



Massachusetts Department of Public Health

Determination of Need

Application Form

Version: 11-8-17

Application Type:	Conservation Long Term Care Project	Application Date:	
Applicant Name:	Long Term Centers of Lexington, Inc.		
Mailing Address:	30 Watertown Street		
City:	Lexington	State:	Massachusetts
		Zip Code:	02421
Contact Person:	Karen Koprowski	Title:	Regulatory Advisor
Mailing Address:	92 Montvale Avenue, Suite 2300		
City:	Stoneham	State:	Massachusetts
		Zip Code:	02181
Phone:	7742395885	Ext:	
E-mail:	kkoprowski@strategiccares.com		

Facility Information

List each facility affected and or included in Proposed Project

1 Facility Name:	Pine Knoll Nursing Center		
Facility Address:	30 Watertown Street		
City:	Lexington	State:	Massachusetts
		Zip Code:	02421
Facility type:	Long Term Care Facility	CMS Number:	225049
Add additional Facility		Delete this Facility	

1. About the Applicant

1.1 Type of organization (of the Applicant):	for profit
1.2 Applicant's Business Type:	<input checked="" type="radio"/> Corporation <input type="radio"/> Limited Partnership <input type="radio"/> Partnership <input type="radio"/> Trust <input type="radio"/> LLC <input type="radio"/> Other
1.3 What is the acronym used by the Applicant's Organization?	NONE
1.4 Is Applicant a registered provider organization as the term is used in the HPC/CHIA RPO program?	<input type="radio"/> Yes <input checked="" type="radio"/> No
1.5 Is Applicant or any affiliated entity an HPC-certified ACO?	<input type="radio"/> Yes <input checked="" type="radio"/> No
1.6 Is Applicant or any affiliate thereof subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00 (filing of Notice of Material Change to the Health Policy Commission)?	<input type="radio"/> Yes <input checked="" type="radio"/> No
1.7 Does the Proposed Project also require the filing of a MCN with the HPC?	<input type="radio"/> Yes <input checked="" type="radio"/> No

1.8 Has the Applicant or any subsidiary thereof been notified pursuant to M.G.L. c. 12C, § 16 that it is exceeding the health care cost growth benchmark established under M.G.L. c. 6D, § 9 and is thus, pursuant to M.G.L. c. 6D, §10 required to file a performance improvement plan with CHIA? ☐ Yes ☒ No

1.9 Complete the Affiliated Parties Form

2. Project Description

2.1 Provide a brief description of the scope of the project.

A. FACILITY INFORMATION

The Applicant is Long Term Centers of Lexington, Inc. an S-corporation DBA Pine Knoll Nursing Center. The facility has been delivering high quality health care to seniors and disabled persons in Massachusetts for over 30 years. Long Term Care Centers operates three skilled nursing and rehabilitation facilities in Massachusetts, Serenity Hill Nursing & Rehabilitation Center in Wrentham, Pine Knoll Nursing Center in Lexington, and Greenwood Nursing and Rehabilitation Center in Wakefield. It also operates the Mill Pond Rest Home in Ashland. The facilities are located mainly in northeastern and southeastern Massachusetts. All its skilled nursing and rehabilitation Centers are dually certified by Medicaid and Medicare.

Pine Knoll Nursing Center (Pine Knoll)) is an 81-bed skilled nursing facility and rehabilitation center located in Lexington, Massachusetts. It operates as an S-corporation doing business as Long Term Centers of Lexington, Inc. The facility provides long-term skilled nursing care, rehabilitative care, and hospice and respite care to residents who need such services.

B. BACKGROUND

Pine Knoll is a two-story, 47,492 square foot skilled nursing facility that was constructed in 1964 with no additions since opening. Long Term Care Centers has made substantial improvements since purchasing the facility, most recently in 2019 when new windows, new HVAC, new flooring, and a new exterior parking lot and driveway were constructed. The facility is located at 30 Watertown Street in Lexington, Massachusetts on a 4.2-acre lot, easily accessible to Route 95 and Route 2. Lexington is an affluent residential community in West Suburban Boston with more than 34,000 residents. In the 2020 Census, 18.2% of its residents were age 65. It also has the highest Asian population in Massachusetts, representing 36% of the population.

The facility is comprised of 81 Level II licensed beds with three (3) nursing units on the first floor, and all beds are dually-certified by Medicaid and Medicare.

- West Unit (secure) has a total of 27 beds – 3 private, 4 semi-private, and 4 four-bedded rooms.
- Central Unit has a total of 25 beds – 1 private, 6 semi-private, and 3 four-bedded rooms
- North Unit has a total of 29 beds – 1 private, 6 semi-private, and 4 four-bedded rooms

In total, the facility has 5 private rooms, 16 semi-private rooms, and 11 four-bedded rooms. The state's De-Densification requirements, which will prohibit nursing facilities from housing residents in three and four-bedded rooms effective April 30, 2011, would reduce Pine Knoll's 81 licensed beds to 59 beds.

The second floor of the facility houses administrative functions including office space for the administrator, facilities director, director of nursing, activities director and social worker. The facility also has a basement which includes the laundry and food storage areas.

C. SCOPE OF WORK

The scope of work outlined in this application is aimed at improving the quality of patient care and quality of life for all existing and future residents of Pine Knoll Nursing Center, regardless of their resources, payor source or length of stay.

To comply with the state's De-Densification requirements effective April 30, 2022, Pine Knoll proposes to relocate the 22 beds in four-bedded rooms by constructing a forty-one (41), 16,900 square foot addition connecting to the existing structure. This will allow Pine Knoll to meet these new regulations, which will prohibit skilled nursing facilities from housing residents in three or four-bedded rooms effective April 30, 2022. As noted earlier in the narrative, Pine Knoll currently has eleven (11) four-bedded rooms. Without this proposed addition, Pine Knoll would no longer be able to function as a high quality, efficient and effective nursing facility. With this addition, all of Pine Knoll's patient rooms would be private or semi-private, complying with the new De-Densification regulation. The addition would accommodate all the beds in the four-bedded rooms along with twelve (12) additional beds under the facility's one-time regulatory allowance, for a total of ninety-three (93) beds. All 11 four-bedded rooms will be eliminated. Continuation of facility operations during the pendency of the DoN and the execution of the corrective action will not impact the health and safety of residents or limit capacity to provide ongoing quality of care.

We have provided with this application a detailed copy of the scope of work. (See COMBINED – DIVISION SUMMARY). The overall maximum capital expenditure (MCE) sought in this application is \$6,216,750. Most of these expenditures would be for the new addition, but some funds would cover work at the existing site related to the addition and renovations to address life safety issues. The attached COMBINED DIVISION SUMMARY lists estimated costs for the Pine Knoll project in the second column and separates them into three

categories, sitework, construction, and design and engineering. The sitework subtotal of \$508,400 is included in the construction total of \$4,822,250. The design and engineering total is \$394,500, bringing the overall project cost estimate to \$5,216,750. We have added \$1,000,000 to that figure to account for costs at the existing building including costs to tie in the addition to the existing structure as well as renovations to address life safety issues. The last two-line items, furniture/equipment and contingency, are listed "by owner." As noted earlier in the paragraph, this would bring the total MCE request to \$6,216,750.

D. PATIENT PANEL

Of the facility's current 63 residents, 36 (57.1%) are female and 27 (42.9%) are male. Seven residents (11.1%) are age 55-65, 26 residents (41.3%) are age 66-75, 22 residents (34.9%) are age 76-85, and 8 residents (11.7%) are age 86 and over. While Pine Knoll does not discriminate against any religion and welcomes all to its facility, most residents who responded listed their religion as Catholic or Protestant. 99% of residents are Caucasian.

The average length of stay (ALOS) for all residents discharged in 2021 was approximately one and one-half years. Patient panel diagnoses for short-term patients include cardiac, pulmonary, infectious diseases, post-surgical, and general medical diagnoses. Patient panel diagnoses for long-term patients are primarily general medical and dementia, in addition to requiring assistance or supervision with activities of daily living including bathing, dressing, toileting, eating, transferring, and ambulation.

The payer mix for 2021 shows that the vast majority (86%) of Pine Knoll nursing facility residents have their care covered by Medicaid. This percentage represents primarily longer stay residents who were either admitted to the facility on Medicaid or who spent down their private resources over time and then converted to Medicaid. 8% of the residents were private pay and the remaining 6% were covered by Medicare.

The Medicaid case-mix (MMQ categories) were 7.8% lighter care (categories J/K), 35.3% moderate care (categories L,M,N,P), and 56.9% heavy care (categories R/S/T) with 25% in the highest category T.

Pine Knoll's average length of stay (ALOS) of one and one-half years is reflected in its short and long-term rehospitalization rates, which are well below state and national averages. Its short-term rate of 10.8% is less than half of the state (24.8%) and national (22.9%) rates. Its long-term rehospitalization rate of 0.92% per 1,000 patient days is also well below comparable state (1.22%) and national (1.45%) figures.

Given Pine Knoll's late stage/dementia patient population, its yearly admissions are limited. There were 11 admissions in 2020 and 30 admissions in 2021. There were 22 referrals in the first quarter of 2022. Referrals came from nearby hospitals (Lahey Burlington, Winchester, and Mt. Auburn in Cambridge), families, health care agencies and dementia organizations including the Alzheimer's Association.

E. COMPETITION

Pine Knoll operates within a highly competitive area. There are a total of 20 skilled nursing facilities with 2,501 total beds in 15 different cities and towns within a 7-mile radius of Pine Knoll.

Pine Knoll has historically maintained occupancy over 90% with an occupancy rate of 97.6% in 2019. Despite the level of competition and admission limitations caused by COVID-19, Pine Knoll has been able to keep its occupancy above 80% with 89% in 2020 and 84% in 2021. Pine Knoll is also competitive in terms of daily rates on its private and semi-private accommodations.

F. CONCLUSION

Pine Knoll has been operating as a nursing facility in Lexington for more than thirty years. Since acquiring the facility, Pine Knoll Centers of Lexington, Inc. has made significant ongoing renovations/improvements (new windows, HVAC upgrades, new flooring, new driveway, etc. to both the interior and exterior of the facility to ensure the comfort and safety of its residents, staff, and family members. The scope of proposed work in this application is aimed at improving the quality of life for all residents of the facility while not altering or adding any current facility services.

If approved and implemented, this Determination of Need (DON) project will allow ownership to address the state's new De-Densification requirements. The facility proposes to relocate 22 beds lost in the four-bedded rooms by constructing a forty-one (41) bed addition. The Applicant would also use its one-time regulatory allowance of an additional twelve (12) beds. The DON would include renovations/upgrades to the existing structure to meet the discharge needs of area hospitals and communities. The demand for skilled nursing beds for short-term transitional care unit (TCU) patients is a growing need from area hospitals.

Lastly, the new addition and the scope of work proposed in this Determination of Need (DON) application will follow closely the "sustain and restore" sections (105 CMR:100.100) of the Department of Public Health DON regulations. The Applicant has met the Good Faith Attestation requirement, and filing this DoN in support of that.

2.2 and 2.3 Complete the Change in Service Form

3. Delegated Review

3.1 Do you assert that this Application is eligible for Delegated Review? ☒ Yes ☐ No

3.1.a If yes, under what section?

4. Conservation Project

4.1 Are you submitting this Application as a Conservation Project? ☒ Yes ☐ No

4.2 Within the Proposed Project, is there any element that has the result of modernization, addition or expansion? ☒ Yes ☐ No

4.2.a If yes, How?

4.3 Does the Proposed Project add or accommodate new or increased functionality beyond sustainment or restoration ☐ Yes ☒ No

4.4 As part of the Proposed Project, is the Applicant:

- | | |
|--|---|
| <input type="checkbox"/> Adding a new service? | <input type="checkbox"/> Expanding a service? |
| <input type="checkbox"/> Modernizing the provision of a service? | <input type="checkbox"/> Substituting a service? |
| <input type="checkbox"/> Otherwise altering a service's usage or designation, including patients served? | |
| <input type="checkbox"/> Adding a new piece(s) of equipment | <input type="checkbox"/> Modernizing a piece(s) of equipment? |
| <input type="checkbox"/> Expanding bed capacity? | <input checked="" type="checkbox"/> Adding bed capacity? |
| <input type="checkbox"/> Otherwise altering bed capacity, usage, or designation? | <input checked="" type="checkbox"/> Adding additional square footage? |

5. DoN-Required Services and DoN-Required Equipment

5.1 Is this an application filed pursuant to 105 CMR 100.725: DoN-Required Equipment and DoN-Required Service? ☐ Yes ☒ No

6. Transfer of Ownership

6.1 Is this an application filed pursuant to 105 CMR 100.735? ☐ Yes ☒ No

7. Ambulatory Surgery

7.1 Is this an application filed pursuant to 105 CMR 100.740(A) for Ambulatory Surgery? ☐ Yes ☒ No

8. Transfer of Site

8.1 Is this an application filed pursuant to 105 CMR 100.745? ☐ Yes ☒ No

9. Research Exemption

9.1 Is this an application for a Research Exemption? ☐ Yes ☒ No

10. Amendment

10.1 Is this an application for a Amendment? ☐ Yes ☒ No

11. Emergency Application

11.1 Is this an application filed pursuant to 105 CMR 100.740(B)? ☐ Yes ☒ No

12. Total Value and Filing Fee

Enter all currency in numbers only. No dollar signs or commas. Grayed fields will auto calculate depending upon answers above.

Your project application is for: Conservation Long Term Care Project

12.1 Total Value of this project:

\$6,216,750.00

12.2 Total CHI commitment expressed in dollars: (calculated)

\$62,167.50

12.3 Filing Fee: (calculated)

\$12,433.50

12.4 Maximum Incremental Operating Expense resulting from the Proposed Project:

12.5 Total proposed Construction costs, specifically related to the Proposed Project, If any, which will be contracted out to local or minority, women, or veteran-owned businesses expressed in estimated total dollars.

13. Factors

Required Information and supporting documentation consistent with 105 CMR 100.210

Some Factors will not appear depending upon the type of license you are applying for.

Text fields will expand to fit your response.

Factor 3: Compliance

Applicant certifies, by virtue of submitting this Application that it is in compliance and good standing with federal, state, and local laws and regulations, including, but not limited to M.G.L. c. 30, §§ 61 through 62H and the applicable regulations thereunder, and in compliance with all previously issued notices of Determination of Need and the terms and conditions attached therein .

F3.a Please list all previously issued Notices of Determination of Need

Add/Del Rows	Project Number	Date Approved	Type of Notification	Facility Name
<div><div>+</div><div>-</div></div>	N/A			N/A

Factor 4: Financial Feasibility and Reasonableness of Expenditures and Costs

Applicant has provided (as an attachment) a certification, by an independent certified public accountant (CPA) as to the availability of sufficient funds for capital and ongoing operating costs necessary to support the Proposed Project without negative impacts or consequences to the Applicant's existing Patient Panel.

F4.a.i **Capital Costs Chart:**
For each Functional Area document the square footage and costs for New Construction and/or Renovations.

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For each Functional Area document the square footage and costs for New Construction and/or Renovations.

			Present Square Footage		Square Footage Involved in Project				Resulting Square Footage		Total Cost		Cost/Square Footage	
					New Construction		Renovation							
Add/Del	Rows	Functional Areas	Net	Gross	Net	Gross	Net	Gross	Net	Gross	New Construction	Renovation	New Construction	Renovation
<div><div>+</div><div>-</div></div>		Patient Rooms			20,175									
<div><div>+</div><div>-</div></div>		Nurse Station			1,200									
<div><div>+</div><div>-</div></div>		Activity/Family Gathering/Dining			2,100									
<div><div>+</div><div>-</div></div>		Offices - 3 each @ 150 SF			450									
<div><div>+</div><div>-</div></div>		Corridors - 8 FT width			5,360									
<div><div>+</div><div>-</div></div>		Stairs - 2 sets			2,200									
<div><div>+</div><div>-</div></div>		Elevator - 1 shaft			600									
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		Total: (calculated)			32,085									

F4.a.ii For each Category of Expenditure document New Construction and/or Renovation Costs.

	Category of Expenditure	New Construction	Renovation	Total (calculated)
	Land Costs			
	Land Acquisition Cost			
	Site Survey and Soil Investigation			
	Other Non-Depreciable Land Development			
	Total Land Costs			
	Construction Contract (including bonding cost)			
	Depreciable Land Development Cost	\$508400.		\$508400.
	Building Acquisition Cost			
	Construction Contract (including bonding cost)	\$3624475.		\$3624475.
	Fixed Equipment Not in Contract			
	Architectural Cost (Including fee, Printing, supervision etc.) and Engineering Cost	\$394500.		\$394500.
	Pre-filing Planning and Development Costs	\$689375.		\$689375.
	Post-filing Planning and Development Costs			
Add/Del Rows	Other (specify)			
<input type="checkbox"/> + <input type="checkbox"/> -	The Applicant has focused in the submission and Factor Four on the specific scope of work that is directly connected to the correction of the deficiencies under the new DPH licensure rules for 2 bed rooms that take full effect on May 1, 2022. Compliance with the two-bed rule is the immediate priority in the project . The Applicant has been advised by its professional advisors that there are other existing systems and fire safety features of the facility that merit consideration for upgrading in any future project . We have projected that the additional cost and MCE for these upgrades is about 1.5 million . The applicant is noting this reality , and is prepared to submit additional data and detail as needed to DPH , including the office involved in project plan approval .		\$1000000.	\$1000000.
	Net Interest Expensed During Construction			
	Major Movable Equipment			
	Total Construction Costs	\$5216750.	\$1000000.	\$6216750.
	Financing Costs:			
	Cost of Securing Financing (legal, administrative, feasibility studies, mortgage insurance, printing, etc			
	Bond Discount			
Add/Del Rows	Other (specify			
<input type="checkbox"/> + <input type="checkbox"/> -				
	Total Financing Costs			
	Estimated Total Capital Expenditure	\$5216750.	\$1000000.	\$6216750.

Documentation Check List

The Check List below will assist you in keeping track of additional documentation needed for your application. Once you have completed this Application Form the additional documents needed for your application will be on this list. E-mail the documents as an attachment to: DPH.DON@state.ma.us

- ☒ Copy of Notice of Intent
- ☒ Affidavit of Truthfulness Form
- ☒ Scanned copy of Application Fee Check
- ☒ Affiliated Parties Table Question 1.9
- ☒ Change in Service Tables Questions 2.2 and 2.3
- ☐ Certification from an independent Certified Public Accountant
- ☒ Articles of Organization / Trust Agreement
- ☐ Current IRS Form, 990 Schedule H CHNA/CHIP and/or Current CHNA/CHIP submitted to Massachusetts AGO's Office
- ☐ Community Engagement Stakeholder Assessment form
- ☐ Community Engagement-Self Assessment form

Document Ready for Filing

When document is complete click on "document is ready to file". This will lock in the responses and date and time stamp the form.

To make changes to the document un-check the "document is ready to file" box. Edit document then lock file and submit

Keep a copy for your records. Click on the "Save" button at the bottom of the page.

To submit the application electronically, click on the "E-mail submission to Determination of Need" button.

This document is ready to file:

☐

Date/time Stamp:

E-mail submission to
Determination of Need

Application Number: -22032813-CL

Use this number on all communications regarding this application.

☐ Community Engagement-Self Assessment form