



GREEN MOUNTAIN CARE BOARD
89 Main Street
Montpelier, VT 05620
802-828-2177

Certificate of Need
Letter of Intent

Pursuant to 18 V.S.A. § 9440 (c)(2)(A), and (2), applicants planning to request a Certificate of Need (CON) are required to first submit a Letter of Intent to enable the Green Mountain Care Board (Board, or GMCB) to determine if a planned health project falls within its statutory jurisdiction. In those instances, where an applicant acknowledges that a project is subject to the Board’s jurisdiction under 18 V.S.A. § 9434, however, and the applicant is not required by statute to submit a Letter of Intent, the applicant may complete this form as a means of providing the Board preliminary information to commence the CON process.

If you do not believe your project falls within the Board’s CON jurisdiction, you do not have to complete this form in full. Please provide the Board with information concerning proposed expenditures and scope of project (see sections E and F) sufficient for the Board to make such determination and notify you, in writing, of its decision.

Authority & Purpose

The Green Mountain Care Board (the “Board”) is authorized to review, approve, approve with conditions, or deny applications for Certificates of Need pursuant to 18 V.S.A §§ 9375(b)(8), 9431(b), 9433 and other applicable laws. The Certificate of Need process is intended to prevent unnecessary duplication of health care facilities and services, guide their establishment in order to best serve public needs, promote cost containment, and to ensure the provision and equitable allocation of high quality health care services and resources to all Vermonters. Oversight of the CON process is one of the ways the Board is working to ensure that changes in Vermont’s health care system improve quality while stabilizing costs.

Instructions

A completed Letter of Intent must provide information in sufficient detail to allow the Board to determine whether a proposed expenditure or action requires a Certificate of Need. In addition to completing this form, the Board may schedule, or you may request, a conference with GMCB staff to discuss a proposed project.

Please fill out all portions of the form applicable to your project. Save the form and return the form electronically via email to GMCB.CON@vermont.gov. As needed, attach supporting documentation to the email and clearly identify each such attachment.

A. Title of Project: PATH at Stone Summit expansion

B. Anticipated Application (check one):

Standard CON Expedited CON Emergency CON

C. Applicant Information:

1. Facility/Entity Name: PATH at Stone Summit, Inc.
2. Facility/Entity Address: 2380 Colvin Hill Road, Danby VT

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2. Facility/Entity Administrator Name: Dr. April Stein

Address: 2380 Colvin Hill Rd, Danby VT

Title: Director

Telephone: (802) 293-2900

Email: astein@pathatstonesummit.com

3. Principal Contact Person Name: Dr. April Stein

Address: 2380 Colvin Hill Rd, Danby VT

Title : Director

Telephone: (802) 293-2900

Email: astein@pathatstonesummit.com

D. Ownership Information

Type of ownership (individual, partnership, corporation, etc.)

For profit not for profit

Names of owners: Dr. April Stein, James Rieger

Accreditations:

E. Summary Project Description:

Include in your description the following items, if applicable:

- location(s) of the proposed project, facility or service, including primary, satellite, and mobile locations;
- services to be expanded, added, replaced, or reduced, identifying the proposed location of each;
- description of the proposed service area;
- detailed description of any equipment to be purchased and/or replaced;
- number of square feet of any construction/renovations;
- total project cost;
- how the project will be financed;
- the need for the project (with supporting data);
- objective to be achieved by implementation of the proposed project;
- anticipated impact on health care costs, access and quality, and
- estimated beginning and completion date.

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F. Projected Expenditures and Financial Information:

Projected expenditures must be in sufficient detail to determine that all costs associated with making each component of the project fully operational are included. Please use Projected Project Costs spreadsheet located at <http://gmcboard.vermont.gov/con> to submit the financial data.

- Provide all line items and associated expenditures for the project.
- Provide itemized costs and a full budget for each of three years (current, year 1, 2, 3) from the proposed starting date, including all details for administrative and operating expenses.

Note: To expedite the Board's review, please attach institutional documentation relevant to the total project cost (e.g., financial data, proposed or approved budgets, or other itemized expenses), that was prepared for, presented to, or approved by the facility, administrator(s), governing authority, lending institution, or other similar person(s) or entity in anticipation of the proposed project

G. Public Notice of Letter of Intent:

- An applicant **NOT** seeking expedited review shall place, within 2 weeks after filing a Letter of Intent, a public notice in newspapers having general circulation in the region of the state affected by the proposed health care project (see 18 V.S.A. § 9440(c)(2)).

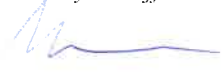
Please provide the Board a copy of the public notice as it appeared in the paper(s).

- If **expedited review** is requested and the Board determines, pursuant to 18 V.S.A. §9440(c)(5), such review is appropriate, the Board shall place a public notice of the proposed project on its website.

The Board will send a copy of this public notice to the applicant.

G. Certification of Accuracy

I certify that the information contained in this application, and all documents that have been submitted with this application, are accurate and complete to the best of my knowledge. I understand that any false statements or failure to disclose information may be sufficient grounds for the Board to deny Certificate of Need approval.

Name 
Signature *Michael S. Munson, Esq.*

Title *Attorney for PATH at Store Summit*
Date *7/2/21*

(For Green Mountain Care Board use only)

Reference number:

Date of Submittal:

Date Decision due:

Notes:

~established 1981~

BARR·STERNBERG

MOSS·SILVER&MUNSON^{PC}

Neil S. Moss David F. Silver Michael S. Munson
Christopher J. Montgomery, Rachel B. Strecker, Alexander M. Dean, *associates*
Peter M. Lawrence, *of counsel*

July 2, 2021

Donna Jerry
Green Mountain Care Board
Sent via email to Donna.Jerry@Vermont.gov

Re: Letter of Intent – proposed expansion of PATH at Stone Summit, Inc.

PATH at Stone Summit, Inc. (hereinafter “PATH”) seeks a jurisdictional opinion from the Green Mountain Care Board concerning the requirement of a Certificate of Need (“CON”) for the proposed expansion of its therapeutic community residential treatment program. This letter will serve as a description of the program, facilities and proposed expansion for the Letter of Intent.

Proposal

PATH proposes to expand its therapeutic community residential treatment program in Danby, Vermont through the purchase of a second residence in Danby that would allow it to increase its occupancy and expand its business.

PATH at Stone Summit, Inc.

PATH is a therapeutic community residential program located at 2380 Colvin Hill Road in Danby Vermont. It was founded in 2016 by Dr. April Stein with the mission to help young adults ages 18-30 transition successfully from adolescence to adulthood. The program is psychodynamic in its approach to treatment, offering individual and group therapy in the context of a supportive home-like environment. PATH also provides residents with vocational counseling and skills-building groups in an effort to improve functioning in their academic and professional pursuits.

PATH offers three phases: in Phase I, residents explore themselves in the context of their personal history and dynamics, while building skills working exclusively in the home and/or on our small farm. Phase I typically lasts 1 – 2 months. In Phase II, when residents feel prepared to practice these skills in a larger setting, they remain living in residence and continue therapy work, but begin to engage with the external community. In this Phase, vocational counselors help residents find volunteer jobs and internships, take college courses, or find paying jobs within the community for approximately 10 – 15 hours per week. Phase II typically lasts 2 – 6 months. In Phase III, as residents feel more stable and

comfortable in their external activity, they can expand their interaction with the outside world, and prepare for the transition out of PATH's residence and back into the home, school or the community.

Each Phase involves different pricing, and is of variable length based on the intensity of the therapeutic intervention received, which is determined according to each individual's needs. The average stay at PATH is approximately eight months.

PATH is a licensed Therapeutic Community Residence in good standing with the Vermont Agency of Human Services; Department of Disabilities, Aging and Independent Living. PATH is currently licensed for a maximum of 10 residents at its current location, 2380 Colvin Hill Road, Danby, Vermont.

PATH's residents principally come from Vermont and other states in the northeast, although its reach is national in scope and it has received applications, and residents, from the Midwest, South and West.

When PATH first opened its doors in 2016, it was licensed for four residents, and had annual operating expenses which totaled less than \$500,000. Accordingly, the Green Mountain Care Board issued a no-jurisdiction opinion. After expanding to 10 residents, and hiring new staff and professionals to service these residents, in 2020 PATH had annual operating expenses of \$1,362,254.30, as itemized in the attached Profit & Loss ledger.

Dr. April Stein

Dr. April Stein founded PATH and remains its Director and Majority Owner. Dr. Stein is a Vermont-licensed psychologist with special interests in young adults who are transitioning to adulthood. She has expertise in Psychodynamic Psychotherapy and Dialectical Behavioral Therapy. She also specializes in the treatment of mood disorders and personality disorders. Dr. Stein graduated from Bennington College and the California School of Professional Psychology, and received her post-doctoral training at the Karl Menninger School of Psychiatry. She directed the Menninger Clinic's young adult program until relocating to Southwestern Vermont as Director of Psychological Services at Bennington College. Her passion for helping young adults inspired her to create the specialized program at PATH.

Expansion

As PATH's reputation has grown, it has become filled to capacity and is now unable to admit all prospective residents. PATH maintains a waitlist and as of the time of writing, PATH has seven prospective residents waiting for admission. After consideration of a variety of options, the Board of Directors of PATH has determined that the most effective, timely, and cost-efficient alternative is to expand via the purchase of another property nearby.

3525 Colvin Hill Road in Danby is 1.4 miles from PATH's existing location at 2380 Colvin Hill Road. It is a large (8,000+ sq. ft. living space, 10,000+ sq. ft. including the garage and finished apartment above it) property on 20 acres. The house was built in 2008 and was constructed with high occupancy in mind as the potential as a luxury bed and breakfast. CenterStone LLC (the entity which owns 2380 Colvin Hill Road and leases it to PATH) has negotiated to purchase 3525 Colvin Hill Road for \$1.54 million. CenterStone will likewise lease the new residence to PATH. For purposes of this CON analysis the expenses of PATH and CenterStone will be considered together.

Once acquired and appropriately licensed, the property would at least double PATH's resident capacity. Besides immediately increasing capacity, the property would bring significant additional benefits,

including: a large gym and a 10-seat movie theatre in the basement; ability to separate Phase I and Phase II residents, presenting the transition from one house to the next as part of a natural progress in resident treatment; taking advantage of synergies to save costs; provide sufficient scale to allow PATH to compete more effectively with larger national programs.

Because it was constructed with a commercial use in mind, it is anticipated that very few renovations will be required for a change of use of 3525 Colvin Hill Road from residential to commercial. At this time it is unclear whether PATH will need to install a sprinkler system to comply with the fire safety code, as all upstairs bedrooms at 3525 Colvin Hill Road have their own balconies and thus independent means of egress. Likewise, PATH is hopeful that no modifications to the water supply or sewer systems will be required in order to obtain a DEC permit, as the property has a 525' well rated at 15 gallons per minute and a 1,000 gallon septic tank plus treatment system to process effluent with a pumping station to the leach field. There is a 600-gallon underground tank located below the utility room floor to provide sufficient water in the event all four tubs require water at the same time.

Additional staff will be required to provide treatment and service to the additional residents: Two new Primary Clinicians, each paid between \$75k and \$100k; one Nurses's Assistant, paid approximately \$40k; Two new salaried House Staff, each paid approximately \$40k; Four-to-six hourly Respite Workers whose combined pay will be equivalent to approximately \$68k; and three new positions - one Parenting Coach paid approximately \$60k, an Assistant Facilities Manager paid approximately \$30k, and an Administrative Assistant/Admissions Coordinator paid approximately \$42k.

Financing

The total project cost is anticipated to be approximately \$1.65 million, which includes the \$1.54 million purchase price of 3525 Colvin Hill Road + the cost of renovations, expenses and carrying costs.

PATH proposes to fund the expansion with a combination of a Vermont Small Business Development Corp. loan in the amount of \$500,000 (approved, see attached VEDA Commitment Letter); a mortgage loan from the Bank of Bennington, cash balances, and an unsecured interest-only 5% loan from a related party.

The closing on 3525 Colvin Hill Road will take place once all required permits, licenses and approvals have been obtained from all applicable local, State and federal entities.

PATH seeks an expedited CON review by the Green Mountain Care Board to facilitate this timeline so that PATH can begin accepting residents from its waiting list.

Impact

It is anticipated that the proposed expansion will have a positive impact on access to, and quality of, residential psychological treatment for Vermonters aged 18 – 30. PATH is unique in the individualized nature of its treatment program, which is tailored to the specific needs and goals of each resident. Moreover, PATH offers a hospital-like intensity of treatment in a more open, warm and welcoming environment, and focuses on personality disorders, which most programs do not serve.

The proposed expansion will likely double the number of residents PATH can serve at any time, from 10 up to 20. In treating more young adult Vermonters who are struggling to transition into adulthood, and

equipping them with the skills necessary to succeed in college and a career, PATH's expansion is a much-needed resource for Vermonters.

Thank you for taking the time to review this letter and the attachments, which include a 2020 Profit and Loss ledger for 2380 Colvin Hill Road, the VEDA commitment letter, and a list of current and projected employees of PATH at Stone Summit.

Please do not hesitate to contact me if you should have any questions or require further information.

Warmest regards,

A handwritten signature in blue ink, appearing to read "Munson", with a long horizontal line extending to the right.

Michael S. Munson, Esq.
Attorney for PATH at Stone Summit, Inc.

PATH at Stone Summit

Profit and Loss

January - December 2020

| | TOTAL |
|--------------------------------|-----------------------|
| Income | |
| Sales | 1,933,270.08 |
| Services | -82,325.00 |
| Total Income | \$1,850,945.08 |
| GROSS PROFIT | \$1,850,945.08 |
| Expenses | |
| Amortization Expense | 242.00 |
| Bank Charges | 393.00 |
| Credit Card Fee | 19,748.57 |
| Total Bank Charges | 20,141.57 |
| Benefits Admin | 694.62 |
| Computer Services | |
| IT Consulting | 52.99 |
| Online Services | 7,748.91 |
| Software | 213.74 |
| Total Computer Services | 8,015.64 |
| Depreciation Expense | 12,996.00 |
| Donations | 2,016.45 |
| Dues & Subscriptions | 2,413.15 |
| Educational Materials | 172.29 |
| Facility Expenses | |
| Groceries | 97,708.41 |
| Household Supplies | 3,786.89 |
| Kitchen Supplies | 2,095.25 |
| Medical Supplies | 1,935.76 |
| Pet Supplies | 490.26 |
| Pharmacy Exp | 3,528.71 |
| Resident Supplies | 1,738.81 |
| Special Events/Promotions | 14,143.73 |
| Supplies | 7,023.36 |
| Testing and Checks | 708.00 |
| Total Facility Expenses | 133,159.18 |
| Finance Charge | 33.00 |
| Insurance | |
| Healthcare | 54,640.08 |
| Liability | 18,381.10 |
| Workers Comp | 10,468.50 |
| Total Insurance | 83,489.68 |
| Interest Expense | 12,069.31 |

PATH at Stone Summit

Profit and Loss

January - December 2020

| | TOTAL |
|--|-----------------------|
| Legal & Professional Fees | |
| Accounting Services | 46,447.50 |
| Legal Services | 4,092.50 |
| Therapeutic Services | 82,376.92 |
| Total Legal & Professional Fees | 132,916.92 |
| Marketing Expense | 259.88 |
| Meals and Entertainment | 17,828.19 |
| Office Expenses | 5,050.71 |
| Payroll Expenses | |
| Taxes | 60,423.75 |
| Wages | 673,226.55 |
| Total Payroll Expenses | 733,650.30 |
| Recruitment Expense | 5,545.26 |
| Rent or Lease | 60,000.00 |
| Shipping and delivery expense | 1,676.08 |
| Storage Expense | 1,980.00 |
| Taxes & Licenses | 45.00 |
| CORP Taxes | 8,603.00 |
| Total Taxes & Licenses | 8,648.00 |
| Telephone | |
| Cell Phone | 4,460.72 |
| Total Telephone | 4,460.72 |
| Therapeutic Expense | |
| Resident -Other | 22,251.15 |
| Resident Outing - Entertainment | 22,449.57 |
| Resident Outing - Meals | 43,239.87 |
| Total Therapeutic Expense | 87,940.59 |
| Training/Education | 906.42 |
| Travel & Entertainment | |
| Car Rental | 6,105.23 |
| Flights/Other Transit | 126.55 |
| Fuel | 8,471.87 |
| Lodging | 7,949.53 |
| Meals | 2,882.29 |
| Parking | 46.00 |
| Taxi | 117.73 |
| Travel-Other Exp | 249.14 |
| Total Travel & Entertainment | 25,948.34 |
| Total Expenses | \$1,362,254.30 |
| NET OPERATING INCOME | \$488,690.78 |

PATH at Stone Summit

Profit and Loss

January - December 2020

| | TOTAL |
|------------------------------|---------------------|
| Other Income | |
| Interest Earned | 1.13 |
| Interest Income- Centerstone | 13,296.00 |
| Other Income - PPP | 95,100.00 |
| Total Other Income | \$108,397.13 |
| Other Expenses | |
| Penalties & Settlements | 2,285.59 |
| Total Other Expenses | \$2,285.59 |
| NET OTHER INCOME | \$106,111.54 |
| NET INCOME | \$594,802.32 |

Centerstone
Profit and Loss Standard
January through December 2020

| | Jan - Dec '20 |
|----------------------------|---------------|
| Ordinary Income/Expense | |
| Income | |
| Rental Income | 60,000.00 |
| | 60,000.00 |
| Total Income | 60,000.00 |
| Expense | |
| Automobile Expense | |
| Registration/Documentat... | 59.99 |
| Repair | 3,141.21 |
| Automobile Expense - O... | 69.40 |
| | 3,270.60 |
| Total Automobile Expense | 3,270.60 |
| Bank Charges | 24.00 |
| Bank Service Charges | 0.00 |
| Depreciation Expense | 49,905.00 |
| Finance Charge | 6.00 |
| Insurance Expense | |
| Auto Ins | 2,449.30 |
| Workers Comp | 4,469.33 |
| | 6,918.63 |
| Total Insurance Expense | 6,918.63 |
| Interest Expense | 14,976.22 |
| Janitorial Expense | 25,397.66 |
| Landscaping Services | 9,628.77 |
| Livestock Expense | 68,370.99 |
| Payroll Expenses | |
| FICA Match | 3,309.89 |
| Unemployment | 260.84 |
| Wages | 43,263.44 |
| | 46,834.17 |
| Total Payroll Expenses | 46,834.17 |
| Pest Control | 955.00 |
| Petty Cash | 5,300.00 |
| Professional Fees | |
| Accounting | 20,816.25 |
| Professional Fees - Other | 1,918.24 |
| | 22,734.49 |
| Total Professional Fees | 22,734.49 |
| Rent Expense | 75,875.00 |
| Repairs and Maintenance | 26,235.41 |
| Security/Safety Expense | 805.45 |
| Supplies | 58.03 |
| Taxes and Licenses | 285.00 |
| Travel Expense | |

05/26/21

Centerstone
Profit and Loss Standard
January through December 2020

| | <u>Jan - Dec '20</u> |
|----------------------|---------------------------|
| Fuel | 3,670.96 |
| Rental Vehicle | <u>1,024.97</u> |
| Total Travel Expense | 4,695.93 |
| Utilities | |
| Electricity | 13,959.80 |
| Propane | 17,521.63 |
| Telephone/WiFi | <u>7,587.47</u> |
| Total Utilities | <u>39,068.90</u> |
| Total Expense | <u>401,345.25</u> |
| Net Ordinary Income | -341,345.25 |
| Other Income/Expense | |
| Other Income | |
| Interest Income | <u>0.42</u> |
| Total Other Income | <u>0.42</u> |
| Net Other Income | <u>0.42</u> |
| Net Income | <u><u>-341,344.83</u></u> |

3525 Colvin Hill Road, Danby VT**Expansion Project****Est. Cost**

| | |
|--|------------------|
| Land and Building Purchase | 1,540,000 |
| Sprinkler system (estimate based on \$33K paid for sprinkler installation at 2380 Colvin Hill) | 40,000 |
| Leasehold Improvements: | |
| • Installation of door to kitchen | 1,800 |
| • Conversion of office space to secure Med room | 3,700 |
| • Installation of new lighting fixtures in dining area | 1,000 |
| • Subdivision of open basement space to offices and workout room | 13,500 |
| Legal/Professional fees | 10,000 |
| Household furnishings | 27,000 |
| Bedding/Linens | 4,000 |
| Additional appliances | 2,400 |
| Office furnishings | 3,600 |
| Workout room equipment | 3,000 |
| Total Project Cost | 1,650,000 |

Estimated Payroll Expenses**2021 Forecast****Current Staff****FTE Equivalent****Est. 2021 Payroll Costs**

| | | |
|--|--------------|----------------|
| Hourly Respite | 5.25 | 205,813 |
| Admin | 0.25 | 3,168 |
| Clinician - Hourly | 0.75 | 84,200 |
| House Manager | 2 | 74,900 |
| Cook/Food Mgmt | 1 | 42,000 |
| Financial Consultant | 1 | 24,000 |
| Staff Nurse - LPN | 1 | 45,000 |
| Clinician | 1 | 55,000 |
| Vocational Specialist | 1 | 55,000 |
| Exec Director - Safety & Compliance | 1 | 85,000 |
| Program Director | 1 | 125,000 |
| Total Full-Time Equivalent Staff - 2021 | 15.25 | 799,081 |

Projected Staff/Payroll Increase with Expansion - Year 1

| | | |
|--|--------------|------------------|
| Hourly Respite | 7.25 | 273,813 |
| Admin | 1 | 42,000 |
| Clinician - Hourly | 0.75 | 84,200 |
| Admin Assistant/Admissions Coord | 1 | 42,000 |
| House Manager | 4 | 154,900 |
| Cook/Food Mgmt | 1 | 42,000 |
| Financial Consultant | 1 | 24,000 |
| Assistant Facilities Manager | 1 | 30,000 |
| Nurse's Assistant | 1 | 40,000 |
| Staff Nurse - LPN | 1 | 45,000 |
| Parenting Coach | 1 | 60,000 |
| Clinician | 3 | 205,000 |
| Vocational Specialist | 1 | 55,000 |
| Exec Director - Safety & Compliance | 1 | 105,000 |
| Program Director | 1 | 125,000 |
| Total Full-Time Equivalent Staff - 2021 | 26 | 1,327,913 |
| Incremental Increase from Expansion | 10.75 | 528,832 |