

August 15, 2018

VIA E-MAIL AND FEDEX

gmcb.con@vermont.gov

Ms. Donna Jerry, Senior Health Policy Analyst
State of Vermont, Green Mountain Care Board
89 Main Street
Montpelier, VT 05602-3101

Re: Bayada Home Health Care, Inc. – Request for “No Jurisdiction” Determination

Dear Ms. Jerry,

On behalf of Bayada Home Health Care, Inc. (“Bayada”), we are submitting this letter of intent pursuant to 18 V.S.A. 9440(c)(2)(A) to the Green Mountain Care Board (“GMCB”) to request a “no jurisdiction” determination with respect to an internal restructure whereby Bayada will become a wholly owned subsidiary of a non-profit corporation.

I. Structure of The Transaction

As detailed below and in the attached organizational chart, on December 31, 2018, Bayada’s current sole shareholder and founder, Joseph Mark Baiada, is gifting his shares in Bayada to a new non-profit corporation that he created to ensure that Bayada will continue to provide excellent services to its medically fragile patients, and operate in perpetuity pursuant to the standards and principles that Mr. Baiada holds dear.

Under the transaction’s structure, illustrated in the attached organizational chart, there are two steps.

1. In the first step, Mr. Baiada will gift 100% of his equity in Bayada to Bayada Newco, LLC, a newly formed entity of which he will be sole indirect owner.
2. In the second step, Mr. Baiada will gift 100% of his interest in Bayada Newco, LLC to a newly formed 501(c)(3) non-profit corporation. The newly formed 501(c)(3) corporation will be the “grandparent” entity of Bayada, the holder of the Vermont certificates of need and state licenses.

The 501(c)(3) non-profit corporation will be managed by a board of directors whose members have expertise and experience in the provision of home health services or issues that are relevant to the provision of health care services. The biographies of the board of directors are enclosed.

No real estate or money will change hands during the transaction. Instead, Mr. Baiada is gifting all of his interest in Bayada to the 501(c)(3) non-profit corporation without compensation from any individual or entity.

During the restructuring, ownership of Bayada will transfer from Mr. Baiada to a corporation, to a limited liability company, and then back to a non-profit corporation, but its employer identification number (“EIN”) and national provider identifiers (“NPIs”) will remain the same throughout the transaction.

After the transaction is complete, the same nurses, attendants and administrators will continue to care for Bayada’s patients. The Vermont Department of Disabilities, Aging and Independent Living, Division of Licensing and Protection confirmed that this transaction will not impact Bayada’s state licenses and new licenses will not be issued as a result of this transaction. Instead, Bayada will retain its existing state licenses after the transaction. Additionally, Medicare will not classify this transaction as a change of ownership, and Bayada will maintain its existing Medicare Provider Agreement after the transaction.

II. Certificate of Need Review Not Triggered

GMCB’s rules specify when a change in ownership of a health care facility other than a hospital requires a certificate of need.¹ Specifically, GMCB requires that a facility undergo a certificate of need review if:²

1. There is a change in ownership, corporate structure, or other organizational modification such that a new license from the appropriate state or federal licensing entity is required; or
2. There is a transfer of conveyance of an ownership interest in the health care facility that fundamentally changes the financial stability or legal liability of the facility.

Here, the Vermont Department of Disabilities, Aging and Independent Living, Division of Licensing and Protection confirmed that this transaction will not impact Bayada’s licenses and new licenses will not be issued as a result of this transaction. Instead, Bayada will retain its state licenses after the transaction. Additionally, Medicare will not classify this transaction as a change of ownership, and Bayada will maintain its Medicare Provider Agreement after the transaction. Therefore, Bayada does not trigger a certificate of need review under GMCB rule 4.203(1).

Additionally, there will be no fundamental changes to the financial stability or legal liability of Bayada. Instead, this transaction is solely designed to allow Mr. Baiada, the current owner of Bayada, to gift all of his interest in Bayada to a 501(c)(3) non-profit corporation for the benefit of Bayada’s patients. This restructuring will not impact the way in which Bayada renders patient care, nor will this restructuring cause a change in the providers who render care or the administrators of Bayada’s facilities. This restructuring only establishes Bayada’s “parent” and

¹ Green Mountain Care Board Rules 4.203.

² Id. (emphasis added).

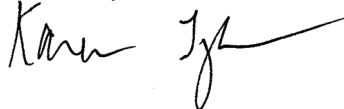


“grandparent” entities, and does not directly impact Bayada. Consequently, Bayada does not trigger a certificate of need review under GMCB rule 4.203(2).

The above-described internal restructure of Bayada does not require a certificate of need under the applicable GMCB rules. We therefore request that the GMBC issue a “no jurisdiction” determination with respect to this transaction.

Thank you for your consideration of this request. Please contact us with any questions you may have, or if you want to discuss this transaction. We thank you in advance for your prompt attention to this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Tyler", with a long horizontal flourish extending to the right.

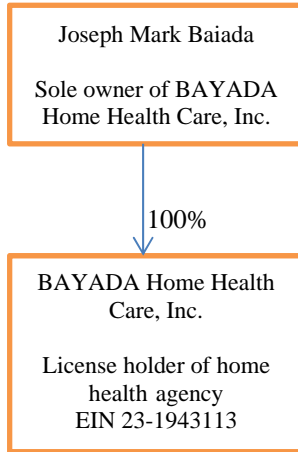
Karen Tyler

cc: Alison Hollender, Esq.
Joseph V. Geraci, Esq.

Enclosures



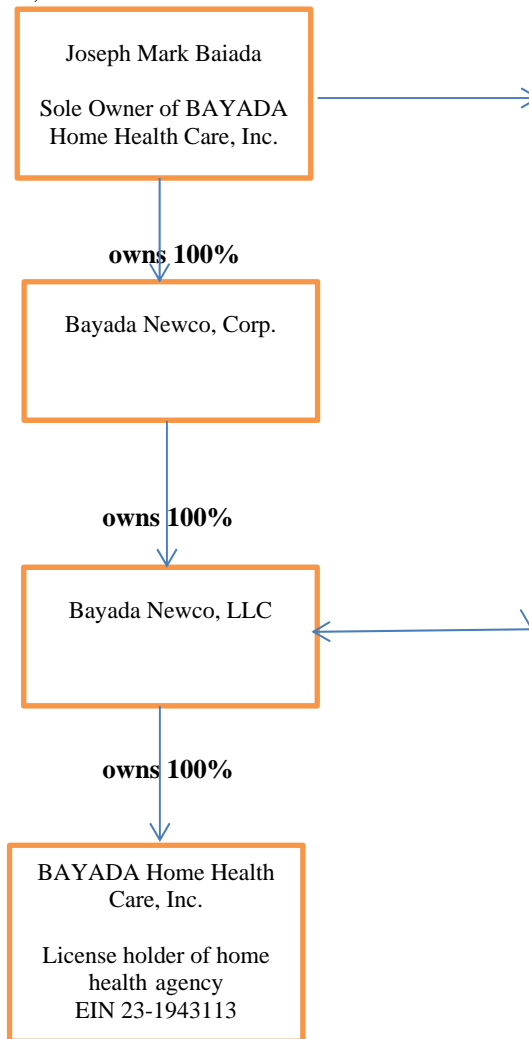
PRE TRANSACTION



TRANSACTION

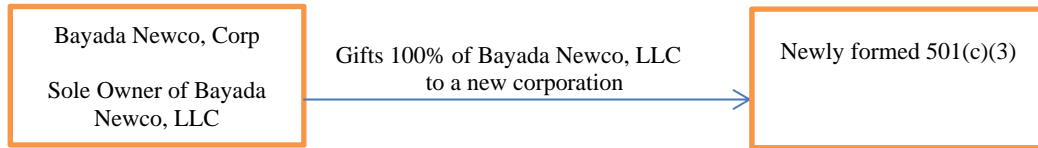
STEP 1:

Joseph Mark Baiada will gift 100% of his ownership of BAYADA Home Health Care, Inc. to a wholly-owned corporate entity, Bayada Newco, LLC.



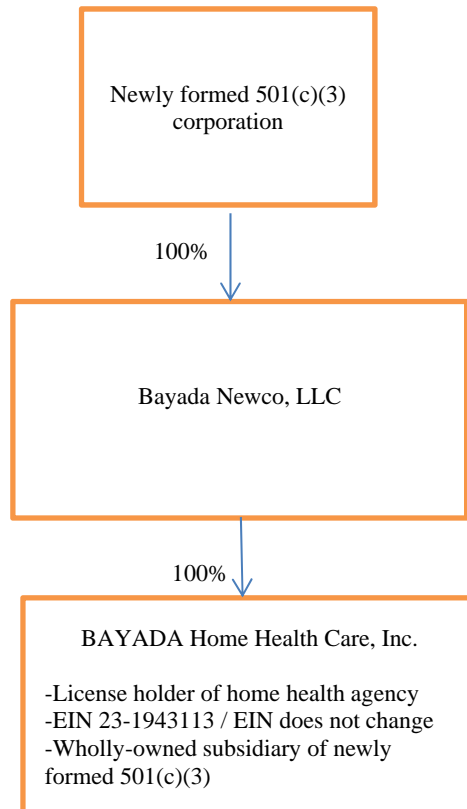
STEP 2:

In the second step, Joseph Mark Baiada will gift 100% of his interest in Bayada Newco, LLC to a newly formed 501(c)(3) non-profit corporation. The newly formed 501(c)(3) non-profit corporation will be the “grandparent” entity of BAYADA Home Health Care, Inc.



In the meantime, ownership of BAYADA Home Health Care, Inc. transfers from an “Inc.” to an “LLC,” and back to an “Inc.,” but its EIN will not change.

POST TRANSACTION



J. Mark Baiada

Mark Baiada founded Bayada Nurses in 1975 with the mission to help people have a safe home life with comfort, independence, and dignity. More than three decades later, Bayada Nurses (currently known as BHHC) has grown from its humble beginnings to provide home health care to clients in 22 states from more than 330 offices. The values he learned from studying such role models as Benjamin Franklin, Andrew Carnegie, and St. Francis of Assisi, guided him to success as a family man, businessman, and philanthropist.

Honored as an Ernst & Young “Entrepreneur of the Year” for the Philadelphia region, Mr. Baiada credited much of his success to his belief: “Think big. Work hard. Show love.” He also credits his company’s consistent growth to his belief in people—hiring people who share in his vision and providing them with the inspiration and tools to achieve great things.

As an advocate for improving patient outcomes and advancing health care, Mr. Baiada annually co-sponsors the Drexel University “Bayada Award for Technological Innovation in Nursing Education and Practice,” which rewards nurses who innovatively use technology to advance their profession.

Mr. Baiada’s work as a humanitarian has been recognized with various honors, including the “Golden Lion Award” from the Sons of Italy Foundation in 2008, the “75 Greatest Living Philadelphians” from the Philadelphia Eagles in 2007, the “Work of Mercy Award” from Mercy Vocational High School in 2006, the “Cradle of Liberty Award” from Boy Scouts of America in 2006, the “Light of Hope Award” from Catholic Charities in 2005, and the “Helms Award” from Goodwill Industries in 2005.

Mr. Baiada also sponsors the Bayada Regatta—a competitive rowing event for athletes with disabilities. For over a quarter of a century, athletes from around the globe have gathered at the banks of the Schuylkill River in Philadelphia for this annual event. In addition, Baiada sponsored various relief efforts that helped people injured in the Kosovo War, Hurricane Katrina, and the tsunami disaster of 2004, and is currently sponsoring nurses to help rebuild Haiti.

Mr. Baiada has been actively involved in the following organizations: Gatti-Morrison Construction Services, King of Prussia, PA, 1980 to present; Cornerstone Bank, Moorestown, NJ, 1999 to present; Joint Commission on Accreditation of Healthcare Organizations' Home Care Advisory Board, Oak Park Terrace, IL, 1999 to 2008; Loyola College in Maryland, Baltimore, MD, 2000 to present; University of Pennsylvania School of Nursing's Board of Overseers, Philadelphia, PA, 2000 to present; and the School of Business, Rutgers University's Executive Advisory Council, Camden, NJ, 2001 to present; Drexel University College of Medicine, Philadelphia, PA, 2002 to 2006; and University of the Arts Parents Council (co-chairperson), Philadelphia, PA, 2006.

P. Melan Baiada

Melan Baiada founded Bluestone, Inc. in 1989 to provide technology expertise to Fortune 1000 companies and government organizations. Under his direction, Bluestone rapidly grew to a multi-million dollar company, earning its inclusion in the Inc. 500 list of the fastest growing, privately held companies in the U.S. for three straight years, from 1994 to 1996. The software arm underwent a successful IPO in 1999, and was acquired by Hewlett-Packard in 2000. Mr. Baiada is also a managing director of BaseCamp Ventures, an early-stage venture capital investment company founded by Baiada. Through his generous contributions, Drexel University was able to add the Laurence A. Baiada Center for Entrepreneurship in Technology to its campus. Mr. Baiada serves as the chair of BAYADA Home Care. Mr. Baiada also currently serves on the Boards of Drexel University and several private companies.

Enrico Ballezzi

Enrico Ballezzi was the founder and managing partner of Ballezzi & Associates, CPAs, which was originally located in Philadelphia, PA. Mr. Ballezzi provides a wide scope of services including financial statement review and analysis; and tax planning and preparation services to small businesses, individuals; estates and trusts. Mr. Ballezzi also provides "Public Controller/Outsourced CFO" services to high tech start-ups. Professional services include: business plans, valuations and financial projections/modeling. He assists in finding funding with banks, angel investors or venture capital financing; planning and executing the IPO process or merger. Through an extraordinary blend of business sense and effective communication skills, clients have benefited and remain with Mr. Ballezzi for over 35 years.

Gavin Kerr

From 2008 through August 2017, Gavin Kerr was President and CEO at Inglis Foundation. Inglis Foundation enables people with complex disabilities, and those who care for them, to achieve their goals and live life to the fullest. Inglis Foundation partners with the disability community to provide practical solutions that enable 1,000 adult consumers to overcome barriers and live life with the greatest possible independence and mobility.

Prior to joining Inglis Foundation, Mr. Kerr was Executive VP and Chief Operating Officer of The Children's Hospital of Philadelphia and the President and Chief Executive Officer of Mercy Health System. He received a BA in Economics from Colgate University in 1978 and a M.Div. in Counseling from Princeton Theological Seminary in 1982.

Judith Persichilli

Judith Persichilli served as Interim Chief Executive Officer of CHE Trinity Health, upon the merger of Catholic Health East and Trinity Health in May 2013. Ms. Persichilli joined Catholic Health East in 2003 as the Executive Vice President of the Mid-Atlantic Division. She was promoted to Executive Vice President of Acute Care for the system in 2008, then to executive vice president and chief operating officer in December 2009 before assuming the role of CEO. Previously, she served for eight years as CEO at St. Francis Medical Center in Trenton, New Jersey.

Dr. Thomas Saporito

Dr. Thomas Saporito is Executive Chairman of RHR International which he joined in 1979. Dr. Saporito assumed the role of Chief Executive in 2007, Chairman in 2009, and became Executive Chairman in 2016. RHR is the premier firm of management psychologists and consultants specializing in Governance and Top Management leadership. He oversees a global firm with an international workforce and network of offices throughout the U.S., Canada, Europe and Asia.

Dr. Saporito's own consulting experience, over the past 30 years, involves more than 100 companies, serving as advisor and confidante to Boards and CEOs in the areas of Board Effectiveness, CEO Succession, Senior Executive Development, and Top Team alignment. He has worked closely with major companies in the midst of strategic shifts including Consumer Products, Electric Utilities, Retail and Insurance in 15 countries.

A widely recognized expert in CEO Succession, Dr. Saporito is frequently quoted in the Wall Street Journal, Forbes, Chief Executive magazine and Corporate Board. His most recent publication is the book "Inside CEO Succession" (Wiley, 2013). He was also a member of the National Association of Corporate Directors' Blue Ribbon Commission on CEO Succession.

He currently sits on the Boards of RHR International, Mobley Group Pacific, and Northwestern Human Services. He received his Doctorate in Psychology in 1977.

Karl Weger

Karl Weger is an attorney who specializes in providing business, tax, financial and charitable planning and consulting services to family business owners and corporate executives. Mr. Weger has provided such services to hundreds of clients over the past 31 years. He was a partner in the

tax departments of two large national accounting firms, PricewaterhouseCoopers and Arthur Andersen.

David L. Baiada

Effective August 17, 2017, David L. Baiada succeeded Mark Baiada as CEO of BAYADA Home Health Care, Inc. Previously, David L. Baiada served as practice president for home health, hospice, pediatrics, and quality at BAYADA Home Health Care, Inc. In this role, he maintained overall responsibility for the Medicare-certified home health, hospice, and pediatric specialties, including quality, leadership development, customer service, and profitable growth. He led the Enterprise Quality teams, including policy development, regulatory support, and quality assurance/auditing to ensure compliance in all states. He redesigned the quality improvement and standards framework for the entire enterprise, including the migration to a world-class technology platform for standards documentation, audit management, and regulatory oversight.

Recognizing an opportunity to bring a full continuum of care to patients in their home environment, Mr. Baiada spearheaded the creation of the Hospice Specialty Practice, providing high quality end-of-life services. Introduced in Vermont in 2010, hospice services have since expanded to communities in New Jersey, Pennsylvania, and New Hampshire. Under Mr. Baiada's leadership, the company continues to identify new opportunities to help those at end-of-life remain safe and comfortable at home.

Mr. Baiada shares his commitment to providing compassionate care in the home with his desire to give back to the community. He serves on the board of Settlement Music School in Camden, NJ; heads the Advisory Council at Moorestown Friends School in Moorestown, NJ; serves on the Advisory Board of Drexel University Institute for Entrepreneurship in Philadelphia; has volunteered with Ronald McDonald House; and served as a tutor for the International Center of New York City. In addition, Mr. Baiada is a founding member of the Wharton Family Business Club and a participant in the Wharton Family Alliance. He also served as a participant in the Leadership Conference of the New York Association of Health Care Providers.

In May 2016, Mr. Baiada was named one of the 40 most influential professionals under age 40 in the Philadelphia region by the *Philadelphia Business Journal*.

Prior to joining BAYADA Home Health Care, Inc. in 2002, Mr. Baiada worked as an analyst and associate at Diamond Management and Technology Partners in Chicago. He earned an MBA in Health Care Management from the Wharton School of the University of Pennsylvania and BS in Economics from Cornell University.

Thomas Sibson

Thomas Sibson is the Chief Financial and Administrative Officer of BAYADA Home Health Care. Since Mr. Sibson became chief financial officer in 2005, Mr. Sibson spearheaded the development and management of comprehensive financial, accounting, and information management systems essential to meeting the current needs of BAYADA Home Health Care's caregivers and patients.

Under Mr. Sibson's leadership, BAYADA developed an annual and quarterly planning process and performance monitoring system to help the company achieve targeted goals. He has played an integral role in multiple acquisitions, adding many new states, offices, clients and employees to BAYADA Home Health Care's organization.

Prior to joining BAYADA, Mr. Sibson served as chief financial officer at Quickie Manufacturing and worked as a manager for Arthur Anderson, LLP.

Mr. Sibson chairs the Strategic Resources Committee of the board of directors of Inglis Foundation, a non-profit organization that provides services to people with physical disabilities. He also believes in giving back through education. He also serves on the board of Learn-It. Previously, Mr. Sibson served on the board of the Delaware Valley Chapter of the Alzheimer's Association. He has shared his knowledge as a guest lecturer and instructor at Swarthmore College and is an adjunct professor and member of the Finance Advisory Board at the LeBow College of Business at Drexel University.

Mr. Sibson received the Community Service Award from Philadelphia Business Journal (PBJ) for his outstanding contributions to the local community. Other recent honors for Mr. Sibson include the Executive Management Award from SmartCEO magazine in 2013 and the CFO of the Year Award from NJBiz magazine in 2012.

Mr. Sibson earned his MBA from New York University's Stern School of Business and his BS in Business Administration from Drexel University. He is also a CPA licensed in the state of Pennsylvania.