

(Sent Electronically)

May 19, 2017

Ms. Nora Mann, Esq.
Director, Determination of Need Program
Department of Public Health
250 Washington Street, 6th Floor
Boston, Massachusetts 02108

RE: Chelsea Jewish Nursing Home, Inc.
Project No. 4-1514
Request for Significant Change

Dear Ms. Mann,

We write on behalf of Chelsea Jewish Nursing Home, Inc. (the “Applicant”), the holder of the approved and in process Determination of Need (“DoN”) Project #4-1514 (“Project”). The facility has partially implemented the DoN and as a result of the more detailed planning related to the implementation; it determined that the original and amended approvals require certain modifications prior to full implementation. As a result, the Applicant hereby respectfully requests a significant change to its DoN authorization pursuant to 105 C.M.R. 100.635 (A)(3). At the same time, the Applicant is filing for final cost approval.

I. Background

On October 29, 2009, the Department approved with conditions DoN Project Number 4-1514. The project involves substantial renovation of an existing 123 Level II bed facility. The approved project scope encompassed 43,063 GSF of renovations and included renovations to the kitchen, lobby, laundry, and all nursing units. The requested MCE for this project was \$6,346,039 (June 2009 dollars).

On March 6, 2014, the Department approved a request for a significant change for an increase in gross square footage from 43,063 GSF to 50,925 GSF and an associated increase in the approved maximum capital expenditure from \$6,346,039 (June 2009 dollars) to \$12,518,692 (November 2013 dollars).

Chelsea Jewish had not proceeded with the original plan and sought an amendment to undertake more extensive renovations in order to implement the neighborhood or household model featuring smaller nursing units with a more homelike environment designed to create a more comfortable living experience for residents. The significant features of the proposed changes are highlighted as follows:

- Replacement of three existing 41 –bed nursing units with three 40 –bed units, each divided into smaller sub-units or “neighborhoods” of 20 beds each, mostly in 2 –bed rooms. Three existing beds will be permanently removed from service;

- The central kitchen and central dining rooms will be eliminated and replaced by smaller, residential-style kitchens and decentralized dining rooms located on each of the neighborhoods;
- Common areas will be relocated to the Entry and Lower Levels of the building in existing space and in new space created by building out an existing two-story opening currently connecting these two levels;
- Renovations to other functions and new finishes throughout the facility.

In previously approved projects proposing the neighborhood or household model, the Department has found the associated additional space and costs to be reasonable given the model's innovative approach to nursing care. For the most part, previous similar projects have involved new construction and nursing units largely comprised of private patient rooms. In its original project, Chelsea Jewish did not propose changes to the traditional model of nursing care and thus had not contemplated the associated space and cost requirements. As a result, the changes currently requested were not foreseen at the time the application was originally filed.

II. Unforeseen Circumstances

After starting to implement the DoN and beginning to finalize costs, the Applicant developed the detailed architectural and engineering plans and obtained current updated construction bids. In order to accomplish the basic goals of the DoN Project, the Applicant identified that costs were higher than expected, regulatory requirements needed to be met, and certain aspects of the project necessitated cost modifications.

A summary of items contributing to the construction delays and cost overruns are highlighted as follows:

- Time extensions and cost overruns in the first part of construction relate almost exclusively to unforeseen conditions that were discovered after completion of selective demolition and through the course of coordinating new work among the various sub-trades most noticeably the Mechanical, Plumbing, Fire Protection and electrical subcontractors. The unforeseen conditions encountered included:
 1. Structural metal decking below existing bathrooms on the 1st, 2nd, and 3rd floors had rusted through as a result of long term leaks. The old floor systems had to be removed, new metal decking installed and new concrete topping placed. This work delayed layout and installation of new wall framing and mechanical work.
 2. New structural steel support of the new mechanical room floor could not be installed in the required sequence because the existing central kitchen could not be taken out of service. Therefore, the work progressed more slowly in order to keep the kitchen operational.
 3. Steel framing above the existing suspended ceilings was lower than required to fit all ductwork, plumbing lines and heating lines. So, the coordination complexity increased and took longer to identify paths for all the various mechanical systems, kitchen hood, etc.
 4. Tight clearance between suspended ceilings and structure required redesign and reselection of light fixtures which also slowed progress.

5. Horizontal beams running along the street side of the building were lower than had been anticipated which required redesign of storefront metal framing and new fan coil closets.
 6. Exterior louver design for new fan coil units required redesign so equipment warranties remained in force. This delayed fabrication of storefront windows on the 1st, 2nd, and 3rd floor.
 7. Existing electrical deficiencies were discovered with original automatic transfer switches which, prior to energizing the new emergency generator, required replacement.
- Time extensions and cost overruns during the second part of construction also relate mainly to unforeseen conditions that were discovered after completion of selective demolition. In particular the existing structural column placements and fire rated walls were not located as shown on the existing as-built drawings upon which the new design was based. Items that caused extensions and cost overruns in the work include:
 1. Rooms in the lower level required a complete redesign because existing space was insufficient to accommodate accessible bathrooms. Redesign included reconfiguring the bathrooms and other rooms and all associated underground plumbing, duct risers and duct horizontals, millwork, doors and frames, etc. Redesign and complicated coordination extend the project.
 2. Seven (7) major electrical feeders supplying normal and emergency power were discovered in the middle of space that was to be used for the Residents and had to be relocated. Material orders, scheduling the work, and arranging power shutdowns in the occupied building extended the schedule.
 3. While demolishing interior spaces on the 1st, 2nd, and 3rd floor asbestos containing materials were discovered that required additional time to abate.
 4. Multiple existing structural deficiencies were discovered that required corrective work including:
 - a. Sections of precast concrete plank had been cut out to accommodate sanitary piping. Such sections were filled in with reinforcing steel and concrete.
 - b. Seismic connection between precast concrete plank and masonry bearing walls were deficient and needed to be corrected.
 - c. Old patches in existing load bearing masonry walls were deficient and needed to be corrected.
 5. Kitchen and dining areas on the 1st, 2nd, and 3rd floor required redesign to accommodate existing walls and columns that were not located in accordance with the as-built plans.
 6. Settlement of the 1st floor slab-on-grade was observed after walls were demolished. Upon removing portions of the slab for new underground plumbing it was discovered that the soil supporting the slab had settled as much as 18" in some areas. As a result, a large portion of the 1st floor slab required removal, existing unsuitable rubble backfill had to be removed, new suitable backfill installed, and slab replaced. These tasks delayed the work of other trades including metal framing, ductwork, and plumbing.

III. Inflation Adjustment

The holder is requesting inflation to the date of this request. A detailed listing of the inflation adjusted cost of the Project is provided.

IV. Changes to the Approved MCE

The holder is requesting a significant change amendment from the inflation adjusted amount of \$13,261,050 to \$14,749,356, the requested change in the MCE are attributable to unforeseen circumstances due to the changes required because of the age of the building, the deterioration discovered as walls and floors were being exposed, underestimation of construction costs (due to length of the project and condition of the building) and upgrades required to meet building codes mandated by city and state authorities. The outcomes of the upgrades are improvement to the resident's quality of life and personal safety, a more efficient and economical building and many operation efficiencies.

- The primary unforeseen increase in cost is related to two line items in the MCE; renovation costs and architect costs. (Detailed explanation for the unforeseen additional cost is documented in Section II above)
 1. Construction Cost – increase from inflation adjusted cost of \$10,741,318 to \$12,740,882
 2. Architect Cost – increase from inflation adjusted cost of \$741,510 to \$1,040,340
- The following are the line items that have reduced from the previous MCE
 1. Depreciable Land Development Costs – decrease from \$300,841 to \$31,790 – mainly due to these costs being included in the construction contract
 2. Pre/Post Planning cost – decrease from \$104,341 to \$64,195 – less cost than originally anticipated
 3. Net Interest Expense – decrease from \$441,047 to \$431,459
 4. Major Moveable Equipment – decrease from \$529,650 to \$397,634

V. Patient Panel

Caring for those with Dementia and other cognitive diseases, Chelsea Jewish Nursing Home has a DPH approved dementia unit. The DPH standards include, staffing, programming and compliance with the regulations.

At the Chelsea Jewish Nursing Home, they are radically redefining and re-envisioning what nursing home life is – and how to live with aging, illness, Alzheimer's or dementia. A typical day in the Kaleidoscope Program consists of an arts program in the morning such as flower arranging, song-writing, listening to music or a creative group discussion. Afternoons are filled with competitions involving staff and residents in such activities as shuffle toss, bowling, and basket toss games and fishing tournaments. Night activities include card games, art projects concerts and birthday/holiday celebrations.

Those who are served in their dementia units have varied physical and emotional needs supported by programming that continues into the evening when those with sun downing and other behaviors can escalate.

With dementia, there are those who display behaviors that can be difficult to manage. With our specially trained staff we are able to manage many behaviors with a rehabilitative model. CJNH also supports these needs with on-site psychologists and mental health professionals.

See attached excel spreadsheet for demographic data.

VI. Request for Significant Change

In accordance with the provisions of 105 C.M.R. 100.635 (A)(3), the Applicant respectfully requests that the Department approve a significant change to its DoN authorization. This approval will permit the Holder to address and complete the critical need for renovation of the facility's aged physical plant. Moreover, upon completion of the Project, the construction and renovation will increase the Holder's operating efficiency and resident safety and improve nursing unit size and efficiency.

Specifically, the Applicant requests a significant change amendment approval for an increase over the inflated amount to an MCE of \$14,749,356 (May 2017 dollars), which includes an inflation increase of 5.93% from the previously amended MCE of \$12,518,692 (November 2013 dollars) to an inflated MCE of \$13,261,050 (May 2017 dollars). In compliance with the regulations applicable to significant changes, 105 C.M.R. 100.635 (A)(3), the Applicant states the following:

- The original request is being submitted to the DoN Program Director electronically. A copy of the request is also being filed with the Regional Health Office, the Executive Office of Elder Affairs, the Department of Public Health Plan Review, the Department of Public Health Licensure, and the Center for Health Information and Analysis. In accordance with 105 C.M.R. 100.635 (A)(3), this request contains a narrative comparison of the approved project and the proposed changes and the rationale for the proposed changes.
- Included is a Certificate of Truthfulness and Proper Submission pursuant to 105 C.M.R. 100.405(B), certifying to the truthfulness of the facts contained in the request and that the requisite number of copies of this request have been sent to the Program Director, Central Regional Health Office, the Executive Office of Elder Affairs, and the Center of Health Information and Analysis.
- In accordance with 105 C.M.R. 100.405(C), the Applicant shall cause notice of the proposed amendment to the approved determination of need be published prior to the filing. Original newspaper notice will be sent to the Department.

The Department's approval of this request will be consistent with the DoN Program's mandate to ensure satisfactory access to quality health care at reasonable costs. Chelsea Jewish needed repairs and renovations to continue to meet the needs of the current and future residents it serves. To that end we respectfully request that you approve this request, which has been submitted in conformance with 105 C.M.R. 100.635 (A)(3) of the Department's DoN Regulations.

Chelsea Jewish Nursing Home, Inc.
Project No. 4-1514
Request for Significant Change
Page 6

We thank you for your consideration of this request. Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,



Mark Cummings, CPA
Principal
617-984-8188
Mark.cummings@claconnect.com

Enclosures

cc: Chelsea Jewish, Jeffrey Landa, jlanda@chelseajewish.org
EOEA, Alice Bonner, alice.bonner@state.ma.us
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MassHealth, Thomas Lane, thomas.lane@state.ma.us
AGO, HCD-DON-Filings@state.ma.us
MetroBoston Regional Health Office

Chelsea Jewish Nursing Home, Inc.
ATTACHMENT II

Inflation from November-13
according to Marshall Valuation's Service Current Building cost indexes for
Methuen, MA 01800

Step 1
Eastern A

	To May-17	3152.8	=	
	From November-13	2999.7		1.051

Step 2
Local Multiplier only quarterly (Jan-Apr-Jul-Oct)

	To May-17	1.28	=	
	From November-13	1.27		1.0079

Step 3

	1.0079	X	1.051	=	1.0593
	Inflation factor to Use				5.93%

for Major Movable Equipment (\$3,180 per bed in January, 1993 dollars)

	To May-17	3152.8	=	
	From January-93	1507.5		2.091
\$3,180	X	2.091	=	\$6,649 per Bed

CAPITAL COST ESTIMATE

**MASSACHUSETTS DEPARTMENT OF PUBLIC HEALTH - DIVISION OF HEALTH CARE QUALITY
99 CHAUNCY STREET, 2ND FLOOR, BOSTON, MA 02111 (617) 753-7340**

FORM 4 6-2000

Facility Name: Chelsea Jewish Nursing Home, Inc. DoN Project No.: 4-1514 Location: 17 Lafayette Avenue , Chelsea, MA Zip Code: 02150

Gr. Sq. Ft¹ 50,925 #/Bed¹ 120 \$/Bed¹ \$122,911 Sq.Ft./Bed¹ 424 (¹ excluding DoN exempt beds and outpatient services)

<u>Category of Expenditure</u>		New Construction Approved Costs* (Nov / 2013)	Renovation Approved Costs* (Nov / 2013)	New Construction Present Estimates** (May / 2017)	Renovation Present Estimates** (May / 2017)
	(month & year dollars)				
<u>Land Costs:</u>					
1. Land Acquisition		\$ -	\$ -	\$ -	\$ -
2. Site Survey and Soil Investigation		\$ -	\$ -	\$ -	\$ -
3. Other Non-Depreciable Land Development ^a		\$ -	\$ -	\$ -	\$ -
4. Total Land Costs (Lines 1 through 3)		\$ -	\$ -	\$ -	\$ -
<u>Construction Costs:</u>					
5. Depreciable Land Development Cost ^p		\$ -	\$ 284,000	\$ -	\$ 31,790
6. Building Acquisition Cost		\$ -	\$ -	\$ -	\$ -
7. Construction Contract (including bonding costs): <u>Use these costs to calculate plan review fee</u>		\$ -	\$ 10,140,015	\$ -	\$ 12,740,882
8. Fixed Equipment Not in Contract		\$ -	\$ -	\$ -	\$ -
9. Architectural Cost (includes fees, printing, supervision, etc.) and Engineering Cost		\$ -	\$ 700,000	\$ -	\$ 1,040,340
10. Pre-filing Planning & Development Costs		\$ -	\$ 98,500	\$ -	\$ 20,378
11. Post-filing Planning & Development Costs		\$ -	\$ -	\$ -	\$ 43,817
12. Other (specify): 0		\$ -	\$ -	\$ -	\$ -
13. Other (specify): 0		\$ -	\$ -	\$ -	\$ -
Other (specify): 0		\$ -	\$ -	\$ -	\$ -
Other (specify): 0		\$ -	\$ -	\$ -	\$ -
Other (specify): 0		\$ -	\$ -	\$ -	\$ -
14. Net Interest Expense During Construction ^c		\$ -	\$ 416,357	\$ -	\$ 431,459
15. Major Movable Equipment		\$ -	\$ 500,000	\$ -	\$ 397,634
16. Total Construction Costs (lines 5 through 15)		\$ -	\$ 12,138,872	\$ -	\$ 14,706,300
<u>Financing Costs:</u>					
17. Cost of Securing Financing (legal, administrative, feasibility studies, mortgage insurance, p		\$ -	\$ 379,820	\$ -	\$ 43,056
18. Bond Discount		\$ -	\$ -	\$ -	\$ -
19. Other (specify) _____		\$ -	\$ -	\$ -	\$ -
20. Total Financing Costs (Lines 17 through 19)		\$ -	\$ 379,820	\$ -	\$ 43,056
21. Estimates Total Capital Expenditure (Line 4+Line16+Line 20)		\$ -	\$ 12,518,692	\$ -	\$ 14,749,356

*Amount Approved by the Public Health Council

**Check as appropriate: Preliminary Updated Final Post-Final

^aExamples Other Non-Depreciable Land Development Costs: commissions to agents for purchase of land, attorney fees related to land, demolition of old buildings, clearing and grading, streets, removal of ledge, off-site sewer and water lines, public utility charges necessary to service the land, zoning requirements, and toxic waste removal.

^bExamples of Depreciable Land Development costs; construction of parking lots, walkways and walls; on-site septic systems; on-site water and sewer lines; and reasonable and necessary landscaping.

^cDescribe assumptions used in calculating interest rates and costs.

Inflation Factor Used: 5.93% If Final-Date DPH Final Plan Approval: _____

Contact Person: _____

Date: _____ Telephone #: _____

in Plymouth rollover crash

Plymouth, where she was later pronounced dead, according to police.

Police said it was unclear which man was driving. A preliminary investigation determined the Wrangler was traveling from Cherry Street onto

the 44 eastbound when the driver lost control of the vehicle, crossed both eastbound lanes, veered through a grass median onto the westbound side of the way, according to police. After flipping over on the infield, state

police say the vehicle came to rest next to the off-ramp from Route 44 westbound to Cherry Street.

Police said they were looking into whether speed played a factor or if the women were wearing seat belts.

FOR MORE NEWS, TURN TO PAGES 18 AND 19.

The cause of the crash is being investigated by the State Police Collision Analysis and Reconstruction Section, the State Police Crime Scene Services Section and the State Police Detective Unit for Plymouth County.

— owen.boss@bostonherald.com

boy hit by car at school injuries 'significant'

While driving immediately after the accident, the driver was taken to a hospital for a head and neck injury, said a spokesman for the hospital. The boy is not a student at the school, she said.

Police said the driver was not wearing a seat belt. The driver was taken to a hospital for a head and neck injury, said a spokesman for the hospital.

The driver was taken to a hospital for a head and neck injury, said a spokesman for the hospital. The boy is not a student at the school, she said.

At this point it does look like it's just a tragic accident ... From what we're hearing, the vehicle was operating at a very low speed.

The boy is not a student at the school, she said.

"All of the individuals involved in the crash were at the Schofield School for non-school related events," Cleary said, noting that there is a playground and athletic fields there, "so it's not uncommon for lots of people to be here, especially on such a nice day."

A 42-year old mother, her husband and their 9-year-old daughter — a third grader at the school — came to the scene last night to try to find out more about what happened, only to find it cordoned off by police.

"It's very shocking news," said the mother, who declined to give her name. "We were telling her (their daughter) she needs to be very careful. We hope the boy will be all right."

— marie.szaniszo@bostonherald.com

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PUBLIC ANNOUNCEMENT CONCERNING Chelsea Jewish Nursing Home, Inc.

Chelsea Jewish Nursing Home, Inc., d/b/a Chelsea Jewish Nursing Home located at 17 Lafayette Avenue, Chelsea, Massachusetts, intends to file an amendment with the Department of Public Health for a significant change to the approved but not yet fully implemented Determination of Need (DoN) Project #4-1514. The approved DoN project included gross square footage of 50,925 GSF for renovations and other improvements to the existing 123 bed facility. The proposed amendment will include continued renovations to the existing facility. This will increase the cost renovations to an estimated maximum capital expenditure of \$14,749,356 (May 2017 dollars). Persons who wish to comment on the proposed amendment must submit written comments by June 8, 2017 or within 20 days of the filing date of the amendment request to the Department of Public Health: Attention Program Director, Determination of Need Program, 250 Washington Street, 6th Floor Boston, Massachusetts 02108. The request for amendment may be inspected at such address and also at the Massachusetts Department of Public Health Metro Boston Regional Health Office, 5 Randolph Street, Canton, MA 02021.

ANNOUNCEMENT CONCERNING

Rehabilitation & Skilled Care Center
174 Forest Hills Street
Jamaica Plain, MA 02130

The Department of Public Health, Division of Health Care and Certification (the Department) received a proposed change in ownership of Laurel Ridge Skilled Care Center, 174 Forest Hills Street, Jamaica Plain, MA 02130, from Lutheran Home of Jamaica Plain, Inc., 14 East Suite 300, Worcester, MA if deemed suitable by the Department. The Department is currently reviewing the application to purchase the nursing home from the current owner. There will be no changes in the bed capacity or the services provided at the Laurel Ridge Rehabilitation & Skilled Care Center. A public hearing will be requested upon a petition by any group of ten persons. The petition shall include the name, address and signature of the petitioner and comments concerning the facility's ability to provide the services and petitions for a public hearing, may be filed with the Department of Public Health, Division of Health Care and Certification, Suitability Review Office, 99 South Street, Boston, MA 02111, for a period of 14 days after the filing date. All written or oral comments submitted to the Department will be made available to the public.

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