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March 23, 2018

Ms. Donna Jerry
Senior Health Policy Analyst
Green Mountain Care Board
89 Main Street
Montpelier, VT 05620

GMCV-002-18con. Request of Kindred HealthCare Inc. for a Certificate of Need with Respect to an Internal Corporate Reorganization

Dear Ms. Jerry,

In response to the Green Mountain Care Board requirements related to Certificates of Need for internal reorganizations which trigger a need for a new license, I have asked my Division of Licensing and Protection, Survey and Certification Unit to address the licensing issues related to the reorganization based on the two applicable standards. Please find our recommendations below.

CON STANDARD 5.3: Nursing homes or similar entities seeking a certificate of need shall provide a written recommendation from the Department of Disabilities, Aging and Independent Living supporting the new health care project proposal.

Although this is not a new health care project proposal, the issuance of a new license to Kindred Transitional Care and Rehabilitation – Birchwood Terrace due to the internal corporate reorganization is a necessary paperwork process to ensure an accurate License to Operate is issued and displayed. The DLP will require a re-application for licensure that represents the new name of the Licensee and the Owner. Starr Farm Nursing Center will not be required to obtain a new license. See further details at HRAP standard 5.12.

CON STANDARD 5.12: Applicants seeking to restructure nursing home ownership that triggers the need for a new license from DAIL shall demonstrate the ability to meet all reasonably anticipated financial and quality obligations imposed by the operation of the nursing home.

The Division of Licensing and Protection, within the Department of Disabilities, Aging and Independent Living will be requiring a new licensing re-application be submitted by Kindred Transitional Care and Rehabilitation – Birchwood Terrace due to the change in the name of the Licensee and the change in the Ownership section.

The current Licensee and Owner on the most recent license re-application is "Kindred Nursing Centers East, LLC" (KNCE). The Licensee is an item that is included on the License to Operate issued to the facility. Due to the changes in the internal corporate structure described in the submission titled "GMCB-002-18con. Request of Kindred Healthcare Inc. for Certificate of Need with Respect to an Internal Corporate Reorganization", the LLC that is the Licensee and Owner as named in the application and on the License to Operate will be merging into a newly formed limited partnership, KHOI New LP "New LP", hence the need for a new license to be issued to the correct Licensee.

The parties state that following the merger of KNCE into New LP, the SNF facilities will continue to operate as they do currently, there will be no change in their management or operations as a result of the internal restructuring, and there will be no change to the services provided to patients or the total number of beds at each facility. They also state that the facilities will maintain the same fiscal stability and will not incur any legal liabilities as a result of the restructuring.

The DLP plans to approve the new licensing re-application without a need for further investigation, as the statements are clear that there will be no changes to operations; this is a necessary paperwork process to ensure the DLP has all current information about ownership and has an accurate Licensee.

Regarding Starr Farm Nursing Center, it is only the ownership section of the licensing application that will be changing with this restructuring, the Licensee will remain "Starr Farm Partnership" per the submission to the Green Mountain Care Board. Due to Starr Farm's License to Operate not requiring revisions, we will not be requiring Starr Farm Nursing Center to submit a re-application until the time of routine re-application or the time of the sale, whichever comes first. We only require notification of this change consistent with the ongoing disclosure requirements in the Licensing and Operating Rules for Nursing Homes.

Based on our assessment of the request submitted by Kindred Healthcare Inc for approval of their proposed corporate reorganization, DAIL is conditionally supportive of the certificate of need request, dependent on the full application and information obtained by the Green Mountain Care Board during the CON process.

Sincerely,



Monica Caserta Hutt
Commissioner

Cc: Camille George, Deputy Commissioner
Clayton Clark, Director, Division of Licensing and Protection
Pam Cota, Long Term Care Licensing Chief