



**Frederick County  
Government  
Frederick, Maryland**

# *News Release*

Winchester Hall, 12 East Church Street  
Frederick, Maryland 21701  
CONTACT: Robin K. Santangelo  
Public Information Officer  
301-600-2590  
rsantangelo@FrederickCountyMD.gov

FOR IMMEDIATE RELEASE:

May 1, 2014

*County will continue to care for Montevue residents . . .*

## **COMMISSIONERS ENTER INTO ASSET PURCHASE AGREEMENT FOR CITIZENS AND MONTEVUE FACILITY**

FREDERICK, MD – The Frederick Board of County Commissioners today announced that it has entered into an asset purchase agreement with Aurora Holdings VII, LLC, whereby the purchaser will initially lease the building and grounds and take over operations, revenue and expenses for the Citizens Care and Rehabilitation Center (CCRC) and Montevue Assisted Living (MAL) facility located at 1910 and 1920 Rosemont Avenue, Frederick, Md.

This action effectively means that the county has authorized Aurora to be the licensed operator of both the CCRC 170-bed skilled nursing facility and MAL 75-unit assisted living facility. As such, Aurora is responsible for the profit and loss of the operations, not Frederick County taxpayers. The agreement also provides for the transfer of employees from the county to Aurora, with consideration given to acquired leave, benefits and rate of pay. Employees also will receive health benefits under CIGNA, their current provider, so as to allow for a smooth transition.

The next steps under the agreement, upon future satisfaction of certain conditions, provide for an initial property closing of the facility business assets and building to Aurora. The final step would be the land closing.

This agreement is in response to approval by the board on June 25, 2013, for the sale of the CCRC-MAL facility to Aurora for \$30,000,000. The board's resolution directed county staff to expedite the transfer of the property in order to release the taxpayers of Frederick County from the burden of debt in subsidizing the nursing care operations. The three-phase asset purchase agreement will ultimately lead to the sale of the facility.

Board President Blaine Young said, "On behalf of the Board of County Commissioners, we are pleased to announce this agreement that takes into account the interests of all the various parties related to this important decision regarding the Citizens-Montevue facility. As we have stated in the past, we know this has been a very emotional matter, but when a majority of this board was elected, we promised to address the difficult issues and make decisive steps to get our financial house in order.

(more)

“We believe that Aurora is an outstanding private-sector company that will take over the facility in a phased-in approach and that they will provide excellent care for the residents while keeping the interests of our employees in mind. They have also agreed to our requirement that they maintain the care of the Montevue residents who currently live there, as long as they are medically appropriate to do so.

“In spite of many challenges, this board feels that we owe it to the taxpayers to relieve the burden we have carried to subsidize this facility that has cost the taxpayers almost \$40 million to construct, and has operated at a deficit (funded by tax dollars) of almost \$5 million per year. We made the tough decision that previous boards were unable to do because we owe it to every taxpayer to make a choice as to what is best for the entire community, not just for a vested few.

“We would once again like to thank the owners of Aurora for stepping up to the plate to meet the very strict criteria we presented for the transfer of the facility. Now Frederick County is effectively out of the business of running a nursing care facility and the burden of a recurring operating loss falls from the taxpayer to Aurora. The county will be insulated from the unknown financial realities related to the current overhaul of long-term care and overall health care systems under the Affordable Care Act.

“The agreement we are announcing today has been a formidable undertaking that would not have been possible without the financial expertise and oversight of County Manager Lori Depies and her staff, as well as our Finance Division, County Attorney’s Office, Human Resources Division, Procurement & Contracting Department and many other county employees.

“We also want to thank the employees of Citizens and Montevue for their excellent service to our county residents. They have been through many years of indecision and uncertainty, and now have assurance that we kept their best interests in mind. We believe Aurora will treat them with fairness and professional respect due to their excellent delivery of care.”

In addition to the asset purchase agreement, the county commissioners approved a continuing care commitment agreement with Aurora whereby Aurora will continue to care for Montevue residents for as long as the residents are medically appropriate to reside in the assisted facility in exchange for payments made by the county. Approximately 75 percent of MAL beds are occupied by individuals whose cost of care is subsidized by the county. The county has agreed to pay Aurora \$10,700,000 in five installments to care for these residents.

(more)

Execution of the asset purchase agreement follows two years of initiatives by the board. On October 25, 2012, the board gave direction to explore the options available to eliminate the subsidies of the CCRC/MAL facility from the FY 2014 budget, including privatizing the operations. Since FY 2000, taxpayers have subsidized over \$53,000,000 for both operations. The budgets for last year of both CCRC and MAL required General Fund subsidies of \$1,678,665 and \$2,512,022, respectively.

Aurora was selected as the favored purchaser, based on the following criteria:

- Patient Care: The quality of patient care was evaluated during site visits to Aurora facilities, including the Star Ratings of their facilities. The Five Star Quality Rating System helps families and caregivers compare nursing homes.
- Employee Impacts: The board directed that the benefits package offered by Aurora should include pay rates and a benefit package similar to that offered by Frederick County Government. Aurora customized their health and dental plan, agreed to hire the existing employees and to maintain their current rates of pay, and has recognized their years of service for leave accrual purposes.
- Montevue Subsidized Residents: The board received assurance that the current MAL individuals could remain and not be transferred until such time that they may need a higher level of care. Aurora has agreed to a contract where the county will pay \$10.7 million over four years for this assurance. At the conclusion of the four-year term, the residents can remain in the facility until their care needs require admission to CCRC, to which they will be given preference for admission.
- Future under Charter Government: Aurora has also agreed to allow a future county government to subsidize beds at the Montevue facility at the private pay rate should they choose that option.

Additional information may be found at [www.FrederickCountyMD.gov/CCRC-MALoptions](http://www.FrederickCountyMD.gov/CCRC-MALoptions).

For more information about the asset purchase or continuing care agreements, contact Ms. Depies at 301-600-3190 or via e-mail at [ldepies@FrederickCountyMD.gov](mailto:ldepies@FrederickCountyMD.gov).

###