

MEMO:

Technical Assistance Meeting

Purpose: To discuss the fee assessment for Project #10-005

Date: June 16, 2010

Time: 9:45 am

Participants:

John Kniery - CON Consultant

Mike Constantino - Project Reviewer

DISCUSSION:

I spoke to John Kniery about the fee for Smith Crossing's establishment of the long term care facility. I explained to John the methodology we used and he disagreed with that methodology. Fees are assessed based upon the cost of the project as outlined in 1130.230, 1130.620 and 1130.650. The project was originally submitted with a cost of \$240,000. No allocation was made by the applicant between clinical and nonclinical and therefore the cost was determined to be a clinical cost. A \$2,500 fee was submitted with the application and was accepted as the entire fee for the project.

Subsequently during the review period the State Agency staff identified additional costs that needed to be included in the cost of the project. These additional costs totaled \$5,606,587(\$4,378,814 clinical and \$1,227,783) non clinical. These additional costs necessitated that the application be modified. This modification was determined to be a Type A modification because the costs was greater than 10% of the original project costs (1130.650 (a)) requiring an additional notification of opportunity for public hearing requiring an additional \$2,000 fee.

The calculation of the fee is as follows:

<u>FEE OF TYPE A MODIFICATION</u>	
\$5,846,587	total project costs includes additional costs of \$5,606,587 (FMV of existing space) + \$240,000 original cost
\$4,618,814	clinical cost
<u>-\$240,000</u>	original cost considered all clinical
\$4,378,814	clinical costs
+\$4,378,814 x .0022 = \$9,633.39	clinical fee
+\$1,227,783 x .0011 = \$1,350.56	non clinical fee
<u>+\$2,000</u>	fee for Type A Modification
= \$12,983.95	total additional fee

The fee amount was calculated on the revised estimated project costs as required by 1130.650 (d). Under our current rules an application that includes both clinical and non clinical costs are assessed a fee based upon 100% of the clinical costs and 50% of the non clinical costs.

An additional fee was charged for this application because the applicants modified the application and it was greater than 10% of the original project cost resulting in a Type A Modification. This modification was the result of the State Agency identifying a clinical service that was being discontinued and subsequently established. The applicants had failed to include the FMV of the existing space. The Staff has requested the applicants provide documentation the FMV of the proposed modification.