

**STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD**

In re: Application of Visiting Nurse and ) GMCB-019-15con  
Hospice for Vermont and New Hampshire, )  
Inc. for Purchase of Office Condominium )  
to House Administrative Offices )  
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**STATEMENT OF DECISION AND ORDER**

Introduction

The Visiting Nurse and Hospice for Vermont and New Hampshire, Inc. (the applicant, or the VNH) currently leases administrative office space in Wilder, Vermont and West Lebanon, New Hampshire. To control overhead costs, VNH is seeking to consolidate administrative functions in one location. The VNH is seeking a certificate of need (CON) to purchase an office condominium to house its parent administrative offices on Prospect Street in White River Junction (WRJ).

For the reasons outlined in this decision, we approve the application.

Procedural Background

On October 15, 2015, the VNH filed an application for a CON to purchase an office condominium in WRJ to house its parent administrative offices. The Board granted the VNH's request for expedited review of the application on October 21, 2015. VNH filed a revised application on December 7, 2015, and after providing the Board additional information concerning the proposed project, the application was closed on January 28, 2016.

The Board has deliberated and votes unanimously to approve the application and issue a CON.

Findings of Fact

1. VNH is a non-profit, Medicare-certified home health agency incorporated in the State of Vermont that provides nursing, rehabilitative, hospice and personal care services in more than 140 towns in Vermont and New Hampshire. Revised Application (Application) at 1.
2. Currently, the VNH leases administrative space in two locations: Wilder, Vermont and West Lebanon, New Hampshire. The VNH is seeking to consolidate its administrative offices in one location to reduce its expenses. Because the VNH's parent office is incorporated in Vermont and the parent office is registered with the Centers for Medicare and Medicaid Services (CMS) as located in Vermont, the parent office must remain in Vermont. Application at 3.

3. The VNH pays annual rent of \$72,060 for the office space in Wilder and \$208,067 for the space in West Lebanon, for a total of \$280,127. The leases for the existing office spaces in Wilder and West Lebanon expire on December 31, 2016. Application at 3, 4, 6.
4. The VNH considered two properties in WRJ as options. The first is an 8,470 square foot (sq. ft.) space on two levels in a building located in the downtown area. The rental requires a five-year lease with total annual costs projected at \$174,000. In a year, an additional 2,000 square feet will be available in an adjoining building which would increase the cost to an estimated \$232,000 annually. Application at 6-7. The VNH decided against this option because the floor plan is disjointed, there is inadequate parking, and lease payments could increase over time, affecting the VNH's financial projections. Application at 7.
5. The second property, which was selected by the VNH, is a 10,000 sq. ft. office condominium located on one floor of a two-story, newly constructed building. The VNH would purchase the condominium for \$2,034,000 and spend an additional \$550,000 for fit-up, for a total cost of \$2,584,000. Annual loan payments would be \$212,000. Application at 4-5.
6. The VNH plans to finance the project with a U.S. Department of Agriculture (USDA) Rural Development loan for \$2,584,000. The loan is payable over 30 years at an annual interest rate of 3.625%. Application at 4-5. Based on its discussions with the USDA, the applicant expects it will be notified of a final determination approving the loan in early 2016. Responses to Questions (Responses) (1/14/16) at 1.
7. The VNH has a contingency plan should the USDA financing not materialize. The VNH has significant financial resources in its investment portfolio and could secure a traditional commercial mortgage loan if one were needed. *Id.*; see also Application, Audited Financial Statements December 31, 2014 and 2013.

#### Standard of Review

Vermont's certificate of need process is governed by 18 V.S.A. §§ 9431-9446 and Green Mountain Care Board Rule 4.000: *Certificate of Need*. The applicant bears the burden to satisfy the relevant criteria set forth in 18 V.S.A. § 9437. Rule 4.000, § 4.302(3).

#### Conclusions of Law

Section 9437 of Title 18 contains criteria that must be satisfied before the Board may grant an applicant a certificate of need. Here, the VNH has demonstrated that it meets each of the criterion relevant to the application.\*

First, an applicant must demonstrate that its application is consistent with the health resource allocation plan (HRAP). 18 V.S.A. § 9437(1). The HRAP, last published in 2009,

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\* Because the last two criteria are not relevant to this project, we have not included any analysis of them in our discussion. See 18 V.S.A. § 9437(7) (applicant must consider availability of affordable, accessible patient transportation); 18 V.S.A. § 9437(8) (if project is for the purchase of new health care information technology, must comply with state HIT plan).

identifies needs in Vermont's health care system, resources to address those needs, and priorities for addressing them on a statewide basis. Because this project proposes no new services, no new construction, and does not request a change in scope of services or service area, none of the HRAP standards are implicated. Absent a conflict with any of the standards, we conclude the applicant has met this criterion.

The second criterion requires that an applicant demonstrate that the project cost is reasonable, that it can sustain any financial burden resulting from the project, that the cost of care will not unduly increase, and that less expensive alternatives are not feasible or appropriate. 18 V.S.A. § 9437(2). The VNH has met each of these requirements. By consolidating administrative functions in one location, the VNH will reduce its annual expenses for office space. The project therefore creates no new financial burden, nor will it cause an increase in the costs of care. Findings of Fact (Findings) ¶¶ 2, 3, 4, 5. Moreover, the VNH has identified a contingency plan to finance the project in the unlikely event that USDA financing is not approved. Findings ¶¶ 6, 7.

We also agree that the other property option considered by the VNH—a leased space in WRJ—is not appropriate or feasible, and would be more costly over time. The available space is not consolidated in one floor but in two, and after a year would extend to another building. Parking is inadequate. And although initially less costly, the cost will increase once additional space is added, and likely again at the expiration of the five-year lease. Finding ¶ 4. By choosing the selected option, the VNH is able to project its long-term costs with some exactitude, and will own the subject property at the end of the mortgage period.

Pursuant to the third criterion, an applicant must demonstrate a need for the project that is appropriate for it to provide. 18 V.S.A. § 9437(3). The VNH has met this criterion. Currently, the VNH provides nursing, rehabilitative, hospice and personal care services in more than 140 towns in Vermont and New Hampshire. Finding ¶ 1. Consolidating its administrative offices will allow it to continue to provide needed services, operate more efficiently, and reduce its administrative costs.

The fourth criterion requires that an applicant demonstrate that either the quality of, or access to, health care by Vermonters will improve as a result of the project. 18 V.S.A. § 9437(4). The VNH has met this criterion. Although the impact on quality of health care is not direct, by consolidating its administrative functions into one location, the applicant can achieve administrative efficiencies which can in turn affect care coordination and the quality of care.

We further conclude that the applicant has shown that the project will not adversely affect other services offered by the VNH and that the project serves the public good, satisfying the fifth and sixth criteria. *See* 18 V.S.A. § 9737(5), (6). The VNH will continue to provide the same services it now provides. And as discussed above, consolidating the administrative offices will be less costly for the VNH and allow it to operate more efficiently, which ultimately benefits the community it serves.

Based on our review of the application in light of the statutory criteria, we conclude that the applicant has demonstrated that each applicable criterion has been met, and issue a certificate of need on this date.

Order

Pursuant to 18 V.S.A. § 9440(d), the Green Mountain Care Board approves the application of the Visiting Nurse and Hospice for Vermont and New Hampshire and a certificate of need shall issue.

**SO ORDERED.**

Dated: February 22, 2016 at Montpelier, Vermont

s/ Alfred Gobeille )  
)  
s/ Cornelius Hogan )  
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s/ Jessica Holmes )  
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s/ Betty Rambur )  
)  
s/ Allan Ramsay )

GREEN MOUNTAIN  
CARE BOARD  
OF VERMONT

Filed: February 22, 2016

Attest: s/ Janet Richard  
Green Mountain Care Board, Administrative Services Coordinator