



 Cadia Healthcare

52 Bed Expansion at Pike Creek



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November 14, 2019

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HISTORY



Difficult Situations

Throughout its 32 year history in Delaware, Cadia has made its mark by addressing difficult situations.

Parkview Nursing Center	1986	Wilmington, DE
Harbor Healthcare	1988	Lewes, DE
Cadia Healthcare – Capitol	1997	Dover, DE
Cadia Healthcare – Broadmeadow	2005	Middletown, DE
Cadia Healthcare – Renaissance	2008	Millsboro, DE
Cadia Healthcare – Pike Creek	2009	Wilmington, DE
Cadia Healthcare – Silverside	2012	Wilmington, DE



The First Project

Parkview Nursing Center

Cadia acquired Parkview in December of 1986. It was struggling with severe licensing problems. In February of 1988, it was recognized by the News Journal for its successful turnaround. It was sold to a not-for-profit in 1994.



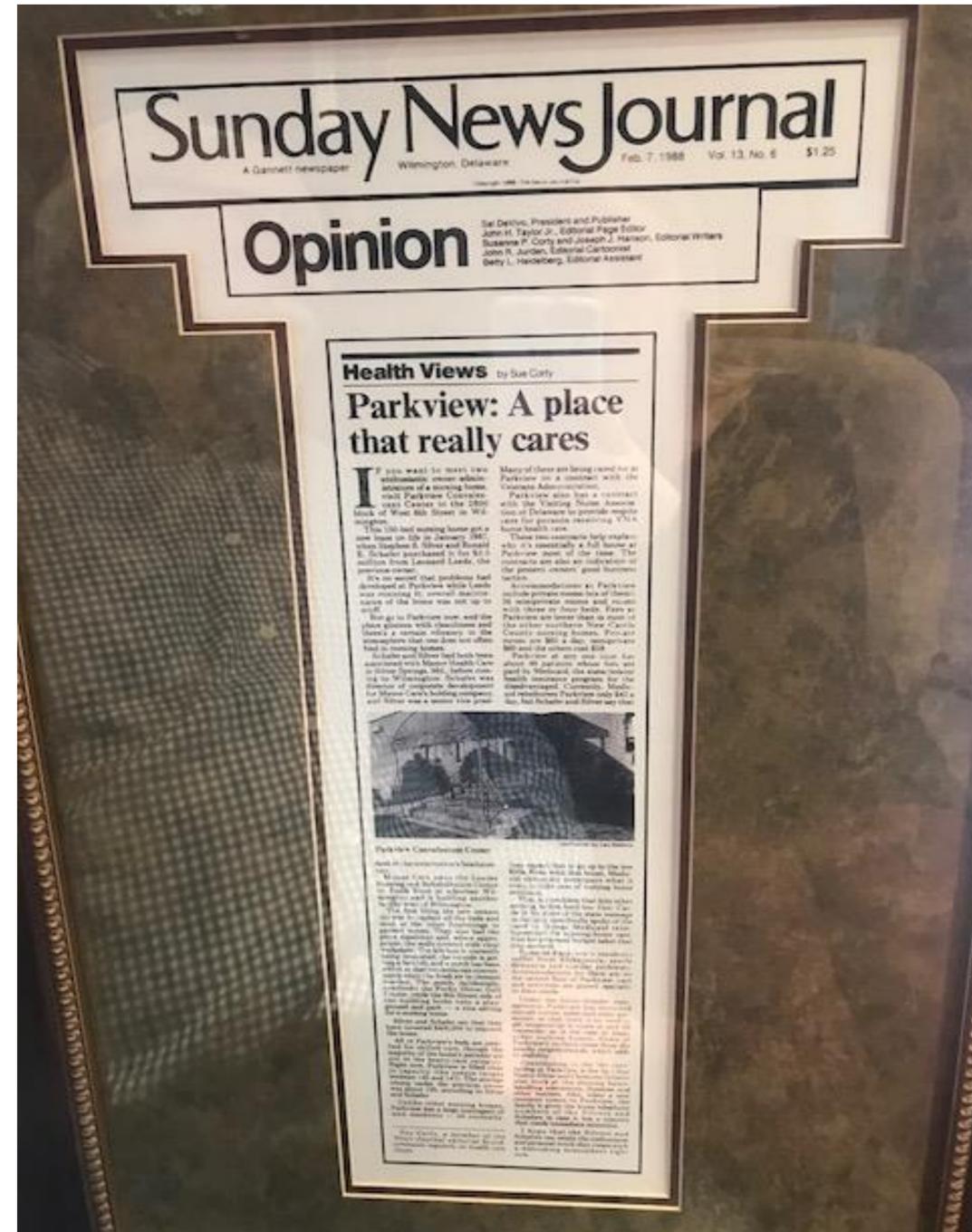


The First Project

Parkview Nursing Center

“It’s No Secret That Problems Had Developed At Parkview While Leeds Was Running It...But Go To Parkview Now And **The Place Glistens With Cleanliness** And There is a Certain Vibrancy In The **Atmosphere** That One Often Does Not Find In A Nursing Home”

-News Journal Opinion Page
February 7, 1988





Difficult Situations

Cadia Healthcare – Capitol, 1997

- Two Nursing Centers in Regulatory Crisis
- Owners Misappropriating Payroll, Withholding Taxes
- IRS Seized Medicaid Payments
- Both Buildings Closed to Create New Facility
- Vendors Not Paid, Withholding Food and Supplies
- 80 Patients In Trouble With Nowhere to Go

Dover, DE



Scott Nursing Home



Dover Nursing Center





Difficult Situations

Cadia Healthcare – Pike Creek, 2009 Wilmington, DE

- Existing Building with Environmental Concerns
- Christiana Healthcare Desired to Close Building and Relocate Patients to New Facility
- Cadia Healthcare Over 24 Months:
 - Assumed Management Control
 - Designed and Constructed Cadia Pike Creek
 - Relocated Patients to New Building





Cadia Healthcare Family

With 10 locations serving Delaware, Maryland, and neighboring Pennsylvania communities, Cadia Healthcare provides comprehensive skilled nursing and long-term care, in-patient and out-patient rehabilitation, and the only dedicated ventilator unit in the state of Delaware.

1986

founded

7

states

6

business lines

27

employed
physicians, NPs

10

skilled nursing
facilities

2600

employees



Family of Healthcare Companies

- Cadia Skilled Nursing & Rehab Facilities
- Pharmacy
- PMX
- Cadia Physician Group
- Cadia Dialysis
- Addiction Recovery Systems (ARS)

1996

2004

2005

2008

2009

2012

2013

2018

- Capitol ARS
- Charlottesville

- ARS Mays Landing
- ARS Cape May Courthouse

- Broadmeadow

- Renaissance
- Newcastle RX
- ARS Lancaster
- ARS New Castle

- Pike Creek

- Silverside
- ARS Aberdeen
- ARS Camp Hill

- PMX Mobile Imaging
- ARS Winchester

- Hyattsville
- Springbrook
- Wheaton
- Hagerstown
- Annapolis
- Cadia Dialysis
- Cadia Physician Group
- ARS Turnersville
- ARS Ephrata



**To provide
resident-centered
care always, in all
ways.**
Mission Statement



Our Values

C	Compassion and Communication	We value and respect the population we serve by asking for input and responding with empathy to concerns.
A	Appreciation and Accountability	We value results and creativity through dedicated employees who strive to meet the needs and expectations of the facility.
D	Dignity and Diversity	We foster an environment where free exchange of ideas is welcome and respect towards one another is expected.
I	Integrity and Innovation	We will protect our employees' trust by ensuring that our actions are consistent with our mission, vision and values.
A	Advocacy and Assistance	We value one another by making ourselves visible and approachable and responding in a caring, helpful and respectful manner.



Clinical Specialties

Experienced care for even the most complex conditions



All Therapy
Disciplines



Cardiology



IV Therapy



Infectious
Disease



Integrated Pharmacy
and Imaging



Memory Care



Pulmonary
Care



Renal Care
**Select locations*



Stroke Care



Wound Care



 **Cadia Healthcare**
Pike Creek



Pike Creek

Facility Overview

Our services include:

- Sub-acute and transitional care
- Rehabilitation
 - Physical Therapists
 - Occupational Therapists
 - Speech Language Pathologists
- 3,000 sq. ft. therapy gym
- Hospice care
- IV therapy
- Pulmonary Care
- Ventilator & Trach Care
- Extensive Social Services & Activities

Sub-acute and Rehabilitation Services

We provide 24/7 sub-acute care, inpatient and outpatient rehabilitation services, individualized treatment plans and a variety of other specialized medical services to promote our residents' independence and quality of life.

Pulmonary Management

With the only Ventilator unit in the tri-state region outside Philadelphia, Respiratory Therapists are on-site 24 hours a day. Respiratory therapists, nurses, and rehab therapists work closely with a pulmonary specialist to deliver a customized plan of care, including weaning support to transition to home, when possible.

130

beds (private & semi-private rooms)

60,000

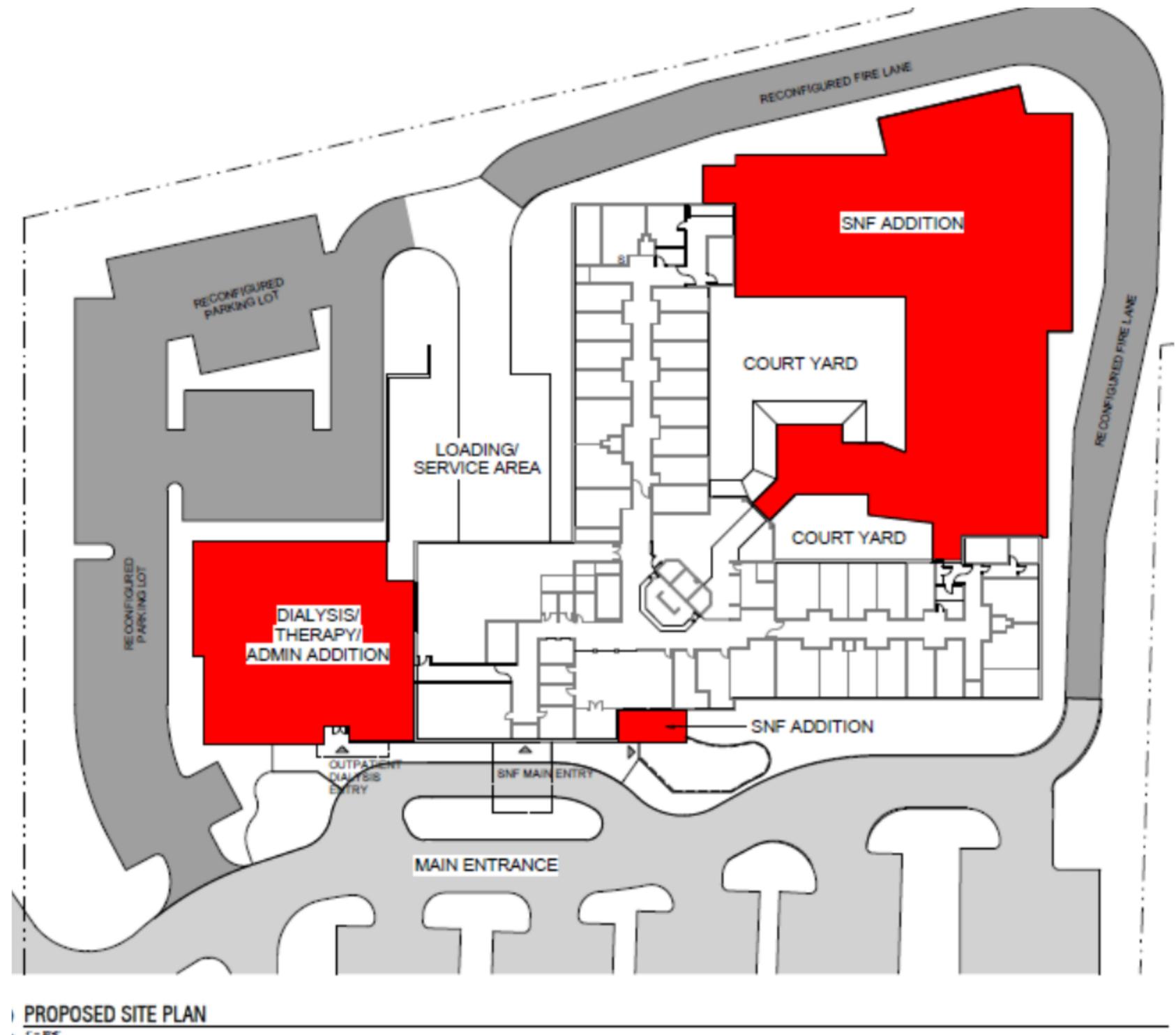
square-foot facility

24/7

sub-acute care services

Project Overview

- 52-bed addition to the existing 130 bed facility in New Castle County
 - First Floor 26 additional beds
 - Second Floor 26 additional beds
 - 11 ventilator beds will be developed
 - Fully ADA Accessible
- Size
 - Present: 63,676 sq.ft.
 - To be constructed: 52,945 sq.ft.
 - Total Upon Completion: 116,621 sq.ft.
- Development of a dialysis center
- Project Cost: \$14 Million





1 2ND FLOOR PLAN - UPPER FLOOR



1 1ST FLOOR - LOWER LEVEL

Review Considerations

1. The **relationship** of the proposal to the **Health Resources Management Plan**.
2. The **need** of the population for the proposed project.
3. The availability of **less costly** and/or more effective **alternatives** to the proposal including alternatives involving the use of resources located outside the State of Delaware.
4. The **relationship** of the proposal **to** the existing **healthcare delivery system**.
5. The immediate and long-term **viability** of the proposal in terms of the Applicant's access to **financial, management, and other necessary resources**.
6. The anticipated **effect** of the proposal **on** the **costs** of and charges for healthcare.
7. The anticipated **effect** of the proposal **on** the **quality** of healthcare.

Relationship of Proposal to Health Resources Management Plan

- Seek to expand with established linkages throughout the broader healthcare community in New Castle and Delaware
- Affiliated with and/or have relationships with:
 - Multiple hospice agencies in all three counties
 - Multiple assisted living facilities throughout the state (including dementia care)
 - Christiana Care Health System
 - Beebe Healthcare
 - BayHealth
 - St. Francis Hospital
 - Union Memorial Hospital
 - Psychiatric hospitals (Developed Sun Behavioral)
 - Education Institutions offering nursing training:
 - Medical Specialists in the fields of pulmonology, cardiology, vascular medicine, orthopedics and infection control
 - Organizations dedicated to the care of the elderly such as senior centers, churches, volunteer organizations and state agencies
 - Veterans Administration for care and services to veterans of the US Armed Forces
- Have been providing quality healthcare services in Delaware for over 32 years
- Transfer agreements with Christiana Care Hospital, University of PA, and St. Francis Hospital
- Certification and Accreditation Status
 - All beds are certified for Medicare and Medicaid Certification (and new beds will also be certified)
 - Maintains a signed participation agreement between all Cadia Healthcare facilities and the Delaware Health Information Network



Table 3: Weighted Occupancy Rates, 2007-2017, by Facility Type and County

Year	Private Facilities				Public Facilities	All Facilities
	New Castle County	Kent County	Sussex County	Total Private		
2007	90.2%	76.5%	89.1%	87.9%	62.5%	84.7%
2008	91.4%	88.9%	80.3%	87.7%	62.9%	84.7%
2009	89.6%	93.5%	89.7%	90.2%	60.2%	86.5%
2010	91.1%	93.3%	89.3%	90.9%	63.9%	87.7%
2011	90.3%	93.6%	88.5%	90.3%	61.0%	86.8%
2012	91.1%	89.5%	87.5%	89.8%	54.3%	85.8%
2013	89.0%	89.1%	87.8%	88.7%	51.5%	84.9%
2014	90.1%	91.5%	90.9%	90.5%	64.1%	88.5%
2015	89.8%	92.5%	89.4%	90.1%	67.7%	88.7%
2016	89.2%	90.7%	88.7%	89.3%	67.8%	88.0%
2017	89.6%	86.7%	88.8%	89.0%	67.5%	87.7%

Table 1: Delaware Nursing Home Beds, by County and Facility Type, 2007-2017

Year	Private Facilities								Public Facilities		All Facilities	
	New Castle County		Kent County		Sussex County		Total Private		Homes	Beds	Homes	Beds
	Homes	Beds	Homes	Beds	Homes	Beds	Homes	Beds				
2007	27	2,523	6	642	10	1,143	43	4,308	4	626	47	4,934
2008	26	2,498	6	642	12	1,323	44	4,463	4	626	48	5,089
2009	26	2,519	6	642	11	1,234	43	4,395	4	626	47	5,021
2010	26	2,519	6	642	11	1,234	43	4,395	3	591	46	4,986
2011	26	2,519	6	642	11	1,234	43	4,395	3	591	46	4,986
2012	27	2,569	6	672	11	1,264	44	4,505	3	576	47	5,081
2013	27	2,649	6	672	11	1,264	44	4,585	3	522	47	5,107
2014	27	2,649	6	672	11	1,264	44	4,585	3	375	47	4,960
2015	27	2,646	6	672	11	1,264	44	4,582	3	312	47	4,894
2016	27	2,647	6	678	11	1,264	44	4,589	2	287	46	4,876
2017	27	2,641	6	678	11	1,264	44	4,583	2	283	46	4,866
2007-2017 % Change		4.7%		5.6%		10.6%		6.4%		-54.8%		-1.4%

Need of Population for Proposed Project

2018 – 2023 Delaware Nursing Home Bed Projections

Delaware			
	Current Beds (2017 Calcs)	Projected Bed Need	Shortage / Surplus
2018-19	4,866	4,896	-30
2018-20	4,866	5,035	-169
2018-21	4,866	5,179	-313
2018-22	4,866	5,322	-456
2018-23	4,866	5,470	-604
Kent			
	Current Beds (2017 Calcs)	Projected Bed Need	Shortage / Surplus
2018-19	624	631	-7
2018-20	624	650	-26
2018-21	624	668	-44
2018-22	624	682	-58
2018-23	624	679	-55
New Castle			
	Current Beds (2017 Calcs)	Projected Bed Need	Shortage / Surplus
2018-19	2,809	2,832	-23
2018-20	2,809	2,900	-91
2018-21	2,809	2,977	-168
2018-22	2,809	3,055	-246
2018-23	2,809	3,156	-347
Sussex			
	Current Beds (2017 Calcs)	Projected Bed Need	Shortage / Surplus
2018-19	1,432	1,429	3
2018-20	1,432	1,480	-48
2018-21	1,432	1,529	-97
2018-22	1,432	1,579	-147
2018-23	1,432	1,634	-202

65+ Population Growth in Delaware

DELAWARE		2020	2030	2040	2050	2020-50 % Increase
	65-69	55,887	64,961	58,850	63,215	13.1%
	70-74	47,464	58,494	58,089	54,293	14.4%
	75-79	33,664	45,918	53,681	48,987	45.5%
	80-84	22,285	34,747	42,894	42,896	92.5%
	85+	23,467	33,873	49,426	60,755	158.9%
NEW CASTLE		2020	2030	2040	2050	2020-50 % Increase
	65-69	30,926	36,326	31,538	34,542	11.7%
	70-74	24,409	32,388	31,474	29,179	19.5%
	75-79	15,987	24,691	29,256	25,776	61.2%
	80-84	10,570	17,381	23,184	22,884	116.5%
	85+	12,080	15,870	25,026	32,429	168.5%

Need of Population for Proposed Project

2019 – 2024 Delaware Nursing Home Bed Projections

- **Delaware:** 1.98 beds short per 1,000 persons age 65+
- **New Castle County:** 2.25 beds short per 1,000 persons age 65+

New Castle	Available Beds (2018)	Projected Bed Need	Shortage / Surplus
2019-20	2,889	2,788	101
2019-21	2,889	2,856	33
2019-22	2,889	2,928	-39
2019-23	2,889	3,026	-137
2019-24	2,889	3,129	-240

Need of Population for Proposed Project

Availability of Less Costly and/or More Effective Alternatives

- Nursing home environment is an important **bridge** between hospital and home
- Cadia Pike Creek has one of the most extensive rehabilitation programs in the State that is located within skilled nursing facility
- 93% of Admissions are discharged to a lesser care environment
- A Short-Term rehabilitation patient ALOS 30 days
- We start the discharge process before the patient arrives
- We sent home over 675 patients last year



Availability of Less Costly and/or More Effective Alternatives

- Ventilator-dependent population
 - Limited placement possibilities
 - Expanding our existing unit will enable more Delaware citizens to stay in-state and close to family
- End-Stage renal Disease Dialysis Care
 - Enable us to meet both our existing renal patients' needs during their stay
 - Maintain those ventilator-dependent dialysis patients in-house rather than in acute settings or out-of-state



Relationship of Proposal to Existing Delivery System

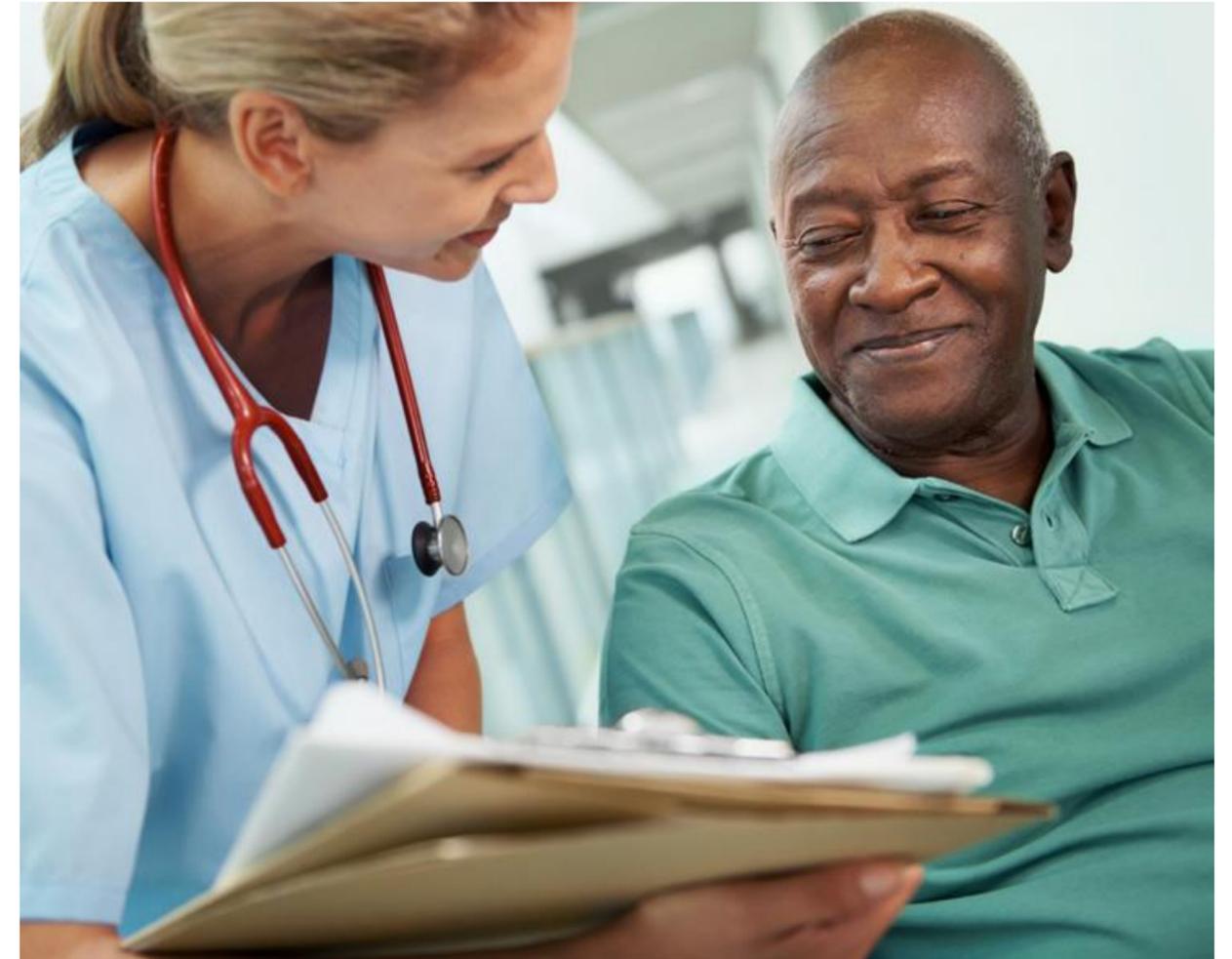
- No Negative Impact to the Existing Healthcare Delivery System
- Impact on Existing Providers of the Healthcare System
 - Minimal Impact on Existing NCC Skilled Nursing Facilities
 - SNF Average Occupancy 2017 = 89.6%
 - Addition of 52 Beds = 1.9% of Bed Supply
 - Projected Bed Shortfall 2024 = **240 Beds**
- Positive Impact on Hospital Cost & Medicaid/Medicare Cost by Expedited Discharge & Expanded Services – SNF, Sub-acute, Rehab, Vent, Dialysis
- SNF affiliate participating in CMS' Medicare Shared Savings Program
- Benefiting Payers
 - Cadia Pike Creek Payor Relationships
 - Medicaid
 - Medicare
 - Veteran's Administration
 - Highmark
 - United Healthcare
 - Blue Cross/Blue Shield Commercial
 - Cigna
 - Humana
 - Tricare
 - Aetna
 - St. Francis Life
 - AmeriHealth
 - Hospice providers

Immediate and Long-Term Viability of the Proposal

- Cadia Pike Creek has been in business since 2009
- Real estate assets are owned by Sabra Health Care REIT, Inc and operated under a long-term lease arrangement with Pike Creek Healthcare Services, LLC t/a Cadia Rehabilitation Pike Creek
- Sabra Health Care REIT, Inc
 - Will finance the project and fund the capital required
 - Owns over 450 healthcare and senior living properties, including over 250 skilled nursing facilities
- Cadia Healthcare
 - Operate five (5) for-profit facilities in Delaware (all 3 counties), including the Applicant, which were all developed/constructed by the Principals
 - Managed healthcare facilities in Delaware since 1986
 - Employs SNF professionals in all disciplines

Anticipated Effects of the Proposal on the Costs of Charges for Healthcare

- Project Sponsors have financial model and have implemented a management plan for Cadia Pike Creek to operate efficiently within Medicaid guidelines and reimbursement caps.
- Fixed costs and administrative costs will be allocated over 182 beds vs. 130 beds, reducing the cost Per Patient Day – The All Important Metric to Reimbursement



Anticipated Effects of the Proposal on the Quality of Healthcare

- Certified by Medicare and Medicaid
 - The same certification will be in place on the new beds
- Will in part address shortage in New Castle County of long-term care skilled nursing beds and accommodations made for patients that need dialysis and ventilator-dependent patients
- Nursing home addition will comply with the Delaware-adopted Guidelines for Construction of Hospital and Medical Facilities
 - Guidelines provide for dining, lounge and recreational areas in facilities that equate to at least 35 square feet per bed
- Continued training and education
 - Cadia Pike Creek employs a full-time Staff Development Director to plan and implement comprehensive quality improvement programs and to provide ongoing training in the classroom setting and on the nursing units.

Guiding Principles of CPR Board

A. Economies and Improvements in the Delivery of Service

- Improvements in economics of scale and service
- Equipped with state-of-the-art technologies
- Improved resident quality by providing private rooms with private bath
- Addition of on-site dialysis facility will improve the delivery of care and quality of life by eliminating transportation
- Improve accommodations for patients in isolation for which there is a shortage, especially for ventilator care
- Proportional decrease in the operating costs per patient day

B. Foster competition to Promote Quality Assurance

- Expansion and improved physical plant will foster competition; help hold reimbursement costs for Medicaid, and promote quality
- Pike Creek has a Quality Assurance and Performance Improvement Plan (“QAPI”) that encompasses all CMS-required elements

C. History in Delaware in Providing Health Services to the Medically Indigent

- The project sponsors operate Cadia Pike Creek and five (5) other nursing homes throughout Delaware
- All facilities have a strong focus on Medicare and Medicaid patients.
- In the five Cadia buildings, the average Medicaid census is 58.3%.
- Cadia Pike Creek’s current Medicaid population is 44.6% and the Medicare population is 43%.



Guiding Principles of CPR Board

D. Promotion of a Continuum of Care in the Healthcare System

- Cadia Healthcare has spent the past 20+ years developing a Long Term Care Quality Improvement Program which is reviewed and re-evaluated at least annually

E. Enhance the Health Status of the User Population

- There is an abundance of service for high-pay rehabilitation care.
- There is a shortage of service for low-income patients who are supported by Medicaid, and often have little choice in the options of where to obtain services.
- Positive impacts
 - 52 beds will improve the accessibility
 - Integrate end-stage renal disease dialysis services under the same roof
 - Cadia will continue to maintain our average Medicaid census across the addition

F. Enhance the Efficiency With Which the Healthcare Needs of the User Population are Being Met

- The desired occupancy rate in the service area is 90% and is projected to increase significantly in the next five years
- County is in need of these beds to be constructed to overcome the projected deficit of skilled nursing facility beds
- The facility will have 182 beds; an incremental increase of 52 beds which currently do not exist in the marketplace

Guiding Principles of CPR Board

H. Evaluated Alternative Uses to Which These Monies, Personnel and Other Resources Could Be Used and Concluded that the Proposal in this Application is a Cost-Effective Expenditure Designed to Meet the Healthcare Needs of the Population Being Served

- Most cost-effective way
 - An expansion of an existing facility, with the additional dialysis services all under one roof
 - Allocating the fixed costs over more beds, while improving the ability of the post-acute community to meet the needs of discharging hospitals

I. Evaluated Alternative Ways to Obtain the Facility Change That is Needed

- There is no better cost effective way than to add on to the existing footprint



Guiding Principles of CPR Board

J. Employ Energy Conservation Principles in the Design

- Intelligent lighting design and systems incorporating occupancy sensors, dimmable ballasts, compact fluorescent (CFL) and light emitting diode (LED) lamps
- Incorporate daylight features into the facility design to reduce the need for artificial light,
- Provide dark sky friendly exterior light fixtures to reduce light pollution and impact on the nocturnal environment,
- Provide low-E glazing and multi-pane window systems to reduce solar heat gain for energy efficiency,
- Provide high efficiency plumbing fixtures throughout,
- Utilize low Volatile Organic Compounds (“VOC’s”) or zero VOC emitting products whenever possible,
- Utilize HVAC systems with individual climate control to reduce energy use,
- Incorporate, at a minimum, energy code compliant thermal insulation throughout ceilings, walls, and floor slabs,
- Provide energy efficient appliances and equipment to meet Energy Star or equivalent,
- Consider point of origin for specified building materials to reduce transportation fuel impact, and
- Promote recycling within the facility

K. Handicapped Accessibility

- Existing facility is well designed and handicap accessible
- New expansion will be barrier free and will meet all of the current regulation and design stipulations required by the ADA



Cadia Healthcare



cadiahealthcare.com