



Valley Vista
Divided Sky Foundation Application for 40 Substance Abuse Treatment Beds
Interested Party Questions

Re: Applicant's Experience with Residential Inpatient Substance Abuse Treatment

1. Per the Ascension Recovery Services (ARS) website, ARS manages a hospital based inpatient treatment program at the West Virginia University Medicine Center for Hope and Healing in Morgantown and Bridgeport, West Virginia. Regarding this program:
 - a. How many ASAM 3.7 and ASAM 3.5 residential beds are licensed?
 - b. What was the occupancy rate versus capacity for both levels of care in 2019 and 2020?
 - c. What was total revenue for the program in 2019 and 2020?
 - d. Please list the job titles of ARS paid employees on location in this hospital program.
2. Are there any other ASAM Level 3.5 or Level 3.7 programs managed by ARS?
3. Applicant has named Ms. Melanie Gulde as the Clinical Director of the proposed program. Please provide Ms. Gulde's curriculum vitae including any **experience with** ASAM level 3.7 inpatient substance abuse treatment?
4. Has the applicant or ARS made promise of employment or hired Mr. Phil Fernandez and, if not, describe Mr. Fernandez' current relationship to Divided Sky and ARS?
5. Has the applicant hired or named any other medical, clinical, management or marketing personnel? Please supply names and resumes.

Certificate of Need Process

1. Applicant has conducted a media blitz announcing the planned program with television, print and internet appearances by Trey Anastasio. The building was purchased and rehabilitated prior to certificate of need approval and the process of zoning approval has been completed in Ludlow. These are all activities that normally occur after, not before, certificate of need approval. What plans does the applicant have for the Ludlow facility should their application not be approved?
2. The program description has a similarity to a Department of Corrections RFP that was issued nine to ten years ago. Was the applicant aware of the prior RFP and has the applicant had any conversation regarding this program with any VT Department of Corrections employees?

Re: Program Justification

1. Application speaks to a detrimental lack of residential care. Can the applicant demonstrate a detrimental level of ASAM 3.7 Medically Monitored High-Intensity Inpatient Services and ASAM 3.5 Clinically Managed Medium Intensity Residential Services in the state?
2. Application states repeatedly that it will accept uninsured patients. Is the Applicant aware that state grants for both Serenity House and Valley Vista provide funding for uninsured and underinsured Vermonters and that neither facility need ever discharge Vermonters due to inability to pay for treatment?
 - a. With uninsured Vermonters being substantially served through existing state grants where are the free care patients referred to in the applicants revised financial statements coming from?
 - b. How will applicant determine financial need for free care requests?
3. Applicant acknowledges the current workforce issues in Vermont. Applicant proposes to hire 7 nurses, 6 drug and alcohol counselors and 12 drug and alcohol technicians within month of Silver Pines hiring 8.4 nurses and 4 LADC. The combination of both projects will double the number of licensed staff in residential substance abuse programs in the state. How will this be accomplished without competing for staff with Serenity House and Valley Vista?
 - a. While the original application suggests treatment up to 90 days, the revised financial schedules project an average length of stay of 30 days. Assuming an average length of stay of 30 days, if 20% of the admissions averaged 75 days length of stay, the remaining 80% of the patients would average 19 days length of stay. How is this program not duplicating existing treatment services?
 - b. How does the applicant plan to address needs for longer term residential programming with only a 30-day average length of stay?

4. Applicant included letters of support from: Angus Chaney, Homeless Prevention Center; Melissa Perrino MA, LCMHC, MLADC; Mary Kay Lanthier, Esq. Supervising Attorney Rutland County Public Defender's Office; the Rutland Turning Point Center Rutland and Faith Stone, RN. Program Director West Ridge Center.
 - a. What agencies or individuals were approached for support letter and did not provide such letters?
 - b. How and by whom were these individuals/organizations asked to provide support letters?

Re: Program Description

1. Is applicant planning to provide gender specific treatment with separate clinical programming and separate living areas for men and women?
 - a. If so, what are the programmatic difference between male and female patients?
2. Cognitive Behavioral Therapy (CBT) is a cornerstone of addiction treatment, yet it is not listed by the applicant in the program description. Why has the applicant chosen not to use CBT in its clinical programming?
3. Applicant speaks of providing services to “people with co-occurring SUD and mental health disorders” yet there is no obvious provision for psychiatric or mental health providers in the staffing descriptions or financial schedules. How will psychiatric and mental health services be provided and how will it be reimbursed since most commercial insurance plans expect psychiatry to be part of an inpatient substance abuse program’s per diem rate?
4. Applicant states that the intention is to network with other providers in the State. What efforts have been made to reach out and network with existing inpatient providers?
5. How will the applicants handle admissions requests for detoxification and stabilization when all licensed ASAM 3.7 beds are occupied?

Re: Financial

1. It is difficult to follow the flow of patient admissions to census to revenue in the applicant's financial schedules. Can the applicant provide this data in the format provided in attached Schedule ACR?
2. Application financial schedules show all 10 detoxification/stabilization beds (ASAM 3.7) being fully occupied from the first day of 2022 through the last day of 2024. Detoxification beds typically have cycles of occupancy and rarely average much more than 50% utilization. In addition, since these admissions are urgent and, in some cases, emergencies they normally cannot be scheduled or waitlisted.
 - a. How does the applicant propose to keep these beds at 100% capacity for the first three years of operation without scheduling or waitlisting admissions?
 - b. How does the applicant propose to handle patients who have completed their detoxification and are ready for transfer to rehabilitation beds when there are no rehabilitation beds available?
3. Please supply a matrix for varying length of residential stays that was used to develop the 7/23/21 revised financial schedules.
4. The financial statement provided assume 100% utilization of residential beds from the first day of operation through the end of 2024. If 30 residential patients are in Treatment on day 1, they could not have come from detoxification/stabilization transfers.
 - a. How does the applicant plan to maintain 100% capacity when patients often leave against medical advice or need to be administratively discharged?
 - b. What rate of non-routine discharges (medical transfers; against medical advice and administrative) was assumed in census projections?
5. How does the applicant plan to manage 100% utilization when other existing providers are operating significantly under capacity?
6. Applicant revised financial projections to eliminate Medicaid revenue totaling \$8.1 million over the three-year period. When how and why was this decision to not accept Medicaid reimbursement made?
7. Applicant's 7/23/21 commercial insurance revenue estimates are almost double the original application.
 - a. How was such a significant amount of potential revenue overlooked in the original application and what analytical process brought about its inclusion in revised revenue projections?
 - b. Was the fact that Silver Pines program is projecting up to \$750,000 of annual commercial insurance revenue and up to \$13,400,000 of annual self-pay revenue considered in making the revision to commercial insurance revenue in the 7/23/21 revision?

8. Applicant's first submission showed \$946,520 of free care over the 3-year period and the revised financial statements show \$6,145,910.
 - a. What is the explanation for the 549% increase in free care?
 - b. What is the breakdown of \$6,145,910 of free care by state?

9. Applicant's Balance Sheet shows Equipment totaling \$2,859,170 in 2022. Cash Flow statements delineate cash add back for depreciation at \$377,330 in 2022 and 397,508 in 2023 and 2024. This represents \$1,172,349 depreciation for the first three years. Applicants project costs show building related expenses of \$2,619,670 and equipment related expenses of \$100,000. Considering GAAP guidelines for asset depreciation this amount of depreciation expense seems unrealistic. Since the Applicant is a non-profit and will not be paying income taxes the use of any accelerated depreciation methodology will do little to support bank loans or credit worthiness.
 - a. Please provide asset depreciation schedules to support total fixed assets and yearly depreciation expenses.

10. Please provide a list of wages for all positions listed on the staffing schedule.

