon Green submitted a request for expedited review, which was granted by the Board on September 25, 2023.

Jurisdiction

The Board has jurisdiction over this matter pursuant to 18 V.S.A. § 9375(b)(8) and 18 V.S.A. § 9434(a)(1).

Findings of Fact

1. Vernon Advent Christian Home, Inc. (VACH), d/b/a Vernon Green Nursing Home (“Vernon Green” or “the Applicant”) is affiliated with Advent Christian Retirement Communities, Inc. (ACRC) and Vernon Continuing Care Homes, Inc. (VCCH). ACRC represents the corporate governing authority over the business operations of VACH and VCCH, a Kittery, Maine, independent living rental complex for seniors. Vernon Green owns and operates a not-for-profit 60-bed skilled nursing facility located in Vernon, Vermont, serving Vernon and surrounding communities. Its campus in Vermont, d/b/a Vernon Homes, includes the existing 60-bed nursing home, a 44-bed assisted living facility and 15 independent living apartments. This certificate of need determination is only for the demolition of the existing nursing home and the construction of a new replacement 60-bed nursing home. Application, (App.), 10. Exhibit 1, 124.

2. A common Board of Directors and Executive Management Committee actively govern and manage the organization. The management and operations of Vernon Homes is undertaken by an Executive Director reporting to the Executive Committee of the Board of Directors. M. Bradford Ellis serves as the Executive Director of Vernon Homes and is a Licensed Nursing Home Administrator and has been employed by Vernon Homes for over 25 years. App., 10.

3. The existing 60-bed skilled nursing facility, which is approximately 33,000 square feet, was constructed in phases in 1966, 1972, and 1985. All rooms are shared occupancy. The applicant represents that the existing structure is not a candidate for further major capital investment or renovation. Current conditions reflect deteriorating physical plant and a fully aged operating environment in acute need of capital investment and strategic redirection. Further investment in the present configuration would keep in place an outdated model for the delivery of skilled nursing residential care. The facility is proving to be undesirable to prospective residents and their families, as well as to prospective employees. Vernon Green has faced constraints in marketing the facility, challenges associated with sustaining optimal occupancy levels, and difficulties recruiting and retaining high caliber caregivers. Although Vernon Green has maintained a high level of quality of care and regulatory compliance, with an overall four-star rating (out of five), the existing building prohibits cost-effective and efficient operations, which in turn have contributed to a deteriorating financial position and escalating operating losses. App., 11, 29, 116; Email from M. Bradford Ellis to Donna Jerry (Dec. 7, 2023).

4. Vernon Green proposes to convert its operations to the Green House model. As presented by the applicant, the Green House model is a proven replacement model to the traditional skilled nursing facility. App., 11-12. The Green House model was developed to de-institutionalize long-term care facilities, with “hallmark tenets ... [of] ‘Real Home,’ ‘Meaningful Life,’ and ‘Empowered Staff.’” The physical structure of a Green House model moves away from an institutional design to a setting where residents have more privacy and control over their lives. The architectural configuration creates units for 10-12 residents, with private rooms and baths and communal kitchen, dining, and living room areas. This home-like environment eliminates nursing stations, shared baths, and centralized cafeterias. The culture seeks to reverse the “enforced dependency” of traditional nursing homes by creating small communities designed to foster late-life development, independence, and enrichment to the extent possible. To support these goals, the

model empowers direct care staff to play a greater role in residents' lives by providing support in all aspects of daily care. App., Exhibit 2, 126. Dedicated staff assignments to specific residents provide better continuity of care and allow staff to identify changes in a resident's physical and mental health; these close relationships facilitate early intervention which results in better health outcomes. App., 21-22. The Applicant represents that it is well suited to serve as Vermont's first Green House model project. To ensure adherence to the standards of the Green House model during development and during on-going operations, Vernon Green has entered into an agreement with the Green House Project, which holds the trademark to the Green House home brand. App., 11-12.

5. Green House model residents often experience improved outcomes compared to residents of traditional nursing homes, specifically with respect to continued independence and activities of daily living (ADLs). ADL functional status is a common measure to assess the overall effects of care that nursing home residents receive and is a significant factor in assessing an individual's quality of life. Green House model residents maintain self-care abilities longer than in traditional nursing home settings and experience lower rates of decline of ADLs. A study of Green House homes that had migrated from traditional nursing homes found that overall hospitalizations declined by 1.3%; the study also found outcome improvements across all Minimum Data Set Quality Metrics, a component of mandated assessments in Medicare and Medicaid certified nursing homes. The study found statistically significant declines in the number of bedfast residents, catheterized residents, and pressure ulcers in Green House model residents. Other studies have found the Green House model reduces 30-day readmissions and avoidable hospitalizations by 30%. These findings are consistent with other studies suggesting that the Green House model's small-scale built environment and its consistent assignment of direct care staff results in better quality of care. App., 21-23.

6. The applicant anticipates that the Green House model will have a positive effect on all residents including those with dementia and mental illness. The layout of the space in the new facility allows residents to receive services in private and communal spaces that reflect their personal values and preferences. During the third quarter of 2022, 83.9% of Vernon Green's resident population had a psychiatric diagnosis. The Applicant has historically served a population with dementia and the facility will continue to provide quality services to such individuals in a more home-like environment represented by the Green House Model. The project will better support appropriate mental health care that meets standards of quality, access, and affordability for residents. App., 31-32, 37; Response to Questions, (Resp.) (Aug. 7, 2023), 12-13.

7. In addition to promoting higher levels of resident and employee satisfaction and better care outcomes, the Green House model improves the financial metrics of revenue realization and operating cost efficiencies when contrasted with traditional nursing homes. App., 12, 18, 20, 25-27.

8. The project includes demolition of the existing single-story, 60-bed nursing home and construction of a new three-story, 55,000 square foot, 60-bed skilled nursing facility adjacent to the location of the existing facility. The new facility will implement the Green House model and will contain five distinct residential sections called "homes," of which four will be dedicated to residents requiring long-term care and one will be dedicated to short-stay rehabilitative services.

Each of the five areas will include 12 single occupancy rooms with private baths, dedicated common areas and a country kitchen. The design of the new building will include administrative and management space. The exterior of the new building is intended to resemble that of a New England inn. The interior design reflects Green House model guidelines to create a residential, home-like atmosphere and will meet or exceed Vermont energy efficiency standards. The design of the home-like environment will contribute to resident autonomy and choice, giving residents greater opportunities to set their own schedules, including wake, bath, and bedtimes, and a quiet environment when in their own rooms. The private rooms will also be more supportive for individuals with mental illness and dementia and will offer privacy for visiting friends and family members. When visitors are comfortable, they are likely to visit residents more frequently, contributing to better overall resident psychosocial wellbeing and patient satisfaction. Family members of Green House model residents are more likely to report higher levels of satisfaction and demonstrate greater levels of engagement when compared with family members of residents at traditional nursing homes. The small-house environment encourages residents to have more meaningful contact with other residents and greater involvement in social activities which is positively correlated with longer life. Moreover, community meals and involvement in small unit activities such as laundry, table set up, and cooking, stimulate residents' physical functioning and mobility within the small-house unit. Residents are permitted to bring their own furniture and decorations to their private rooms and may rearrange the furniture as they wish, providing a sense of familiarity and comfort. App., 10-11, 12-14, 21, 23-24, 26, 30-31.

9. While the project maintains the number of licensed skilled nursing beds, all 60 beds will be converted from shared occupancy to private rooms with private baths. Historic and current occupancy levels demonstrate that the 60 beds are needed, and the Applicant anticipates that the Green House Model's single occupancy rooms, private baths, and small-scale common spaces will enhance Vernon Green's appeal and its ability to maintain occupancy rates exceeding 90%. App., 34. The layout of the space in the new facility allows residents to receive services in private and communal spaces that reflect their personal values and preferences. App., 11, 14, 34.

10. Integral to the Green House model is the Universal Worker. Universal Workers provide personal care and implement care plans for residents within a non-hierarchical staffing structure, rotating responsibilities for the range of required duties. Green House model caregivers note that the consistent assignments and small teams contribute to the home-like environment for residents and increase satisfaction among staff compared to traditional nursing homes. The model avoids medical-like elements such as nursing stations, medication carts and public address systems. The small-scale environment allows for rapid staff response time when needed by a resident. Vernon Green will reduce overall staffing by 8.5 FTEs from 71.55 to 63 FTEs. App., 24-25. Resp., (February 17, 2023), 12, 20-21; and Resp., (June 1, 2023), 41, Staffing Report. All staff will receive extensive Green House model training. The Applicant will use the Green House Project guide to continue delivering required services and intends to provide effective and supportive leadership to heighten workplace satisfaction and lower levels of stress for front line caregivers. The Applicant states that research confirms the effectiveness of these practices and a positive correlation to staff retention. In 2020, during the COVID-19 pandemic, Green House model homes reported substantially lower staff turnover rates compared with traditional nursing homes. Traditional nursing home workforce experienced 129.1% mean turnover for certified nursing assistants (CNAs), 114.1% for licensed practical nurses (LPNs), and 140.7% for registered nurses

(RNs). In contrast, Green House model results indicate 33.5% turnover for Universal Workers, 41.6% for LPNs, and 63.2% for RNs. Training specific to the Universal Worker includes culinary skills and food safety, lab practicum, and communicating for success. Training will be completed prior to opening the new facility to support existing staff. Hands on training through practicums in the areas of housekeeping, laundry, activities, budgets, ordering, policies and procedures, CPR, emergency preparedness, lifts, life safety, and maintenance will also be covered. Training will be conducted by in-house experts from sample content provided by the Green House Project. App., 25. Resp., (Feb. 17, 2023), 18-19.

11. The Department of Disabilities, Aging and Independent Living (DAIL), the state entity that licenses beds and regulates the nursing home industry sector, supports the Applicant's proposed project and has written a letter in support of the project. App., 34, 132-135, Exhibit 4.

12. The nursing home's deteriorating conditions required the Applicant to develop a strategic business plan to revitalize property interests and reposition operations to secure a more sustainable and financially viable operating foundation for the future. In planning for this project, Vernon Green undertook intensive pre-development activities including engineering studies, design development, market studies, and financial and operational modeling, engaging a project team of in-house staff and outside consultants. App., 11-15. The Applicant has determined that implementation of the Green House model is its preferred solution to address the challenges of the traditional nursing home model and the deteriorating conditions of its facility, both of which have negatively impacted its occupancy rates and long-term financial viability. App., 11; Resp., (August 7, 2023), 12. The successful completion of the project will contribute to Vernon Green's strengthened financial position and improved performance. App., 13-14, 34. Vernon Green is currently experiencing marginal or negative operating margins and expects that the home-like qualitative attributes of the Green House model, operating cost efficiencies of a new building, and high sustained occupancy rates will improve. Annual operating income is also expected to increase. App. 15.

13. Construction of the new facility will address many of the inefficiencies and limitations inherent in the design of the existing property and is expected to have a positive effect on resident privacy, dignity, and autonomy. The project is also designed to meet all applicable FGI guidelines for the Construction of Residential Health, Care and Support Facilities and will meet or exceed energy efficiency standards. App., 27-28, 36; Resp., (August 7, 2023), 15 and Exhibit A, Letter of Engagement from Efficiency Vermont. It is expected that the project will take 18 months to complete once construction begins. App., 16. Completion of the project is expected to result in a strengthened financial position and performance improvement. The revitalized physical and operating environment will promote the community appeal for prospective residents and recruitment and positively affect the retention of staff, resulting in higher occupancy rates, allowing Vernon Green to regain its market position. App., 13-14. Once the new nursing home is completed, current residents will be transferred to the new facility. App., 11, 27-29.

14. On June 1, 2023, Vernon Green submitted revised financial tables to reflect a total project cost of \$35,690,981, an increase from \$30,989,722 reflected in the original application submitted and on December 28, 2022. On June 14, 2023, the Applicant submitted revised assumptions to accompany the June 1, 2023, revised financial tables. Resp., (June 1, 2023), 20-41; Resp., (June

14, 2023), 68r-86r. The Applicant revised the budget to account for ongoing inflation in costs related to construction. The project will be financed through a \$33,690,981 USDA Rural Development Loan, \$1,000,000 from grants and \$1,000,000 from Owner/Sponsor loan. Resp., (June 1, 2023), 5, 22, Table 2, Debt Financing Arrangement; Resp., (June 14, 2023) 74R, Revised Assumptions.

15. Financial feasibility is projected to improve due to the following: improved and stable occupancy rates projected to exceed 90%; a dedicated 12-bed home for short-term rehabilitation services expected to be in high demand by area hospitals discharging patients for rehabilitation services; improved space planning and operational enhancements from cost efficiencies, improved staffing model, and better expense management; a competitive rate structure; and an increased Medicaid per diem rate. App.,13-15; Resp., (June 14, 2023), 69R-86R, Revised Assumptions.

16. Improvements in revenue are expected due to an increase in short-term stay Medicare residents, an increase of \$132 per day above the current Medicaid per diem rate, and a commercial per diem rate that is based on 2022 actual, and inflated annually by 3%, which is approximately the average Medicare market basket rate for 2023. Commercial payers make up a very small percentage of the overall payer mix. Private Pay rate structures are assumed at 5% above the projected Medicaid rate. Resp., (June 1, 2023), 10-12; Resp., (June 14, 2023), 84R. The Medicaid per diem rate is currently approximately \$300. Resp., (August 7, 2023), 7. Medicaid allows specific capital costs associated with the replacement building to increase the per diem rate by approximately \$132 for each Medicaid bed. Email from Division of Rate Setting, August 28, 2023, 1. Vernon Green has a long history of serving low-income individuals in the community and does not anticipate any reduction in the number of Medicaid beneficiaries served once the proposed project is operational. Resp., (June 1, 2023), 16. The Applicant intends to maintain a minimum of a five percent margin for the private rate over the approved Medicaid rate. The Applicant is confident that the projected private rate structures will remain aligned with the competitive market given the desirability of the Green House model to individuals requiring long-term care and rehabilitation services. Resp., (June 14, 2023), 76R-77R. Resp., (August 7, 2023), 7.

17. The Applicant has the financial condition to sustain the financial burden imposed by the project. Vernon Green is sufficiently capitalized to carry-out the project and maintains adequate levels of property and liability insurance to safeguard against property damage, losses, business interruption, and other circumstances of legal liability surrounding care. The adequacy of insurance is routinely reviewed and modified by management. App., 34. Vernon Green is an integral part of the continuum of care and will have a positive effect on hospitals as 12 beds will be dedicated to short-term rehabilitation, beds that are needed by hospitals to discharge patients to a less costly, more appropriate level of care following an acute episode. There is no less costly alternative given Vernon Green's long-term investment in seeking to provide an updated model of care for individuals requiring nursing home level care, which will be needed and sought out by individuals and their families now and in the future. App., 35-36.

18. As a licensed nursing home with receipt of both Medicaid and Medicare funds, Vernon Green collects and monitors data in alignment with state and federal requirements and initiatives. Based on routinely scheduled assessments required by the Centers for Medicaid and Medicaid (CMS), the Applicant routinely collects and submits resident data which is in turn used for

measuring quality of care and quality improvement at the facility. In addition, CMS and DAIL use the data to establish regulatory standards for the continuing quality assessment of resident care in nursing homes. Quality is evidenced through required health inspections, CMS's Nursing Home Compare star rating, and Quality Innovation Network-Quality Improvement Organization Centers for CMS's iQuality Improvement and Innovation Group. The Applicant maintains a Quality Assurance and Quality Improvement program that identifies, addresses, and monitors areas for quality improvement. The program's participants include the Applicant's Medical Director, Facility Administrator, Director of Nursing Services, Quality Nurse, pharmacists, and Dietician. This program identifies areas of improvement through governmental data as well as self-identified areas of improvement that are discipline specific. These processes and programs will continue under the new Green House model with responsibility shared across the organization and managed internally by the Applicant's Facility Administrator. The Applicant's executive staff and Board of Directors regularly review its quality indicators and initiatives. The Applicant is also a OneCare Vermont partner. OneCare Vermont gives providers access to data, resources, and tools to improve patient health. The Green House Project Model Enrichment Resource and Integrity Tool (MERIT) Organizational Outcomes Assessment is a confidential tool that measures the bottom-line impact from Green House homes. The MERIT tool includes general organizational demographics, and financial, satisfaction and clinical outcomes. The reports are used for benchmarking across Green House organizations, and they help identify and employ best practices. The Green House Project MERIT Staff Assessment tool will also be employed. Research studies have measured and validated the efficacy of the Green House model. The Green House Project has established training programs to prepare staff for operation of the model as well as undergoing engagement to assure core values are maintained. App., 19-21.

19. The self-contained "small house" design of the Green House model may be more effective at controlling the spread of COVID-19 and other infectious diseases compared with the floor plan of a traditional nursing home. In the U.S. as of July 26, 2020, there were 146 cases of COVID-19 per thousand residents in all certified nursing homes as compared to 32.5 confirmed COVID-19 cases per thousand residents in Green House homes. Ninety-five percent of Green House homes were COVID-19 free. The lower rates of reported COVID-19 infections in Green House homes indicate that the specific design elements may be more effective in controlling the spread of infectious diseases. The design of the Green House model also makes it easier to social distance. App, 25-26.

20. The Applicant currently has facility vehicles to transport residents when needed. These transportation services will continue once the replacement nursing home is fully operational. App., 37.

21. The project does not include a health information technology component. The Applicant is in full compliance with conforming regulatory practice requirements and current systems will continue once this project is implemented. App., 37.

Standard of Review

Vermont's CON process is governed by 18 V.S.A. §§ 9431-9446 and Green Mountain Care Board Rule 4.000 (Certificate of Need). An applicant bears the burden of demonstrating that each of the criteria set forth in 18 V.S.A. § 9437 is met. Rule 4.000, § 4.302(3).

Conclusions of Law

I.

Under the first statutory criterion, an applicant must show that the proposed project aligns with statewide healthcare reform goals and principles because the project takes into consideration healthcare payment and delivery system reform initiatives; addresses current and future community needs in a manner that balances statewide needs; and is consistent with appropriate allocation of health care resources, including appropriate utilization of services, as identified in the Health Resource Allocation Plan (HRAP). 18 V.S.A. § 9437(1).

The Health Resources Allocation Plan (HRAP) identifies needs in Vermont's healthcare system, resources to address those needs, and priorities for addressing them on a statewide basis.¹ We note that HRAP CON Standards 1.6 (collect and monitor data relating to health care quality and outcomes), 1.7 (project is consistent with evidence-based practices), 1.8 (comprehensive evidence-based system for infectious disease), 1.9 (costs and methods for construction/renovation/fit-up are necessary and reasonable), 1.10 (projects are energy efficient), 1.11 (projects requiring new construction demonstrate that new construction is a more appropriate alternative compared to renovation), 1.12 (project complies with FGI Guidelines), 3.12 (how project will support quality services for potentially terminally ill individuals), 4.7 (how services will support the mental health and well-being of elderly residents), and 5.1 (ensure that long-term care services support the personal preferences of residents in the least restrictive environment) apply to this project. In light of the factual findings, we conclude that the project aligns with statewide healthcare reform goals and principles.

II.

The second criterion requires an applicant to demonstrate that the cost of the project is reasonable. The applicant must show that it can sustain any financial burden likely to result from the project; that the project will not result in an undue increase in the cost of care or an undue impact on the affordability of medical care for consumers; that less expensive alternatives do not exist, would be unsatisfactory, or are not feasible or appropriate; and that appropriate energy efficiency measures have been incorporated into the project. 18 V.S.A. § 9437(2).

¹ The Vermont legislature in Act 167 (2018) made several changes to the State's CON law. As amended by Act 167, 18 V.S.A. § 9437(1)(C) continues to reference the HRAP, which is in the process of being updated. In the interim, we consider the current HRAP standards. The Health Resource Allocation Plan is posted to the Board's website at <https://gmcbboard.vermont.gov/sites/gmcb/files/documents/Vermont%20Health%20Resource%20Allocation%20Plan%202009%207.1.09.pdf>.

Based on our review of the record, we conclude that the Applicant can sustain the financial burden likely to result from the project. Vernon Green is sufficiently capitalized to complete the project, which will cost approximately \$35,690,981. The project will be financed through a \$33,690,981 USDA Rural Development Loan, \$1,000,000 from grants, and \$1,000,000 from Owner/Sponsor loan. Findings of Fact (Findings), ¶¶ 14, 17.

We also conclude that less expensive alternatives are not available, would be unsatisfactory, or are not feasible or appropriate, and that appropriate energy efficiency measures have been incorporated into the project. There are no less costly alternatives to Vernon Green's transition to the Green House model that will achieve the Applicant's goal of an improved approach to care for individuals requiring nursing home level of care, a type of care that will be needed and sought out by individuals and their families now and in the future. Construction of the new facility will address many of the inefficiencies and limitations inherent in the design of the existing facility and is expected to have a positive effect on resident privacy, dignity, and autonomy. The new facility is also designed to meet all applicable FGI guidelines for the Construction of Residential Health, Care and Support Facilities and will meet or exceed energy efficiency standards. Completion of the project is expected to result in a strengthened financial position and performance improvement due to the proven quality of the Green House model's home-like environment. The revitalized physical and operating environment will promote the community appeal for prospective residents and recruitment and positively affect the retention of staff, resulting in higher occupancy rates, allowing Vernon Green to restore its market position. Vernon Green has also partnered with Efficiency Vermont to meet or exceed current efficiency requirements. Findings, ¶¶ 3-4, 6-9, 12-13, 17.

Next, we analyze whether the applicant has demonstrated that the project will not result in an undue increase in the cost of care or an undue impact on the affordability of medical care for consumers. In our analysis, we must consider and weigh relevant factors, including the financial implications of the project on hospitals and other clinical settings, including the impact on their services, expenditures, and charges, and whether these impacts, if any, are outweighed by the benefit of the project to the public. 18 V.S.A. § 9437(2)(B).

The project is expected to increase per diem rates for all payers due to the Green House model that features single occupancy rooms and baths and a home-like environment with communal spaces including a country kitchen in each of the five 12-bed homes. While per-diem rates will rise, occupancy rates, the quality of care, and patient and family satisfaction are expected to improve, as well. The Green House model's attributes contribute to resident autonomy and choice, giving residents greater opportunities to set their own schedules, including wake, bath and bedtimes, and a quiet environment when in their own rooms. Family members are also more engaged in the resident's care than families of residents in traditional nursing homes. The private rooms will also be more supportive for individuals with mental illness and dementia, and for those who are terminally ill. The small-house environment encourages residents to have more meaningful contact with other residents and greater involvement in social activities which is positively correlated with longer life. The Green House model's environment provides a sense of familiarity and comfort. The additional costs are outweighed by the benefit of the project to the public. Findings, ¶¶ 6, 8, 16.

Additionally, occupancy rates are expected to rise and stabilize due to the project, and greater efficiency and improved patient experience/satisfaction will be achieved. Findings, ¶¶ 7-9, 12-13. We agree with Vernon Green that the benefits to the public from this project's improvements in quality of care and patient experience outweigh its potential costs. Findings, ¶¶ 4-8, 10. However, the Board cannot approve any request for a Medicaid rate increase in this decision. That decision is the responsibility of the Agency of Human Services, Division of Rate Setting.

With the implementation of the "Universal Worker" staffing model, the number of FTEs will decrease overall by 8.5 from 71.55 to 63. Vernon Green expects that most staff will be retained. The project does not expand services or increase the number of licensed skilled nursing beds and will comply with FGI Guidelines, Green House model requirements, and other current requirements for these services. The project will also include 12 short-term rehabilitation beds which will add options for hospitals needing to discharge patients to an appropriate, less costly level of care. The project will not have a negative effect on other clinical settings. Findings, ¶¶ 8-10, 13, 15, 17.

We conclude that the Applicant has satisfied the second criterion.

III.

The third criterion requires that the applicant demonstrate that there is an "identifiable, existing, or reasonably anticipated need for the proposed project which is appropriate for the applicant to provide." 18 V.S.A. § 9437(3). As noted throughout, the project makes necessary changes and upgrades to the environment of a facility that provides long-term care to elderly residents in a manner that enhances their independence, autonomy, and privacy in a home-like, small-house setting that is designed to enhance quality and patient satisfaction. Findings, ¶¶ 3-4, 6, 8.

Based on the above, we conclude that the project meets the third criterion.

IV.

To satisfy the fourth criterion, the applicant must demonstrate that the project improves the quality of health care or provides greater access for Vermonters, or both. 18 V.S.A. § 9437(4).

The project is designed to improve the quality, privacy, efficiency, comfort, and experience of care for residents of this long-term care facility. The Green House model has a proven track record in improving the quality of care provided and the positive experience of patients and their families residing in a long-term care facility. The Green House model will have a direct positive impact on patient care quality and overall patient experience by facilitating the delivery of care in a more home-like environment where residents have more control over their lives and more meaningful contact with staff and residents given the more home-like environment that supports more choice in how one spends their time each day, in meal choice and social interaction. In addition, the staffing model ensures continuity of care through consistent staff who are assigned

to interact with the same residents throughout the day, allowing staff to detect any changes in physical or mental health and report such changes to clinical staff for follow-up. Findings, ¶¶ 4-8.

For the reasons discussed above, we find this fourth criterion satisfied.

V.

The fifth criterion requires an applicant to show that the project “will not have an undue adverse impact on any other existing services provided by the applicant.” 18 V.S.A. § 9437(5). The proposed project involves the transition to a model of care for individuals requiring long-term care that supports independence, dignity, and autonomy for individuals in their last years of life. The project will have only positive impacts on access and quality, staff efficiency, patient experience, and space atmosphere and functionality. It will increase safety, security, and privacy for patients. The private rooms and baths provide privacy for both residents and their family members when visiting. When families are more comfortable with a long-term care environment, they tend to visit more frequently and are more involved with the care of the loved one. Findings, ¶¶ 4-6, 8, 18. We conclude that this criterion is satisfied.

VI.

What was previously the sixth criterion is now an overarching consideration, namely that the project serves the public good. *See* Act 167 (2018), § 6 (repealing 18 V.S.A. § 9437(6) and moving the “public good” language to the lead-in sentence). Our administrative rule identifies factors that we may consider in determining whether a project will serve the public good. GMCB Rule 4.000, § 4.402(3). The following factors are relevant to this project: Rule 4.000, § 4.403(3)(a) (needs of the medically underserved and goals of universal access) and § 4.403(3)(f) (impact on existing facilities to provide medically necessary services to all in need, regardless of ability to pay or location of residence).

To determine if this project will serve the needs of medically underserved groups and promote universal access to health services, we considered the effects of Medicaid coverage and payer mix on these goals. The facility accepts reimbursement from all payers including Medicaid. Vernon Green has a long history of providing quality care to low-income individuals and has historically served individuals on Medicaid. The Applicant does not expect that commitment to change once the new facility is fully operational. Once the new facility is opened all current residents will be transferred to the new facility. So that individuals with Medicaid continue to be served at the same levels, we are placing a condition in the Certificate of Need requiring Vernon Green to report on the number of individuals and percent of total of individuals served by payer type (Medicaid, Medicare, Commercial, Self-Pay) in each implementation report for five years. The project will continue to meet the needs of the medically underserved and further the goal of universal access to health services. Findings, ¶¶ 6, 16-17.

The 12 beds dedicated to individuals needing short-term rehabilitation will add resources for hospitals seeking to discharge patients to a more appropriate and less costly level of care for rehabilitation following an acute episode. Findings, ¶¶ 8, 15, 17.

For these reasons, we conclude the project will positively impact the public good.

VII.

The seventh criterion requires that the applicant adequately consider the availability of affordable, accessible patient transportation services to the facility. 18 V.S.A. § 9437(7). The Applicant currently has facility vehicles to transport residents when needed. These transportation services will continue once the replacement nursing home is fully operational. We find this condition has been satisfied. Findings, ¶ 20.

VIII.

The eighth criterion, pertaining to information technology projects, is not applicable. The project does not involve new information technology. 18 V.S.A. § 9437(8).

IX.

The ninth and final criterion requires the applicant to demonstrate that the project supports equal access to appropriate mental health care that meets standards of quality, access, and affordability equivalent to other components of health care as part of an integrated, holistic system of care, as appropriate. 18 V.S.A. § 9437(9). The Green House model's home-like environment with private rooms and baths prioritizes resident privacy, dignity, and autonomy and will have a positive effect on all residents including those with dementia and mental illness. The layout of the space in the new facility allows residents to receive services in private and communal spaces that reflect their personal values and preferences. During the third quarter of 2022, 83.9% of Vernon Green's resident population had a psychiatric diagnosis. The Applicant has historically served a population with dementia and the facility will continue to provide quality services to such individuals in the Green House model's home-like environment. The project will better support appropriate mental health care that meets standards of quality, access affordability for residents. Findings, ¶¶ 4, 6, 8. We find this criterion satisfied.

Conclusion

The Board issues a Certificate of Need to the Applicant based on our conclusion that it has met its burden of proof. The conditions we impose today will help ensure that the project will increase access to care and maintain or improve the quality of healthcare in Vermont.

SO ORDERED.

Dated: December 13, 2023, at Montpelier, Vermont.

<u>s/ Owen Foster, Chair</u>)	
)	
<u>s/ Jessica Holmes</u>)	GREEN MOUNTAIN
)	CARE BOARD OF
<u>s/ Robin Lunge</u>)	VERMONT
)	
<u>s/ David Murman</u>)	
)	
<u>s/ Thom Walsh</u>)	

Filed: December 13, 2023

Attest: s/ Jean Stetter, Administrative Services Director
Green Mountain Care Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Board (by email, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (email address: abigail.connolly@vermont.gov).