



# Public Health and Health Planning Council

Project # 121027-E

**L. Woerner, Inc.  
d/b/a HCR**

**County: Delaware (Delhi)  
Purpose: Establishment**

**Program: Certified Home Health Agency  
Submitted: January 18, 2012**

## Executive Summary

### Description

L. Woerner, Inc., d/b/a HCR (HCR), an existing proprietary Article 36 certified home health agency (CHHA) and licensed home care services agency (LHCSA) serving Monroe, Genesee and Orleans Counties, wishes to purchase and become the new owner/operator of Delaware County's CHHA and Long-Term Home Health Care Program (LTHHCP).

Via CONs #111529-E and #112025-E, HCR received Public Health and Health Planning Council (PHHPC) approval in October 2011 to acquire the Cortland County and Madison County CHHAs, respectively. CON #111096-E to acquire Schoharie County's CHHA is being presented to the PHHPC for approval, concurrent with this CON.

Ownership of L. Woerner, Inc. d/b/a HCR is as follows:

Employee Stock Ownership Plan	90%
Louise Woerner	7%
Mark Maxim	3%

The Employee Stock Ownership Plan (ESOP) was established as a benefit to L. Woerner, Inc.'s employees. The ESOP established a trust agreement into which L. Woerner, Inc. d/b/a HCR intends to place 90% of its stock. Each participating employee will have a separate agreement in the trust to hold the employee stock. Participants may not sell, transfer, assign, pledge, or encumber their interest in the Trust. ESOP participants will be permitted to instruct the voting trustees as to the manner in which the shares of stock allocated to their account will be voted, only in the event of a corporate merger, consolidation, recapitalization, reclassification, liquidation, or dissolution sale of substantially all assets of HCR.

DOH Recommendation  
Contingent approval.

### Need Summary

As this project involves only a change in the ownership of a CHHA, no Need recommendation is required.

### Program Summary

HCR plans to open a new separate and distinct agency in Delaware County to serve Delaware County, and close Delaware County Department of Health Home Health Agency. L. Woerner, Inc., d/b/a HCR will continue serving Genesee, Orleans and Monroe Counties from its office located in Monroe County. HCR and its principals all possess the appropriate character and competence for approval of this application.

### Financial Summary

The total purchase price of \$60,000 has been paid already from operations.

Budget:	<i>Revenues:</i>	\$ 1,895,609
	<i>Expenses:</i>	<u>1,800,007</u>
	<i>Net Income:</i>	\$ 95,602

Subject to the noted contingencies, it appears that the applicant has demonstrated the capability to proceed in a financially feasible manner.

### Architectural Summary

This project is for Establishment action only; therefore, no Architectural recommendation is required.

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this application.

Office of Health Systems Management

**Approval contingent upon:**

1. Proper documentation of site control, by submission of a proposed lease agreement identifying the full address of the planned practice location in Delaware County from which HCR will serve the residents of Delaware County. [CHA]

**Approval conditional upon:**

1. Proper notice being given to all employees participating in the employee stock ownership plan (ESOP) of the potential for an audit risk due to the lack of a legal separation between the CHHA and the LHCSA as it relates to payment structures. [CHA]
2. No employee, or any other individual, owning/controlling 10% or more of the stock without first obtaining Department of Health and/or Public Health and Health Planning Council approval, as appropriate. [CHA]

Council Action Date

**February 2, 2012.**

## Programmatic Analysis

### Review Summary

L. Woerner, Inc., a business corporation operating under the assumed name of HCR (Home Care of Rochester), was established as the operator of an Article 36 certified home health agency (CHHA) serving Monroe and Genesee Counties, a Long Term Home Health Care Program (LTHHCP) serving Genesee County and an Article 36 licensed home care service agency (LHCSA) under the same assumed name. There are no other parent, subsidiary, or affiliate corporations.

HCR is applying for approval to purchase and become the new owner/operator of the CHHA and LTHHCP currently operated by Delaware County Department of Health to serve Delaware County. HCR plans to open a new separate and distinct agency in Delaware County, and Delaware County Department of Health Home Health Agency and LTHHCP will close.

HCR will provide the services of Audiology, Home Health Aide, Medical Social Services, Medical Supplies/Equipment/Appliances, Nursing, Nutrition, Occupational Therapy, Personal Care, Physical Therapy and Speech Language Pathology to the residents of Delaware County.

HCR plans to offer all thirteen of the required LTHHCP services as follows: Audiology, Home Health Aide, Homemaker, Housekeeper, Medical Social Services, Medical Supply, Equipment and Appliances, Nursing, Nutritional, Occupational Therapy, Personal Care, Physical Therapy, Respiratory Therapy, and Speech Language Pathology.

In 2006, L. Woerner, Inc, d/b/a HCR, CON #061088-E, received Public Health Council approval to convert 90% of the shares of corporate stock (which up to that time were owned 90.5% by Louise Woerner and 9.5% by Mark Maxim - both disclosed below), to an Employee Stock Ownership Plan (ESOP), and establish a trust to control and manage the assets, including the stock, held by the ESOP. Ms. Woerner retained 7% of the shares, and Mr. Maxim retained 3% of the shares.

Each employee participating in the ESOP does not actually take ownership of the stock itself, but instead has a separate stock account in the trust to hold his/her allocation of stock. Ms. Woerner and Mr. Maxim are named the sole voting trustees of the ESOP trust, with the power to: manage and control the assets, including the stock, held in the trust; sell, exchange, transfer, or grant options for any property held in the trust; and vote all allocated and unallocated shares of stock. Employees participating in the ESOP instruct the trustees in the manner to vote the shares of stock allocated to their stock account only in the event of corporate merger, consolidation, recapitalization, reclassification, liquidation, dissolution, or sale of substantially all assets of the company or similar transaction. Additional trustees may be designated in the future, but they will not have any voting rights. The Certificate of Amendment to the Certificate of Incorporation stated that the corporation's stock shall be held only by employees of L. Woerner, Inc., d/b/a HCR, or any of its wholly owned subsidiaries, or by the ESOP trust. Employees participating in the ESOP may not sell, transfer, assign, pledge, or encumber the shares of stock allocated to their stock account. Dividends will be allocated among, and credited to, each participant's stock accounts on the basis of the number of shares held by the participant's account. The applicant had confirmed, and has restated such confirmation for this current project proposal, that no employee controls 10% or more of the stock, or will control 10% or more of the stock without first obtaining Department of Health and/or Public Health Council approval, as appropriate.

CON #061088-E also noted that L. Woerner, Inc., d/b/a HCR, operates both a CHHA and LHCSA out of a single corporation. The Department has discouraged this type of arrangement because of the different regulatory requirements and payment structures applicable to CHHAs and LHCSAs. L. Woerner, Inc., d/b/a HCR wished to retain its current corporate arrangement, thus placing the agency at potential risk for future audit liabilities due to there being two different payment structures for the same service within a single corporation. Therefore, the Department required the agency to provide written notification, approved by the Department, to all participants in the ESOP of the possible loss in dividends resulting from the audit risk posed by the corporate structure. The applicant had confirmed, and has restated such confirmation for this current project proposal, that the agency continues to provide such written notification, as previously approved by the Department, to all participants in the ESOP, of the possible loss in dividends resulting from the audit risk posed by the corporate structure.

The corporation is currently authorized 2,000,000 shares of stock. The stockholders and stock distribution are as follows:

Employee Stock Ownership Plan Trust – 1,800,000 shares (90%)  
Louise Woerner – 140,000 shares (7%)  
Mark Maxim – 60,000 shares (3%)

The Trustees of the Employee Stock Ownership Plan Trust are as follows:

**Louise Woerner**

Chief Executive Officer, L. Woerner, Inc.,  
d/b/a HCR (CHHA and LHCSA)

Affiliations:

- HealthNow New York, Inc., Buffalo (Managed Care Program) – 4/1/02 to 4/10/08

**Mark Maxim, CPA**

Chief Operating Officer / Administrator, L. Woerner, Inc., d/b/a HCR (CHHA and LHCSA)

Affiliations:

- Lakeside Memorial Hospital, Inc., Brockport (Hospital) - 5/3/06 to present

The members of Board of Directors of L. Woerner, Inc., d/b/a HCR, are as follows:

**Louise Woerner**

Previously Disclosed

**Don H. Kollmorgen**

Retired

**Mark Maxim, CPA**

Previously Disclosed

**Carolyn A. Maxim, LMSW**

Owner, Carolyn A. Maxim, LMSW (Counseling Services)

The Office of the Professions of the State Education Department indicates no issues with the CPA licensures of Mr. Maxim or with the LMSW license of Ms. Maxim. In addition, a search of all of the above named trustees, board members, officers, employers, and health care affiliations revealed no matches on either the Medicaid Disqualified Provider List or the Office of the Inspector General's Provider Exclusion List.

The Division of Home and Community Based Services reviewed the compliance history of both the CHHA and the LHCSA operated by L. Woerner, Inc., d/b/a HCR, for the time period 1999 to present and the LTHHCP from the period of May 2010 to present. It has been determined that the CHHA, LTHHCP and LHCSA have exercised sufficient supervisory responsibility to protect the health, safety and welfare of patients and to prevent any recurrent code violations. The CHHA, LTHHCP and LHCSA have been in substantial compliance with all applicable codes, rules, and regulations, with no enforcement or administrative action imposed.

The Division of Primary and Acute Care Services reviewed the compliance history of Lakeside Memorial Hospital, Inc., for the time period May 3, 2006 to present. It has been determined that the affiliated hospital has been in substantial compliance with all applicable codes, rules, and regulations, with no enforcement or administrative action imposed, during that time period.

The Office of Managed Care reviewed the compliance history of HealthNow New York, Inc., for the time period April 1, 2002 to April 10, 2008. It has been determined that the affiliated managed care program was in substantial compliance with all applicable codes, rules, and regulations, with no enforcement or administrative action imposed, during that time period.

A review of the personal qualifying information indicates there is nothing in the background of the principal stockholders, trustees, board members, and officers to adversely effect their positions with L. Woerner, Inc., d/b/a HCR. The applicant has the appropriate character and competence required under Article 36 of the Public Health Law.

Recommendation

**From a programmatic perspective, contingent approval is recommended.**

**Financial Analysis**

Asset Purchase Agreement

The applicant has submitted an executed asset purchase agreement for the purchase of the CHHA and the LTHHCP, which is summarized below:

*Date:* January 17,2012  
*Seller:* County at Delaware  
*Buyer:* L. Woerner, Inc.  
*Assets Transferred:* Copies of all current patient lists and patient files, with pending orders, treatment plans and clinical records; any and all of Seller's rights under the Assumed Provider Agreements and Assumed Operating Contracts.  
*Assumed Liabilities:* None  
*Purchase Price:* \$60,000  
*Payment:* The applicant has already paid \$60,000 to meet the purchase price.

The applicant has provided an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 36 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility.

Operating Budget

The applicant has submitted an operating budget, in 2011 dollars, for the CHHA and the LTHHCP, for the first year subsequent to the change in operator, summarized below:

CHHA

Revenues	\$ 1,665,187
Expenses	<u>1,570,087</u>
Net Income	\$ 95,100

Expenses are further broken down as follows:

	<u>Total Cost</u>	<u>Visit/Hours</u>	<u>Cost Per Visit/Hour</u>
Nursing	\$1,183,662	10,801	\$109.59
Physical Therapy	235,704	2,007	\$117.44
Speech Therapy	6,843	55	\$124.42
Occupational Therapy	5,064	40	\$126.60
Medical Social Services	9,119	90	\$101.32
*Home Health Aide	129,695	4,734	\$27.40
Total	\$1,570,087		
*Hours			

Utilization by payor source for the CHHA for the first year subsequent to the change in operator is as follows:

Medicaid Fee-For-Service	14.81%
Medicare Fee-For-Service	65.19%
Commercial Fee-For-Service	13.52%
Private Pay	4.00%
Charity Care	2.48%

## LTHHCP

Revenues	\$ 230,422
Expenses	<u>229,920</u>
Net Income	\$ 502

Expenses are further broken down as follows:

	<u>Total Cost</u>	<u>Visit/Hours</u>	<u>Cost Per Visit/Hour</u>
Nursing	\$65,794	714	\$92.14
Physical Therapy	20,377	185	\$110.14
Speech Pathology	3,155	27	\$116.85
Occupational Therapy	3,155	27	\$116.85
*Home Health Aide	22,190	623	\$35.61
*Personal Care	104,209	2928	\$35.59
Medical Social Services	<u>11,040</u>	110	\$100.36
Total	\$229,920		

Utilization by payor source for the LTHHCP for the first year subsequent to the change in operator is as follows:

Medicaid Fee-For-Service	81.83%
Medicare Fee-For-Service	9.88%
Commercial Fee-For-Service	7.40%
Charity Care	.57%
Bad Debt	.32%

Expense and utilization assumptions are based on the historical experience of Delaware County's CHHA and LTHHCP and the experience of the applicant in operating a CHHA and LTHHCP.

The combine revenues and expenses during the first year subsequent to the change in operator is as follows:

Revenues	\$1,895,609
Expenses	<u>1,800,007</u>
Net Income	<u>\$95,602</u>

### Capability and Feasibility

The purchase price of \$60,000 has already been paid from operations.

Working capital requirements are estimated at \$300,000 based on two months of first year expenses and will be provided by the two individual shareholders, Louise Woerner and Mark Maxim. Presented as BFA Attachment A, is the personal net worth statements of Louise Woerner and Mark Maxim, which indicates the availability of sufficient funds for the equity contribution. Presented as BFA Attachment B, is the pro-forma balance sheet of L.Woerner, Inc., d/b/a HCR as of the first day of operations, which indicates a negative stockholders position of \$2,386,656.

The following budget indicates a net income of \$95,602 during the first year subsequent to the change in operator. Revenues are based on HCR's experience in the operation of the CHHA and LTHHCP and on current reimbursement rates. Monthly expenses per registrant are within the 2011 ceilings. The budget appears reasonable.

Presented as BFA Attachment C, a financial summary of L.Woerner, Inc., d/b/a HCR, indicates that the facility has maintained average positive working capital and average positive net asset position and generated a net income of \$2,596,693 for 2009 and experienced a net loss of \$2,694,106 in 2010. The applicant has indicated that the reason for the loss was their contribution of \$4,000,000 to the ESOP.

Presented as BFA Attachment D, is the November 30, 2011 internal financial statements of L.Woerner, Inc., d/b/a HCR. As shown on Attachment D, the applicant had a negative working capital and a negative stockholder equity position in November 30, 2011. The applicant has indicated that the main reason for the low cash account has been the purchase of a new clinical software program, which cost over \$1,000,000 and in addition, with the purchase of the new software system there have been delays in collecting of receivables. The applicant's receivables have grown over \$2,500,000 from the beginning of the year. The applicant expects to improve the collection of receivables over the next several months. The applicant has indicated that the reasons for the losses is that Medicaid represents approximately 75% of HCR's total revenue, and the 2011 budget contained significant cuts to the Medicaid program, including a cap on utilization and a 2% across the board cut. In addition to the budget cuts, the applicant experienced an overall census decline. Also, a new clinical software program was implemented in 2011, of which there are sizable expenses. The applicant has indicated that as they progress into 2012, their new software system will create enhanced reporting, which will gain them cost efficiency.

Presented as BFA Attachment E, is a financial summary of Delaware County's CHHA and LTHHCP, which indicates a combined loss of \$344,649. The loss was due to the following: increasing operating costs as a result of evolving payment systems, difficulty in recruiting and retaining health care professionals because of fringe benefit costs and work rules associated with union contracts, and the development and growth of local private health care systems.

The applicant has demonstrated the capability to proceed in a financially feasible manner, and approval is recommended.

Recommendation

**From a financial perspective, approval is recommended.**

## Attachments

BFA Attachment A	Personal Net Worth Statement of Individual Shareholders of L. Woerner, Inc.
BFA Attachment B	Pro-forma Balance Sheet of L.Woerner, Inc.
BFA Attachment C	Financial Summary- 2009 and 2010 certified financial statements of L. Woerner, Inc.
BFA Attachment D	Financial Summary- November 30, 2011 internal financial statements of L. Woerner, Inc.
BFA Attachment E	Revenues and Expenses for Delaware County's CHHA and LTHHCP

**L. Woerner, Inc. dba HCR**  
**Year One - Opening Balance Sheet**  
**Anticipated Date April 1, 2012**

**ASSETS:****Current Assets**

Cash	\$332,549
Accounts Receivable	8,990,510
Prepaid Expenses	<u>300,000</u>

Total Current Assets 9,623,059

Total Property, Plant & Equipment 2,092,915

**Other Assets**

Intangibles and Security Deposits	<u>2,061,000</u>
-----------------------------------	------------------

**TOTAL ASSETS** **\$13,776,974**

**Liabilities:****Current Liabilities**

Line of Credit Payable	\$4,880,000
Libor Term Note/Current	329,643
Accounts Payable	1,231,843
Accrued Expenses	425,000
Accrued Payroll & Fringes	1,726,521
Unearned Revenue	350,000
Reserve for Payor Settlements	<u>7,183,200</u>

Total Current Liabilities 16,126,207

**Other Liabilities**

Long Term Note	
Security Deposits- Patients	<u>37,423</u>

**TOTAL LIABILITIES** **16,163,629**

**STOCKHOLDERS' EQUITY:**

Common Stock	93,500
Unearned ESOP Shares	(683,504)
Additional Paid In Capital	604,371
Treasury Stock	(392,193)
Retained Earnings	<u>(2,008,829)</u>

TOTAL STOCKHOLDERS' EQUITY (2,386,656)

**TOTAL LIABILITIES & STOCKHOLDERS' EQUITY** **\$13,776,974**

**L. WOERNER, INC.**  
**D/B/A HCR**  
**BALANCE SHEETS**  
**December 31,**

<b>ASSETS</b>	<b>2010</b>	<b>2009</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 4,393,124	\$ 467,648
Accounts receivable, less allowance for doubtful accounts of \$115,000 (\$137,000 - 2009)	5,476,548	6,539,949
Prepaid expenses and other current assets	497,855	622,243
Total current assets	<u>10,367,527</u>	<u>7,629,840</u>
<b>Property and equipment, net</b>	1,417,008	1,442,080
<b>Intangible asset</b>	<u>1,400,000</u>	-
Total assets	<u>\$ 13,184,535</u>	<u>\$ 9,071,920</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Note payable - current portion	\$ 1,821,429	\$ 1,821,429
Accounts payable	997,720	150,340
Accrued expenses	2,272,014	2,128,931
Unearned revenue	362,101	339,714
Refundable advance	160,000	160,000
Due to third-party payors	5,535,098	1,675,667
Total current liabilities	<u>11,148,362</u>	<u>6,276,081</u>
<b>Long-term liabilities:</b>		
Security deposits	27,084	42,131
Note payable - net of current portion	785,000	2,606,429
Total long-term liabilities	<u>812,084</u>	<u>2,648,560</u>
Total liabilities	11,960,446	8,924,641
<b>Stockholders' equity:</b>		
Common Stock - no par, 2,000,000 shares authorized and issued, 1,981,832 and 1,994,402 shares outstanding (includes 543,208 and 708,978 unallocated ESOP shares, respectively)	93,500	93,500
Treasury stock (18,168 and 5,598 shares at cost)	(289,382)	(76,875)
Additional paid-in capital	604,371	658,354
Retained earnings	1,499,104	4,193,210
Unearned ESOP shares	(683,504)	(4,920,910)
Total stockholders' equity	<u>1,224,089</u>	<u>147,279</u>
Total liabilities and equity	<u>\$ 13,184,535</u>	<u>\$ 9,071,920</u>

**L. WOERNER, INC.**  
**D/B/A HCR**  
**STATEMENTS OF OPERATIONS**  
**Years Ended December 31,**

	<u>2010</u>	<u>2009</u>
<b>Revenues:</b>	<b>\$ 43,216,205</b>	<b>\$ 43,368,491</b>
<b>Operating expenses:</b>		
Payroll	28,749,789	25,619,916
Payroll taxes and employee benefits	5,080,421	4,275,974
ESOP contributions	4,000,000	4,000,000
Outside services	2,578,368	2,535,705
Travel	945,380	761,042
Bad debt expense	600,590	313,334
Depreciation	542,827	392,806
Utilities	502,953	361,281
Medical expenses	502,911	440,648
Office expense	406,064	356,196
Rent	405,972	364,510
Equipment rental, repairs and maintenance	382,607	338,551
Legal and accounting	289,855	216,116
Training and recruitment	190,948	122,728
Miscellaneous	187,668	89,226
Cash receipt assessment	165,237	108,909
Insurance	124,397	117,938
Interest	110,378	221,711
Dues and subscriptions	69,916	59,661
Real estate taxes	69,485	67,904
Total operating expenses	<u>45,905,766</u>	<u>40,764,156</u>
<b>Operating (loss) income</b>	<b>(2,689,561)</b>	<b>2,604,335</b>
<b>Provision for taxes</b>	<u>4,545</u>	<u>7,642</u>
<b>Net (loss) income</b>	<u>\$ (2,694,106)</u>	<u>\$ 2,596,693</u>

**L.Woerner, Inc. dba HCR**  
**Preliminary Balance Sheet**  
**November 30, 2011**

**ASSETS:****Current Assets**

Cash	44,459
Accounts Receivable	8,646,088
Prepaid Expenses	<u>242,347</u>

**Total Current Assets** 8,932,894

**Total Property, Plant & Equipment** 2,323,540

**Other Assets**

Intangibles and Security Deposits	<u>2,131,000</u>
-----------------------------------	------------------

**TOTAL ASSETS** 13,387,434

**Liabilities:****Current Liabilities**

Line of Credit Payable	2,000,000
Libor Term Note/Current	936,786
Accounts Payable	1,056,380
Accrued Expenses	695,787
Accrued Payroll & Fringes	2,056,138
Unearned Revenue	595,346
Reserve for Payor Settlements	<u>7,929,578</u>

**Total Current Liabilities** 15,270,015

**Other Liabilities**

Libor Term Note/Long Term	0
Security Deposits- Patients	<u>31,141</u>

**TOTAL LIABILITIES** 15,301,156

**STOCKHOLDERS' EQUITY:**

Common Stock	93,500
Unearned ESOP Shares	(683,504)
Additional Paid In Capital	604,371
Treasury Stock	(289,382)
Retained Earnings	<u>(1,638,706)</u>

**TOTAL STOCKHOLDERS' EQUITY** (1,913,722)

**TOTAL LIABILITIES & STOCKHOLDERS' EQUITY** 13,387,434

**L. Woerner, Inc. d/b/a HCR  
Preliminary Profit/(Loss) Statement  
YTD November 2011**

<b>Revenues</b>	<b>\$38,963,988</b>
<b>Direct Costs</b>	<b><u>26,853,032</u></b>
<b>Gross Margin</b>	<b>\$12,110,956</b>
<b>Indirect Costs</b>	
<b>Payroll and Related Expenses</b>	<b>\$10,121,503</b>
<b>Other Indirect Expenses</b>	<b><u>5,127,265</u></b>
<b>Total Indirect Expenses</b>	<b><u>\$15,248,768</u></b>
<b>Net Profit/(Loss)</b>	<b><u>(\$3,137,812)</u></b>

Schedule D Statement of Revenue and Expenses		Revenue/ Expenses
		0001
<b>PATIENT SERVICE REVENUE:</b>		
Total Patient Service Revenue (NET)	401	1,466,638
<b>OTHER OPERATING REVENUE:</b>		
State Aid	402	117,845
	403	
	404	
Total Other Operating Revenue (Lines 402 thru 404)	410	117,845
Total Operating Revenue (Lines 401 + 410)	411	1,584,483
<b>OPERATING EXPENSES:</b>		
Nursing - General	412	1,408,277
Physical Therapy	413	163,461
Speech Pathology	414	4,559
Occupational Therapy	415	54,615
Medical Social Service	416	9,015
Home Health Aide	417	194,686
AIDS Nursing Service	418	
Telehealth Services	419	
	420	
	421	
	422	
	423	
	424	
Total Operating Expenses (Lines 412 thru 424)	425	1,834,613
Excess (Deficiency) of Operating Revenues over Expenses (Line 411 minus 425)	430	-250,130
<b>NONOPERATING REVENUE:</b>		
Income from Investments:		
	431	
	432	
	433	
Total NonOperating Revenue (Lines 431 thru 433)	440	
<b>NONOPERATING EXPENSES:</b>		
Federal, State and Local Taxes	441	
	442	
	443	
Total Nonoperating Expenses (Lines 441 thru 443)	450	
Excess (Deficiency) of NonOperating Revenues over NonOperating Expenses (Lines 440 - 450)	460	
Excess of Total Revenue over Total Expenses (Expenses over Revenues) before Extraordinary		
Gain (loss) (Lines 430 + 460)	470	-250,130
Extraordinary Gain (Loss) Specify on line below		
	475	
Excess of Total Revenue over Total Expenses (Expenses over Revenues) after Extraordinary		
Gain (loss) (Lines 470 + 475)	480	-250,130

Schedule G Statement of Revenue and Expenses		Revenues/ Expenses
		0001
Patient Revenue	401	170,152
OTHER OPERATING REVENUE:		
	402	19,831
TOTAL OTHER OPERATING REVENUE	410	19,831
TOTAL OPERATING REVENUE (LINES 401+410)	411	189,983
OPERATING EXPENSES:		
Personal Services - Salaries & Wages	412	136,565
Personal Services - Employee Benefits	413	52,364
Personal Services - Contracted/Purchased Services	414	55,821
Other than personal services	415	39,752
Total Operating Expenses (Lines 412-415)	420	284,502
Excess (deficiency) of operating revenues over operating expenses (line 411 - 420)	430	-94,519
NONOPERATING REVENUE:		
	431	
	432	
	433	
Total Nonoperating Revenue (Lines 431-433)	440	
NONOPERATING EXPENSE:		
	442	
TOTAL NONOPERATING EXPENSES (Line 442)	450	
Excess (deficiency) of nonoperating revenues over nonoperating expenses (line 440 minus 450)	460	
Excess of total revenues over total expenses (expenses over revenues) before extraordinary gain (loss) (line 430 + 460)	470	-94,519
	475	
Excess of total revenues over total expenses (expenses over revenues) after extraordinary gain (loss) (line 470 + line 475)	480	-94,519

## RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 2<sup>nd</sup> day of February, 2012, having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to acquire Delaware County's CHHA and Long-Term Home Health Care Program (LTHHCP), and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

121027 E

FACILITY/APPLICANT:

L. Woerner, Inc., d/b/a HCR

APPROVAL CONTINGENT UPON:

1. Proper documentation of site control, by submission of a proposed lease agreement identifying the full address of the planned practice location in Delaware County from which HCR will serve the residents of Delaware County. [CHA]

APPROVAL CONDITIONAL UPON:

1. Proper notice being given to all employees participating in the employee stock ownership plan (ESOP) of the potential for an audit risk due to the lack of a legal separation between the CHHA and the LHCSA as it relates to payment structures. [CHA]
2. No employee, or any other individual, owning/controlling 10% or more of the stock without first obtaining Department of Health and/or Public Health and Health Planning Council approval, as appropriate. [CHA]

Documentation submitted to satisfy the above-referenced contingencies (4 copies) should be submitted within sixty (60) days to:

Mr. Keith McCarthy  
Acting Director  
Bureau of Project Management  
NYS Department of Health  
Hedley Building - 6th Floor  
433 River Street  
Troy, New York 12180-2299