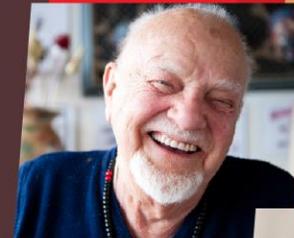


GMCB-014-15con

In re: Proposed Purchase  
by Genesis HealthCare, Inc.  
and Subsidiaries

Genesis Presentation



June 2, 2016

Genesis ™

# Agenda

- Introduction
- Purchase Details
- This Project Meets the Triple Aims
- This Project Meets the HRAP and CON Standards
- This Project Serves the Public Good

## Introduction - The Proposed Transaction

- Genesis Healthcare, Inc.\* and its subsidiaries are requesting approval to purchase 5 Vermont Skilled Nursing Facilities from Revera Assisted Living, Inc.
  - Bennington Health and Rehab
  - Berlin Health and Rehab
  - Burlington Health and Rehab
  - Springfield Health and Rehab
  - St. Johnsbury Health and Rehab
- This is part of a 24-facility transaction with Revera, 19 of which closed in 8 other states on December 1, 2015

\* References to Genesis are to Genesis Healthcare, Inc. and its subsidiaries.

## Introduction - The Transaction Parties

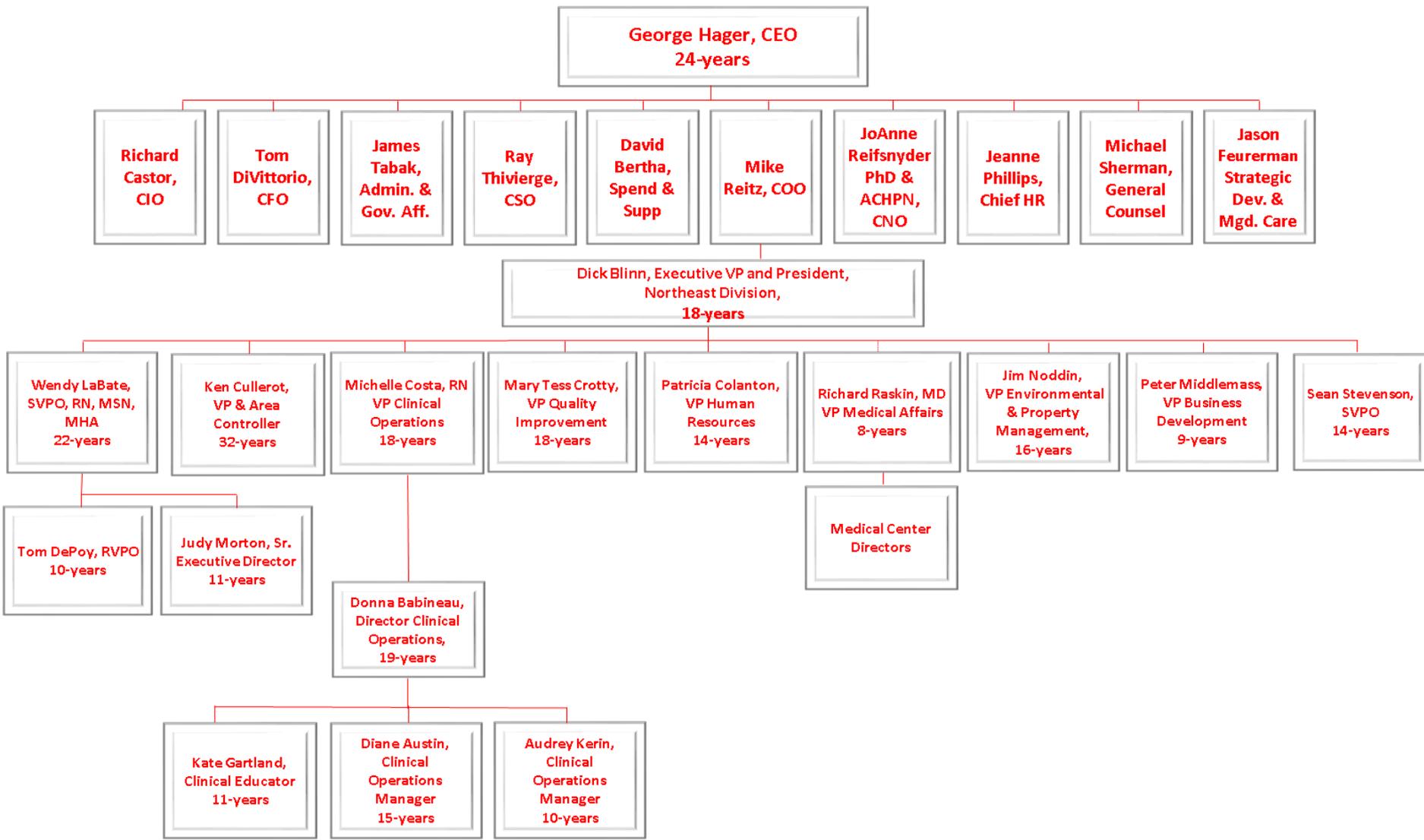
- Revera
  - Privately owned Canadian company
  - Operates over 500 properties
  - Shifting focus to senior living in its private-pay portfolio
    - Divesting of skilled nursing facilities and supporting infrastructure in U.S.
  - Contracted for Genesis to manage applicant facilities beginning December 1, 2015 with consent from DAIL

## Introduction – The Transaction Parties

- Genesis Healthcare, Inc.
- Operates over 500 skilled nursing and assisted/senior living communities in 34 states
  - Approximately 100 in New England
  - In VT since 1995
- Publicly traded holding company maintaining consolidated financial statements with subsidiaries
- Provides national, regional and facility-specific leadership, management and support to each skilled nursing and assisted/senior living community
- Operating companies managing applicant facilities since December 1, 2015

## Introduction - Genesis Vermont

- Genesis owns and operates 4 skilled nursing facilities in Vermont
  - Same ownership structure
  - Same regional leadership team
  - Quality award winners
  - In substantial compliance
- Transaction is a good geographic and cultural fit for Genesis
  - Positive experience in VT
  - Well maintained physical plants



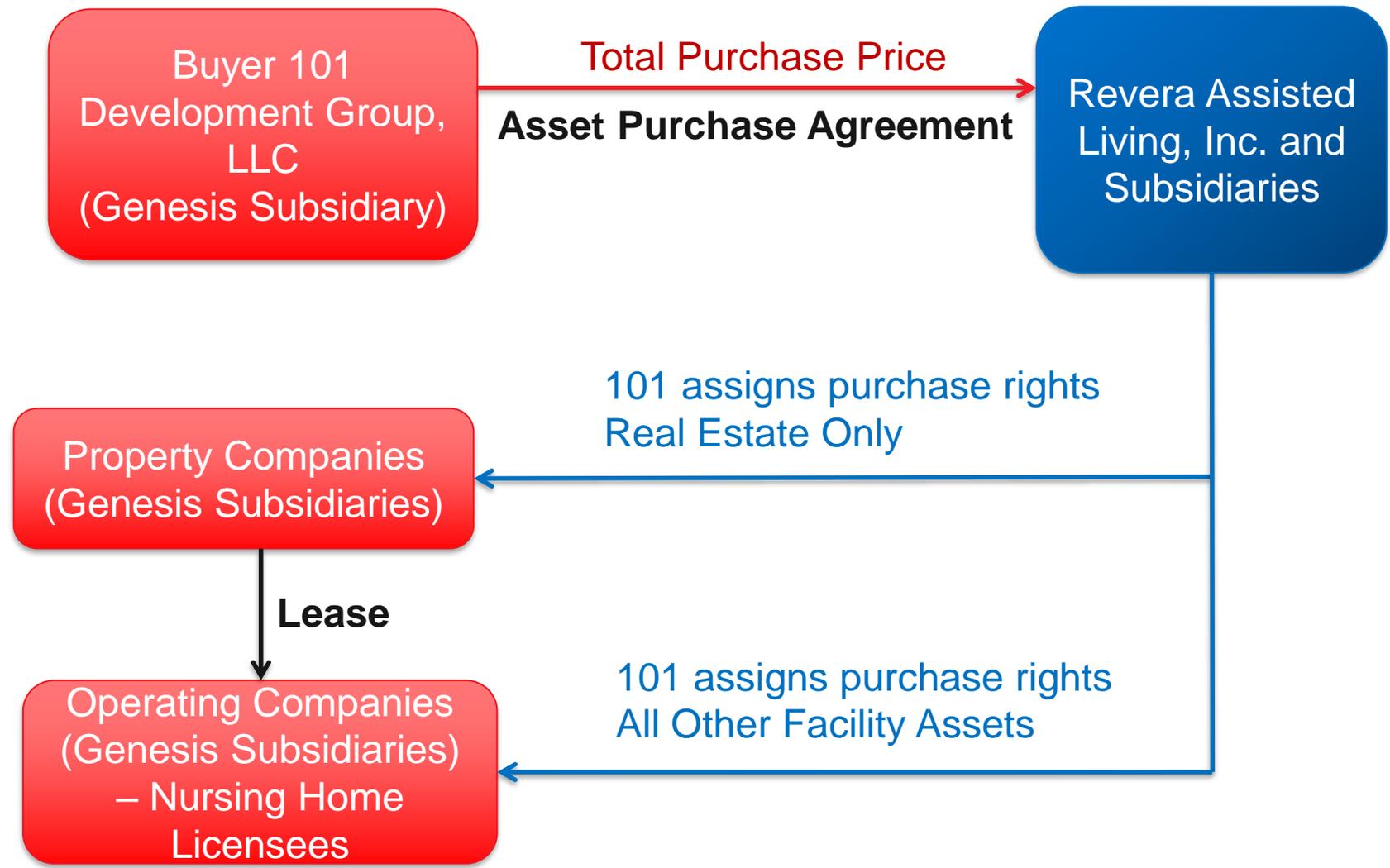
## Genesis Quality & Clinical Support

- Regional interdisciplinary team
  - Deployed in centers for added support
  - Established policies and procedures
- Two way communication with centers
  - Data analysis
  - Center identified needs
- Education
  - In person
  - Adobe Connect
- Incremental change management program

# Genesis Quality & Clinical Support

- Genesis Physicians' Services
  - Evidence based clinical protocols
  - Available for consultation
  - Direct employment of & support for center medical directors
  - Regular meetings amongst medical directors for sharing and learning
  - Regular data analysis and data based interventions
    - Flacker Report
    - Telepsychiatry
    - Antipsychotic Use

# Purchase Details - Consolidated



# Purchase Details - Consolidated

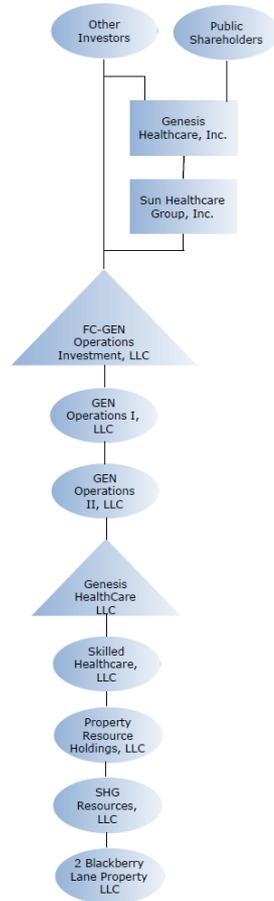
- Asset Purchase
  - Real Estate – land, buildings, fixtures, etc.
  - Equipment, furniture, machinery, supplies, etc.
  - Files, books, and records – medical records, employment records, etc.
  - Trade names
  - Assignable licenses, permits, certificates, etc.
  - Assignable contracts, leases, etc.
  - Resident Personal Needs Allowance accounts
  - Resident deposits, advances, bonds, security, etc.
  - Causes of action, claims, etc.
  - Accounts receivable
  - Rights under confidentiality and non-disclosure agreements, etc.

## Purchase Details - Consolidated

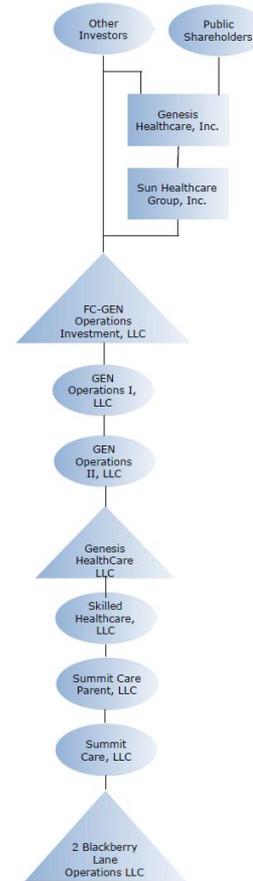
- Following Common Structure
  - Each facility operated by an operating company
    - Member-managed LLC
    - Member is Summit Care, LLC
    - Common Officers
  - Real property will be acquired by a property company
    - Member-managed LLC
    - Member is SGH Resources, LLC
    - Common Officers

# Bennington Ownership Following Purchase

Structure Chart - Owner of Bennington Health & Rehab

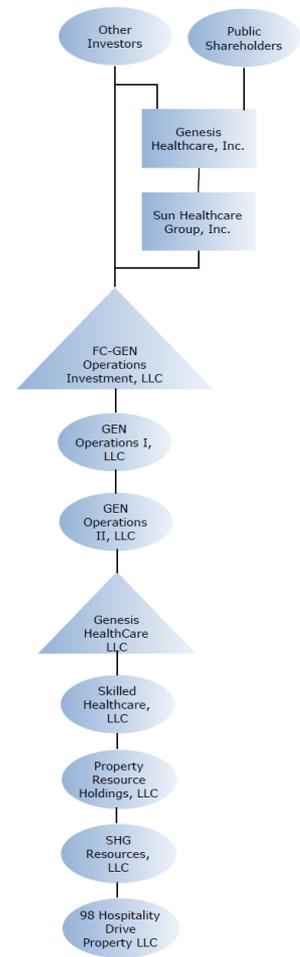


Structure Chart - Operator of Bennington Health & Rehab

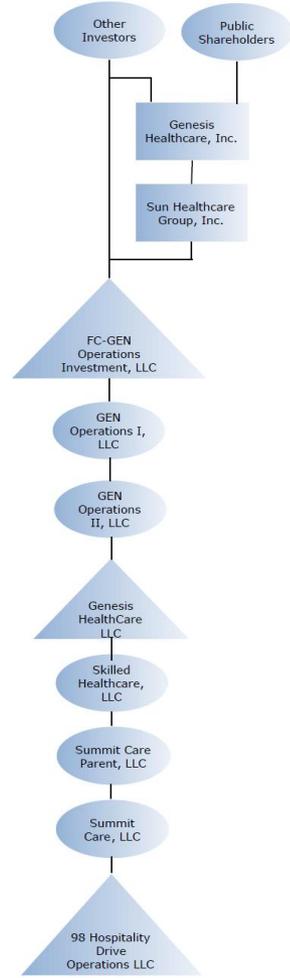


# Berlin Ownership Following Purchase

Structure Chart - Owner of Berlin Health & Rehab

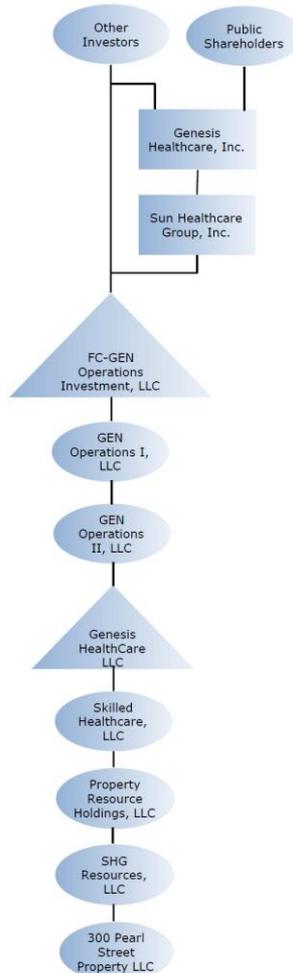


Structure Chart - Operator of Berlin Health & Rehab

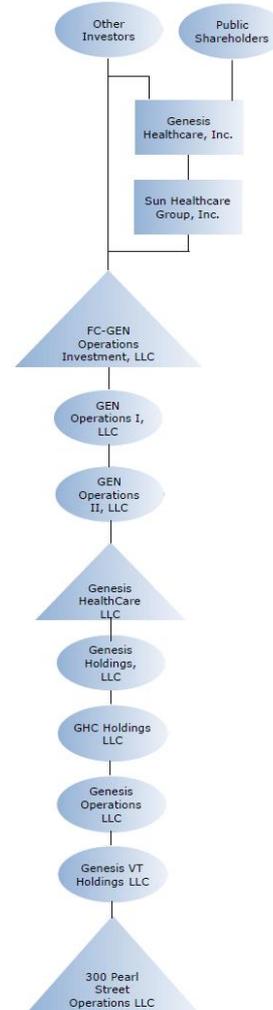


# Burlington Ownership Following Purchase

Structure Chart - Owner of Burlington Health & Rehab

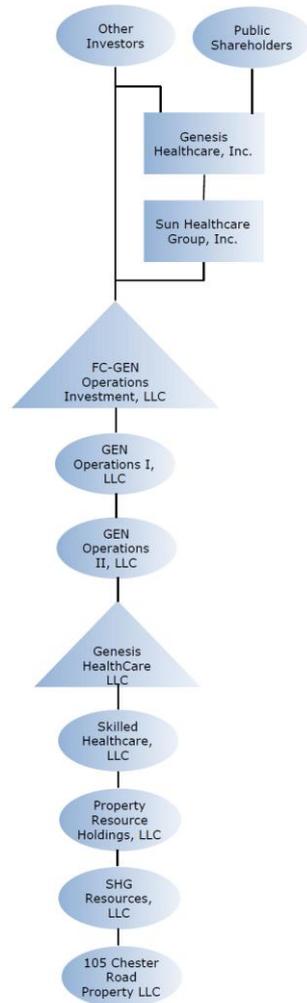


Structure Chart - Operator of Burlington Health & Rehab

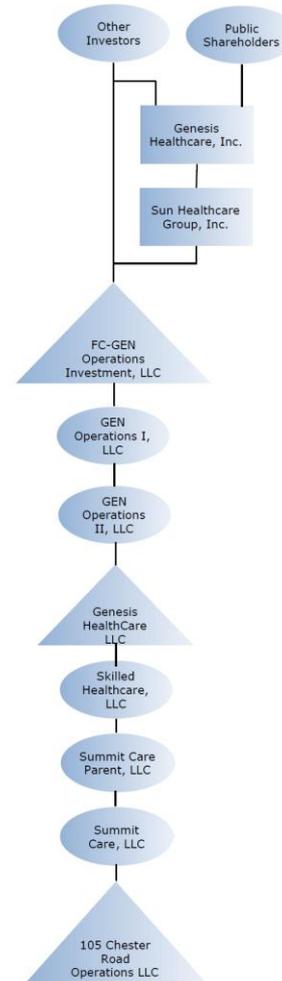


# Springfield Ownership Following Purchase

Structure Chart - Owner of Springfield Health & Rehab

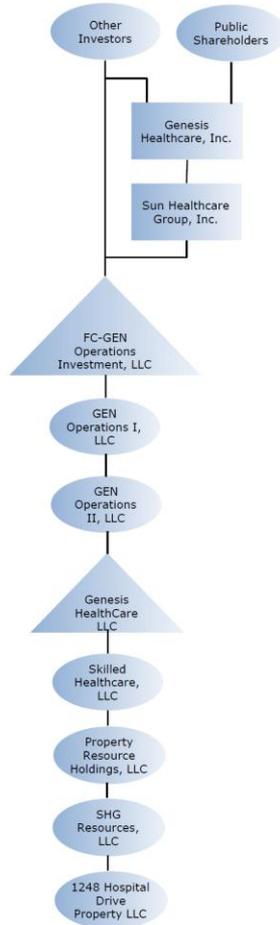


Structure Chart - Operator SpringfieldHealth & Rehab

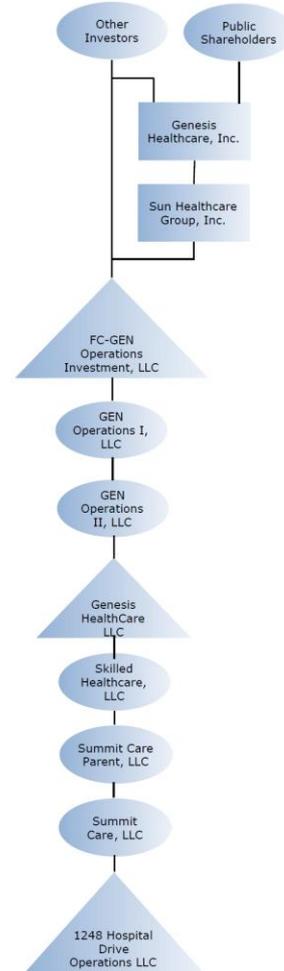


# St. Johnsbury Ownership Following Purchase

Structure Chart - Owner of St. Johnsbury Health & Rehab



Structure Chart - Operator St. Johnsbury Health & Rehab



## Purchase Details - Consolidated

- No significant renovation plans (Genesis has allotted each facility \$800 per licensed bed capital money for routine capital needs/maintenance)
- No planned changes to scope of services offered
- No planned staffing changes – but performance evaluations will take place
- Reduction of 52 unoccupied beds
  - 52 private rooms to be added, only 6 residents may be moved
  - DAIL – move to private rooms relates positively to quality of care, quality of life, privacy and enhanced residents' experience

## Purchase Details - Consolidated

- No management changes planned
  - Changes to Date: Bennington Admin; Berlin Admin and DON
  
- Current staffing with no planned changes:
  - Total staffing for Bennington, Berlin, and Burlington:
    - Full-time: 201
    - Part-time: 83
    - Per Diem: 58
  - Total staffing for Springfield and St. Johnsbury:
    - 157.43 FTE
  
- Genesis employs a former Revera Senior Vice President to provide local leadership and coordination

## Purchase Details – Purchase Price and Project Cost Summary

Facility	Purchase Price Allocation	Project Cost (closing costs + HUD loan fees)
Bennington	\$6,722,689.00	\$6,990,537.00
Berlin	\$6,146,459.00	\$6,392,707.00
Burlington	\$13,445,378.00	\$13,965,223.00
Springfield	\$7,394,958.00	\$7,688,006.00
St. Johnsbury	\$3,937,575.00	\$4,101,023.00
<b>Total for all 5 Facilities</b>	<b>\$37,647,059.00</b>	<b>\$39,137,496.00</b>

## Purchase Details – Financing

- Genesis will initially finance the acquisitions by a bridge loan from Welltower, Inc. (formerly HealthCare REIT, Inc.); loan will bear interest at the 30-day LIBOR rate plus 6.75% and will be guaranteed by a first mortgage lien on all properties
- Genesis has obtained formal portfolio credit approval from HUD for \$400 million of loans, intended to be used to refinance the facilities purchased from Revera
  - HUD has already financed the other nursing home acquisitions through that global approval
- Genesis will subsequently re-finance the Welltower bridge loan utilizing the HUD portfolio credit financing program

# Purchase Details – Alignment with State Policy Goals

- Reduction of Beds
  - Facilitates Community-based Care Goals
- Cooperative Health Planning
  - ACO Participation
  - Active State Partner (DAIL)
    - OASIS statewide grant
    - Companion Aid Project
    - Music and Memory Project
    - MindCare expansion
- Active in Vermont Healthcare Association
  - Population Health Integration Innovation Project
  - Innovation Project Care Management Committee

# Triple Aim – Strategy

***GHC Strategy: Identify patterns and connections within and across systems and develop approaches that respond to the needs of populations<sup>1</sup>***

## Triple Aim

## GHC Tactical Approach

Improving the **patient experience** of care



- Patient engagement
- Care delivery models

Improving the **health of populations**



- Partnering upstream and downstream to shift focus from provider and setting to at-risk cohorts
- Tracking and trending key measures of patient health and well-being

Reducing the per capita **cost of health care**



- ID clinical capabilities in-house that reduce unplanned transfer to hospital and LOS
- Preparation for effective post-discharge self-care management

<sup>1</sup>Nash, D.B., Reifsnyder, J., Fabius, R.J. & Pracilio, V.P. (2011). Population health. Sudbury, MA: Jones & Bartlett.

# Triple Aim – Improving the Individual Experience of Care

- Plan of care driven by patient goals
  - Identify patient's goals, activation and engagement
- Interdisciplinary care planning, updating and evaluating
- Support of independence and function
- Dining choices
  - Elimination of tray line, on demand dining
- Consistent assignments
- Patient schedule choices
- Elimination of alarms, paging, quiet hours for sleep
- Neighborhood concept
  - Resident council meetings to address specific concerns
- Customer service team at each center with Regional support

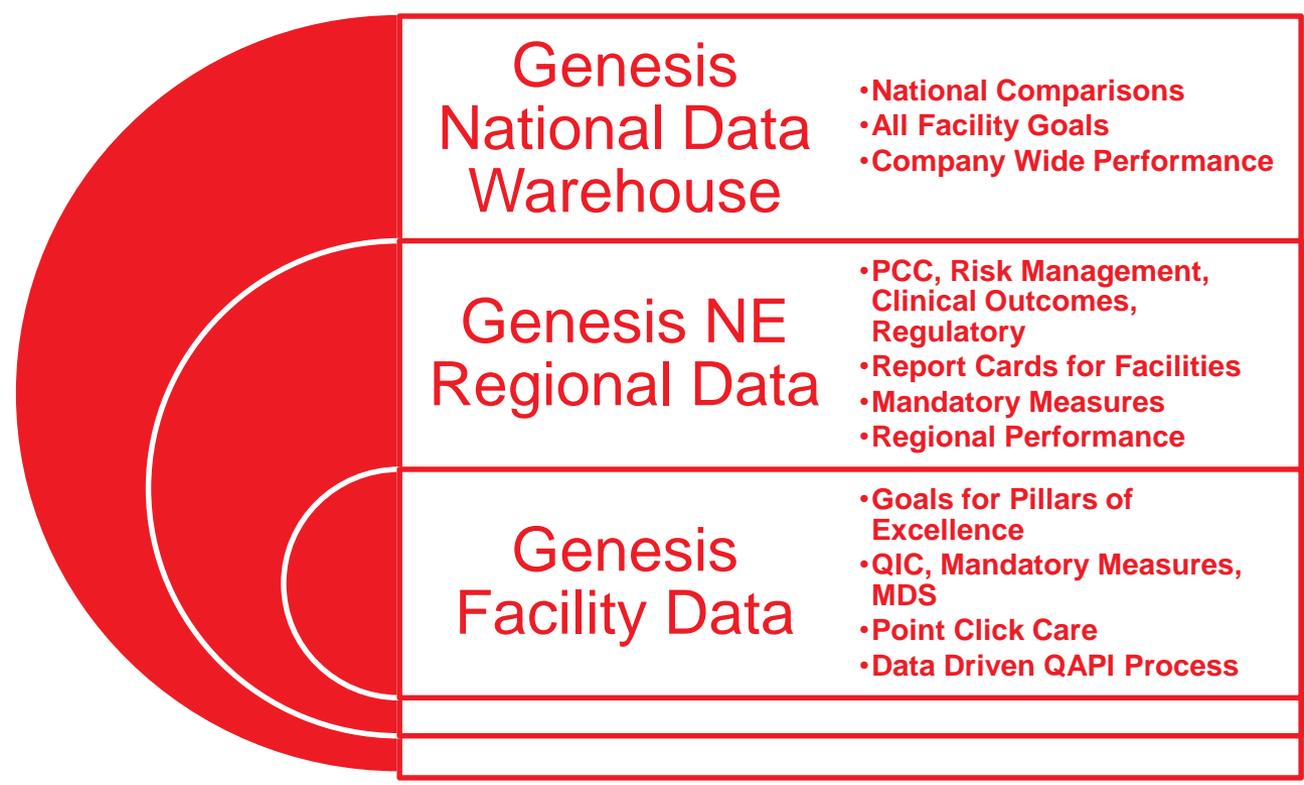
## Triple Aim – Improving the Health of Populations

- Interprofessional practice
- Nurse to nurse report to ensure continuity of care
- Partner with referring hospitals, receive and provide comprehensive information
  - EMR access
- Data-driven risk assessment for re-admissions to hospital
- NP or MD presence in the center
  - Residents seen by providers more timely
- Home health agency participation in discharge planning
- Adopt and share clinical protocols, care plans, risk scores and other care coordination information across facility, care delivery and social service partners
- Participation in Learning Collaboratives, RCPCs, BluePrint, hospital initiatives
  - Rutland high ED utilization

## Triple Aim – Reducing the per capita costs of care for populations

- Top of license or skill set practice for ALL
- Consistent medication reconciliation across settings
- Nurse-driven care management and oversight of high-risk patients
- Measure and report on individual- and population-level data
- Modified Barthel Index (MBI)
  - Preparation for discharge and appropriate support to remain home successfully

## CON Standard 1.6 – Monitoring and Collection of Data



Facility Access – Clinical Wednesdays, Policies, Benchmarks, Best Practices, Tools, Guidelines

## CON Standard 1.7 – Evidence Based Practice

### Genesis Interprofessional Clinical Leadership Group, CNO Chair; Set Clinical Strategy

Genesis  
Physician  
Services

Genesis Interprofessional Divisional  
Clinical Leadership Groups

Genesis Practice  
Councils –  
update clinical  
standards

Physician/NP  
Oversight and  
Collaboration

Genesis RN Nurse  
Practice Educators  
in Facilities;  
Regional and  
Corporate Support

Genesis Facility  
Interprofessional  
Clinical Leadership  
Group

Genesis  
Standardized  
recommendations –  
intranet, webinars,  
policy and  
procedure updates

## CON Standard 3.12 - Palliative and End of Life Care

- Compassionate Care for Advanced Illness training and practice, consistent with NCP and Clinical Practice Guidelines for Palliative Care
  - Competencies, comfort, respect for ill and dying patients and their families
    - Includes palliative care and hospice
  - Nurse Practice Educator as trainer with Director of Social Services
- Flacker Score to identify patients for goals of care conversations, family meetings, advance care planning and hospice
- Contracts with local hospice providers
- Encourage nursing hospice and palliative care certifications
- 2014: 39% deaths in hospice; 2015 (as of 8/2015): 32.8%
- 2014: 97 referrals; 2015 (as of 8/2015): 52

## CON Standard 4.7 – Support of Mental Health

- Multidisciplinary team of behavioral health specialists
  - Collaborative, integrated, patient-centered approach
  - Genesis Central Credentialing, will credential existing provider in event of need
- Use local providers on-site when available
  - On-site psychological or psychiatric in all 4 current VT centers
  - MindCare tele-health supplement for regular tele-psych consultations with board-certified psychiatrists and behavioral health specialists
- Providers' services include
  - On-site individual and group counseling
    - Family member consultation

## CON Standard 4.7 – Support of Mental Health

- Providers' services include
  - On-site individual and group counseling
    - Family member consultation
  - Telephonic consultation
  - Staff education
  - Quality of care evaluation and support
  - Contribution to behavior management plans

## CON Standard 5.1 – Reflection of Patient's Personal Values; Least Restrictive Environment

- Mission – We improve the lives we touch through the delivery of high-quality health care and every day compassion
  - Provide level of choice as if at home
- Person-centered Environment
  - Individual focus
  - Self-directed routines
  - De-institutional language
- Quality of life
  - Recreational opportunities
  - Flexible food and nutrition
  - Therapy animals
- Ongoing discharge planning

## CON Standard 5.3 – DAIL Recommendation

“SOLID TRACK RECORD OF QUALITY OF CARE AND PARTNERSHIP WITH THE STATE, ACCOUNTABLE CARE ORGANIZATIONS AND WITH THE NURSING HOME TRADE ASSOCIATION”

- “Capable owner and operator” in Vermont since 1995
  - Solid track record of quality care and partnership with State
  - Revera leaving, need to maintain beds
  - Supportive of reduction of beds and move to single rooms
  - Current 4 facilities in substantial compliance
  - “Recognized best practices” related to person-centered care, recreation, nutritional services, therapy animals
  - “Partner with DAIL” in person-centered dementia care
- “Affirms its belief that Genesis can support its proposed acquisition . . . and their demonstrated work in their current facilities is of good quality.”

## CON Standard 5.4 – Sufficient Capitalization and Insurance

- Genesis has \$80 million in liquid or easily-liquidated assets
- General liability insurance
  - \$3,000,000/\$10,000,000
- DAIL approval – “sufficient to sustain any financial burden created by the proposed acquisition and to protect current and future residents against any lapses in quality of care.”

## CON Standard 5.12 – Meet Financial and Quality Standards

- Assets far exceed liabilities; Genesis can sustain any financial burden from the project
- Quality performance meets DAIL approval
  - Regional and national support for centers
  - Strong clinical model and evidence basis
  - Consistent measurement of quality standards
  - Patient-focused
  - Interprofessional teams
  - Good quality performance in current VT centers

## How will this Project Serve the Public Good?

- Reasonable cost; Genesis' financial position is secure
- No undue increase in the cost of care
  - Rates based on costs reported to Rate Setting
  - Any rate impact outweighed by benefit of continuous operation by high-quality organization
  - No alternatives exist
- Identified Need
  - Revera will not continue to operate; beds needed in each community
- Will improve quality
  - Genesis strong operator
  - Greater access to mental health care, end of life care, palliative care
- Genesis capable of adding facilities without an impact on services
- Beds are needed, strong operators are needed – this serves the public good

# Appendix A: Telepsychiatry Report



**Telepsychiatry – Patient Indications for Consultation**  
**55236 - Windward Gardens**  
**Feb 16**

ENTERPRISE_MPI_ID	PatientName	ASSESS_DATE	age	Antipsychotics	Alz/ Dem	Schizophrenia/ tourettes/ Huntingdons	Bi-polar/ Psychosis	Other Active Psychiatric Dx	Depression (PHQ-9)	Behavior	Psychotherapeutic PolyPharmacy
████	████	1/4/16	█					Y			
████	████	2/26/16	█					Y	Moderate		
████	████	2/7/16	█		Y			Y	Moderate		
████	████	12/25/15	█	Y		Y		Y			3
████	████	1/15/16	█					Y		Y	3
████	████	2/21/16	█		Y			Y			
████	████	1/30/16	█		Y			Y		Y	
████	████	12/9/15	█		Y					Y	
████	████	2/17/16	█		Y			Y	Moderate	Y	
████	████	1/13/16	█					Y			
████	████	1/21/16	█		Y			Y		Y	
████	████	12/31/15	█		Y					Y	

# Appendix B: Flacker Center Burst Report



**Patient Level Flacker  
Score  $\geq 7$   
Windward Gardens - 55236  
Jan-16 through Mar-16**

**Potential Hospice Patients as of the end of MDS Reporting month above - Flacker Score Flagging Items**

Unit	Patient	GDW Patient ID	Res Age	Hospice	MDS Date	Flacker Score	Age	Gender	ADLs	BMI	CHF	Weight Loss	Difficulty Swallowing	Shortness of Breath
Spring Gardens	██████	██████	█		3/25/16	7.63	Y		Y		Y			Y
Spring Gardens	██████	██████	█		3/10/16	7.49	Y	Y	Y	Y				
Windward Center	██████	██████	█		1/28/16	7.49	Y	Y	Y	Y				
Spring Gardens	██████	██████	█		1/21/16	9.12	Y	Y	Y		Y		Y	
Spring Gardens	██████	██████	█		1/16/16	8.15		Y	Y				Y	Y

**Footnote:**

The "Hospice" column shows which source indicates the patient is already on hospice: MDS, the UDFs (User Defined Fields) or both.

**Helpful Tips for Interpreting the Report**

Purpose:	The report is provided to you and your team to identify individuals who are at high risk of mortality within a year.
Intended Use:	The report provides quantitative clinical characteristics that place an individual at risk and should support conversations among the IDT team, with the physicians and patients and families. Advanced directives should be reviewed for the people identified on the report as well as consideration for a hospice referral and/or palliative care consult. The team should consider the role of rehab services to address some of the risk factors and perhaps extend a good quality of life.
Source of Information:	Minimum Data Set (MDS) assessments are used to generate the report, as well as the scoring methodology published by Flacker & Kiely (2003).
Time frame:	Report provides the most recent three months of MDS assessments and includes both short and long stay patients.
Distribution:	Center reports will automatically be sent to the DON, NHA, GPS Medical Director, SW, NPE and rehab PM.

# Appendix C: Antipsychotic Patient Level Detail Report

	<b>Antipsychotic Patient Level Report</b> Heritage Hall West - (55005)	Reporting Month - <b>Apr 2016</b> MDS Qtr - Start: Jan-16 End: Mar-16
Appropriate DX per CMS Quality Measure Methodology		

**Helpful Tips for Interpreting this Report:**  
 Purpose: This report provides you and your team with patient level summary of individuals taking antipsychotic medication and the diagnosis identified on the MDS.  
 Sources: MDS data set for a quarter of assessments.  
 Included: All MDS assessment types except Discharge Assessments.  
 Diagnostic: The three diagnoses identified by CMS to be "appropriate" for antipsychotic med use are highlighted in yellow.

patientName	UNIT	Atnd Physician	entrydate	ASSSS_DATE	AssmtType	Days on AntPsych	AdmtAssmt	Huntingtons	Tourettes	Schizophrenia	Anxiety	Depressed	Bipolar	Psychotic	Alzheimers	Other Dementia	Hallucinations	Delusions	Behavior	wandering
██████	A Wing	██████	██████	3/11/16	RPS	7							X			X				
██████	D Wing	██████	██████	3/22/16	HQ	7							X			X				
██████	D Wing	██████	██████	1/18/16	NC	7						X				X				
██████	F Wing	██████	██████	2/27/16	NC	7				X										
██████	A Wing	██████	██████	2/12/16	RPS	7						X								
██████	D Wing	██████	██████	3/9/16	HQ	3					X					X				
██████	A Wing	██████	██████	2/26/16	NC	7	X													
██████	F Wing	██████	██████	2/18/16	HQ	7						X	X							
██████	F Wing	██████	██████	2/27/16	HQ	7										X				
██████	A Wing	██████	██████	3/28/16	RPS	7				X										
██████	D Wing	██████	██████	3/4/16	RPS	7				X		X	X							
██████		██████	██████	3/12/16	HQ	7					X									

Questions?