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November 9, 2016

Coleen Condon Kohaut
Callie Kohaut
Franklin County Rehab Center, LLC
110 Fairfax Road
St. Albans, VT 05478-6299

Dear Ms. Coleen Condon Kohaut and Ms. Callie Kohaut,

This letter is submitted in accordance with the State's Health Resource Allocation Plan Certification of Need (CON) Standards 5.2 and 5.3 which requires the Department of Disabilities, Aging and Independent Living (DAIL) to review and provide a recommendation in relation to the CON applications from nursing homes and similar entities.

The Department has received the Certificate of Need application from Franklin County Rehab Center (FCRC) related to transfer of ownership from Phillip Condon and the Tressa Condon Trust to Coleen Condon Kohaut and Callie Kohaut. This transfer is acknowledged to be a family transfer, transferring full ownership to Colleen Condon Kohaut, currently a partial owner and daughter of the owners and to Callie Kohaut, spouse of Coleen Condon Kohaut. The Department of Vermont Health Access, in their letter of May 24, 2016, has confirmed that this transfer falls under the family member transfer of ownership exemption and that the transfer is therefore not subject to the nursing home transfer tax.

In completing our review, the Department consulted with the Agency of Human Services' Division of Rate Setting and internally with relevant divisions and staff. We considered both the Department's mission and our desire to advance excellence in quality of care and quality of life for Vermonters. We also considered our desire to promote and support cultural change in our nursing, independent care and assisted living facilities in addition to our work to rebalance options and choices for care across a spectrum of support.

1. Project Summary:

Coleen Condon Kohaut has been a licensed Nursing Home Administrator in the State of Vermont since 2003 and has been working with her family in long term care since 1998. She has been the Resident Services Director and the co-Administrator along with her father, Phillip Condon at Franklin County Rehab since 2010 and was involved in the CON process to build the current facility in 2003. Within the transfer of ownership, the intent is to maintain the function of FCRC as it currently exists with no change in staffing, services, beds or funding sources and with a continuing focus on quality and quality of life for residents.

FCRC is a sixty-four bed Skilled Nursing Facility located in St. Albans, Vermont. The facility provides short term rehabilitative care, palliative care, dementia and respite care in addition to in-house restorative nursing. FCRC contracts with Genesis Rehab Services for the provision of therapies and proposes to continue to do so with the change in ownership. The FCRC building was built in 2004 with twenty-four private rooms and large semi-private rooms.

FCRC has identified four areas of focus for the long-term rehabilitation program:

- Pressure ulcers and wound management
- Reducing the use of psychotropic medications
- Reduction of falls among residents
- Staff retention

The facility currently participates in the Medicare and Medicaid program and will continue to do so upon the change in owners.

2. Evaluation of HRAP CON Standard 5.2: Nursing Homes or similar entities seeking to replace or increase beds shall show the beds are needed. Such showing of need shall be confirmed by the Department of Disabilities, Aging and Independent Living:

In reviewing the census count of bed days for FCRC since February of 2016, they have maintained a high level of percent occupancy, running in the low to mid 90's consistently and never dipping below 90% of total occupancy since February 2016. They serve a high percentage of Medicaid and Medicare residents with 48.96% of their total funding coming from Medicaid in September of 2016. FCRC consistently maintains a low percentage of empty beds, a good indication of both their high level of quality and the need for those beds in the St. Albans area. With the nearest, adjacent area for skilled nursing facilities being Chittenden County which tends towards a low vacancy rate, it seems clear that there is a need to maintain the sixty-four beds available through the Franklin County Rehab Center.

3. Evaluation of HRAP CON Standard 5.3: Nursing homes or similar entities seeking a certificate of need shall provide a written recommendation from the Department of Disabilities, Aging and Independent Living supporting the new health care project proposal:

a. Quality of Care:

Franklin County Rehab Center is a currently a five-star facility, rated five stars in all three of the categories used by CMS to calculate the overall star rating. These categories include Health Inspection, Staffing and Quality Measures. They have been in substantial compliance for 2016 which included a deficiency-free full recertification in June of 2016. They have historically been a very high performing facility with minimal regulatory violations.

FCRC has been recognized for its low rate of use of psychotropic medications for residents and for striving to identify alternate strategies to manage challenging and complex behaviors. They have received awards from My Innerview and the American Health Care Association.

The other facility owned by Coleen and Callie Kohaut, formerly known as Redstone Villa and recently renamed The Villa Rehab Center was purchased in 2015. That facility has moved quickly from a two-star facility to a four-star facility under the ownership of Coleen and Callie Kohaut.

A third facility co-owned by Coleen and Callie Kohaut is Holiday House, a forty bed Enhanced Residential Care Home (ERC) serving Medicaid Residents. Holiday House as a Level III home, offers a continuum of care option for seniors in the Franklin County area.

A review of total quality in association with Coleen and Callie Kohaut indicates a consistent approach to high quality programming and care for residents.

b. Financial Review:

It is important to note that we have been informed by the Division of Rate Setting (DRS) that FCRC will not receive the step-up in their base, reflecting an adjustment in the cost of their assets to today's values, because they did not give the two-year notice to DRS required by VDRSR Section 4.7.

Notwithstanding, a review of the financial documents submitted by Coleen and Callie Kohaut appears to indicate that they are financially solvent and able to weather the transition in ownership while maintaining a stable, quality organization.

In conclusion, it appears that the transfer in ownership of the Franklin County Rehab Center from Phillip Condon to his daughter Coleen and her spouse Callie is a reasonable proposition, meeting the needs of Franklin County. We are conditionally supportive of the FCRC proposal, dependent on the full application and information obtained by the Green Mountain Care Board during the CON process.

Sincerely,



Monica Caserta Hutt
Commissioner

C: Donna Jerry, Senior Health Policy Analyst, GMCB
Camille George, Deputy Commissioner, DAIL
Megan Tierney-Ward, Director, Adult Services Division, DAIL
Clayton Clark, Director of Licensing and Protection, DAIL
Kathleen Denette, Director, Division of Rate Setting, AHS