

## **MEMO**

**To:** Monica Hutt  
**From:** Donna Jerry  
**Re.:** Information you requested regarding the CON process and information the GMCB has requested from applicants for nursing home transfers  
**Date:** June 12, 2018

Hi Monica. As requested, what follows is a summary of the information the GMCB has requested from applicants for nursing home transfers. A flow chart for the CON process is attached to the email. If I can be of further assistance, please do not hesitate to contact me.

1. **GMCB CON Process (see attachment to email)**
2. **Information Requested for Nursing Home Transfers**

### **General:**

The application must meet the statutory criteria set forth in 18 V.S.A. § 9437(1)-(6) and (8). Please include a detailed description of, and the need for, the proposed project, cost of the individual components and total project cost, financing arrangements, detailed descriptions of any renovation/construction and IT components of the project, and an explanation of existing and new or expanded services to be offered. For both the real estate and operations entities, include copies of any partnership agreements, plus any applicable purchase, rent, lease and/or sublease arrangements, contracts, and/or memorandums of understanding entered into with any third parties or affiliated entities and consultant and/or management agreements that will be entered into.

The application should address the Institute of Health Improvement Triple Aims: 1) improving the individual experience of care, 2) improving the health of populations, and 3) reducing the per capita costs of care for populations. To satisfy 18 V.S.A. § 9437(1), please review Health Resource Allocation Plan (HRAP) Standards 1.6, 1.7, 1.9, 1.10, 1.11, 1.12, 3.12, 4.7, 5.1, 5.2, 5.3, 5.4 and 5.12 and address only those that are relevant in the application.

### **Financial:**

The Board requires submission of sufficient financial information to evaluate the impact of the project. Submit separately the following information for: 1) the real estate, and 2) operations entities, specifying the 12-month period (a) Actuals 2015, 2016, and 2017, (b) Budgeted 2018,

(c) Projected Years 1, 2, and 3; and (d) a summary of all financial assumptions that underlie the projections:

- Profit and Loss Statements;
- Revenue Projections;
- Balance Sheets;
- Cash Flows;
- Operating Costs;
- Financing arrangement: amount of loan(s), term of financing, percent interest;
- Letter of commitment from lender(s).

In addition, provide: (Latest actual, Budget, Year1, Year 2, Year 3) for the following:

- Financial Table 1, Project Costs;
- Financial Table 2, Financing Arrangement;
- Financial Table 6A, 6B, and 6C, Revenue Source Projections by payer;
- Financial Table 7A, 7B, and 7C, Utilization Projections;
- Financial Table 9A, 9B, and 9C, Staffing Projections;
- Current Owner's Most Recent Audited Financial Statement;
- Personal financial statements reflecting all personal, professional, health care and non-health care business interests under all personal and business names for each individual or entity purchasing the real estate and the operations of \_\_\_\_\_ skilled nursing facility filed with a Verification Under Oath;
- In a table format, the names and full contact information for all prospective owners and/or shareholders with 5% or greater interest in the transaction, percent interest in the real estate and percent interest in the operations for each, and the dollar amount each member is contributing of the total equity contribution reflected on Financial Table 2, *Financing Arrangement*; and
- Copy of Article of Organization.

### Quality:

- In table formats, provide the most recent (specify date) CMS overall star ratings (1-5) for overall, overall health/fire/safety inspections, staffing, RN staffing, penalties/fines from the Centers for Medicare & Medicaid Services (CMS), *Nursing Home Compare* website for \_\_\_\_\_ skilled nursing facility and all other facilities (list name of facility, city and state) in which the proposed buyers have an interest;
- In a table format, list the 24 short and long-term quality measures from the CMS website that fall below the state average, showing the facility score in one column, the state average in the next, and the percent below the state average in the final. Also provide the same information for each facility in which the prospective buyers have an interest;
- Copies of surveys completed by DAIL for \_\_\_\_\_ period;
- Any proposed changes in staffing and staffing levels for the facility(s) to be purchased;

- In a table format, list the facility(s) being purchased and the facilities currently owned by the prospective buyers and explain how: 1) mental health services, and 2) psychiatry services are being currently delivered. For the facility(s) being purchased, explain how 1) mental health services, and 2) psychiatry services will be delivered following the proposed purchase.
- Resumes of all owners for real estate and operations;
- Resumes and copies of Vermont licenses for key staff (administrator, DON, medical director, Dietician, OT, PT, ST);
- Contact states where buyers currently own existing facilities to assess their track record; and
- Identify the managing owners for the operations LLC, their experience and qualifications.

**Additional Information:**

- Provide management or consulting agreements that any of the owners of the real estate and/or operations have with other facilities. Provide the name, address, state of each facility where such agreements are in force;
- Current and proposed organizational chart for: 1) the real estate LLC; 2) the operations LLC, and 3) for the staff of the facility(s) being purchased;
- Provide the specific dollar amount of the monthly rent and/or lease payments the operations entity will pay the real estate entity;
- Identify the percentage of owner distributions that will be taken out of the real estate LLC and operations LLC monthly or annually; and
- Provide information on any pending lawsuits against the current and proposed owners of the: 1) real estate, and 2) operations.