

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

**In re: Proposed Purchase by Genesis)
Healthcare, Inc. and its Subsidiaries)
of Bennington Health and)
Rehabilitation Center, LLC, Berlin)
Health and Rehabilitation Center,) Docket No. GMCB-014-15con
LLC, Burlington Health and)
Rehabilitation Center, LLC,)
Springfield Health and Rehabilitation)
Center, LLC and St. Johnsbury)
Health and Rehabilitation Center, LLC)**

**RESPONSE TO DECEMBER 11, 2015
QUESTIONS FROM THE GREEN MOUNTAIN CARE BOARD**

- 1. For each of the five Vermont facilities Genesis seeks to purchase (hereinafter the five facilities) provide the following information from the most recent CMS Nursing Home Compare website tabs:
 - a. Historical staffing information, including the comparison to state and national averages, and the percentage by which the facility deviates above or below such averages. Explain any plans to improve each below-average measure.**
 - b. List of quality measures that are lower than state average. Explain the applicant’s plan to improve each below-average measure;**
 - c. Fines and/or payment denials from the penalties tab. Provide detailed information regarding all fines and payment denials.****

Answer:

- a. See chart attached as Exhibit A.

Genesis’s leaders in Administrative and Clinical Operations collaboratively review the staffing patterns on each nursing unit. The review includes consideration of the complexity and acuity of the patient population on the unit, the measurable patient outcomes, the physical layout of the unit, the needed skill sets of the nursing team, and standard nursing to patient ratios. Adjustments to the staffing are made based on the assessed needs. The care results and population acuity are closely monitored by

the facility's Director of Nurses and the regional support team to facilitate appropriate adjustments to the staffing pattern when needed.

b. See chart attached as Exhibit B.

Genesis is committed to providing quality care to the residents we serve by utilizing a Quality Assurance and Performance Improvement (QAPI) approach to care delivery. The outcomes of care are closely monitored and measured on all key quality outcome areas. The facility-based QAPI team reviews the results monthly, evaluates trends, and creates a focused action plan to improve outcomes identified as trending negatively or that are exceeding the benchmark targets. Genesis Clinical Systems include evidence-based care practices in the key quality areas, which apply best practices and processes to support improvement and positive outcomes. The facility leaders, with the support of the regional teams, implement corrective plans and monitor closely for improvements. Results are brought to the QAPI meeting monthly for review, and additional actions are identified to continuously improve and sustain the gains.

The five Vermont Revera facilities will be assessed by an inter-professional team of individuals who will identify potential quality concerns and educational needs. Performance on CMS Quality Measures will be a critical part of this assessment. Plans to improve patient care and performance measure scores will then be implemented based on findings and trends. Patient records of patients who are relevant to measures will be reviewed during facility visits with regional teams who will support facility leaders and staff in improvement efforts. Utilizing a systematic approach and focusing on quality of care and quality of life needs of the patients, Genesis will focus on improvement together with education and orientation of staff to Genesis policies.

Initiation of the Genesis Care Delivery Processes and Policies will be introduced and trained on a monthly basis. The following is the schedule of educational programs by month:

- December 2015- Infection Control Policies and Procedures
- January 2016- Skin Integrity Care Delivery Processes and Policies
- February 2016- Nursing Policies and Procedures
- March 2016- Falls Care Delivery Processes and Policies
- April 2016- Antipsychotic Reduction Program
- May 2016- Restorative Nursing

These educational trainings will be conducted via webinar and recorded so facilities can have ongoing access to train all staff.

The five facilities will transition to the Genesis care protocols. This transition is already partly underway as a result of the management agreement in place as of December 1, 2015. Genesis will prioritize its efforts to improve below-average quality measures to ensure that the most significant needs in each facility are addressed as soon as possible. Plans for specific high-priority issues are discussed below. The protocols and plans described in response to Question 2 below will also be available for these facilities.

Percentage of Long Stay Residents Who Lose Too Much Weight

Genesis's process to manage weight loss and hydration was developed by an interdisciplinary team of professionals who utilized national standards and CMS guidelines. Each facility conducts a "Customer at Risk" meeting which is attended by the interdisciplinary team. During this meeting, patients are reviewed for potential or actual weight loss and interventions are implemented to prevent further decline. Patient health with respect to weight loss is also reviewed at the monthly QAPI meeting, and action plans are developed to improve their care. The five facilities will transition to Genesis's policies and procedures. Existing staff will receive education throughout the transition.

Percentage of Long Stay Residents with Catheter Inserted and Left in Bladder

Genesis's process and policies to manage incontinence were developed by an interdisciplinary team of professionals who utilized national guidelines and CMS standards. As a first step, these policies discourage the use of catheters by fully investigating other options for residents. However, where patients have diagnoses of neurogenic bladders, long term catheter use is often warranted. If a catheter is placed, the policies encourage consistent evaluation and removal of the catheter as quickly as medically possible. Staff receives education upon hire and ongoing regarding Genesis's policies and procedures to manage incontinence. Patients who require catheters are reviewed on an ongoing basis by the interdisciplinary team, which includes the primary care physician, to ensure that appropriate diagnosis exists and other alternatives have been trialed. Patient health with respect to incontinence is also reviewed by the facility's QAPI Committee on a monthly basis. All metrics used will be developed to track internal improvement as well as appropriate national benchmarks.

- c. See chart attached as Exhibit C.

- 2. For each of the four Vermont facilities currently owned by Genesis, provide the following information from the most recent CMS Nursing Home Compare website tabs:**
- a. Historical staffing information, including the comparison to state and national averages, and the percentage by which the facility deviates above or below such averages. Explain any plans to improve each below-average measure.**
 - b. Quality measure information (provide in the better/worse format used in the application). Separately identify quality measures that are below than the state average, and explain Genesis's plan to improve those measures;**
 - c. Fines and/or payment denials from the penalties tab. Provide detailed information regarding all fines and payment denials.**

Answer:

- a. See chart attached as Exhibit A.

Genesis's leaders in Administrative and Clinical Operations collaboratively review the staffing patterns on each nursing unit. The review includes consideration of the complexity and acuity of the patient population on the unit, the measurable patient outcomes, the physical layout of the unit, the needed skill sets of the nursing team, and standard nursing to patient ratios. Adjustments to the staffing are made based on the assessed needs. The care results and population acuity are closely monitored by the facility's Director of Nurses and the regional support team to facilitate appropriate adjustments to the staffing pattern when needed.

- b. See chart attached as Exhibit D.

The outcomes of care are closely monitored and measured on all key quality outcome areas. The facility-based QAPI team reviews the results monthly, evaluates trends, and creates a focused action plan to improve outcomes identified as trending negatively or that are exceeding the benchmark targets. Genesis Clinical Systems include evidence-based care practices in the key quality areas, which apply best practices and processes to support improvement and positive outcomes. The facility leaders, with the support of the regional teams, implement corrective plans and monitor closely for improvements. Results are brought to the QAPI meeting monthly for review, and additional actions are identified to continuously improve and sustain the gains.

1) Pressure Ulcers- Rutland

The Genesis Skin Integrity Care Delivery Process was developed by an interdisciplinary team using the National Pressure Ulcer Advisory Board Standards as its basis for our policies and procedures. The focus of this program is assessment, prevention, treatment and ongoing evaluation of the patient to prevent pressure ulcers from developing. Patients are assessed at the time of admission and weekly for potential pressure ulcers. Facilities utilize the following strategies as part of Quality Assurance:

- Review patient medical records that have pressure ulcers
- Staff education on Skin Care Delivery Process
- Weekly Wound Rounds by interdisciplinary team
- Focused visit by Certified Wound Nurse if needed
- Assessment of preventive equipment in the facility

2) Flu Vaccine- Rutland

The Genesis Flu & Immunization Program was developed from CDC guidelines. Staff are reoriented to and educated on the policy at the beginning of every flu season. Educational information is also provided to patients and their families each year. The goal of the program is to immunize as many patients and staff members each year as possible. Facilities can use the following strategies to achieve optimal immunization:

- Review records of patients who have declined vaccination
- Education to staff regarding Flu Immunization program
- Re-offer Flu Vaccine to patients who have declined

3) Falls with Major Injury- Belaire, Mtn View, Rutland & St. Albans

The Genesis Falls Care Delivery Program was developed utilizing evidence based medicine and research. An interdisciplinary approach to falls is utilized with the Primary Care Physician being a major contributor to this process. Our approach is person-centered and evaluation of the patient includes identifying and addressing medical and environmental factors that may increase the risk of fall. Facilities use the following strategies to reduce or eliminate falls:

- Review chart and information about any patient that has fallen
- Staff education on Falls Care Delivery Processes
- Comprehensive review of falls data to identify trends
- Quality of Life Rounds
- Implementation of Back to Bed Programs

- Review toileting plans
- Review Recreational Programs and times
- Review of Restorative Programs
- Medication Review
- Environmental review

4) Depressive Symptoms- Belaire, Mtn View, St. Albans

The Genesis approach to depression is to evaluate each patient and address his or her individual needs. Social Service support is a key contributor to reducing depression and leads the interdisciplinary team. Care Plans are developed to address each depressive symptom and interventions are implemented to minimize their effect. Facilities use the following strategies to assist with managing & eliminating depressive symptoms:

- Review of patients with depressive symptoms
- Referral to MindCare, tele-psychiatry
- Include patients at weekly Customer at Risk Meetings to get their input

5) Weight Loss- Blaire, Mtn View, Rutland. In addition to the information provided in response to Question 1b above:

- Review all patients that have weight loss
- Liberalize diets when appropriate
- Include patients who were reported in the measure at the Customer at Risk Meetings to get their input

6) Antipsychotic- St. Albans

The National Partnership to Improve Dementia Care in Nursing Homes (the “Partnership”), launched by Centers for Medicare and Medicaid Services (CMS), is committed to improving the quality of care for individuals who have dementia in nursing facilities. The Partnership has a mission to deliver health care that is person centered, comprehensive, and interdisciplinary with a specific focus on protecting patients from being prescribed antipsychotic medications unless there is a valid, clinical indication and a systematic process to evaluate each individual’s need. Genesis participated in the Partnership.

The Partnership promotes a multi-dimensional approach that includes the three R’s:

- **RETHINK** our approach to dementia care.
- **RECONNECT** with patients via person-centered care practices
- **RESTORE** good health and quality of life.

The Genesis Antipsychotic Reduction Program has taken this mission and created a comprehensive program to reduce and/or eliminate antipsychotic use for patients with dementia. Staff members are trained on this program upon hire and throughout their tenure. Patients are reviewed whenever an antipsychotic is ordered or increased and on an ongoing basis by the interdisciplinary team to assess for possible reductions and or eliminations of the medication. Facilities can utilize the following strategies to assist with those reductions:

- Review the medical record of patients who are prescribed antipsychotic medication
- Refer to MindCare tele-psyche services to assist in anti-psychotic reduction
- Initiate nonpharmacological approaches, such as behavioral de-escalation strategies, when indicated

7) Increase ADLs- Belaire, St. Albans

The Restorative Nursing Program and the Rehabilitation Program is focused on maintaining the highest practical well- being for each patient whom we serve. Patients are assessed on a quarterly basis to evaluate any decline in their ADL status. Strengthening and conditioning programs were developed from evidence-based medicine and research using the Octavo Exercises as their basis. Facilities use the following methods as a way to improve outcomes:

- Quarterly review of patients that have an increased ADL need
- Refer to Restorative Nursing or Rehab if indicated
- Quality of Life Rounds

8) Catheters Inserted- Belaire, Rutland & St. Albans. In addition to the information provided in response to Question 1b above:

- Review all patients with catheters inserted
- Attempt discontinuing catheters when appropriate

9) UTI- Mtn View. In addition to the information provided in response to Question 1b above:

- Review patients who have had UTIs
- Educate staff regarding criteria for coding UTI on MDS
- Observe incontinent care for appropriate procedures

10) Bladder/Bowel Incontinence- St. Albans

- Review all patients with bladder/bowel incontinence
- Educate staff on Continent Management Process
- Review toileting plans

11) Pneumococcal Vaccine- St. Albans

The Genesis Flu & Immunization Program was developed from CDC guidelines. Staff members are educated on the policy at the beginning of every flu season. Patients are offered the Pneumococcal Vaccine on an ongoing basis. Educational information is also provided to patients and families each year. The goal of the program is to immunize as many patients and staff members each year as possible. Facilities can use the following strategies to achieve optimal immunization:

- Review patients who have not been immunized
- Re-offer vaccine to patients who have declined

12) Pain- Mtn View & Rutland

The Genesis Pain Policy and Assessment was developed from the CMS guidelines regarding pain. Each patient is assessed for pain on admission and ongoing thereafter. Individualized care plans are developed to address pain management issues. An interdisciplinary approach to pain management is established utilizing facility staff plus Pharmacy Consultant and Hospice if needed. Facilities use the following approaches:

- Review patients that are experiencing pain
- Review MARs for prn use of pain medications
- Educate staff on Pain Policy & Assessment
- Pharmacy Consultant to review patients
- Refer to pain consultant if appropriate
- Refer to Hospice if appropriate

13) Worsening Pressure Ulcers- St Albans

The Genesis Skin Integrity Care Delivery Process was developed by an interdisciplinary team using the National Pressure Ulcer Advisory Board Standards as its basis for our policies and procedures. The focus of this program is assessment, prevention, treatment and ongoing evaluation of the resident to prevent pressure ulcers from developing. Patients are assessed at the time of admission and weekly for potential pressure ulcers. Facilities utilize the following strategies as a Quality Assurance measure:

- Focused visit by Certified Wound Nurse
- Weekly wound rounds by interdisciplinary team
- Quality of Life Rounds
- Evaluation of preventive equipment in the facility

- Education of staff on Skin Care Delivery Process

c. See chart attached as Exhibit C.

- 3. Provide the current number of Medicare and number of Medicaid beds in each of the five facilities and the projected number of such beds after transfer of the facility to Genesis. Explain in detail any impact on access to Medicaid beds as a result of the purchase, including whether Medicaid Choices for Care Patients will be allowed to remain, or be admitted to, newly created private rooms.**

Answer:

All beds are dually certified for Medicare and Medicaid. Thus, there will be a total reduction of 52 beds that could have been used for Medicare or Medicaid patients.

Bennington- Total Current Beds: 100

Final Total Beds: 85

Berlin- Total Current Beds: 141

Final Total Beds: 115

St. Johnsbury- Total Current Beds: 110

Final Total Beds: 89

Springfield- Total Current Beds: 102

Final Total Beds: 96

Appropriately sizing the facilities supports the overall VT Choices for Care program. Medicaid Choices for Care patients are eligible for private rooms based on medical need and will continue to be provided medically appropriate placement. There will not be any impact on current Medicaid beneficiaries as a result of the conversion. Access to Medicaid beds will not be negatively impacted by the changes in the number of beds, as the beds being reduced have not been in operation for some time.

We anticipate that only six long term residents will need to transfer rooms as a result of the conversion. These patients will be appropriately notified of the bed reductions and will be supported fully in accordance with the VT room change requirements to make the change to another location.

- 4. Provide the patient admission criteria used currently in each of the five facilities, and the admission criteria Genesis will use upon assuming facility ownership.**

Answer:

For both Revera and Genesis, patients are admitted to the facility based on the facility's ability to meet the patient's medical and social needs. Once accepted, the patient is placed in a bed/unit appropriate to their needs. Skilled nursing care must be medically necessary for the patient.

- 5. Provide detailed information regarding all entities that currently provide mental health services and psychiatry services, including whether the providing entity is on-site or is a telehealth provider. Explain whether Genesis intends to change how such services will be provided, or by whom such services will be provided, after it assumes ownership.**

Answer:

Current Mental Health Care:

Bennington, St. Johnsbury, & Berlin: Deer Oaks currently provides psychological services for residents on site. There are no psychiatry services available.

Burlington: Psychology services on site one day per week (approx. 8 hours). No psychiatry services are available due to a lack of psychiatry in area.

Springfield: On-site psychiatry services provided by Springfield Medical Care Systems: Adam Ameele, PsyD. and Theodore Miller, MD

Genesis Model: Genesis intends to evaluate and support the existing mental health services in each of the five facilities. Changes will be made as necessary to enhance the services.

The mental health and well-being for all patients is an important aspect of the daily care and services. Patients are assessed at admission and routinely throughout their stay by licensed professionals, including physicians, nurses and social services. Those identified as needing further service to include a mental health professional are supported, and appropriate services are obtained and coordinated.

For every Genesis building, we thoroughly explore available on-site options for behavioral health consulting services with the goal of identifying well-qualified community mental health providers who are able/willing to provide services on-site in our facilities. When we are able to secure local behavioral health services, those providers are carefully credentialed through our central credentialing department. It is our expectation that such services are provided on a regular, predictable schedule, and that emergency/urgent consultation is also available.

For communities in which local behavioral health services are not available, we offer tele-psych services through our corporate partner, MindCare. MindCare is a nation-wide provider of telemedicine services and collaborates with us to establish and maintain IT systems and clinical processes for regular tele-psych consultation by board-certified psychiatrists and behavioral health specialists. MindCare providers are also credentialed through Genesis's Credentialing Department.

If both local and tele-medicine options are available within a facility, transitional care unit and long-term care residents can elect consultation and care from any available provider. Additionally, if residents/families have an existing relationship with a local behavioral health provider, or request consultation from a non-credentialed community provider, Genesis will offer emergency credentials to such providers, allowing them to provide immediate, short-term services within our facilities.

6. Provide the name and description of contractors currently operating the food service at each of the five facilities and the cost per patient, per day. Explain whether Genesis intends to make changes after it assumes ownership.

Answer:

The five facilities currently outsource dining services to Morrison Management Specialists, Inc., a Georgia corporation located in Atlanta, Georgia. Morrison provides a corporate four-week cycle menu (sample lunch menu would provide two entrées, one starch and one vegetable, assorted beverages, soup or salad and dessert). Alternate choices are an assortment of sandwiches. The contractor-director of dining services has the ability at the facility to make menu changes to meet operational needs and resident preferences. The current contractor agreement with Morrison Management Specialists for the Vermont facilities is a daily rate which includes:

1. food for meals served to residents, and
2. the cost of Morrison management personnel, the cost of Morrison's hourly personnel, all associated payroll costs, Morrison's management fee, general and administrative charges, and Morrison's general liability insurance charge.

The contractor daily rate is all inclusive and does not break down cost for food. The variable rate of the contract for each location is \$6.00 per resident per day which is the average cost for food, supplements and paper supplies for three meals per day.

Genesis anticipates changing from an outsourced contractor to a self-operated program over a period of time. Genesis's current facilities manage their own in-house dining services. Our process is grounded in customizing and personalizing the services and food choices offered to the unique needs of each patient and resident. Our food and nutrition standards are built on utilizing fresh, locally-sourced ingredients whenever possible; practicing safe food handling and scratch-preparation techniques; maintaining clean, sanitary kitchens; providing courteous, attentive and compassionate service; and offering relevant information to increase awareness and promote healthy living behaviors and choices.

At Genesis, we strive to serve all residents with high levels of culinary expertise and hospitality, regardless of the dining venue or level of care. We design the menu with regional and local favorites, and we improve the variety and choices by incorporating seasonal ingredients. Starting with resident preferences, focus groups and manager meal rounds with resident feedback, we create menus that include resident preferences that are prepared fresh daily. Residents with special needs will be provided snacks and nourishments to augment regular meal service. Snacks may also be provided in conjunction with activities and special events as monotony breakers.

Utilizing the same format as the current contractor, our average cost per resident per day is \$6.07.

- 7. For each of the five facilities, provide the projected renovation and fit-up costs to convert rooms to single occupancy. Identify these costs and clarify whether such costs are included in the financial tables.**

Answer:

A sum of \$800 per bed has been allotted for expenditures for each acquired bed, broken down evenly between "capital" and "building and improvement." This is reflected on the balance sheet as change in assets; and on the statement of cash flows, in investing activity. The renovation and fit-up costs to return to single occupancy rooms are minimal and are expected to fit within this budgeted sum. For example, fit up may involve removing an affixed headboard for a second bed, but does not require significant reconfiguration of the room.

- 8. Identify the number of beds and number of residents, if any, that will be displaced as result of the elimination of 52 beds by Genesis after it purchases the five facilities. Explain how the reduction in beds affects the number of Medicaid certified beds. If residents are displaced, explain the process of their relocation, including details regarding notice to residents, families, DAIL and the long term care ombudsman.**

Answer:

There will be a total of 52 beds eliminated by Genesis after its purchase, as approved by Vermont's Division of Licensing and Protection (the "DLP"). This means that there will be a reduction of 52 Medicaid certified beds. These beds are currently not full, so no residents will be displaced from any facility. We believe a total of six residents will be asked to move within their facilities as a result of reconfiguration of rooms. The rooms to be reconfigured were selected based on a series of factors, including whether the room is currently used as a day room, the need for contiguous rooms to support private room options, the need for enhanced dementia unit space, and the preferences of patients participating in the short stay program.

Genesis is making every effort to keep the facilities as close as possible to their current configurations, which includes leaving some rooms with unfilled beds as common areas.

Any relocation of residents will be done in conformance with the regulatory requirements. In particular, Genesis will take the following steps:

- a. Notify the DLP and the Long Term Care Ombudsman (the "Ombudsman") at least 90 days in advance of the transfers.
- b. Submit a written transfer plan to the DLP and the Ombudsman at least 60 days in advance. The transfer plan will include:
 1. documentation that adequate staff and resident care will be provided;
 2. arrangements to make an orderly transfer of residents with minimal health risks; and
 3. the proposed placement of each resident;
- c. Provide each affected resident and his or her family members/representatives with the required notice of the transfer; and
- d. Document the transfer in the resident's clinical record.

- 9. Identify any changes in staffing, or staffing allocation in the five facilities as a result of the reduction in number of beds. If no changes, explain why elimination of the beds does not affect staffing.**

Answer:

There will be no change in staffing or allocation because the beds to be reduced have not been in use for some time. In all cases the actual census of the facilities has been lower than the licensed bed capacity. Genesis will evaluate the staffing of the facilities and may make changes based on its management principles or operational policies, though no changes are currently planned.

- 10. Provide the name of the current registered dietician, licensed pharmacist, professional activities director, occupational therapist, physical therapist, and speech therapist at each of the five facilities and whether each is employed through a contract or directly employed. Explain whether Genesis will retain the same individuals for these positions, and any changes to their employment status. Confirm whether the costs for these positions are reflected in the financial tables.**

Answer:

The names of the staff and contractors for the listed positions are noted below. With the exception of the Morrison contractors, Genesis intends to retain these individuals and will evaluate their performance in accordance with normal business. The Morrison contract will be eliminated effective April 1, 2016. The costs for these positions are reflected in the financial tables.

Bennington:

- Registered Dietician: Rita Longworth, contract with Morrison
- Activity Director: Maureen Martinez, facility employee
- Occupational Therapists: Tabitha Davis-Baron and Cynthia Gadway, Genesis Rehab Services (GRS) employees
- Physical Therapist: Chito Villarin, GRS employee
- Speech Language Pathologist: Lauren Adams, GRS employee
- Pharmacist: Robert Kewley, contract

Berlin:

- Registered Dietician: Morrison is providing a regional dietician to support facility two days per week
- Licensed Pharmacist: Rapes Asher, contract
- Activities Director: Deb Matt, facility employee
- Occupational Therapists: Janet Conk and Tammy Cote, GRS employees

- Physical Therapists: Tyler Aruzza, Laura Galli, Wendy Knapp and Angela Mongeon, GRS employees
- Speech Language Pathologists: Danielle Kent, Paul Pagnucco, Shannon Planck and Erin Webb, GRS employees

Burlington:

- Registered Dietician: Allen Brier, contract with Morrison
- Licensed Pharmacist: Rupesh Asher, contract
- Activities Director: Patricia Trombley, facility employee
- Physical Therapists: Katie Jewett, Tiffany Andrews and Sandy Titchner, Emily Spear, Kristin Robinson, Melissa Weston, Heather Dombroski, Megan Waite and Amanda Goldstein, GRS employees
- Occupational Therapists: Jenny St. Onge, Bridget King, Alaina Gordon, Maria Jackson and Barbara Winters, GRS employees
- Speech Language Pathologists: Ted Myotte, Meredith Vogenberger, Meghan O'Brien, Michelle Davis and Lauren Brizzolaro, GRS employees

Springfield:

- Registered Dietician: Laurie VanCleft, contract with Morrison
- Licensed Pharmacist: Robert Kewley, contract with Capp Pharmacy
- Activities Director: Ruth Barton, facility employee
- Occupational Therapist: Alisa Vandomburg, GRS employee
- Physical Therapist: Monica Mattocks, GRS employee
- Speech Language Pathologist: Kathryn Carver, GRS employee

St. Johnsbury:

- Registered Dietician: Julie Dustin, contract with Morrison
- Licensed Pharmacists: Julie Dustin, contract with Morrison; Rupesh Asher, contract
- Activities Director: Sandy Legacy, facility employee
- Occupational Therapists: Maria Jackson, Stepanie Emery, Jen Matthews and Andrea Holland, GRS employees
- Physical Therapist: Jacquelline Abella, GRS employee
- Speech Language Pathologists: Kim De La Rosa, Monica Menard and Amanda Vogler, GRS employees

Genesis will retain these individuals, but will evaluate their performance and may make staffing changes based on performance. The employment status of the majority these employees will not change because, as of December 1, 2015, they are employed by the operating entity for each facility (identified in Genesis's Certificate of Need application), pursuant to a Management Services Agreement, as approved by the DLP, or they are contract employees.

The costs of these employees and all facility employees disclosed by Revera in the transactional documents are included in the financial tables submitted with Genesis's initial application.

- 11. Provide information about the six legal matters identified in exhibit V.B.7 at F-1, including how an unfavorable outcome in one, several or all of the matters may impact the applicant's operations, financial position, cash flow, or ability to provide quality care to residents in its Vermont facilities.**

Answer:

Genesis's Form 10-Q filed with the U.S. Securities and Exchange Commission on September 30, 2015 (Exhibit E) discusses Genesis's three material legal matters—the Creekside Hospice Litigation, the Therapy Matters Investigation, and the Staffing Matters Investigation. See Exhibit E, at 27-28. The Form 10-Q provides summaries, status updates, and contingent liability information regarding these matters. Notably, none of these ongoing matters arose from alleged activities related to Genesis corporate management. The remaining three legal matters identified in exhibit V.B.7 are no longer active or are resolved with respect to Genesis.

Genesis denies the allegations in these matters and will vigorously defend against any relevant legal actions. Based on Genesis's accrued contingent liabilities for the matters and its available defenses, Genesis does not believe that any outcomes related to these matters will affect its ability to operate as a going concern, or have any material impact on its operations, financial position, cash flow or ability to provide quality care to residents in its Vermont facilities.

- 12. Explain in detail the method used by Genesis to allocate its liability insurance, workers' compensation insurance, and health and dental insurance among its Vermont facilities, and if the expense for each facility reflects true cost. Explain how the same expense will be allocated to the five facilities after the purchase. Confirm and provide details about whether Genesis is self-insured for liability coverage.**

Answer:

General and Professional Liabilities – Genesis is self-insured for liability claims against its nursing facilities below its self-insured retention limits (a deductible limit per claim). In addition to the claims deductible, Genesis is responsible for premiums to insurance carriers for fully insured claims in excess of their deductible limits. Factors such as jurisdiction, relative risk exposures and level of coverage are all important components in determining the cost of coverage of the individual nursing facility.

The inputs:

1. Premiums to carriers
2. Self-insured retention – Genesis engages an actuary to determine the level of claims and the severity of those claims, limited to its deductibles.

The allocation:

1. Premiums are allocated based upon relative risk exposures (each facility's respective percentage of total projected occupied beds).
2. The total Company loss for a given fiscal year is tied to the most recently available actuarial report.
 - a. Each state rate is individually determined based upon its historical loss records using three most recent mature loss periods.
 - b. Those rates are adjusted to achieve an equitable risk sharing among the states and to fully allocate the Company's projected claims.
 - c. Ultimately that estimated claims experience is pushed down to the facilities within each state based upon those relative risk exposures in the states, respectively.

NOTE: this is a prospective allocation based upon historical claims experience, but it is not a proxy for actual claims paid. Actual claims experience is not reflected on each facility's financial reporting.

Workers' Compensation Liabilities – Genesis is self-insured for workers' compensation claims of its employees through a captive insurance entity domiciled in Bermuda, except where regulations dictate otherwise. The insurance captive covers claims up to a deductible limit, and the Company pays premiums to fully insure claims above those limits with unaffiliated insurance carriers. Factors such as jurisdiction, relative risk exposures and level of coverage are all important components in determining the cost of coverage of the individual nursing facility.

The inputs:

1. Premiums to carriers and costs to administer claims – Costs of insurance and third party administrators.
2. Self-insured retention – the claims cost under the insurance deductible. Genesis engages an actuary to determine the level of claims and the severity of those claims, limited to its deductibles. At least twice annually the Company updates

its exposure and loss data for the actuary's review. The review performed in closest proximity to the preparation of the annual operating budgets drives the cost to be allocated to the business. New businesses acquired in interim cycles are afforded rates identical to those of similar businesses in the same state(s).

The allocation:

1. Payroll dollars as an indicator of relative risk are used to allocate combined premiums and claims costs.
2. Claim cost is allocated to each business based upon state-specific rate applied to payroll dollars.
 - a. Rates are derived from third party sources specializing in our industry (typically this comes from insurance carriers or brokers).
 - b. Those rates are first applied to estimated payroll dollars to determine the baseline accrual, and then that baseline is compared with the sum of premiums (#1 above) and total retention (#2(a) above).
 - c. Because the Company has successfully implemented many safety initiatives over the years, our cost is always lower than these industry standard rates. Therefore, to the extent the baseline accrual exceeds the total cost to be allocated, each state specific rate is reduced proportionately.
 - d. The actual claims and premiums are directly tied to the loss exposures in payroll, so when payroll dollars move up and down with business volume, the relative cost to each nursing facility is appropriately adjusted for its own employee payrolls.

Health & Dental benefit liabilities – Genesis utilizes a combination of fully insured health benefits and self-insured benefits, but in most markets, self-insurance is most prevalent. Genesis does not purchase any excess coverage from carriers so it has 100% of the obligation for self-insured claims from the first dollar. Most plans typically include either a co-pay for fully insured plans or an employee deductible for self-insured plans, with the employees contributing payroll dollars for premiums in both cases (there are no fully paid employee benefits). Factors such as level of coverage elected by employees, plan design, medical inflation and the relative health of our population are all important components in determining the cost of coverage of the individual nursing facility. The inputs:

1. Enrollment of the employee population – how many employees and whether they elect to cover dependents.

2. Plan design – each year our management assesses, with industry and insurance brokerage insight, the relative cost of providing certain benefits within our plans.
3. Projected claims cost – the combination of costs to healthcare and pharmaceutical providers and the administrative cost of the plans.

The allocation:

1. Plan costs are separated between fully insured and self-insured:
 - a. Self-insured – Our brokers develop a model combining historical medical costs with new plan designs and expectations of enrollment levels, to come up with a conventional equivalent rate (projected claims cost).
 - b. Fully insured – We are provided the premiums per employee and tier from the insurance carriers, often with reduced premiums for higher volume of enrollees.
2. The conventional equivalent rate, or the expected cost per unit of healthcare provided, includes both the employee contribution and the employer’s cost for the full plan year.
3. Separately, management determines how much of the benefits’ cost should be shifted to employees and how much will remain a cost of the employer (and those decisions contemplate also the election tiers for the employee, their spouse, their children, etc.).

NOTE: in each of the first three steps in the allocation, judgment is applied to the historical experience to anticipate how the new plan will operate and the relationship of new plan design to the historical design is a key assumption. Even with very good modeling, the actual health of the population could skew final costs dramatically. No assurances can be made that those assumptions will not yield an accrual that is too high or too low.

4. The Company holds an annual open enroll period late in the calendar year where employees will make their elections for the coming year’s benefits.
 - a. Open enrollment results are specific to each business or nursing facility in the Company.
 - b. The election of the individual employees will ultimately drive the cost that is allocated to the nursing facilities.

- c. The nursing facility is charged 1/26th of the employer portion of the annual conventional equivalent rate (or fully insured premium if that is an option for the facilities' employees) per pay period in the plan year.
- d. Subsequent claims activity is monitored centrally over the course of the plan year, with favorable or unfavorable experience NOT allocated out to the nursing facilities.

13. Provide the policies, education and training materials used by Genesis to ensure that staffing and admission criteria in each facility comply with the Americans with Disabilities Act.

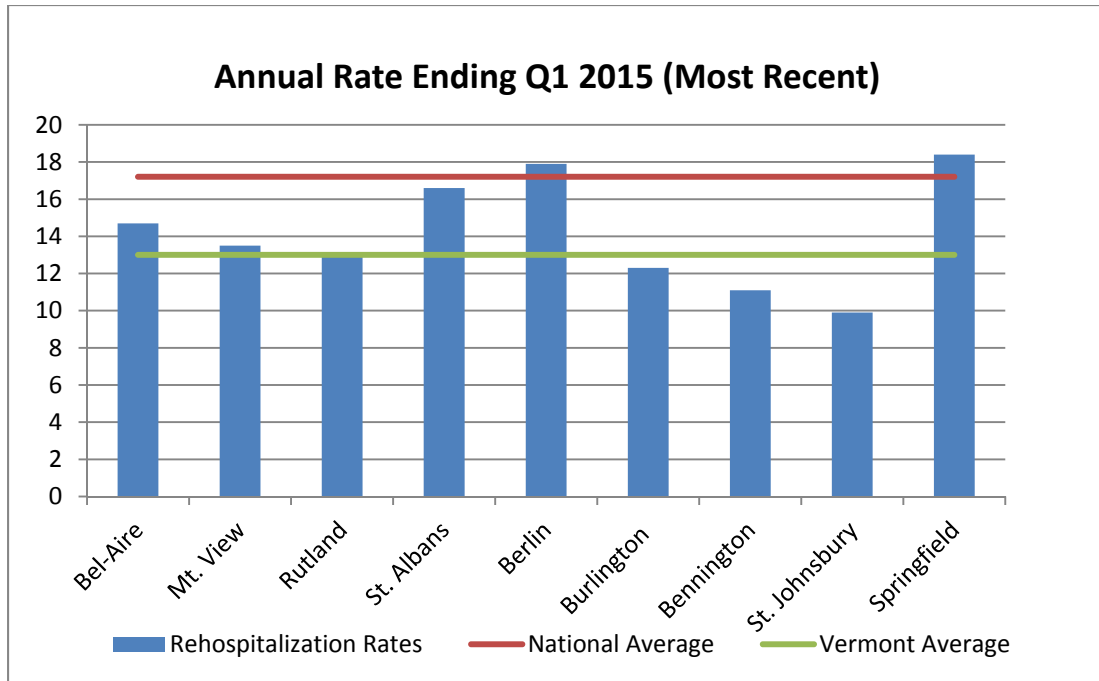
Answer:

Please see the attached documents regarding ADA and Section 504 accommodation policies and training materials (Exhibits G-L).

14. Provide re-hospitalization rates for each of the four Vermont facilities currently owns and the five facilities it intends to purchase, including how these rates compare to state and national averages for re-hospitalization.

Answer:

	Q1- 2015	Q4- 2014	Q3- 2014	Q2- 2014
<i>National Average</i>	<i>17.2</i>	<i>17.2</i>	<i>17.3</i>	<i>17.3</i>
<i>Vermont Average</i>	<i>13.0</i>	<i>13.6</i>	<i>14.4</i>	<i>13.7</i>
Bel-Aire	14.7	12.7	11.9	12.8
Mt. View	13.5	15.4	14.7	15.3
Rutland	12.9	13.7	15.1	15.3
St. Albans	16.6	12.9	14.8	18.0
Berlin	17.9	16.4	15.7	13.5
Burlington	12.3	11.3	11.9	11.6
Bennington	11.1	10.8	13.2	13.8
St. Johnsbury	9.9	10.1	8.3	8.5
Springfield	18.4	17.8	17.7	17.1



15. Explain whether the four Vermont facilities Genesis currently owns have separate Medicare wing(s). Explain whether Genesis intends to create separate Medicare wing(s) at any or all of the facilities it intends to purchase.

Answer:

Patients are admitted to each facility based on their clinical needs and expected discharge plan of short-stay or long-term care. All beds are dually certified and residents can be admitted to any bed. However, as much as possible, patients are located within the facility in accordance to their needs. The long-term care units specialize in a more home-like environment and offer daily activities and routines to support this population's quality of life. The patients admitted to the short-stay area generally require a higher level of clinical care with skilled nursing and skilled rehab treatments daily.

Genesis's Mountain View Center is the only facility with a specialized Transitional Care Unit.

Berlin and St. Johnsbury have identified a unit which focuses on short-stay care.

Currently there are no plans to create further separate Medicare units in the GHC facilities or the new facilities.

16. Provide the admission criteria used by Genesis as its four Vermont facilities, and the admission criteria Genesis intends to use at the five facilities. List, in order numbers of occurrence, the five most frequent reasons Genesis declines a patient admission at its Vermont facilities.

Answer:

Admission criteria provided in response to Question 4. Please see chart attached hereto as Exhibit M, which outlines the requested information for the Genesis facilities, regarding the number of referrals, admissions and non-admits.

17. In each of its four Vermont facilities and each of the five facilities which it intends to purchase, provide the number of patients receiving hospice care and identify the agency or agencies that provide such service.

Answer:

Facility	# of Hospice Patients	Hospice Agencies for these patients
BelAire Center	0	Bayada Hospice
Mountainview	13	Rutland Area VNA Bayada Hospice
Rutland Center	4	Rutland VNA Bayada Hospice
St. Albans Center	4	Franklin County HH and Hospice Bayada Hospice

Facility	# of Hospice Patients	Hospice Agencies for these patients
Bennington	5	Bayada Hospice VNA and Hospice of Southwestern VT
Berlin	0	Usually have patients with Central VT HH and Hospice Bayada Hospice
Burlington	0	Usually have patients with Bayada Hospice Chittenden VNA
Springfield	2	Bayada Hospice
St. Johnsbury	5	Bayada Hospice Caledonia HH and Hospice

Genesis has developed the “Compassionate Care for Advanced Illness” (CCAI) method, which is a way of practicing nursing, social work, medicine and therapy every day to create a culture of respect and comfort for the seriously ill and dying patients. The aim of the training is to develop both competency and comfort levels in talking about serious illness and death, and to provide care that honors the life and relationships of the dying

person. All staff members in all departments are educated about CCAI. CCAI will be introduced to the five facilities during the transition.

A Steering Committee will direct activities and quality improvement programming for 2016. The interprofessional committee consists of “Advanced Clinicians” (physicians and nurse practitioners) and members from nursing, physical therapy, respiratory therapy, social services and information technology. Advanced Clinicians will assess and plan for pain management and advance care planning specifically. All disciplines will participate in programs to increase high quality advance care planning conversations with residents and short stay patients. The Quality Improvement program will include developing an overall palliative care culture through ongoing exposure to palliative care principles through interactive education. In addition, the Steering Committee will determine metrics to measure effectiveness of efforts at optimal pain management, results of advance care planning conversations, and other metrics appropriate to measure palliative care as a model of care delivery for appropriate patients and residents. Information technology will assist in ensuring that documentation will provide measurement results.

Our CCAI approach is consistent with the National Consensus Project Clinical Practice Guidelines for Quality Palliative Care and addresses the following areas: Structure and Processes of Care; Physical Aspects of Care; Psychological and Psychiatric Aspects of Care; Social Aspects of Care; Spiritual, Religious, and Existential Aspects of Care; Cultural Aspects of Care; Care of the Terminally Dying Patient; and Ethical and Legal Aspects of Care.

18. Provide documents evincing any and all lender’s commitments to finance the purchase of five Vermont facilities, as reflected in the financial tables (HCN bridge loan, HUD loan).

Answer:

See attached Welltower Loan Agreement (Exhibit N), pending confidentiality request; HUD Letter (Exhibit F), pending confidentiality request; and Genesis Press Release Regarding HUD Approval (Exhibit O). Note, Welltower was formerly HealthCare REIT.

19. For each facility Genesis owns in Maine, Massachusetts, New Hampshire, Connecticut, Rhode Island and New York State, provide: (a) name of facility; (b) location; and (c) current overall CMS Nursing Home Compare rating for each reporting period starting January 2014.

Answer:

See chart attached as Exhibit P.

20. Explain whether financial information concerning Medicare Revenue accounts for a 2.0% Medicare sequestration payment.

Answer:

Yes, the financial projections include the sequestration payment as part of the expected revenue calculations.