



PROPOSED PURCHASE OF ROWAN COURT HEALTH AND REHABILITATION CENTER

Barre Gardens Holdings, LLC
Barre Gardens Nursing and Rehab, LLC

PRIMMER

Agenda

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1. Introduction of Hearing Participants

- **David Gamzeh**, Managing Partner, Priority Healthcare Group (PHG)
- **Akiva Glatzer**, Managing Partner, PHG
- **Shalom Lerner**, PHG Regional VP of Operations
- **Dawn Murphy**, PHG VP of Clinical Services
- **Heather Filonow**, Rowan Court LNHA
- **Tara Starzec**, Rowan Court DNS
- **Dr. Kasra Djalayer**, Rowan Court Medical Director
- **Andrew M. Bachand CPA**, Kittell, Branagan & Sargent
- **Anne Cramer, Esq, Shireen T. Hart Esq,** and **Nicole West**, Primmer

2. Rowan Court Background

- Rowan Court: Barre, Washington County.
- Designated by CMS as a Special Focus Facility (SFF) for 13 months.
 - Recently graduated from SFF status.
- Licensed bed capacity of 96 beds.
 - 8 private rooms;
 - 44 semi-private rooms.

3. Parties

- Barre Gardens Holdings LLC and Barre Gardens Nursing and Rehab LLC (**Applicants**) seek to purchase the operations and real estate of Rowan Court.
- Barre Gardens Holdings LLC (**BGH**) will own the real estate.
- Barre Gardens Nursing and Rehab LLC (**BGNR**) will operate Rowan Court.
- This purchase is part of a larger set of transactions to purchase the assets of a total of four facilities. The other three facilities are located in New Jersey, Massachusetts, and Connecticut.
 - They have all been approved and changed ownership.

3. Parties (cont.)

Transaction Parties – Purchasers:

- Joshua Farkovits, Jordan Fensterman, David Gamzeh, Akiva Glatzer and Ephram Lahasky (**Owners**) formed BGH and BGNR.
- Among the five owners, they own and/or operate 37 skilled nursing homes in numerous states.
- Messrs. Gamzeh and Glatzer are experienced licensed nursing home administrators.

3. Parties (cont.)

Transaction Parties – Sellers:

- Rowan Court is currently owned by Vermont Subacute LLC.
- Rowan Court is currently operated by Revera Health System Management LLC.
- Revera is a privately-owned Canadian company, which operated over 500 properties.
- Shifting its focus to senior living in private-pay portfolio.

4. Project Description

Purchase Details:

- BGH will purchase the assets of Rowan Court.
- The purchase price is \$6,000,000.00, to be allocated as follows:
 - Land: \$ 250,000
 - Buildings: \$5,430,000
 - Furnishings, Equipment, Fixtures: \$ 320,000
 - Administrative expenses & permits: \$ 75,000
 - Debt financing expenses: \$ 25,000
 - **The total project cost is: \$6,100,000**

4. Project Description (cont.)

Financing:

- BGH proposes to finance the purchase as follows:
 - Loan: \$4,800,000; and
 - Capital Contributions: \$1,300,000.
- Greystone Funding Corporation issued a conditional Commitment Letter.

4. Project Description (cont.)

Operating Lease:

- BGH will enter into a lease with BGNR.
- Lease Terms:
 - Triple net lease;
 - Lease payments based on the annual debt service for BGH mortgage.
- BGNR will operate Rowan Court.

4. Project Description (cont.)

Post-Transfer Management:

- BGNR will retain PHG to manage.
- 4% of Adjusted Gross Revenue
- PHG to provide:
 - accounts payable
 - accounts receivable
 - billing
 - payroll
 - compliance
 - day to day oversight
 - financial reporting
 - marketing
 - business development
 - purchasing

4. Project Description (cont.)

Post-Transfer Services:

- The Applicants do not propose any changes to the services offered by Rowan Court, which include:
 - Long term care: medical, social work, recreational services;
 - Physical therapy services through Premier Therapy Services;
 - Short term rehabilitation, including physical, occupational and speech/language therapy;
 - Respite care services; and
 - Hospice services including, palliative and end-of-life hospice care through local hospice providers.

4. Project Description (cont.)

Post-Transfer Staffing:

- No material changes to staffing, except PHG will provide the management services.

4. Project Description (cont.)

Post-Transfer Improvements:

- No immediate plans for improvements.
- Assessing resident needs, such as the creation of a Dementia Unit.
- Set aside \$400,000 for working capital.
- Establish an annual amount of \$150,000, to be allocated as follows:
 - \$100,000 for improvements; and
 - \$50,000 for equipment.

5. Management Agreement

BGNR: Manager

**Rowan Court Health and Rehabilitation Center
LLC:** Operator

Effective date: August 1, 2016

Pre-Transition Period:

- Assessment of all transition needs, preparation to hire current leadership and staff.
- Conduct, supervise and manage the day-to-day operations.
- Responsible for care to residents, staffing, billing and collection of accounts receivable, rate setting and general on-site administration (including provision of the services of the administrators).

6. Institute of Health Improvement - Triple Aims

Improving the Individual Experience of Care:

- The Applicants (Messrs. Gamzeh and Glatzer) have a proven track record of successfully addressing a wide-array of needs, including psychological needs.
- Plan of care will be uniquely tailored for each resident to improve that individual's overall quality of life.
- BGNR will partner with practitioners to create preventative care model that allows the facility to provide quality care tailored to the needs of the residents and to prevent future declines in resident health.

6. Institute of Health Improvement - Triple Aims

Improving the Health of Populations:

- The Applicants have a proven track record of fostering community and referral source relationships.
- Messrs. Gamzeh and Glatzer, the managing members of BGNR, have a history of high census rates and an absence of complaint surveys at facilities operated by them.
- BGNR will work with residents on preventative care and care coordination for a successful return home.
- The philosophy of care will improve the physical and mental health of the community's adult population over time.

6. Institute of Health Improvement - Triple Aims

Reducing the per capita costs of care for populations:

- Applicants will work to reduce expenditures on traditional healthcare and the number of residents requiring hospitalization, as well as pharmaceutical expenditures. To accomplish this:
 - BGNR will foster preventative care and care coordination to make it less likely that its short term rehabilitation residents will need to return to the facility in the future.
 - BGNR will empower individual residents to be more involved in their care, through self-management.
 - BGNR will focus on reducing re-hospitalizations.
 - BGNR will have practitioners provide services on-site to help reduce the overall costs of care.
 - BGNR will enable more residents in need of psychiatric services to return home through better management of outpatient services.

7. HRAP CON Standards

CON Standard 1.6 – Monitoring and Collection of Data:

- BGNR will establish performance indicators, including process and outcome measures, related to data collection and monitoring.
- All data will utilize internal and external benchmarking.
- Performance thresholds will set be to show gradual trends for improvement.

7. HRAP CON Standards (cont.)

- On a quarterly basis, data will be collected and reported to the QAPI Steering Committee from the following areas:
 - Input from caregivers, residents, families, and others
 - Adverse events
 - Performance indicators
 - Survey findings
 - Complaints
- All performance indicators will be reviewed and approved annually.
- A report of the performance indicators and progress will be shared with the staff and resident/family council, at a minimum of once a year.

7. HRAP CON Standards (cont.)

CON Standard 1.7 – Evidence Based Practice:

- BGNR staff will be required to keep abreast of new best practices in their respective fields, including evolving standards for rehabilitation services, social services, dementia care, mental health, and nutrition.
- BGNR will routinely monitor, review, develop and modify clinical policies and procedures against evolving clinical standards.
- BGNR will provide employees with on-going training to implement new and existing clinical standards.

7. HRAP CON Standards (cont.)

CON Standard 3.12 – Palliative and End of Life Care:

- BGNR will work with a hospice team, which includes nurses, a social worker, home health aides, clergy, and volunteers, to provide compassionate care for advanced illnesses or individuals with limited life expectancies.
- BGNR will provide spiritual and grief counseling, as well as extended visiting hours for families.

7. HRAP CON Standards (cont.)

CON Standard 4.7 – Support of Mental Health:

- BGNR will partner with physicians and other specialists to implement an appropriate care model for mental health services that will:
 - Positively impact the quality of life for residents with reduced cognitive function; and
 - Permit the facility to accept residents who had been declining due to the inability to access appropriate mental health services.
- BGNR will add services not currently provided at Rowan Court, including on-site psychological services.

7. HRAP CON Standards (cont.)

CON Standard 5.1 – Reflection of Resident’s Personal Values; Least Restrictive Environment:

- BGNR will operate the facility in a manner that promotes the dignity, safety, self-determination and independence of all residents.
- BGNR will provide on-going staff education in behavioral management.
- The Applicants have a proven track record of successfully developing, in partnership with pharmacy consultants and psychiatrists, resident care programs to reduce the use of antipsychotic medications.

7. HRAP CON Standards (cont.)

CON Standard 5.3 – DAIL Recommendation:

- In a letter, dated 3/25/16, DAIL made the following findings in support of the project:
 - **Washington County** has a **higher than average rate of need** for nursing facilities so there will always be a need for beds;
 - There is a **significant need** in Vermont for skilled nursing facilities to provide **the types of services suggested by the Applicants** (i.e., on-site psychiatric services and telemedicine) for patients with complex psychiatric or medical needs.

7. HRAP CON Standards (cont.)

CON Standard 5.4 – Sufficient Capitalization and Insurance:

- The Applicants have sufficient liquid assets/easily liquidated assets to provide sufficient insurance for Rowan Court in the event of legal liability, and to run the facility's day-to-day operations.
- The Applicants have the means to cover any overages or shortages with cash advances.
- The Applicants will set aside \$400,000 for working capital and will establish an annual amount of \$150,000, to be allocated for improvements and equipment.

7. HRAP CON Standards (cont.)

CON Standard 5.12 – Meet Financial and Quality Standards:

- There are sufficient liquid assets or easily liquidated assets to cover anticipated financial obligations for the purchase and operation of Rowan Court.
- The Applicants have a proven track record of providing high quality care and improving the quality of life for residents at their facilities.
- The Applicants will prioritize:
 - Improving the individual experience, quality of care; and
 - Providing trained, adequate, and appropriate staffing.

8. Statutory Criterion, 18 VSA § 9437(2)

The cost of the project is reasonable.

- Can sustain the financial burden likely to result from completion of the Project.
- The Project will not result in an undue increase in the costs of medical care.
- Less expensive alternatives are not feasible or appropriate.

8. Statutory Criterion, 18 VSA § 9437(3)

Identifiable need for the proposed project.

- Letter from DAHL showing need for these beds.

8. Statutory Criterion, 18 VSA § 9437(4)

Project will provide greater access to health care for Vermonters.

- Applicants have proven skills and commitment to address needs of residents with higher needs, namely behavior management needs - with the most difficulty finding placement in Vermont.

8. Statutory Criterion, 18 VSA § 9437(5)

Project will not have an undue adverse impact on any other existing services provided by the

- Priority Healthcare is structured to allow for individualized management of its facilities, so that no facility suffers when another facility has urgent needs.

8. Statutory Criterion, 18 VSA § 9437(6)

The Project will Serve the Public Good in the Following Ways:

- Improve an existing facility that was recently graduated from SFF program.
- Provide much needed access to high quality care for residents with high behavior management needs.
- Support the ongoing needs for beds in Washington County, Vermont.
- The Applicants' financial position is secure.
- There will be no undue increase in the cost of care.