



Massachusetts Department of Public Health Determination of Need Application Form

Version: 11-8-17

Application Type: Application Date: 03/31/2022 1:03 pm

Applicant Name:

Mailing Address:

City: State: Zip Code:

Contact Person: Title:

Mailing Address:

City: State: Zip Code:

Phone: Ext: E-mail:

Facility Information

List each facility affected and or included in Proposed Project

1 Facility Name:

Facility Address:

City: State: Zip Code:

Facility type: CMS Number:

1. About the Applicant

1.1 Type of organization (of the Applicant):

1.2 Applicant's Business Type: Corporation Limited Partnership Partnership Trust LLC Other

1.3 What is the acronym used by the Applicant's Organization?

1.4 Is Applicant a registered provider organization as the term is used in the HPC/CHIA RPO program? Yes No

1.5 Is Applicant or any affiliated entity an HPC-certified ACO? Yes 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)? Yes No

1.7 Does the Proposed Project also require the filing of a MCN with the HPC? Yes 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, Royal Health Group, LLC, is a limited liability corporation that delivers health care and related services for elders and disabled persons in the Commonwealth of Massachusetts. Royal Health Group (Royal) provides its services through the operation of its skilled nursing facilities for elders and disabled persons who need skilled nursing care, long term care services, dementia-specific care, and rehabilitation. Royal Health Group owns and operates ten (10) skilled nursing facilities in Massachusetts and manages 1 other facility. It also owns and operates two (2) nursing facilities in Rhode Island. The Massachusetts-owned facilities are in Eastern and Southeastern Massachusetts and on Cape Cod. All the skilled nursing facilities are dually-certified by Medicaid and Medicare. Royal Falmouth Nursing & Rehabilitation Center (Royal Falmouth) is a 120-bed skilled nursing and rehabilitation center located in Falmouth, Massachusetts. Falmouth, a town in Barnstable County, is an affluent residential community with over 31,000 residents. The facility provides long-term skilled nursing care, dementia-specific care, and rehabilitative care. Additionally, it provides hospice care, respite care, and transportation services to residents who need such services and offers on-site childcare services for staff.

B. BACKGROUND

The facility was built in 1988 and is licensed for 80 Level II beds and 40 Level III licensed beds. No beds have been added since the original construction. The building is two (2) stories, contains 47,492 square feet, and is a Type 1 Construction Type. The building has three nursing units; Morse, Nantucket, and Vineyard, all with 40 beds. Morse has 40 level III beds and shares the first floor with the kitchen, laundry, rehabilitation, and other administrative services. The second floor is composed of the Nantucket and Vineyard units, each of which has 40 Level II beds.

In total, the building has 36 private rooms, 24 semi-private rooms, and 12 three-bedded rooms. The building sits on a 1.53-acre lot and is located at 359 Jones Road, Falmouth, Massachusetts 02540.

We have provided with this application a detailed copy of the scope of work (SOW) (see attached PROJECT NARRATIVE) and estimated costs of the proposed construction as prepared by the developer. The proposed MCE for the facility reconstruction is \$4,001,290.

C. SCOPE OF WORK

The project will include key renovations to provide an enhanced environment for residents and caregivers along with upgrading the mechanical and electrical systems. Additionally, the project will build out the first and second floors to add 6 semi-private rooms (3 on each floor) to compensate for the elimination of three-bedded rooms per the states' new De-Densification regulations, which take effect April 30, 2022. Those regulations eliminate all three and four-bedded rooms. After completion of the project, Royal Falmouth will have the existing 36 private rooms and 42 semi-private rooms (24 existing semi-private rooms plus 12 three-bedded rooms converted to semi-private status and the 6 added semi-private rooms.) Overall, there will be two forty-two (42) bed units and one thirty-six (36) bed unit. Because two units will have 42 beds, which exceeds the regulatory limit of 41 beds, a separate waiver request is being submitted. We have provided with this application a detailed copy of the scope of work (SOW) and estimated cost of the proposed construction as prepared by the developer. The proposed maximum capital expenditure (MCE) for the project is \$4,001,290 (March 2022 dollars).

D. PATIENT PANEL

69% of current Royal Falmouth residents are female, and 31% are male. 13.0% of the residents are age 70 and under, 34.8% are age 71 to age 80, 37.0% are age 81 to age 90, and the remaining 15.2% are over the age of 90. In the demographic of race and ethnicity, 90% of residents are Caucasian, 7% are Black, and the remaining 3% are Hispanic/Latino, Asian, Portuguese, or Native American. While Royal Falmouth does not discriminate against any religion and welcomes all to its facility, 50% of respondents list their religion as Catholic, while the remaining 50% are either Protestant, Jewish, or other faiths.

Average length of stay (ALOS) for all residents discharged in 2021 was 446 days, or 1.22 years. ALOS ranged from 28 days for Medicare A patients (who were then either discharged or converted to other payers) to 446 days for Medicaid patients.

The payer mix (December 2021) showed that the vast majority (60%) of Royal Falmouth nursing facility residents had their care covered by Medicaid. This 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. 16% of residents had their stays paid by Medicare, 12% were private pay residents, and 12% were covered by managed care plans.

E. COMPETITION

Royal Falmouth Nursing & Rehabilitation Center operates within a highly competitive area. There are a total of 15 skilled nursing facilities

with 1,519 total beds within 17 miles of the facility. These facilities are in 10 different cities and towns, all within the Cape Cod region of Massachusetts. Cape Cod is a residential, resort area of the state with the highest average age in the state. In addition to Falmouth, the top resident prior locations have been Mashpee, Bourne, Hyannis and Buzzards Bay. Despite this level of intense competition as well as admission limitations caused by Covid-19, Royal Falmouth has been able to keep its occupancy rate above 80%. One of the reasons for such stable occupancy is Royal Falmouth's close attention to infection control safety measures. An example is the facility taking the initiative to improve air quality in the building. A state-of-the-art air purification system, the Needlepoint Bipolar Ionization (NBPI) was installed in the air handler system to provide additional protection for residents, staff, and family members. Royal Falmouth is also competitive in terms of daily rates on its private and semi-private accommodations.

F. CONCLUSION

Royal Falmouth has been operating as a nursing facility in Falmouth for more than 23 years. It needs to eliminate its three-bedded rooms to comply with the state's new De-Densification requirement. These changes will enhance the quality of patient care it can provide and will improve its competitive position vis-à-vis other providers in the area. The renovated facility and the scope of work proposed in this DON application will follow closely the "sustain and restore" sections (105 CMR:100.100) of the Department of Public Health Determination of Need regulations.

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

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

4.3 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 serves'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 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:

\$4,001,290.00

12.2 Total CHI commitment expressed in dollars: (calculated)

\$40,012.90

12.3 Filing Fee: (calculated)

\$8,002.58

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
<input type="checkbox"/> + <input type="checkbox"/> -	N/A			N/A

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			
	Building Acquisition Cost			
	Construction Contract (including bonding cost)			
	Fixed Equipment Not in Contract			
	Architectural Cost (Including fee, Printing, supervision etc.) and Engineering Cost			
	Pre-filing Planning and Development Costs			
	Post-filing Planning and Development Costs			
Add/Del Rows	Other (specify)			
<input type="checkbox"/> + <input type="checkbox"/> -				
	Net Interest Expensed During Construction			
	Major Movable Equipment			
	Total Construction Costs			
	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			

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
- 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: 03/31/2022 1:03 pm

E-mail submission to
Determination of Need

Application Number: -22031614-CL

Use this number on all communications regarding this application.

Community Engagement-Self Assessment form