

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: Integrative Life Network, LLC Request) GMCB-006-23con
for Emergency CON to Acquire 100%)
Interest in Silver Pines Partners, LLC)
_____)

DECISION AND ORDER

Introduction

On April 4, 2023, Integrative Life Network, LLC (ILN) submitted a request for a Jurisdictional Determination by the Green Mountain Care Board (Board or GMCB) for the purchase of 100% of the ownership interest in Silver Pines Partners, LLC (Silver Pines), which owns and operates Sana at Stowe (Sana or “the Facility”), a 32-bed substance use disorder (SUD) treatment facility located in Stowe, Vermont, that offers medically supervised withdrawal and residential trauma-informed treatment for individuals experiencing Substance Use Disorder. Silver Pines holds a Certificate of Need (CON) issued in Docket No. GMCB-016-19con on June 23, 2020, and amended on March 8, 2023, and a Therapeutic Community Residence license issued by the Vermont Department of Disabilities, Aging, and Independent Living (DAIL).

The Board requested additional information on April 14, 2023, and May 4, 2023, to which ILN responded on April 17, 2023, and May 5, 2023, respectively. On May 8, 2023, the Board asserted jurisdiction over the proposed transaction; recognizing that the circumstances surrounding the transaction appeared to be quite urgent, the Board encouraged ILN to apply for an Emergency CON pursuant to 18 V.S.A. § 9440(e) and GMCB Rule (Rule) 4.000, § 4.303.

ILN submitted its application for an Emergency Certificate of Need on May 10, 2023. On May 11, 2023, the Board informed ILN that its request for an Emergency Certificate of Need would be reviewed by the Board on Monday, May 15, 2023, and that the nature of circumstances warranted review with limited public notice and opportunity for public comment and without public hearing or opportunity for intervention.

Jurisdiction and Standard of Review

The Board has jurisdiction over this matter pursuant to 18 V.S.A. § 9434(a)(3). Vermont’s CON process is governed by 18 V.S.A. §§ 9431-9446 and Rule 4.000. An applicant bears the burden of demonstrating that each of the criteria set forth in 18 V.S.A. § 9437 is met. Rule 4.000, § 4.302(3).

Emergency Certificate of Need

The CON statute sets forth procedures for review of a CON application, including requirements for public notice, intervention, public hearings, and timelines. *See* 18 V.S.A. § 9440. In emergencies, an application “may be reviewed by the Board only, without notice and opportunity for public hearing or intervention by any party.” 18 V.S.A. § 9440(e). These



emergency procedures are reserved for urgent situations such as replacement or repair following storms, or “any other circumstances beyond the control of the applicant where the Board finds that the circumstances require action in less time than normally required for review.” *Id.*

The Board’s rule governing Emergency CONs requires an applicant to explain how the proposed project meets the statutory definition of an emergency set forth in 18 V.S.A. § 9440 and to provide information showing that the circumstances require action in less time than normally required for review. Rule 4.000, § 4.303(1). An Emergency CON may be issued in “circumstances beyond the control of the applicant that require expenditure and fall within [CON] jurisdiction.” Rule 4.000, § 4.303(1)(b). In the Board’s discretion, review of an Emergency CON application includes as much process “as can be provided under the specific circumstances,” including review without public notice, public hearing, or intervention by any party. Rule 4.000, § 4.303(2).

Findings of Fact [REDACTED]

1. The Applicant, ILN, is a for profit, Delaware-formed limited liability company based in Nashville, Tennessee, and owns and operates treatment programs in Tennessee, Colorado, and New Mexico. ILN’s super-majority owners are Ryan Chapman and Martin Ventures. The remaining 20% of ILN is owned by ILN management employees. ILN Application for Emergency CON (May 10, 2023) (App.), 3-4.
2. ILN has made financial advances of \$493,320 to benefit Sana during the pre-acquisition period. ILN asserts that this is unprecedented for ILN and demonstrates its commitment to Sana. App., 4.
3. ILN asserts that it has projections of generating over [REDACTED] in revenue nationwide through the end of 2023 and that this financial position will strengthen the financial stability of the Facility. The proposed transfer will provide Silver Pines with access to ILN’s more extensive financial resources. App., 4. [REDACTED] App., 10. ILN further asserts that legal liability will not fundamentally change, as Silver Pines will remain Sana’s owner and will remain legally liable for the Facility. App, 4.
4. According to ILN, SUD treatment facilities across the country have needed to affiliate with other providers to obtain access to greater resources and expertise and reduce administrative costs. The transaction will provide Sana with more administrative and clinical bandwidth and administrative efficiencies. App., 4. [REDACTED] App., 11, Attachment D.
5. The same senior leadership that currently operates Sana will remain in place after the transaction and there will be no change in services at the Facility. App., 4. Under ILN’s guidance, Sana has become the only residential treatment facility in Vermont that is accredited by The Joint Commission. App., 5.
6. Sana’s financial stability is in jeopardy. [REDACTED]

[REDACTED]
pp., 6.

7. There are three other facilities within a 3-hour radius of Sana in Vermont that provide joint ASAM 3.7 and 3.5 levels of care. Should an Emergency CON not be granted, the number of licensed beds able to provide dual 3.7 and 3.5 levels of care in Vermont would be substantially reduced. App., 6; Amendment to App. (May 15, 2023).
8. Currently, 24 individuals, trusts, and LLCs own all of the membership interests in Silver Pines. In the proposed transaction, the current owners will transfer and sell 100% of the membership interests in Silver Pines to ILN and Silver Pines will become a wholly owned subsidiary of ILN. Both the assets and liabilities of Silver Pines will be transferred to ILN; ILN is “stepping into the shoes” of the current owners and will function as Silver Pines for all purposes. App., 6.
9. At closing, there will be no change to Silver Pines’ legal entity status, FEIN, bank accounts, or vendors. William Cats-Baril will be offered continued employment and Sanchit Maruti, M.D., will continue with Sana pursuant to a one-year extension of Silver Pines’ Professional Services Agreement with University of Vermont Medical Center. Silver Pines will continue to lease its current facility at 3430 Mountain Road in Stowe, Vermont. There are no anticipated changes in program, staffing, charges, or reimbursements. App., 6-7, 10; Attachment D. As such, there are no anticipated adverse changes in the quality or cost of services offered at Sana. See App., 8. ILN will continue the practice of offering transportation to individuals admitted for treatment. App., 9.
10. Approximately two-thirds of Sana’s patients have been Vermont residents to date. App., 8., 11. ILN anticipates this patient mix to remain consistent for years 1-3 of its ownership and states that in continuing to serve Vermont residents, the proposed project may reduce deaths related to drug overdose and prevent or mitigate the negative impacts of substance use disorder, leading to improving population health and lowering health care costs. ILN anticipates that continued improvement in patient outcomes at Sana will lead to increased long-term abstinence and decreased rates of relapse which should lead to health care savings through fewer emergent care visits and inpatient stays. ILN also states that with increasing the census at Sana, it may be able to reduce the number of patients currently occupying hospital beds while awaiting placement for SUD treatment. App., 7.
11. SUD continues to be a growing problem in Vermont and nationally. Drug overdose death rates have increased in Vermont from 12.9 per 100,000 in 2011 to 42.3 in 2021 and nationally from 13.2 to 32.4 per 100,000 over the same time period. App., 8, (quoting Kaiser Family Foundation Mental Health and Substance Use Fact Sheet, Vermont,

<https://www.kff.org/statedata/mental-health-and-substance-use-state-fact-sheets/vermont/>).

ILN has experience in providing SUD treatment and is not the subject of any legal or regulatory complaints or investigations. ILN Response (May 5, 2023), 3.

12. ILN asserts that the project will not have an undue adverse impact on its existing services. App., 9. ILN states that it plans to explore adding payors beyond the current commercial and private payor mix to increase access to care for Vermonters and beyond. App., 11.
13. ILN asserts that it will continue to support equal access to appropriate mental health care that meets the Institute of Medicine’s triple aims with integrated evidence-based mental health and augmentative services on site. Treatment at Sana includes comprehensive assessment of substance use, co-occurring mental health disorders, and appropriate ASAM levels of care; individualized treatment planning; supervised withdrawal treatment; evidence-based treatment with appropriate psychotropic medication regimen for co-occurring conditions; individual, family, and group therapy; and comprehensive aftercare coordination and post-discharge outreach. Clinical services include cognitive behavioral therapy, dialectical behavioral therapy, and 12-step groups, among others. App., 9.

Conclusions of Law

In emergency circumstances beyond the control of an applicant, the Board may issue an Emergency Certificate of Need. 18 V.S.A. §. 9440(e); rule 4.000, § 4.303(1). This extraordinary measure has been used in response to natural disasters. *See, e.g., Department of Mental Health Emergency Certificate of Need Application for Psychiatric Inpatient Facilities to Replace the Vermont State Hospital*, Certificate of Need, Department of Financial Regulation Docket No. 11-106-H (June 28, 2012) (replacement of Vermont State Hospital, destroyed by Tropical Storm Irene). It has also been applied in situations of extreme financial distress. *See In re Acquisition of Burlington Labs*, Decision, Order, and Emergency Certificate of Need, Docket No. GMCB-014-16con (Sept. 1, 2016) (*Burlington Labs* CON) (acquisition of financially struggling diagnostic testing facility).

Findings of Fact (Findings), ¶ 6.

Findings, ¶¶ 6-7. These circumstances are beyond the control of the applicant, ILN, as the prospective purchaser. *See* Findings, ¶ 6. As we stated in *Burlington Labs*, “[w]hile we recognize that the grant of emergency review is rare and should be used sparingly, we are convinced that this CON request requires swift intervention and the Board’s expeditious decision.” *Burlington Labs* CON, 4. In this instance, an Emergency CON is appropriate to maintain access to the SUD treatment beds Sana provides.

I.

Under the first statutory criterion, an applicant must demonstrate that the proposed project aligns with statewide health care reform goals and principles because the project takes into consideration health care payment and delivery system reform initiatives; addresses current and

future community needs in a manner that balances statewide needs; and is consistent with the appropriate allocation of health care resources, including appropriate utilization of services, as identified in the Health Resource Allocation Plan (HRAP). 18 V.S.A. § 9437(1). The HRAP identifies needs in Vermont’s health care system, resources to address those needs, and priorities for addressing them on a statewide basis.¹

The project reasonably aligns with health care payment and delivery system reform initiatives. Approximately two-thirds of Sana’s patients have been Vermont residents, which is expected to remain the case for the near future. In continuing to serve Vermont residents, the proposed project may reduce deaths related to drug overdose and prevent or mitigate the negative impacts of substance use disorder, leading to improved population health and lowering health care costs. Findings, ¶ 10; *see In re: Application of Silver Pines, LLC, Medically Supervised Withdrawal Treatment Center for Substance Use Disorder in Stowe, VT*, Statement of Decision and Order, Docket No. GMCB-016-19con, (June 23, 2020), 11 (hereinafter “2020 CON SOD”).

The project also addresses current and future needs in a manner that balances statewide needs. By keeping Sana in operation, the state has increased access to SUD treatment beds; to the extent ILN can increase occupancy at Sana, it may be able to have a positive effect on the issue of patients occupying hospital beds while awaiting placement for SUD treatment. Findings, ¶ 10.

ILN will maintain the same program, staffing, charges and reimbursement as are currently in place. As such the project will remain consistent with the HRAP, as was determined in the 2020 CON SOD. Findings, ¶ 9; *see* 2020 CON SOD, 12.

Based on the above, and with the conditions we impose in the CON, we conclude that the first criterion is met.

II.

Under the second criterion, an applicant must demonstrate that the cost of the project is reasonable because the applicant’s financial condition will sustain any financial burden likely to result from completion of the project and because the project will not result in an undue increase in the costs of medical care or an undue impact on the affordability of medical care for consumers. 18 V.S.A. § 9437(2).

The applicant has demonstrated that it has adequate resources to sustain any financial burdens likely to result from the project. The project will be financed by a [REDACTED] term loan and ILN’s financial position will improve the financial stability of the Facility. Findings, ¶ 3. Because ILN will not change programs, staffing, charges, and reimbursements, the acquisition should have no meaningful impact on costs or affordability of medical care.

¹ The Vermont legislature in Act 167 (2018) made several changes to the State’s CON law. As amended by Act 167, 18 V.S.A. § 9437(1)(C) continues to reference the HRAP, which is in the process of being updated. In the interim, we consider the current HRAP standards. The Health Resource Allocation Plan is posted to the Board’s website at <https://gmcboard.vermont.gov/sites/gmcb/files/documents/Vermont%20Health%20Resource%20Allocation%20Plan%202009%207.1.09.pdf>.

Based on the above, and with the conditions we impose in the CON, we conclude that the second criterion is met.

III.

Under the third criterion, an applicant must show that “there is an identifiable, existing, or reasonably anticipated need for the proposed project that is appropriate for the applicant to provide.” 18 V.S.A. § 9437(3).

SUD treatment continues to be a serious problem in both the U.S. and Vermont. ILN has experience running SUD treatment facilities; it facilitated Sana’s accreditation by The Joint Commission; and it will maintain Sana’s programs and staffing upon acquisition of Silver Pines. Findings, ¶¶ 1, 4, 5, 7, 11.

We conclude that the third criterion is satisfied.

IV.

The fourth criterion requires an applicant to demonstrate that the proposed project will improve the quality of health care in Vermont, provide greater access to health care for Vermonters, or both. 18 V.S.A. § 9437(4).

Maintaining access to Sana’s 32 SUD-treatment beds will promote greater access to health care for Vermonters than if Sana goes out of business because of its financial difficulties. Findings, ¶¶ 7, 9, 10. Sana’s accreditation by The Joint Commission reflects positively on quality of care. To ensure continued quality of care, the applicant shall submit copies of its reports from the Joint Commission during the implementation reporting period. *See* Findings, ¶ 5, Expanding the payor mix would increase access to this care for people seeking treatment for SUD. *See* Findings, ¶ 12. Therefore, we encourage the applicant to engage in negotiations with additional payors, including Medicare and Medicaid, and require reporting on these negotiations during the implementation reporting period. As such, and with the conditions we include in today’s CON, we conclude that the fourth criterion is satisfied.

V.

The fifth criterion requires that an applicant demonstrate that the project will not have an undue adverse impact on any other services it offers. 18 V.S.A. § 9437(5). ILN asserts that the project will not have an undue impact on its existing services. Findings, ¶ 12. Therefore, we conclude that the fifth criterion is satisfied.

VI.

The sixth criterion was repealed during the 2018 legislative session. 18 V.S.A. § 9437(6) (repealed).

VII.

The seventh criterion requires that an applicant adequately consider the availability of affordable, accessible transportation services to the facility, if applicable. 18 V.S.A. § 9437(7).



ILN will continue Sana's practice of offering transportation to individuals admitted for treatment. Findings, ¶ 9. We conclude that the seventh criterion is satisfied.

VIII.

The eighth criterion pertains to the purchase or lease of new Health Care Information Technology and is not applicable here. See 18 V.S.A. § 9437(8).

IX.

The ninth criterion requires that an applicant show that the project supports equal access to appropriate mental health care that meets standards of quality, access, and affordability equivalent to other components of health care as part of an integrated, holistic system of care, as appropriate. 18 V.S.A. § 9437(9)

Sana's program was determined to meet this criterion in Silver Pines' 2020 CON proceeding. *See* 2020 CON SOD, 17-18. ILN will continue Sana's existing programs. Findings, ¶ 9. ILN will continue to provide equal access to appropriate mental health care with integrated evidence-based mental health and augmentative services on site. Sana's treatment includes comprehensive assessment of substance use, co-occurring mental health disorders, and appropriate ASAM levels of care; individualized treatment planning; supervised withdrawal treatment; evidence-based treatment with appropriate psychotropic medication regimen for co-occurring conditions; individual, family, and group therapy; and comprehensive aftercare coordination and post-discharge outreach. Clinical services include cognitive behavioral therapy, dialectical behavioral therapy, and 12-step groups. Findings, ¶ 13.

X.

Finally, an applicant must demonstrate that the proposed project "serves the public good." 18 V.S.A. § 9437. This aspect of our review is broad and necessarily includes our consideration, and the applicant's satisfaction, of the statutory criteria considered above. *See* GMCB Rule 4.000, § 4.402(3).

In the 2020 CON SOD, a majority of Board members concluded that the benefits of the Sana treatment facility outweighed the potential negative impacts. The benefits to Vermont were increased by conditions requiring the project to provide a preference to Vermonters who meet admission criteria, distribute one percent of its net revenues to local community-based organizations, and share data with Vermont agencies to improve population health. Indeed, Sana provides a significant number of Vermont SUD treatment beds and two-thirds of its patients are Vermont residents. ILN's purchase of Silver Pines will prevent Sana from closing and these treatment resources from being lost to Vermont. ILN has demonstrated that it has sufficient experience and resources to maintain and improve Sana's program.

Order

ILN has reflected its understanding that it is acquiring 100% of the membership interest in Silver Pines and in so doing will assume its financial assets and liabilities as well as its legal and regulatory privileges and responsibilities. As such, we recognize that Silver Pines will remain the

holder of the CON issued in Docket No. GMCB-016-19con; upon completion of the proposed transaction ILN will be the owner of 100% of the membership interest in Silver Pines and Silver Pines will become a wholly owned subsidiary of ILN. With the conditions listed in the CON issued today, we find that the proposed acquisition serves the public good. See 19 V.S.A. § 9437.

SO ORDERED.

Dated: May 15, 2023 at Montpelier, Vermont

s/ Owen Foster, Chair)
)
s/ Jessica Holmes) GREEN MOUNTAIN
) CARE BOARD
s/ Robin Lunge) OF VERMONT
)
s/ Thom Walsh)
)
s/ David Murman)

Filed: May 15, 2023

Attest: s/ Jean Stetter, Administrative Services Director
Green Mountain Care Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Board (by e-mail, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (Email address: Kristen.Lajeunesse@vermont.gov). Appeal of this decision to the Supreme Court of Vermont must be filed with the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration, if any, must be filed with the Board within ten days of the date of this decision and order.

