



Public Health and Health Planning Council

Project # 092058-B

HBL SNF, LLC

d/b/a The Rehabilitation and Care Institute at White Plains

County: Westchester (White Plains)

Program: Residential Health Care Facility

Purpose: Establishment and Construction

Submitted: August 31, 2009

Executive Summary

Description

HBL SNF, LLC, a proposed limited liability company, requests approval to establish and construct a new 160-bed residential health care facility (RHCF) at 116-120 Church Street, White Plains, to be known as The Rehabilitation and Care Institute at White Plains. The 160-bed complement is comprised of 70 contingently approved beds from Hebrew Hospital Home of Westchester, Inc., 18 contingently approved beds from Bethel Nursing Home Company, Inc. and 72 RHCF beds to be acquired from Taylor Care Center (which has been acknowledged by the Department of Health). Contingently approved Project 011102 Bethel Nursing Home Company, Inc. is deemed withdrawn with PHHPC contingent approval of this project. Hebrew Hospital of Westchester, Inc.'s Project 021033 has already been withdrawn in concert with this project.

The proposed members of HBL SNF, LLC will be Westchester Health Care Properties I, LLC (51%), Hebrew Hospital Home of Westchester, Inc. (39%) and Bethel Nursing Home Company, Inc. (10%).

Westchester Health Care Properties I, LLC is comprised of Lizer Jozefovic (50%) and Mark Neuman (50%), who are established operators of the following RHCFs in New York State: Skyview Rehabilitation and Health Care Center, a 192-bed proprietary RHCF in Croton on the Hudson; Waterview Hills Rehabilitation and Nursing Center, a 130-bed proprietary RHCF in Purdys; Salem Hills Rehabilitation & Nursing Center, a 126-bed proprietary RHCF in Purdys; and Park Manor Acquisition II, LLC d/b/a Middletown Park Rehabilitation & Health Care Center, a 230-bed proprietary RHCF in Middletown.

Total project costs are estimated at \$56,631,759.

DOH Recommendation

Contingent approval.

Need Summary

The facility will be built in the White Plains area, which is shown to have a higher than normal minority population and has a high poverty population compared to the surrounding areas. This increased demand to treat the local Medicaid eligible population will be met by HBL SNF.

Eighty-eight of the applicant's proposed 160 beds have undergone the CON review process and were contingently approved, but have not become operational.

Program Summary

As currently advanced, the design of the nursing home is generally code compliant. However, refinements in the final design could promote greater efficiencies and improve the resident environment. In addition, final design should demonstrate sufficient office and storage space in the nursing home, including resident personal storage.

Financial Summary

Project costs will be financed via land value of \$4,528,333, equity of \$9,863,426, and a HUD mortgage of \$42,240,000 (30 yrs. @ 5.5%).

Budget:	<i>Revenues:</i>	\$ 21,115,663
	<i>Expenses:</i>	<u>20,168,415</u>
	<i>Gain/(Loss):</i>	\$ 947,248

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

Recommendations

Health Systems Agency

There will be no HSA recommendation for this application.

Office of Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Withdrawal of Project 011102 Bethel Nursing Home Company, Inc.[PMU]
3. Submission of an affidavit signed by the applicant affirming that the facility will be accepting "hard to place patients" which include but are not limited to undocumented patients or charity care patients, patients with behavioral issues, and any other patients that hospitals are having a difficult time placing. [RNR]
4. Submission of a commitment signed by the applicant which indicates that, within two years from the date of PHHPC approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. [RNR]
5. Submission of a plan to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily limited to, ways in which the facility will:
 - a) Reach out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
 - b) Communicate with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility;
 - c) Identify community resources that serve the low-income and frail elderly population who may eventually use the nursing facility, and inform them about the facility's Medicaid Access policy; and
 - d) Submit an annual report for two years to the Department, which demonstrates substantial progress with the implement of the plan. The plan should include but not be limited to:
 - Information on activities relating to a-c above;
 - Documentation pertaining to the number of referrals and the number of Medicaid admissions;
 - Other factors as determined by the applicant to be pertinent; and
 - Documents showing which patients were accepted from hospital waiting lists and which are still on the waiting lists. [RNR]

The DOH reserves the right to require continued reporting beyond the two year period.

6. Submission and acceptable programmatic review of a new name which is more descriptive of a nursing home. [LTC]
7. Submission and programmatic review and approval of the final floor plans, including layouts showing the placement of furniture, equipment and storage for all types of resident rooms. [LTC]
8. Submission of a commitment that is acceptable to the Department, for a permanent mortgage from a recognized lending institution at a prevailing rate of interest. Included with the submitted permanent mortgage commitment must be a sources and uses statement and debt amortization schedule, for both new and refinanced debt. [BFA]
9. Submission of an executed working capital loan agreement that is acceptable to the Department. [BFA]
10. The submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-01. [AER]
11. Submission of a photocopy of an executed operating lease agreement between White Plains Healthcare Properties I, LLC and the applicant, which is acceptable to the Department. [BFA, CSL]
12. Submission of a photocopy of the Articles of Organization of HBL SNF, LLC, which is acceptable to the Department. [CSL]

13. Submission of a photocopy of a Certificate of Amendment of the Articles of Organization of HBL SNF, LLC which is acceptable to the Department. [CSL]
14. Submission of a photocopy of an executed Operating Agreement of HBL SNF, LLC, which is acceptable to the Department. [CSL]
15. Submission of a photocopy of the bylaws of Hebrew Hospital Home of Westchester and Bethel Nursing Home Company. [CSL]
16. Submission of a list providing the name of each member, membership interest, and percentage ownership interest in Westchester Health Care Properties I, LLC. [CSL]
17. Submission of a list of all managers of Westchester Health Care Properties I, LLC. [CSL]
18. Submission of a photocopy of the Articles of Organization and any amendments thereto, and the Operating Agreement of Westchester Health Care Properties I, LLC, which is acceptable to the Department. [CSL]
19. Submission of a photocopy of a Development Agreement between HBL SNF, LLC and White Plains Healthcare Properties I, LLC, which is acceptable to the Department. [CSL]

Approval conditional upon:

1. The submission of Final Construction Documents, signed and sealed by the project architect, as described in BAEFP Drawing Submission Guidelines DSG-01, prior to the applicant's start of construction. [AER]
2. The applicant shall complete construction by April 1, 2015 in accordance with 10 NYCRR Part 710.2(b)(5) and 710.10(a), if construction is not completed on or before that date, this may constitute abandonment of the approval and this approval shall be deemed cancelled, withdrawn and annulled without further action by the Commissioner. [AER]
3. Annual reporting of the number of admissions of "hard to place" patients and of any and all hospital waiting lists for such patients in Westchester County. [RNR]

Council Action Date

October 11, 2012.

Need Analysis

Background

Westchester Health Care Properties Inc. is a proposed residential health care facility to be established at 116 – 120 Church Street White Plains, 10601, in Westchester County. The facility plans to establish a 160-bed RHCF via purchase of 72 RHCF beds from Ruth Taylor Care, 70 RHCF beds from Hebrew Home, and 18 beds from Bethel Nursing Home, for a total of 160.

Analysis

<u>Westchester County Bed Need</u>	
2016 Projected Need	6,716
Current Beds	6,556
Beds Contingently Approved	18
Total Resources	6574
Unmet Need	142

Included in the current bed count is the bed complement for the Home for the Aged Blind which has 199 beds but ceased operations four years ago. The operating certificate has not yet been surrendered. All 199 beds are not in use, thus creating a need for 341 beds. The 18 beds indicated above as “Beds Contingently Approved ” are the contingently approved beds for Bethel Nursing Home that are now part of this application. Utilization in Westchester County for 2008, 2009, and 2010 was 93.17%, 93.32%, and 92.85%, respectively.

Notwithstanding that there is an indication of need in a planning area for additional residential health care facility beds as determined in accordance with Subdivisions (d) or (e) of 10 NYCRR 709.3, there shall be a rebuttable presumption that there is no need for any additional residential health care facility beds in such planning area if the overall occupancy rate for existing residential health care facility beds in such planning area is less than 97% based on the most recently available data. It shall be the responsibility of the applicant in such instances to demonstrate that there is a need for additional RHCF beds despite the less than 97% occupancy rate in the applicant’s planning area utilizing the factors set forth in Subdivision (h) of 10 NYCRR 709.3.

The applicant addressed the above regulation to the Department’s satisfaction in view of the following factors:

- The new facility will accept “difficult to place patients”, who are patients classified by local hospital as follows:
 - Patients who exhibit psychiatric behaviors but also have primary medical diagnosis.
 - Patients who are undocumented.
 - Patients with a history of substance abuse but have a primary medical diagnosis.
 - Patients with a history of developmental and/or physical disabilities but have a primary medical diagnosis.
 - Patients who have no means of financial support and require charity care.
 - Short term restorative patients who require seven days per week physical therapy and/or occupation therapy services.
- Nathan Miller, a 65 bed nursing facility located in White Plains, closed in 2011, creating a local community need in the area.
- King Street Nursing Home, a facility located within the service area of the proposed facility, has been well below the 75% Medicaid Access standard, posing an increased need for a facility that accepts Medicaid patients.
- Additionally, there has been an increase of 28.7% in the over 85 population in Westchester County, causing a need for additional nursing home resources in the coming years.
- HBL SNF, LLC will be required to provide access to Medicaid patients per the Medicaid Access regulation.

Access

Regulations indicate that the Medicaid patient admissions standard shall be 75% of the annual percentage of all Medicaid admissions for the long term care planning area in which the applicant facility is located. Such planning area percentage shall not include residential health care facilities that have an average length of stay 30 days or fewer. If there are four or fewer residential health care facilities in the planning area, the applicable standard for a planning area shall be 75% of the planning area percentage of Medicaid admissions, whichever is less. In calculating such percentages, the Department will use the most current data which have been received and analyzed by the Department.

An applicant will be required to make appropriate adjustments in its admission policies and practices so that the proportion of its own annual Medicaid patients admissions is at least 75% of the planning area percentage of health Systems Agency percentage, whichever is applicable.

Conclusion

The applicant will provide services for an increasing elderly population and patients that are not accepted by other facilities because of their special needs. The applicant has demonstrated the existence of sufficient local factors to show a need for this facility.

Recommendation

From a need perspective, contingent approval is recommended.

Programmatic Analysis

Facility Information

	<i>Existing</i>	<i>Proposed</i>
<i>Facility Name</i>	N/A	The Rehabilitation and Care Institute at White Plains
<i>Address</i>	N/A	116-120 Church Street White Plains, NY. 10601
<i>RHCF Capacity</i>	N/A	160
<i>ADHCP Capacity</i>	N/A	N/A
<i>Operator Type</i>	N/A	LLC
<i>Operator Class</i>	N/A	Proprietary

	<u>Existing</u>	<u>Proposed</u>
<i>Operator</i>	N/A	<p>HBL SNF, LLC</p> <p><u>Members</u></p> <p>Westchester Health Care Properties I, LLC.....51%</p> <p>Hebrew Hospital Home of Westchester, Inc.....39%</p> <p>Bethel Nursing Home Company, Inc.....10%</p> <p>Westchester Health Home Hebrew Hospital Home Bethel Nursing Home</p> <p><u>Care Properties I, LLC</u> <u>of Westchester, Inc.</u> <u>Company, Inc.</u></p> <p>(Proprietary) (Voluntary) (Voluntary)</p> <p><u>Members:</u> <u>Board of Directors:</u> <u>Board of Directors:</u></p> <p>Mark Neuman.....50% Bertram Gelfand John Carrington</p> <p>Lizer Jozefovik.....50% Michael Gelfand Robert Elliott</p> <p> Charles Goldberger James Holden, Jr.</p> <p> Arnold Goldstein Catherine Pelczer-</p> <p> Donna Jakobovitz Wissner</p> <p> Michael Laub Andrew Samalin</p> <p> Marvin Lifson John Watkins Jr.</p> <p> Alan Pearce</p> <p> Edward Schecter</p> <p> Leon Silverman</p> <p> David Spector</p> <p> George Strauch</p>

Character and Competence Review

• FACILITIES REVIEWED:

Residential Health Care Facilities

Sky View Rehabilitation and Health Care Center	10/2003 to present
Salem Hills Rehabilitation and Health Care Center	10/2005 to present
Waterview Hills Rehabilitation and Health Care Center	10/2005 to present
Middletown Park Rehabilitation and HealthCare Center	04/2010 to present
Long Island Care Center	01/1992 to present
Brooklyn United Methodist Church Home	09/2002 to present
The Bethel Nursing Home Company	09/2002 to present
Bethel Nursing and Rehabilitation Center	09/2002 to present
Hebrew Hospital Home of Westchester	09/2002 to present
Westchester Meadows	09/2002 to present

Out-of-State Residential Health Care Facilities

Chapin Hill Nursing and Rehabilitation Center (NJ)	01/2010 to present
West Broward Care Center (FL)	01/2010 to present
Lackawanna Health & Rehab Center (PA)	11/2011 to present

New York State Hospitals

New York Methodist Hospital	09/2002 to present
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Adult Care Facility / Enriched Housing Program

Fieldstone at Westchester Meadows	09/2002 to present
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Licensed Home Care Services Agency

HHH Home Care, Inc.	09/2002 to present
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• INDIVIDUAL BACKGROUND REVIEW:

Westchester Health Care Properties, Inc.

Mark Neuman is the controller of the Long Island Care Center. He has disclosed ownership interest in the following residential health care facilities:

Long Island Care Center	01/1992 to present
Sky View Rehabilitation and Health Care Center	10/2003 to present
Salem Hills Rehabilitation and Health Care Center	10/2005 to present
Waterview Hills Rehabilitation and Health Care Center	10/2005 to present
Middletown Park Rehabilitation and Health Care Center	04/2010 to present
Chapin Hill Nursing and Rehabilitation Center (Red Bank, NJ)	01/2010 to present
West Broward Care Center (Plantation, FL)	01/2010 to present
Lackawanna Health and Rehab Center (Lackawanna, PA)	11/2011 to present

Lizer Jozefovic holds a NYS Nursing Home Administrator License which is currently involuntary inactive. He has disclosed ownership interest in the following residential health care facilities:

Sky View Rehabilitation and Health Care Center	10/2000 to present
Salem Hills Rehabilitation and Health Care Center	10/2005 to present
Waterview Hills Rehabilitation and Health Care Center	10/2005 to present
Middletown Park Rehabilitation and Health Care Center	10/2010 to present
Chapin Hill Nursing and Rehabilitation Center (Red Bank, NJ)	01/2010 to present
West Broward Care Center (Plantation, FL)	01/2010 to present
Lackawanna Health and Rehab Center (Lackawanna, PA)	11/2011 to present

Board of Directors - Hebrew Hospital Home of Westchester, Inc.

Hon. Bertram Gelfand is a retired NYS licensed attorney and is in good standing. He serves on the Board of Directors for the Hebrew Hospital Home of Westchester.

Michael Gelfand is a New York, New Jersey, Connecticut, and Massachusetts licensed architect and is in good standing. He is on the Board of Directors for the Hebrew Hospital Home of Westchester.

Charles Goldberger is a NYS licensed attorney and is in good standing. He is the vice-president for the Board of Directors for Hebrew Hospital Home of Westchester.

Arnold Goldstein is the chairman to Samson Management, a real-estate management company. He is the chairman of the Board of Directors for Hebrew Hospital Home of Westchester. Mr. Goldstein also discloses that he is a Director, Secretary, and Treasurer for HHH Home Care, Inc., a licensed home care services agency (LHCSA) from 09/2002 to present. Mr. Goldstein also discloses that he is the chairman of the Board of Directors of Westchester Meadows / Hebrew Hospital Senior Housing, a continuing care retirement community (CCRC), from 09/2002 to present.

Donna Jakubovitz is vice president of Joremi Enterprises, a real estate management company. She is on the Board of Directors for Hebrew Hospital Home of Westchester.

Michael Laub is the owner of Michael Laub LLC, a real estate management company. He is the president of the Board of Directors for Hebrew Hospital Home of Westchester.

Marvin Lifson is an inactive NYS licensed Professional Engineer. He has been retired for over 10 years. Mr. Lifson serves on the Board of Directors for the Hebrew Hospital Home of Westchester.

Alan Pearce is a NYS licensed attorney and is in good standing. He discloses that he is a member of the Board of Directors, Secretary, and Treasurer for the Hebrew Hospital Home of Westchester. Mr. Pearce also discloses that he

is the president of the Board of Directors of HHH Home Care, Inc., a licensed home care services agency (LHCSA) from 09/2002 to present.

Mr. Pearce also discloses that he is a member of the Board of Directors, Secretary, and Treasurer of Westchester Meadows / Hebrew Hospital Senior Housing, a CCRC, from 09/2002 to present.

Rabbi Edward Schecter has been employed by the Temple Beth Shalom for over 10 years. He is a board member of the Hebrew Hospital Home of Westchester.

Leon Silverman is a New York and Connecticut licensed real estate broker, with license in good standing. He is the chairman to Silverman Realty Group, Inc., a real estate brokerage firm. He serves on the Board of Directors for the Hebrew Hospital Home of Westchester.

David Spector is a retired New York licensed associate broker, with license in good standing. He serves on the Board of Directors for the Hebrew Hospital Home of Westchester.

George Strauch is a NYS licensed attorney and is in good standing. He is on the Board of Directors for the Hebrew Hospital Home of Westchester.

Board of Directors - Bethel Nursing Home Company, Inc.

Rev. Dr. John Carrington is retired, formerly employed as Executive Director/CEO of the United Methodist City Society. He is on the Board of Directors for the Bethel Nursing Home Company. Dr. Carrington also discloses that he is a trustee for Brooklyn United Methodist Church Home, from 1968 to present. He also discloses that he is a trustee for New York Methodist Hospital, 1968 to present.

Robert Elliott is a self-employed consultant for community and economic development. He serves as vice-chairman of the Board of Directors for the Bethel Nursing Home Company.

James Holden Jr. is a NYS licensed attorney and is in good standing. He is the chairman of the Board of Directors for the Bethel Nursing Home Company.

Catherine Pelczar-Wissner, M.D. is a licensed medical doctor, in good standing and consulting physician for Industrial Medicine Associates. She is on the Board of Directors for the Bethel Nursing Home Company.

Andrew Samalin is a certified financial planner as well as a registered investment advisor with licenses in good standing. He is a board member and treasurer for the Bethel Nursing Home Company.

John Watkins Jr. is a NYS licensed attorney and is in good standing. He is the secretary for the Board of Directors for the Bethel Nursing Home Company. He also discloses that he is a member of the Board of Directors of Bethel Nursing and Rehabilitation Center, from 01/1993 to present.

Character and Competence – Analysis:

No negative information has been received concerning the character and competence of the above applicants.

A review of operations for the Middletown Park Rehabilitation and Health Care Center, Salem Hills Rehabilitation and Health Care Center, Waterview Rehabilitation and Health Care Center, Long Island Care Center, Hebrew Hospital Home of Westchester, and Westchester Meadows for the periods identified above results in a conclusion of substantially consistent high level of care since there were no enforcements.

A review of the Sky View Rehabilitation and Health Care Center for the period identified above reveals the following:

- The facility was fined \$2,000 pursuant to a Stipulation and Order for surveillance findings on August 24, 2005. Deficiencies were found under 10 NYCRR 415.11(2)(i-iii): Resident Assessment and Care Planning: Comprehensive Care Plans and 10 NYCRR 415.12 – Quality of Care.

A review of operations for Sky View Rehabilitation and Health Care Center for the period identified above results in a conclusion of substantially consistent high level of care, since there were no repeat enforcements.

A review of the Bethel Nursing Home Company for the period identified above reveals the following:

- The facility was fined \$4,000 pursuant to a Stipulation and Order for surveillance findings on June 18, 2003. Deficiencies were found under 10 NYCRR 415.12(j): Quality of Care – Hydration.
- The facility was fined \$12,000 pursuant to a Stipulation and Order for surveillance findings on December 17, 2010. Deficiencies were found under 10 NYCRR 415.11(c)(2)(i-iii): Right to Participant Planning – Care Revise CP; and 10 NYCRR 415.12(h)(1)(2): Quality of Care – Accident Hazard and Supervision.

A review of operations for the Bethel Nursing Home Company for the period identified above results in a conclusion of substantially consistent high level of care since there were no repeat enforcements.

A review of the Bethel Nursing and Rehabilitation Center for the period identified above reveals the following:

- The facility was fined \$10,000 pursuant to a Stipulation and Order for surveillance findings on May 19, 2003. Deficiencies were found under 10 NYCRR 415.12: Quality of Care; 10 NYCRR 415.12(j): Quality of Care – Hydration; 10 NYCRR 415.15(b)(1)(i)(ii): Medical Services – Physician Services; 10 NYCRR 415.26: Organization and Administration; 10 NYCRR 415.26(b)(3): Organization and Administration – Governing Body; and 10 NYCRR 415.15(a): Medical Services – Medical Director.
- The facility was fined \$2,000 pursuant to a Stipulation and Order for surveillance findings on August 30, 2006 and January 30, 2007. Deficiencies were found under 10 NYCRR 415.12(h)(2): Quality of Care – Accidents; and 10 NYCRR 415.12(c)(1)&(2): Quality of Care – Pressure Sores.

A review of operations for Bethel Nursing and Rehabilitation Center for the period identified above results in a conclusion of substantially consistent high level of care, since there were no repeat enforcements.

A review of the Brooklyn United Methodist Church Home for the period identified above reveals the following:

- The facility was fined \$22,000 pursuant to a Stipulation and Order for surveillance findings on March 8, 2012. Deficiencies were found under 10 NYCRR 415.12: Quality of Care - Highest Practicable Potential; 10 NYCRR 415.12(l)(1): Quality of Care - Significant Medication Errors; and 10 NYCRR 415.27(a-c): Quality Assessment and Assurance.

A review of operations for the Brooklyn United Methodist Church Home for the period identified above results in a conclusion of substantially consistent high level of care since there were no repeat enforcements.

A review of the New York Methodist Hospital for the period identified above reveals the following:

- The facility was fined \$6,000 pursuant to a Stipulation and Order in April 2007 for a “Delay and Recognition” incident relating to the death of an infant suffering from a hernia.

A review of operations for the New York Methodist Hospital for the period identified above results in a conclusion of substantially consistent high level of care since there were no repeat enforcements.

A review of operations for HHH Home Care, Inc. for the periods identified above results in a conclusion of substantially consistent high level of care since there were no enforcements.

A review of operations for Fieldstone at Westchester Meadows for the periods identified above results in a conclusion of substantially consistent high level of care since there were no enforcements.

A review of information provided by the New Jersey Department of Health for the Chapin Hill Nursing and Rehabilitation Center located in Red Bank, New Jersey for the period identified above results in a conclusion of substantially consistent high level of care since there were no enforcements.

A review of information provided by the Florida Department of Health for the West Broward Care Center located in Plantation, Florida for the period identified above results in a conclusion of substantially consistent high level of care since there were no enforcements.

A review of information provided by the Pennsylvania Department of Health for the Lackawanna Health and Rehab Center located in Lackawanna, Pennsylvania for the period identified above results in a conclusion of substantially consistent high level of care since there were no repeat enforcements.

Character and Competence – Conclusion:

The Establishment Review of HBL SNF, LLC is acceptable. However the name “The Rehabilitation and Care Institute at White Plains” is not descriptive of a nursing home. As a contingency of approval, a modified facility name will be required.

Project Review

- PROGRAM REVIEW:

HBL SNF, LLC proposes to construct a new 160 bed skilled nursing facility (SNF) to be known as The Rehabilitation and Care Institute at White Plains (HBL). The nursing home will consist of five floors with the nursing units distributed on the four upper floors. The nursing units will range in size from 36 to 42 beds, and will be programmed for different sub-groups. The second floor will be constructed as a short term rehabilitation unit of 36 beds, complete with dedicated rehabilitation gym serving the nursing unit. The third floor will be designed as a conventional 40 bed unit, identified in the narrative as serving a “sub-acute step down” population. The fourth and fifth floors will be the largest nursing units with 42 beds, with the fourth floor programmed to serve a dementia population and the fifth floor programmed as a conventional geriatric floor.

- PHYSICAL ENVIRONMENT:

HBL intends to construct a 99,694 square foot building at Baker Avenue and Church Street in downtown White Plains. The building will occupy a rectangular site and consist of five floors, with basement and mechanical penthouse. The nursing units are located on the second through the fifth floors, and arrayed in an “L” configuration. The nursing home will include 13% single bedrooms, and the double bedrooms will utilize a standard toe to toe layout to guarantee adequate light for both residents. Recreational space, as well as dining and rehabilitation, is generally located to the inside of the building.

Entrance into the nursing home will be made from the first level, which is on grade, from either the vehicle drop-off or parking garage which occupies half of the ground level. The lobby and waiting area are flanked by the admissions parlor and offices. The main elevator bank is located in the center of the floor, opposite the central dining rooms, and adjacent to an activity and multipurpose room. A terrace leads out from the main dining room to provide outdoor space for the residents.

The second floor is intended to serve residents requiring short term rehabilitation, and includes a dedicated rehabilitation gym to serve the floor. The nursing unit contains 36 beds divided into 13 doubles and 10 singles. The central nurses station and tub and shower room are located on either side of the elevator bank, in the middle of the nursing unit. Behind the elevators is the on-floor dining room, with the rehabilitation gym/ ADL training room and rooftop gardens in back of the dining area. Access into the rehabilitation gym, and the overall configuration of the area, has been the subject of several discussions. The current plan places a corridor around the perimeter of the 26 space dining room, which also divides the dining room from the adjacent activities room. Additional activities and recreation space is provided in a generously sized lounge in the corner of the unit.

The third floor layout is similar to the second floor, containing 40 beds divided into 17 doubles and 6 singles. An exterior patio, located on top of the second floor gym, is accessed from the on-floor dining area, with the perimeter corridor connecting it to the elevator bank.

The fourth and fifth floor layouts are identical, with each nursing unit containing 42 beds divided into 20 doubles and 2 singles. The design of these floors is similar to the third floor nursing unit, with two doubles replacing singles in the lower nursing unit. An additional shower room and dressing area is fitted into space housing a single bedroom on the third floor. Also, In lieu of the gardens areas which are only available to the residents of the lower floors, residents of the fourth and fifth floors are given use of a deck area accessed from the interior activities area. Additional detail regarding the fencing and rails to be installed to ensure the safety of residents using the decks, and the protocols regarding their use in inclement weather, will be required at the final plan review stage.

Residents of the three upper floors will travel to the basement area for rehabilitation services, in a gym of greatly reduced size in comparison to the short term rehab gym. The barber and beauty salon has also been located in the basement area, as well as staff dining room and lounge, and employee lockers.

Project Review – Analysis:

Constrained by its downtown site, the design of HBL attempts to maximize the size of the nursing units and retain sufficient resident services. The inclusion of covered parking on the ground floor limits the availability of common space for resident amenities and socialization, and creates circulation issues on the upper floors. Resident services, including the beauty parlor and rehabilitation area, are located in the basement, due to the limited floor area of the ground level, which inhibit their appeal and therapeutic value to the residents. The use of off-site parking, or the relocation of the parking garage to the undersized basement area, would permit additional resident amenities to be located on the ground floor, and improve accessibility to recreation and socialization space.

A re-consideration of the design of the nursing units, perhaps creating “U” or irregular-shaped nursing units, would provide increased square footage on the floors and ease potential congestion. While the program decisions to create a self-contained short term rehab unit on the second floor drives the current design of the nursing home, especially the upper floor nursing units, the second floor would also benefit from a re-design. The placement of the dedicated rehab gym and dining area away from the center of the nursing unit creates accessibility issues, which are mirrored on the upper floors. The suggested design change would allow the dining room to move to a more central or corner location reducing traffic on the unit. Similarly, the dedicated rehab gym could be situated adjacent to the resident bedrooms, creating a more integrated program. The upper floors would similarly benefit from the design change with the ability to offer more single bedrooms, without detracting from storage or service functions. The additional square footage could also foster a more homelike environment, for example preparing meals on the floor and serving them family style, with the central dining room offering a more social dining experience.

As currently advanced, the design of the nursing home is generally code compliant. However, refinements in the final design could promote greater efficiencies and improve the resident environment. In addition, final design should demonstrate sufficient office and storage space in the nursing home, including resident personal storage.

Recommendation

From a programmatic perspective, contingent approval is recommended.

Financial Analysis

Development Agreement

On March 30, 2012, HBL SNF, LLC (operator/Tenant) and White Plains Healthcare Properties I, LLC(Developer) were subject to a draft Development Agreement, whereas Tenant has requested the Developer to design and construct a 160 Bed Skilled Nursing Facility at 116-120 Church Street in White Plains. Presented as BFA Attachment C is the organizational chart of White Plains Properties I, LLC, which has no relationship to the tenant.

Lease Agreement

Facility occupancy is subject to a draft lease agreement, the terms of which are summarized as follows:

- Lessor:* White Plains Healthcare Properties I, LLC
- Lessee:* HBL SNF, LLC
- Term:* 30 year term

Rental: Equal to debt service on Mortgage of \$239,834 per month (\$2,878,008 annually) plus \$1,440,000 per year based on a return of cash equity to the project's investors
Other: Lessee pays insurance, maintenance and utilities

White Plains Healthcare Properties I, LLC, landlord and developer, is comprised of CCC Equities, LLC (80%), and Project Equity Consulting (20%). Presented as BFA Attachment C is the organizational Chart for Landlord and Operator.

Total Project Cost and Financing

Total cost to build and construct the proposed 160 bed facility is projected to be \$56,631,759, itemized as follows:

Land Acquisition	\$ 4,528,333
New Construction	37,282,722
Design Contingency	1,864,136
Construction Contingency	1,864,136
Architect/Engineering Fees	2,982,618
Construction Manager Fees	745,654
Other Fees(Consultant)	750,000
Movable Equipment	1,480,000
Financing Costs	2,112,000
Interim Interest Expense	2,710,400
CON Application Fee	2,000
CON Processing Fee	309,760
Total Project Cost	<u>\$56,631,759</u>

Project cost is based on a construction start date of August 1, 2013, with a twenty month completion period. Project cost per bed, exclusive of CON fees, is \$352,000 per bed and is within the geographic per bed limitation for Westchester County.

Financing for the project is anticipated as follows:

Land Value	\$4,528,333
Cash	9,863,426
HUD Mortgage (5.5% over 30 year term)	42,240,000
Total Funds	<u>\$56,631,759</u>

The land value is based on the actual Bargain and Sale Deed and registered with Westchester County. The land was sold to White Plains Healthcare Properties I, LLC on September 3, 2010.

CCC Equities will be providing the \$9,863,426 cash requirement for total project costs. Presented as BFA Attachment B is the net worth statement for CCC Equities, which shows sufficient funds available.

Operating Budget

Following is a summary of the submitted operating budget for the RHCF, presented in 2012 dollars, for the first and third years subsequent to facility being built:

RHCF

	<u>First Year Total</u>	<u>Third Year Total</u>
Revenues:		
Medicaid	\$8,887,323	\$9,985,353
Medicare	4,019,580	7,326,280
Private Pay/Other	<u>2,411,748</u>	<u>3,804,030</u>
Total Revenues	\$15,318,651	\$21,115,663

Expenses:		
Operating	\$11,952,795	\$15,537,460
Capital	<u>4,621,877</u>	<u>4,630,955</u>
Total Expenses	\$16,574,672	\$20,168,415
Net Income(Loss)	\$(1,256,021)	\$ 947,248
Utilization:(patient days)	44,662	56,356
Occupancy	76.48%	96.50%

The following is noted with respect to the submitted RHCF operating budget:

- The capital component of the Medicaid rate is based on the interest, amortization and return on equity reimbursement methodology.
- Medicare and private pay revenues are based on current payment rates.
- Overall utilization for year one and year three is projected at 76.48% and 96.5% respectively, while utilization by payor source is expected as follows:

<u>Payor</u>	<u>First Year</u>	<u>Third Year</u>
Medicaid	73.0%	65.0%
Medicare	15.0%	20.0%
Private Pay	11.5%	14.5%
Charity Care	0.5%	0.5%

- Year One utilization is based on a start up year and is not at full capacity.

Capability and Feasibility

Total project costs will be met through \$4,528,333 in land value, \$9,863,426 from equity, and \$42,240,000 from a HUD mortgage at stated terms. A letter of interest from Red Mortgage Capital, LLC has been submitted by the applicant. Equity will be provided through CCC Equities, LLC, which BFA Attachment B shows CCC Equities, LLC has sufficient funds.

Working capital requirements for the RHCF are estimated at \$3,361,402 based on two months of third year expenses. Financing will be provided as 50% owner's equity of \$1,680,701 and 50% bank loan of \$1,680,701. BFA Attachment A shows that HBL SNF, LLC has sufficient equity. A letter of interest has been submitted by Capital One Bank for a term of five years at 7% interest. Presented as BFA Attachment F is the Pro-forma Balance Sheet for HBL SNF, LLC as of the first day of operations with member's equity of \$1,680,701.

The submitted budget indicates a net loss of \$1,256,021 in the first year and a net profit of \$947,248 in the third year. Projected income includes the applicant's estimated impact of the Statewide Pricing Reimbursement methodology to RHCF Medicaid rates. The operating expenses and the projected case mix level of acuity are based on the historical experiences of member owned and similar bed complement RHCFs in Westchester County; Sky View Nursing and Rehabilitation Center and Hebrew Hospital Home of Westchester, Inc. The budget appears reasonable.

The applicant hired a firm to research the demand for nursing home services in Westchester County and create a demand analysis. The analysis indicates that national utilization rates were applied to the estimated population for each age group in Westchester County. The analysis supports an increase in nursing home utilization for people ages 65 and older, of which the majority of the residents are in the 85 and older age group. While the projected bed need is higher than the Department of Health's unmet bed need of 142, the study more than supports demand for these incremental RHCF beds. The new facility will accept "difficult to place patients," who are patients classified by local hospitals as follows: patients who exhibit psychiatric behaviors but also have primarily medical diagnosis; patients who are undocumented; patients with a history of developmental and/or physical disabilities but have a primary medical diagnosis; patients who have no means of financial support and require charity care and short term restorative patients who require seven days per week physical therapy and/or occupational therapy services.

Staff notes that the individual owners, Mark Neuman and Lizer Jozefovic, have had history of achieving high occupancy in the nursing homes that they operate. They acquired Park Manor Rehab & Health Center on March 6, 2010, renaming it Middletown Park Rehabilitation and Health Care Center (BFA Attachment J), and achieved occupancy of 96.60% and 96.70% during 2010 and 2011, respectively. From 2007 through 2009, Park Manor Rehab & Health Center had occupancy of 89.73% (2007); 88.70% (2008) and 86.94% (2009). In regard to the filling up of the new beds, the applicant anticipates one 40 bed unit be brought on line at a time, over a period of 4-6 months. This fill up is reflective in the applicant's first year projected occupancy of 76.48%.

Staff notes that with the expected 2014 implementation of managed care for nursing home residents, Medicaid reimbursement is expected to change from a state-wide price with a cost-based capital component payment methodology to a negotiated reimbursement methodology. Facility payments will be the result of negotiations between the managed long term care plans and the facility. At this point in time, it cannot be determined what financial impact this change in reimbursement methodology will have on this project.

As shown on BFA Attachment D, Hebrew Hospital Home of Westchester, Inc. has experienced negative working capital in 2009 and 2011 and maintained positive net equity in 2009-2011 and an average loss from operations of \$1,081,710 over the 2009-2011 periods. The losses experienced in 2009-2011 are due to the current revenue stream not being sufficient to support current operations; therefore, management has decided to cut operating expenses in order to at least bring the RHCF to a break-even point by reducing nursing costs without interruption of patient care, renegotiation of outside contracts, reduction of employee benefit funds by increased employee participation, renegotiation of union contracts, and reduction of administrative staffing.

As shown on BFA Attachment E, The Bethel Nursing Home Company, Inc. has experienced negative working capital and net equity, and an average loss from operations of \$358,517 over the 2009-2010 periods. In 2011, The Bethel Nursing Home Company, Inc. maintained a net profit from operations of \$210,749. The losses experienced in 2009-2010 were eliminated in 2011, since management has taken steps to reduce their operating costs, such as closing their kitchen and having meals brought in through their sister RHCF, Bethel Nursing and Rehabilitation Center, retaining contracted services for Physical Therapy and other rehabilitative services, and the increase in Medicare days and rates. Administration has also reduced staffing based on the reduction in occupancy.

As shown on BFA Attachment G, Sky View Rehabilitation and Health Center has experienced negative working capital and maintained positive net equity and an average net income from operations of \$896,813 over the 2009-2011 periods.

The negative working capital is due to an interest rate swap agreement entered into to protect the RHCF from increased interest rates.

As shown on BFA Attachment H, Waterview Hills Rehabilitation and Nursing Center has maintained positive working capital and net equity on average net income from operations of \$624,161 over the 2009-2011 periods.

As shown on BFA Attachment I, Salem Hills Rehabilitation and Nursing Center has maintained positive working capital and net equity on average net income from operations of \$442,350 over the 2009-2011 periods.

As shown on BFA Attachment J, Middletown Park Rehabilitation and Health Care Center has maintained positive working capital and net equity on net income from operations of \$759,300 over the 2010-2011 period.

Based on the preceding and subject to the noted contingencies, it appears that the applicant has demonstrated the capability to proceed in a financially feasible manner, and approval is recommended.

Recommendation

From a financial perspective, contingent approval is recommended.

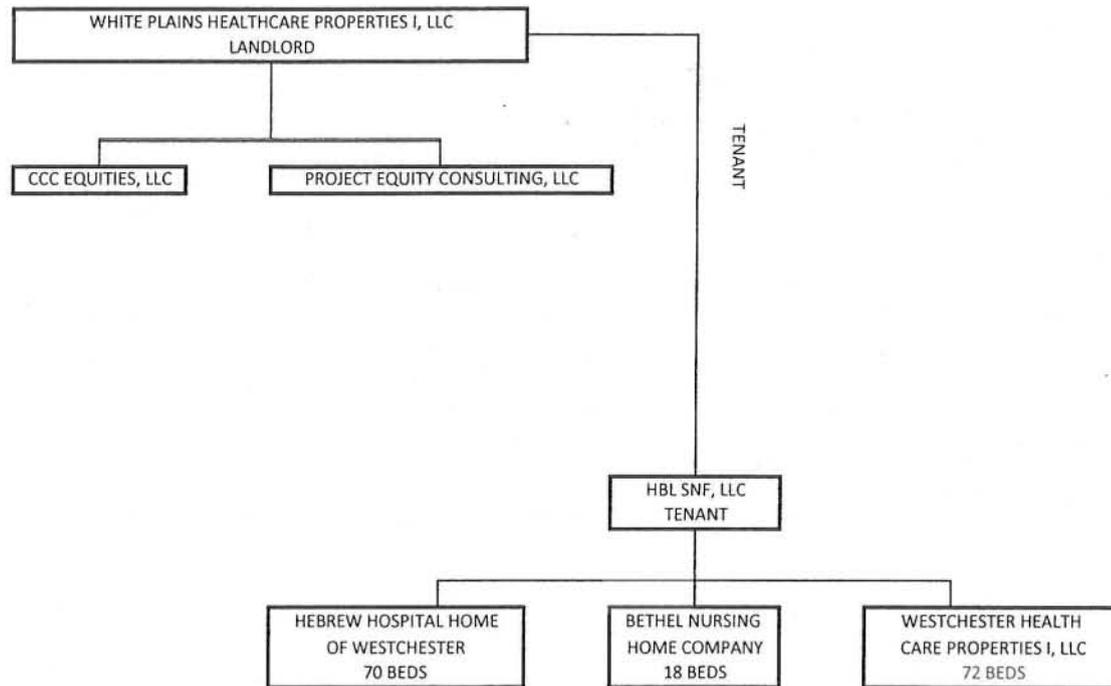
Attachments

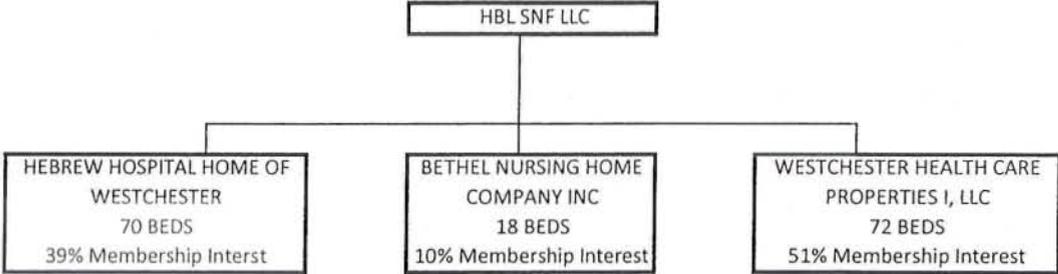
BFA Attachment A

Net Worth Statement for Westchester Health Care Properties I, LLC

BFA Attachment B	Net Worth Statement for CCC Equities, LLC
BFA Attachment C	Organizational Chart for Proposed Landlord and Operator of HBL SNF, LLC
BFA Attachment D	Financial Summary for Hebrew Hospital Home of Westchester, Inc.
BFA Attachment E	Financial Summary for Bethel Nursing Home Company, Inc.
BFA Attachment F	Pro-forma Balance Sheet
BFA Attachment G	Financial Summary for Sky View Rehabilitation & Health Care Center, LLC
BFA Attachment H	Financial Summary for Waterview Hills Rehabilitation & Nursing Center
BFA Attachment I	Financial Summary for Salem Hills Rehabilitation & Nursing Center
BFA Attachment J	Financial Summary for Middletown Park rehabilitation & Health Care Center
DHFP Attachment	Map

HBL SNF, LLC





Financial Summary

Hebrew Hospital Home of Westchester, Inc.

	FISCAL PERIOD ENDED		
	<u>12/31/11</u>	<u>12/31/10</u>	<u>12/31/09</u>
ASSETS - CURRENT	\$6,771,335	\$11,612,673	\$10,241,456
ASSETS - FIXED AND OTHER	25688353	26,406,610	27,677,339
LIABILITIES - CURRENT	10503224	\$10,836,539	12,248,166
LIABILITIES - LONG-TERM	<u>15784137</u>	<u>16,351,635</u>	<u>16,796,286</u>
EQUITY	6,172,327	10,831,109	8,874,343
<hr/>			
INCOME	\$39,772,617	\$36,671,328	\$35,861,223
EXPENSE	<u>40658102</u>	<u>38,453,760</u>	<u>36,438,435</u>
NET INCOME	(885,485)	(1,782,432)	(577,212)
<hr/>			
OPERATOR/RELATIVE SALARIES	\$0	\$0	\$0
<hr/>			
NUMBER OF BEDS	160	160	160
PERCENT OF OCCUPANCY (DAYS)	97.4%	96.4%	96.7%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	66.4%	67.7%	61.3%
MEDICARE	12.0%	15.3%	13.3%
PRIVATE/OTHER	21.6%	17.0%	25.4%
<hr/>			
MEDICAID RATE BREAKDOWN:			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING	\$194.16	\$192.31	194.93
CAPITAL	<u>24.91</u>	<u>31.74</u>	<u>33.66</u>
TOTAL	\$219.07	\$224.05	228.59

Financial Summary

The Bethel Nursing Home Company, Inc

	FISCAL PERIOD ENDED		
	<u>Draft</u> <u>12/31/11</u>	<u>12/31/10</u>	<u>12/31/09</u>
ASSETS - CURRENT	(\$218,735)	\$1,570,797	\$1,542,614
ASSETS - FIXED AND OTHER	2518963	1,453,405	1,645,651
LIABILITIES - CURRENT	8155768	\$8,914,147	8,354,371
LIABILITIES - LONG-TERM	<u>564273</u>	<u>577,091</u>	<u>671,915</u>
EQUITY	(\$6,419,813)	(\$6,467,036)	(\$5,838,021)
<hr/>			
INCOME	\$5,932,394	\$7,217,838	\$8,032,228
EXPENSE	<u>5,988,286</u>	<u>7,846,853</u>	<u>8,120,247</u>
NET INCOME	(\$55,892)	(\$629,015)	(\$88,019)
<hr/>			
OPERATOR/RELATIVE SALARIES	\$0	\$0	\$0
<hr/>			
NUMBER OF BEDS	78	78	78
PERCENT OF OCCUPANCY (DAYS)	67.1%	69.6%	76.6%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	74.4%	77.4%	72.9%
MEDICARE	14.4%	13.8%	15.6%
PRIVATE/OTHER	11.2%	8.8%	11.5%
<hr/>			
MEDICAID RATE BREAKDOWN:			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING	\$224.10	\$208.08	211.56
CAPITAL	<u>15.02</u>	<u>13.54</u>	<u>12.26</u>
TOTAL	\$239.12	\$221.62	223.82

HBL SNF, LLCPRO-FORMA BALANCE SHEET

ASSETS

Cash	\$3,361,402.62
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TOTAL ASSETS	\$3,361,402.62
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LIABILITES AND MEMBERS EQUITY

LIABILITES

Working Capital Loan	\$1,680,701.31
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TOTAL LIABILITES	\$1,680,701.31
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MEMBERS EQUITY	\$1,680,701.31
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TOTAL LIABILITES AND MEMBERS EQUITY	\$3,361,402.62
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Financial Summary- Sky View Rehabilitation and Health Center

	FISCAL PERIOD ENDED		
	<u>Draft</u> <u>12/31/11</u>	<u>12/31/10</u>	<u>12/31/09</u>
ASSETS - CURRENT	\$2,661,051	\$2,558,381	\$3,603,969
ASSETS - FIXED AND OTHER	12,437,631	12,823,813	12,549,703
LIABILITIES - CURRENT	13,078,706	13,230,159	14,793,140
LIABILITIES - LONG-TERM	<u>214,241</u>	<u>280,350</u>	<u>160,455</u>
EQUITY	\$1,805,735	\$1,871,685	\$1,200,077
<hr/>			
INCOME	\$21,989,836	\$21,927,512	\$21,462,127
EXPENSE	<u>\$21,505,107</u>	<u>20,689,799</u>	<u>20,494,131</u>
NET INCOME	\$484,729	\$1,237,713	\$967,996
<hr/>			
OPERATOR/RELATIVE SALARIES	\$0	\$0	\$58,000
<hr/>			
NUMBER OF BEDS	192	192	192
PERCENT OF OCCUPANCY (DAYS)	96.10%	94.68%	97.87%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	78.3%	77.4%	78.4%
MEDICARE	12.9%	14.2%	13.5%
PRIVATE/OTHER	8.8%	8.4%	8.1%
<hr/>			
MEDICAID RATE BREAKDOWN:			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING	\$215.68	\$215.74	\$202.26
CAPITAL	<u>26.91</u>	<u>35.39</u>	<u>34.92</u>
TOTAL	\$242.59	\$251.13	\$237.18
<hr/>			
<u>Member</u>	<u>Interest %</u>		
Lizer Jozefovic	27.50%		
Mark Newman	27.50%		

Financial Summary- Waterview Hills Rehabilitation and Nursing Center

	FISCAL PERIOD ENDED		
	<u>Draft</u> <u>12/31/11</u>	<u>12/31/10</u>	<u>12/31/09</u>
ASSETS - CURRENT	\$7,859,211	\$8,297,179	\$7,910,699
ASSETS - FIXED AND OTHER	3,904,357	4,212,833	4,557,979
LIABILITIES - CURRENT	3,809,736	4,697,538	4,350,970
LIABILITIES - LONG-TERM	<u>305,633</u>	<u>860,214</u>	<u>1,405,484</u>
EQUITY	\$7,648,199	\$6,952,260	\$6,712,224
<hr/>			
INCOME	\$14,040,280	\$14,007,806	\$14,254,230
EXPENSE	<u>13,010,239</u>	<u>13,542,245</u>	<u>13,877,348</u>
NET INCOME	\$1,030,041	\$465,561	\$376,882
<hr/>			
OPERATOR/RELATIVE SALARIES	\$0	\$0	\$0
<hr/>			
NUMBER OF BEDS	130	130	130
PERCENT OF OCCUPANCY (DAYS)	91.50%	95.06%	96.08%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	68.1%	73.6%	74.2%
MEDICARE	18.3%	16.5%	14.8%
PRIVATE/OTHER	13.6%	9.9%	11.0%
<hr/>			
MEDICAID RATE BREAKDOWN:			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING	\$180.47	\$180.49	\$173.55
CAPITAL	<u>22.32</u>	<u>31.37</u>	<u>34.65</u>
TOTAL	\$202.79	\$211.86	\$208.20
<hr/>			
<u>Member</u>	<u>Interest %</u>		
Lizer Jozefovic	80.00%		
Mark Newman	20.00%		

Financial Summary- Salem Hills Rehabilitation and Nursing Center

	FISCAL PERIOD ENDED		
	<u>Draft</u> <u>12/31/11</u>	<u>12/31/10</u>	<u>12/31/09</u>
ASSETS - CURRENT	\$1,849,612	\$3,121,849	\$2,182,580
ASSETS - FIXED AND OTHER	5,941,064	5,615,016	5,803,358
LIABILITIES - CURRENT	1,986,617	1,794,429	1,727,241
LIABILITIES - LONG-TERM	<u>3,558,922</u>	<u>4,714,350</u>	<u>4,437,200</u>
EQUITY	\$2,245,137	\$2,228,086	\$1,821,497
<hr/>			
INCOME	\$11,571,678	\$12,065,380	\$12,490,404
EXPENSE	<u>11,520,088</u>	<u>11,653,233</u>	<u>11,627,091</u>
NET INCOME	\$51,590	\$412,147	\$863,313
<hr/>			
OPERATOR/RELATIVE SALARIES	\$0	\$0	\$0
<hr/>			
NUMBER OF BEDS	126	126	126
PERCENT OF OCCUPANCY (DAYS)	97.10%	98.38%	99.18%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	89.4%	87.7%	86.6%
MEDICARE	4.7%	3.8%	4.9%
PRIVATE/OTHER	5.9%	8.5%	8.5%
<hr/>			
MEDICAID RATE BREAKDOWN:			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING	\$199.98	\$200.00	\$201.75
CAPITAL	<u>13.74</u>	<u>22.12</u>	<u>22.94</u>
TOTAL	\$213.72	\$222.12	\$224.69
<hr/>			
<u>Member</u>	<u>Interest %</u>		
Lizer Jozefovic	80.00%		
Mark Newman	20.00%		

Financial Summary- Middletown Park Rehabilitation and Health Care Center

	FISCAL PERIOD ENDED	
	<u>Draft</u>	
	<u>12/31/11</u>	<u>12/31/2010*</u>
ASSETS - CURRENT	\$3,405,373	\$3,421,767
ASSETS - FIXED AND OTHER	5,710,433	5,440,229
LIABILITIES - CURRENT	3,419,409	3,339,049
LIABILITIES - LONG-TERM	<u>2,924,466</u>	<u>3,104,255</u>
EQUITY	\$2,771,931	\$2,418,692
<hr/>		
INCOME	\$21,072,704	\$15,268,156
EXPENSE	<u>20,461,388</u>	<u>15,120,172</u>
NET INCOME	\$611,316	\$147,984
<hr/>		
OPERATOR/RELATIVE SALARIES	\$0	\$0
<hr/>		
NUMBER OF BEDS	230	230
PERCENT OF OCCUPANCY (DAYS)	96.70%	96.60%
<hr/>		
PERCENT OCCUPANCY (DAYS):		
MEDICAID	77.3%	76.7%
MEDICARE	14.5%	13.3%
PRIVATE/OTHER	8.2%	10.0%
<hr/>		
MEDICAID RATE BREAKDOWN:	<u>**2011</u>	<u>**2010</u>
OPERATING	\$143.07	\$144.04
CAPITAL	<u>23.42</u>	<u>22.50</u>
TOTAL	\$166.49	\$165.54
<hr/>		
<u>Member</u>	<u>Interest %</u>	
Lizer Jozefovic	35.00%	
Mark Newman	25.00%	

*Represents 290 days based on effective date for change in membership on 3/16/2010

**Rates based on Park Manor Rehab & Health Center since rates have not been established for new facility.

