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VIA EMAIL / ORIGINAL AND COPY BY U.S. MAIL

Donna Jerry
Senior Health Policy Analyst
State of Vermont
Green Mountain Care Board
89 Main Street
Montpelier, VT 05620-3101

RE: **OAS, LLC (VALLEY VISTA) REQUEST RE JURISDICTIONAL DETERMINATION**

Dear Ms. Jerry:

This firm represents OAS, LLC d/b/a Valley Vista (“OAS”) which owns and operates the 80-bed Valley Vista Alcohol and Chemical Dependency Treatment Center (“Valley Vista”) located in Bradford, Vermont. Valley Vista is licensed as a Therapeutic Community Residence.

Pursuant to 18 V.S.A. § 9440(c)(2)(A), OAS submits this letter requesting that the Green Mountain Care Board (the “Board”) find that OAS’s proposed stock transfer to Meridian Behavioral Health, LLC, a Minnesota-based entity, does not fall within the Board’s Certificate of Need (“CON”) jurisdiction. To clarify, the transaction will not involve a change in the ownership interests of Valley Vista which is currently 100% owned by OAS, LLC and will continue to be 100% owned by OAS, LLC.

OAS and Meridian are currently in negotiations for Meridian to acquire 100% of the stock of OAS. Enclosed are organizational charts detailing the ownership structure pre- and post- stock transfer. There will be no changes to Valley Vista’s legal name, tax identification number, location, operations, services or personnel.

We submit that the proposed stock transfer would not constitute a “new health care project” requiring a certificate of need. Even if this were deemed a transfer of ownership interests, we do not believe that a Certificate of Need is required because the “financial stability” and “legal liability” of the facility will not fundamentally change.

Financial Stability

There will be no risk to Valley Vista’s “financial stability.” Meridian was recently recapitalized by the Audax Group (Boston, MA) in November 2015. As one of the leading healthcare investment firms in the nation, Audax brings significant financial and operational resources to bear to support Meridian’s growth initiatives. Meridian is very well capitalized and would enhance Valley Vista’s already solid financial position.

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Legal Liability

Likewise, the “legal liability” of Valley Vista will not change. OAS will remain the legally liable entity for Valley Vista’s operations, in that it will retain its 100% ownership interest in Valley Vista and will continue to be the direct owner of OAS.

In support of this request, we offer the following background and details:

- To remain viable, addictions facilities across the country have needed to affiliate with other providers to obtain access to greater staff resources and expertise, reduce administrative costs and more economically spread overhead.
- The very recent closing of Maple Leaf Farms is an example of the difficulties stand-alone addiction facilities are facing every day.
- While Valley Vista is not struggling economically, OAS is being proactive in positioning Valley Vista to maintain and improve its quality of care into the future. Likewise, it seeks an affiliation with Meridian to have access to deeper staff resources in order to expand its programs and potentially add new beds in the future.
- Meridian is located in Minnesota where it runs a large network of residential and outpatient drug and alcohol addiction treatment programs, including medication-assisted treatment.
- OAS has identified Meridian as the most compatible organization with which to affiliate due to their shared mission and history of high quality of services and financial stability, while dealing with a primarily state funded census.
- Founded in 1985, Meridian has grown to operate and support ten (10) residential facilities (500 beds; MN and MD), one acute psychiatric hospital (ND), four (4) medication-assisted treatment clinics (census of ~4,000; MN), and seven (7) outpatient sites including two jail programs (MN). Although a Minnesota based behavioral health provider, Meridian has been expanding operations to the east coast. Meridian recently invested in what will become a 103 bed, co-ed, residential treatment campus near Annapolis, MD.
- There will be continuation of the same management that currently operates Valley Vista. Rick DiStefano and Jack Duffy, the current owners and operators of OAS, would remain as managers of Valley Vista (possibly pursuant to employment contracts).
- Under the affiliation, there would be no change in services at Valley Vista.
- There would, however, be more administrative and clinical bandwidth available to Valley Vista for expertise and manpower for any proposed expansion of services.
- The proposed transfer will not negatively impact the strength of Valley Vista’s financial operations and will provide it access to Meridian’s more extensive financial resources.

Based on the foregoing, we respectfully request that the GMCB rules that the proposed transfer of OAS, LLC stock to Meridian is not subject to Certificate of Need review.

Sincerely,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Shireen Hart
Anne Cramer