

STATE OF NEW YORK
PUBLIC HEALTH AND HEALTH PLANNING COUNCIL
SPECIAL ESTABLISHMENT AND PROJECT REVIEW COMMITTEE

AGENDA

June 7, 2018

*Immediately following the Committee on Codes, Regulations and Legislation
(which is scheduled to begin at 9:30 a.m.)*

New York State Department of Health Offices 90 Church Street, 4th Floor, Rooms 4A/4B, NYC

I. COMMITTEE ON ESTABLISHMENT AND PROJECT REVIEW

Peter Robinson, Chair

A. Applications for Construction of Health Care Facilities/Agencies

Acute Care Services – Construction

<u>Number</u>	<u>Applicant/Facility</u>
1. 181051 C	South Nassau Communities Hospital (Nassau County) Dr. Martin - Recusal

B. Applications for Establishment and Construction of Health Care Facilities/Agencies

Ambulatory Surgery Centers- Establishment

<u>Number</u>	<u>Applicant/Facility</u>
1. 181278 E	Liberty Endoscopy Center (New York County) Dr. Martin – Recusal

Residential Health Care Facilities - Establishment

<u>Number</u>	<u>Applicant/Facility</u>
1. 181120 E	Chapin Acquisition I, LLC d/b/a Jamaica Estates Nursing and Rehabilitation Center (Queens County) Mr. La Rue – Recusal

Certified Home Health Agencies - Establishment

<u>Number</u>	<u>Applicant/Facility</u>
1. 172408 E	Prospect Acquisition III, LLC d/b/a Responsive Home Health Care (Kings County) Mr. La Rue – Recusal
2. 181191 E	Always There Home Care (Ulster County) Mr. La Rue – Recusal



Project # 181051-C
South Nassau Communities Hospital

Program: Hospital
Purpose: Construction

County: Nassau
Acknowledged: January 23, 2018

Executive Summary

Description

South Nassau Communities Hospital (SNCH), a 455-bed, voluntary not-for-profit, Article 28 acute care hospital located at One Healthy Way, Oceanside (Nassau County), requests approval to construct a four-story addition on the main hospital campus, convert 14 Medical/Surgical (M/S) beds to six Intensive Care Unit (ICU) beds and eight Coronary Care Unit (CCU) beds, and modernize its operating rooms (ORs) and a portion of the emergency department (ED). The 84,000-square-foot addition, to be known as the J-Wing, will be connected to the existing hospital. There will be no net new beds as a result of this project.

This project is expected to be completed in phases over a 24-month period. Components of the project are as follows:

- ED: The ground floor will provide a new walk-in ED entrance that will be an extension of the existing ED, which will also be undergoing a major renovation and expansion project...
OR Suite: The first floor will house a modernized OR suite with nine ORs and associated support spaces.

existing ORs with the new OR suite of the J-wing. This component will increase surgical and procedural capacity and provide a modern OR with technology upgrades.

- ICU: The second floor will house a new and expanded 20-bed ICU consisting of the existing 14 beds plus the six converted M/S beds.
CCU: The third floor will house a new and expanded 20-bed CCU consisting of the existing 12 beds plus the eight converted M/S beds.

The current ICU and CCU space will be repurposed to accommodate additional Post-Anesthesia Care Unit space and peri-operative support space.

OPCHSM Recommendation

Contingent Approval

Need Summary

The addition of these eight coronary care beds and six intensive care beds will allow South Nassau Communities Hospital to align themselves with area demand. The aging demographic along with higher acuity patients supports the need for this bed conversion.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

Total project cost of \$145,525,784 will be met via equity of \$60,000,000 with the \$85,525,784 balance to be funded from the proceeds of a \$176,910,576 Federal Emergency Management Agency (FEMA) Public Assistance Grant

provided to SNCH for Superstorm Sandy recovery. The proposed budget is as follows:

	<u>Years One & Three</u>
Revenues	\$28,017,326
Expenses	<u>\$20,824,245</u>
Net Income	\$7,193,081

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and 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. The submission of State Hospital Code (SHC) Drawings for review and approval, as described in BAER Drawing Submission Guidelines DSG-02. [AER]
3. The submission of Engineering (MEP) Drawings for review and approval, as described in BAER Drawing Submission Guidelines DSG-02. [AER]
4. Submission of State Environmental Quality Review (SEQR) Summary of Findings pursuant to 6 NYCRR Part 617.4(b) (6). [SEQ]

Approval conditional upon:

1. The project must be completed within four years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before March 4, 2019 and construction must be completed by July 6, 2021, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. [PMU]
3. The submission of State Hospital Code (SHC) Drawings for review and approval, as described in BAER Drawing Submission Guidelines DSG-02. [AER]

Council Action Date

June 7, 2018

Need and Program Analysis

Background

The new, 84,000-square-foot, four-story addition will include a 20-bed ICU and a 20-bed CCU. Currently, SNCH has a 14-bed ICU and a 12-bed CCU. SNCH will convert six existing Medical/Surgical beds to ICU beds and eight existing Medical/Surgical beds to CCU beds.

Analysis

Bed Type	Bed Count	Proposed Change	Beds Upon Completion
Coronary Care	12	8	20
Intensive Care	14	6	20
Maternity	26		26
Medical / Surgical	329	-14	315
Neonatal Continuing Care	3		3
Neonatal Intermediate Care	3		3
Pediatric	12		12
Psychiatric	36		36
Transitional Care	20		20
Total	455	0	455

Source: HFIS 2018

Utilization, Actual and Projected

	2013	2014	2015	Projected	
				1st Year	3rd Year
Coronary Care	81.23%	84.27%	91.62%	94.58%	94.58%
Intensive Care	59.61%	62.86%	65.36%	85.18%	85.18%
Med/Surg	73.83%	67.22%	68.28%	73.38%	73.38%

Source: ICR Cost Reports

South Nassau Communities Hospital has seen a decrease in medical/surgical inpatients and an increase in ICU/CCU patients. The table above shows an 11.1% increase in Coronary Care Utilization from 2013 to 2016. For the same period, Intensive Care saw a 7.3% increase and Medical/Surgical saw a 5.3% decrease in utilization. This trend to higher acuity patients is consistent with an aging demographic and supports the need for the proposed bed conversions.

Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Conclusion

The transition in patient types precipitates a need for additional ICU and CCU beds and fewer surgical beds. Through this project it is expected that South Nassau Communities Hospital will realign its bed compliment to better address need. Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Recommendation

From a need and program perspective, approval is recommended.

Financial Analysis

Total Project Cost and Financing

Total project cost for the new addition is \$145,525,784, detailed as follows:

New Construction	\$81,769,314
Site Development	325,0000
Temporary Utilities	4,200,000
Asbestos Abatement/ Removal	750,000
Design Contingency	8,176,931
Construction Contingency	4,088,466
Planning Consultant Fees	1,347,643
Architect/Engineering Fees	6,316,608
Other Fees	10,693,099
Movable Equipment	23,560,720
Telecommunications	3,500,000
Application Fee	2,000
Processing Fee	<u>796,003</u>
Total Project Cost	\$145,525,784

Project costs are based on a construction start date of September 1, 2019, with a 24-month construction period. The applicant's financing plan appears as follows:

Cash	\$60,000,000
FEMA Grant	<u>\$85,525,784</u>
Total	\$145,525,784

The cash contribution will be provided from current operations. The remaining \$85,525,784 balance due will be funded via proceeds from the overall \$176,910,576 FEMA Public Assistance Grant provided to SNCH to mitigate the damage caused by Superstorm Sandy. BFA Attachment A is SNCH's 2015-2017 Consolidated Certified Financial Statements, which indicate the availability of sufficient resources to cover both the project costs and working capital requirements. The applicant provided documentation of the FEMA grant award, a portion of which will be allocated to this construction project.

Incremental Operating Budget

The applicant submitted an incremental operating budget, in 2018 dollars, for the first and third years, summarized below:

	<u>Years One & Three</u>
<u>Revenues</u>	
Medicaid FFS	\$485,490
Medicaid MC	\$1,423,451
Medicare FFS	\$7,341,964
Medicare MC	\$2,405,029
Commercial FFS	\$289,662
Commercial MC	\$15,373,695
Private Pay/Other	<u>\$698,035</u>
Total Revenues	\$28,017,326
<u>Expenses</u>	
Operating	\$15,226,776
Capital	<u>\$5,597,469</u>
Total Expenses	\$20,824,245
Gain/(Loss)	<u>\$7,193,081</u>
Total Discharges	1,000

Incremental inpatient utilization by payor for Year One and Year Three is as follows:

<u>Payor</u>	<u>Years One & Three</u>
Medicaid FFS	2.80%
Medicaid MC	11.50%
Medicare FFS	31.30%
Medicare MC	10.00%
Commercial FFS	0.80%
Commercial MC	40.10%
Private Pay/Other	3.50%

The following is noted with respect to the submitted incremental budget:

- Psychiatric emergency care is currently being provided in the hospital's existing ED and the hospital does not anticipate any new volume or incremental expenses related to the six designated Behavioral Health ED treatment areas that will be located on the ground floor of the new J-Wing. SNCH has 45 dedicated ED patient bays, and 14 of those are used interchangeably for high acuity and/or trauma cases and behavioral health patients. The co-mingling of these types of patients that require different courses of treatment is driving the need for the six separate and distinct Behavioral Health bays. The Behavioral Health ED treatment areas are included in this project for the purpose of providing a secure and discrete physical space for the assessment and treatment of the existing behavioral health patient caseload, which is already included in the hospital's ongoing operating budget.
- Revenue assumptions are based on current (2018) reimbursement methodologies for government payors (Medicaid and Medicare) and negotiations with commercial payors. The projections include \$2.5 million in revenue related to enhanced managed care rates and/or service intensity lift from performing more complex inpatient surgeries.
- Utilization projections for incremental inpatients are based on trending of current data and the addition of the 14 ICU/CCU beds. The applicant indicated that the creation of new state-of-the-art ICU/CCU beds will enable the hospital to attract more complex cases. An additional 1,000 surgical cases are expected by 2022 that will generate patient days sufficient to justify the 14 additional critical care beds.
- Expense assumptions are based upon current operations. The incremental expenses associated with the project are estimated at \$20.8 million annually. It is anticipated that this project will generate a labor force increase of approximately 100 FTEs including clinical, environmental, security and plant staff to accommodate the additional space. The incremental expenses are broken down as follows: 45.23% for salaries and benefits; 27.90% for supplies, utilities and other direct expenses; and 26.87% for capital costs related to depreciation.

The budgets are reasonable.

Capability and Feasibility

Total project cost of \$145,525,784 will be met via equity of \$60,000,000 and \$85,525,784 apportioned from the overall \$176,910,576 FEMA Public Assistance Grant provided to SNCH to mitigate the damage caused by Superstorm Sandy. BFA Attachment A is the 2015-2017 certified financial statements of South Nassau Communities Hospital and Subsidiaries, which indicate the availability of sufficient funds for the equity contribution to meet the total project cost.

Working capital requirements are estimated at \$86,583,621 based on two months of third year expenses. Working capital will be funded from operations. BFA Attachment A indicates the availability of sufficient funds to meet working capital needs.

BFA Attachment A shows South Nassau maintained average positive working capital and net asset positions, and achieved an average net operating income of \$3,619,987 for the 2015-2016 period. The entity had a net operating loss of \$2,584,974 for the period ending December 31, 2017. However, after non-operating income is considered, the entity shows a net income of \$5,633,937 during the 2017 period.

In February 2018, Mount Sinai Hospitals Group, Inc. (Mount Sinai) and SNCH executed an agreement, pursuant to which Mount Sinai will become the sole corporate member and active parent of the hospital. The parties expect the transaction to become effective later in 2018, subject Public Health and Health Planning Council approval. Pursuant to the agreement, Mount Sinai will contribute \$20 million upon closing of the transaction and approximately \$20 million per year over the next five years, for a total of \$120 million, to be used to support certain Hospital capital projects.

The applicant demonstrated the capability to proceed in a financially feasible manner.

Recommendation

From a financial perspective, approval is recommended.

Attachments

BFA Attachment A 2015, 2016, 2017 Consolidated Certified Financial Statements of South Nassau Communities Hospital and Subsidiaries

South Nassau Communities Hospital
and Subsidiaries

Consolidated Statements of Financial Position

	December 31	
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,779,507	\$ 3,170,788
Investments	139,135,491	129,346,637
Current portion of assets whose use is limited	20,609,650	13,622,540
Patient receivables, less allowance for uncollectibles of \$36,147,000 in 2016 and \$38,977,000 in 2015	61,139,584	52,711,773
Other current assets	12,009,870	16,964,610
Total current assets	<u>242,674,102</u>	<u>215,816,348</u>
Assets whose use is limited	99,542,213	33,860,000
Long-term investments	3,815,354	1,774,697
Other long-term assets	1,135,531	215,582
Insurance claims receivable	1,435,605	927,818
Property, plant, and equipment, net	309,303,729	289,352,804
Total assets	<u>\$ 657,906,534</u>	<u>\$ 541,947,249</u>

	December 31	
	2016	2015
Liabilities and net assets		
Current liabilities:		
Amounts due under lines of credit	\$ 25,000,000	\$ 20,000,000
Accounts payable	21,072,408	18,281,064
Accrued expenses	40,478,972	33,780,415
Accrued payroll and vacation	25,633,255	23,015,918
Current portion of long-term debt	3,906,871	3,505,000
Current portion of accrued postretirement benefits other than pension	166,000	188,000
Current portion of estimated professional and general liabilities	11,980,000	10,290,000
Deferred grant revenue	6,739,000	-
Estimated third-party payor liabilities	7,750,000	7,780,000
Total current liabilities	142,726,506	116,840,397
Long-term debt, net of current portion	86,964,900	83,018,557
Accrued pension payable	56,902,515	55,651,807
Accrued postretirement benefits other than pension, net of current portion	2,995,000	3,166,000
Estimated professional and general liabilities, net of current portion	34,820,030	33,860,000
Deferred grant revenue, net of current portion	64,722,183	-
Insurance claims payable	1,435,605	927,818
Other liabilities	2,412,685	2,794,599
Total liabilities	392,979,424	296,259,178
Commitments and contingencies		
Net assets:		
Unrestricted	261,111,756	243,913,374
Temporarily restricted	2,787,278	746,621
Permanently restricted	1,028,076	1,028,076
Total net assets	264,927,110	245,688,071
Total liabilities and net assets	\$ 657,906,534	\$ 541,947,249

South Nassau Communities Hospital
and Subsidiaries

Consolidated Statements of Activities

	Year Ended December 31	
	2016	2015
Operating revenue:		
Net patient service revenue, net of contractual allowances and other discounts	\$ 500,861,944	\$ 479,329,323
Provision for bad debts	(12,662,626)	(16,853,097)
Net patient service revenue, less provision for bad debts	488,199,318	462,476,226
Other revenue	17,573,294	10,332,782
Total operating revenue	505,772,612	472,809,008
Operating expenses:		
Salaries and wages	244,082,802	225,040,944
Employee benefits	50,864,056	52,740,336
Supplies and other expenses	170,997,427	164,466,796
Interest expense	3,626,886	3,539,033
Provision for depreciation and amortization	29,106,312	26,877,055
Total operating expenses	498,677,483	472,664,164
Operating income	7,095,129	144,844
Nonoperating gains and losses:		
Net nonoperating investment gain (loss)	6,139,363	(4,094,057)
Unrestricted contributions, net of fund raising expenses of \$362,339 in 2016 and \$553,042 in 2015	4,917	99,905
Gain on sale of property	2,607,941	-
Gain related to Long Beach Medical Center transactions	2,216,258	-
Other nonoperating losses	(1,274,506)	-
Excess (deficiency) of revenue and gains over expenses	16,789,102	(3,849,308)
Net assets released from restrictions for capital asset acquisitions	5,662,463	16,394,571
Pension and postretirement liability adjustments	(5,253,183)	10,152,437
Transfer from related entities	-	616,807
Increase in unrestricted net assets	\$ 17,198,382	\$ 23,314,507

South Nassau Communities Hospital
and Subsidiaries

Consolidated Statements of Changes in Net Assets

Years Ended December 31, 2016 and 2015

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Balance, January 1, 2015	\$ 220,598,867	\$ 982,459	\$ 1,028,076	\$ 222,609,402
Deficiency of revenue and gains over expenses	(3,849,308)	-	-	(3,849,308)
HEAL capital grant funds earned	-	7,818,734	-	7,818,734
Restricted contributions, net of fund raising expenses and excluding capital grants	-	8,398,283	-	8,398,283
Net assets released from restrictions for operations	-	(58,284)	-	(58,284)
Net assets released from restrictions for capital asset acquisitions	16,394,571	(16,394,571)	-	-
Transfer from related entities	616,807	-	-	616,807
Pension and postretirement liability adjustments	10,152,437	-	-	10,152,437
Total changes in net assets	23,314,507	(235,838)	-	23,078,669
Balance, December 31, 2015	243,913,374	746,621	1,028,076	245,688,071
Excess of revenue and gains over expenses	16,789,102	-	-	16,789,102
FEMA capital grant funds earned	-	5,577,482	-	5,577,482
Restricted contributions, net of fund raising expenses and excluding capital grants	-	2,161,697	-	2,161,697
Net assets released from restrictions for operations	-	(36,059)	-	(36,059)
Net assets released from restrictions for capital asset acquisitions	5,662,463	(5,662,463)	-	-
Pension and postretirement liability adjustments	(5,253,183)	-	-	(5,253,183)
Total changes in net assets	17,198,382	2,040,657	-	19,239,039
Balance, December 31, 2016	\$ 261,111,756	\$ 2,787,278	\$ 1,028,076	\$ 264,927,110

South Nassau Communities Hospital
 and Subsidiaries

Consolidated Statements of Financial Position

	December 31	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,104,751	\$ 9,779,507
Investments	160,930,067	139,135,491
Current portion of assets whose use is limited	27,967,950	20,609,650
Patient receivables, less allowance for uncollectibles of \$40,132,000 in 2017 and \$36,147,000 in 2016	70,674,716	61,139,584
Other current assets	14,455,899	12,009,870
Total current assets	<u>294,133,383</u>	<u>242,674,102</u>
Assets whose use is limited		
Long-term investments	58,737,990	99,542,213
Other long-term assets	6,119,775	3,815,354
Insurance claims receivable	1,135,531	1,135,531
Property, plant, and equipment, net	1,820,816	1,435,605
	336,397,140	309,303,729
Total assets	<u><u>\$ 698,344,635</u></u>	<u><u>\$ 657,906,534</u></u>

	December 31	
	2017	2016
Liabilities and net assets		
Current liabilities:		
Amounts due under lines of credit	\$ 47,000,000	\$ 25,000,000
Accounts payable	21,350,305	21,072,408
Accrued expenses	45,804,305	38,997,470
Accrued payroll and vacation	30,571,041	27,114,757
Current portion of long-term debt and capital lease obligations	4,599,758	3,906,871
Current portion of accrued post-retirement benefits other than pension	208,000	166,000
Current portion of estimated professional and general liabilities	10,460,000	11,980,000
Deferred grant revenue	15,708,550	6,739,000
Estimated third-party payor liabilities	6,230,000	7,750,000
Total current liabilities	<u>181,931,959</u>	<u>142,726,506</u>
Long-term debt and capital lease obligations, net of current portion	84,370,700	86,964,900
Accrued pension payable	69,423,784	56,902,515
Accrued post-retirement benefits other than pension, net of current portion	3,175,000	2,995,000
Estimated professional and general liabilities, net of current portion	30,070,000	34,820,030
Deferred grant revenue, net of current portion	52,454,501	64,722,183
Insurance claims payable	1,820,816	1,435,605
Other liabilities	2,232,406	2,412,685
Total liabilities	<u>425,479,166</u>	<u>392,979,424</u>
Commitments and contingencies		
Net assets:		
Unrestricted	266,745,693	261,111,756
Temporarily restricted	5,091,700	2,787,278
Permanently restricted	1,028,076	1,028,076
Total net assets	<u>272,865,469</u>	<u>264,927,110</u>
Total liabilities and net assets	<u>\$ 698,344,635</u>	<u>\$ 657,906,534</u>

South Nassau Communities Hospital
and Subsidiaries

Consolidated Statements of Activities

	Year Ended December 31	
	2017	2016
Operating revenue:		
Net patient service revenue, net of contractual allowances and other discounts	\$ 522,422,432	\$ 500,861,944
Provision for bad debts	(17,944,338)	(12,662,626)
Net patient service revenue, less provision for bad debts	504,478,094	488,199,318
Other revenue	16,507,050	17,573,294
Total operating revenue	<u>520,985,144</u>	<u>505,772,612</u>
Operating expenses:		
Salaries and wages	259,737,887	244,082,802
Employee benefits	56,593,182	50,864,056
Supplies and other expenses	175,347,261	170,997,427
Interest expense	3,526,555	3,626,886
Provision for depreciation and amortization	28,365,233	29,106,312
Total operating expenses	<u>523,570,118</u>	<u>498,677,483</u>
Operating (loss) income	(2,584,974)	7,095,129
Nonoperating gains and losses:		
Net nonoperating investment gains	18,173,127	6,139,363
Unrestricted contributions, net of fund raising expenses of \$552,185 in 2017 and \$362,339 in 2016	96,733	4,917
Gain on sale of property	-	2,607,941
Gain related to Long Beach Medical Center transactions	-	2,216,258
Other nonoperating losses	(1,395,502)	(1,274,506)
Excess of revenue and gains over expenses	<u>14,289,384</u>	<u>16,789,102</u>
Net assets released from restrictions for capital asset acquisitions	4,613,983	5,662,463
Pension and postretirement liability adjustments	(13,269,430)	(5,253,183)
Increase in unrestricted net assets	<u>\$ 5,633,937</u>	<u>\$ 17,198,382</u>

See accompanying notes.



Project # 181278-E
Liberty Endoscopy Center

Program: Diagnostic and Treatment Center **County:** New York
Purpose: Establishment **Acknowledged:** April 19, 2018

Executive Summary

Description

This application amends and supersedes CON 172325, which was approved by the Public Health and Health Planning Council on February 8, 2018, as subsequent to approval a proposed new member withdrew. Liberty Endoscopy Center, LLC, a proprietary, single-specialty (gastroenterology), Article 28 freestanding ambulatory surgery center (FASC) located at 156 William Street, New York (New York County), requests approval to add six new members, each of whom will purchase a 4% membership interest in the Center, for a total transfer of 24% ownership interest. The proposed new members are Deborah Chua, M.D., Veronika Dubrovskaya, M.D., Michael Glick, M.D., Valerie Antoine-Gustave, M.D., Neal Joseph, M.D. and Martin Wolff, M.D., all of whom are currently performing procedures at the Center. The proposed new members have each executed a Membership Subscription Agreement, which includes his/her agreement to be bound by the Center's existing, approved Operating Agreement. The purchase price for each 4% membership interest is \$28,450 for a total purchase price of \$170,700 for the 24% ownership transfer.

The existing lease, which extends through 2030 with two five-year renewal options, will continue unchanged.

BFA Attachment B shows the current and proposed membership interest in Liberty Endoscopy Center, LLC.

OPCHSM Recommendation

Approval

Need Summary

There will be no Need recommendation for this project.

Program Summary

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicants' character and competence or standing in the community.

Financial Summary

There are no project costs associated with this application and no budgeted operating expenses or revenues. The proposed new members have each purchased a 4% membership interest for \$28,450 resulting in a total purchase price of \$170,700 for the 24% ownership transfer.

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

June 7, 2018

Program Analysis

Program Description

Liberty Endoscopy Center, LLC, an existing single specialty (gastroenterology) freestanding ambulatory surgery center, requests approval to transfer 24% ownership interest to six new members. There are no anticipated changes in operation resulting from this change in ownership.

This application amends and supersedes CON 172325, which was approved by the Public Health and Health Planning Council on February 8, 2018, as subsequent to approval a proposed new member withdrew.

Since becoming operational January 13, 2017, the Center has provided gastroenterology services to residents of New York County. The Center collaborates with The Bowery Mission, one of the oldest not-for-profit organizations in New York, to provide free colonoscopy services to the population served by The Bowery Mission, and has an agreement with Cumberland Diagnostic and Treatment Center, a NYC Health & Hospitals clinic, in collaboration with NYC Community Cares Project, to provide uninsured patients with access to colonoscopy screenings.

Character and Competence

The table below details the proposed change in ownership:

Member Name	Current Membership Interest	Proposed Membership Interest
Albert Harary, M.D.	2.25%	1.61%
Alexander Chun, M.D.	4.49%	3.21%
Anthony Borcich, M.D.	2.25%	1.61%
Carl McDougall, M.D.	4.49%	3.21%
David Robbins, M.D.	6.85%	4.89%
Eric Morgenstern, M.D.	4.49%	3.21%
Ilan Weisberg, M.D.	4.49%	3.21%
Jennifer Bonheur, M.D.	6.85%	4.89%
Jonathan Warman, M.D.	2.25%	1.61%
Julie Foont, M.D.	6.85%	4.89%
Jusuf Zlatanic, M.D.	6.85%	4.89%
Makoto Iwahara, M.D.	4.49%	3.21%
Michael Krumholz, M.D.	4.49%	3.21%
Mylan Satchi, M.D.	1.12%	0.80%
Paulo Pacheco, M.D.	6.85%	4.89%
Peter Balocco, M.D.	4.49%	3.21%
Peter Kim, M.D.	10.0%	7.14%
Yasmin Metz, M.D.	0.45%	0.32%
Mount Sinai Ambulatory Ventures, Inc.	10.0%	10.00%
PE Healthcare Associates, LLC	6.00%	6.00%
<i>*Martin Wolff, M.D.</i>	-----	4.00%
<i>*Michael Glick, M.D.</i>	-----	4.00%
<i>*Neal Joseph, M.D.</i>	-----	4.00%
<i>*Valerie Antoine-Gustave, M.D.</i>	-----	4.00%
<i>*Veronika Dubrovskaya, M.D.</i>	-----	4.00%
<i>*Deborah Chua, M.D.</i>	-----	4.00%
TOTAL	100%	100%

**Members subject to a Character and Competence Review for this project*

Each of the new members are practicing board-certified gastroenterologists. Drs. Wolff, Glick, Joseph, Antoine-Gustave, Dubrovskaya, and Chua are employed by Gotham Medical Associates.

Regarding the education and training of the new members: Dr. Wolff earned his medical degree from the New York University (NYU) School of Medicine and completed a gastroenterology fellowship at the NYU Medical Center. Additionally, he is a Clinical Assistant Professor of Medicine at NYU School of Medicine and an attending gastroenterologist at NYU Langone Medical Center and Mount Sinai Beth Israel. Dr. Glick graduated from NYU School of Medicine and completed a fellowship in gastroenterology at Memorial Sloan Kettering Cancer Center. Dr. Joseph earned his medical degree at George Washington University and subsequently pursued specialty training in gastroenterology at Lenox Hill Hospital. Additionally, he has recently served as a Co-Medical Director for Liberty Endoscopy Center (located in Manhattan). Dr. Antoine-Gustave earned her medical degree from Johns Hopkins School of Medicine and completed a fellowship in gastroenterology at Brigham and Women's Hospital. Dr. Dubrovskaya earned her medical degree from Virginia Commonwealth University and completed a gastroenterology fellowship at St. Luke's-Roosevelt Hospital. Dr. Chua earned her medical degree from Temple University School of Medicine and completed fellowship training in gastroenterology at New York University.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted for the seven (7) incoming individual physician members regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Additionally, the staff from the Division of Certification & Surveillance reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department of Health. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

Conclusion

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

Recommendation

From a programmatic perspective, approval is recommended.

Financial Analysis

Membership Subscription Agreement

The applicant has submitted the executed Membership Subscription Agreements for the proposed members, the terms of which are summarized below:

Date:	September 12, 2017 (five members), September 18, 2017 (Martin Wolff, M.D.)
Description:	Purchase of 4% membership interest
Company:	Liberty Endoscopy Center, LLC
Purchasers:	Deborah Chua, M.D., Veronika Dubrovskaya, M.D., Michael Glick, M.D., Valerie Antoine-Gustave, M.D., Neal Joseph, M.D. and Martin Wolff, M.D.
Purchase Price:	\$28,450 per proposed new member
Payment of Purchase Price:	\$2,845 deposit held in escrow; Equity via personal assets for the \$25,605 balance due at closing.

Payment of the balance due from each proposed new member will be paid via equity from their personal assets. BFA Attachment A is a summary of the proposed members' net worth statements, which shows sufficient resources for the transactions.

Capability and Feasibility

There are no project costs associated with this application and no changes to operations. BFA Attachment C is an internal financial summary of Liberty Endoscopy Center as of December 31, 2017, which shows the entity has maintained a positive working capital position, a negative net equity position and has experienced a net operating gain of \$875,651.

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

From a financial perspective, approval is recommended.

Attachments

- | | |
|------------------|---|
| BFA Attachment A | Personal Net Worth Statements of Proposed Members of Liberty Endoscopy Center |
| BFA Attachment B | Current and Proposed Membership interest in Liberty Endoscopy Center, LLC |
| BFA Attachment C | Internal Financial Statements as of December 30, 2017 |

LIBERTY ENDOSCOPY CENTER, LLC

	Current	Proposed
Albert Harary, M.D.	2.25%	1.61%
Alexander Chun, M.D.	4.49%	3.21%
Anthony Borcich, M.D.	2.25%	1.61%
Carl McDougall, M.D.	4.49%	3.21%
David Robbins, M.D.	6.85%	4.89%
Eric Morgenstern, M.D.	4.49%	3.21%
Ilan Weisberg, M.D.	4.49%	3.21%
Jennifer Bonheur, M.D.	6.85%	4.89%
Jonathan Warman, M.D.	2.25%	1.61%
Julie Foont, M.D.	6.85%	4.89%
Jusuf Zlatanich, M.D.	6.85%	4.89%
Makoto Iwahara, M.D.	4.49%	3.21%
Michael Krumholz, M.D.	4.49%	3.21%
Mylan Satchi, M.D.	1.12%	0.80%
Paulo Pacheco, M.D.	6.85%	4.89%
Peter Baiocco, M.D.	4.49%	3.21%
Peter Kim, M.D.	10.00%	7.14%
Yasmin Metz, M.D.	0.45%	0.32%
Mount Sinai Ambulatory Ventures, Inc.	10.00%	10.00%
PE Healthcare Associates, LLC	6.00%	6.00%
Martin Wolff, M.D.	0.00%	4.00%
Michael Glick, M.D.	0.00%	4.00%
Neal Joseph, M.D.	0.00%	4.00%
Valerie Antonie-Gustave, M.D.	0.00%	4.00%
Veronika Dubrovskaya, M.D.	0.00%	4.00%
Deborah Chua, M.D.	0.00%	4.00%
Total	100.00%	100.00%

**Liberty Endoscopy Center
 Balance Sheet
 Unaudited**

December 31, 2017

Assets		
Current Assets		
Cash	\$	347,165
Accounts Receivable, Net		754,347
Accounts Receivable, Anesthesia		81,937
Due To/From Related Parties		7,768
Prepaid Expenses and Short Term Deposits		53,452
		1,244,668
Net Property and Equipment		
Property and Equipment		3,472,684
Accumulated Depreciation		(314,165)
		3,158,519
Long Term Assets		
Total Assets	\$	4,403,187
 Liabilities and Member's Equity		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$	414,329
Current Portion of Debt		664,328
		1,078,657
Long Term Liabilities		
Accrued Rent & Other Long Term Liabilities		803,816
Long Term Debt, net of current portions		2,835,331
		3,439,147
Total Liabilities		4,517,804
 Member's Equity		
Members Capital		1,496,680
Retained Earnings - Prior yrs		(1,334,981)
Distribution to Partners		(1,151,968)
Net Income (Loss)		875,851
Members Equity		(114,618)
Total Liabilities and Members Equity	\$	4,403,187

Liberty Endoscopy Center
Statement of Operations
For the Period Ending 12/31/2017
UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	
FITA PAPER 3/6/2017																								
WEEK	0	60	205	144	242	283	241	304	302	343	302	302	302	343	302	302	302	302	302	302	302	302	302	2,640
PROCEEDS	0	87	302	243	306	332	362	366	366	427	379	387	387	427	379	387	387	387	387	387	387	387	387	3,490
BUSINESS DAYS	0	15	33	39	32	32	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	327
MCOBIC																								
NET FACILITY CASH RECEIPTS / NET CHARGES	0	119,248	341,943	311,028	320,078	364,946	360,546	401,664	464,128	526,268	480,819	484,262	484,262	526,268	480,819	484,262	484,262	484,262	484,262	484,262	484,262	484,262	484,262	4,347,174
NET AMORTIZED CAP RECEIPTS / NET CHARGES	0	28,618	115,903	115,187	144,992	160,583	159,556	172,014	180,168	183,715	188,000	184,452	184,452	183,715	188,000	184,452	184,452	184,452	184,452	184,452	184,452	184,452	184,452	1,412,226
NET REVENUE & OTHER INCOME	0	147,866	457,846	426,215	465,070	525,529	519,102	573,678	644,296	710,383	668,819	668,714	668,714	710,383	668,819	668,714	668,714	668,714	668,714	668,714	668,714	668,714	668,714	5,759,400
DIRECT OPERATING EXPENSES																								
SALARY & WAGES	3,228	21,817	55,122	52,203	62,224	77,657	67,779	72,779	76,897	82,436	82,436	82,436	82,436	82,436	82,436	82,436	82,436	82,436	82,436	82,436	82,436	82,436	82,436	862,772
NON-EMPLOYEE COMPENSATION	27,225	61,293	33,272	91,224	98,186	94,004	92,054	92,054	92,054	92,054	92,054	92,054	92,054	92,054	92,054	92,054	92,054	92,054	92,054	92,054	92,054	92,054	92,054	754,699
TRAVEL TRAVEL	831	4,990	4,285	4,041	6,834	5,005	4,212	4,333	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	70,025
EMPLOYEE BENEFITS - INSURANCE	10	0	130	0	7,134	357	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DRUGS & MEDICATIONS	0	0	0	0	3,253	4,650	744	722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MATERIALS	1,206	0	0	2,547	0	149	149	149	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OFFICE & INFORMATION TECHNOLOGY	38,161	19,361	40,102	18,822	19,371	26,608	30,519	33,767	35,857	35,857	35,857	35,857	35,857	35,857	35,857	35,857	35,857	35,857	35,857	35,857	35,857	35,857	35,857	35,857
POSTAGE & PRINTING	4,250	7,609	4,324	4,352	4,636	3,018	2,307	6,007	2,307	2,307	2,307	2,307	2,307	2,307	2,307	2,307	2,307	2,307	2,307	2,307	2,307	2,307	2,307	2,307
REPAIRING COSTS	0	48	0	302	102	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
REPAIRS, MAINTENANCE & CLEANING	38,260	6,162	19,371	15,473	16,620	23,173	12,073	12,789	25,084	12,596	13,122	13,122	13,122	13,122	13,122	13,122	13,122	13,122	13,122	13,122	13,122	13,122	13,122	13,122
UNIFORMS & LAUNDRY	767	1,475	1,248	2,378	2,481	2,960	1,496	2,481	2,481	2,481	2,481	2,481	2,481	2,481	2,481	2,481	2,481	2,481	2,481	2,481	2,481	2,481	2,481	2,481
TOTAL DIRECT OPERATING EXPENSES	112,255	131,958	169,184	207,261	207,130	230,133	171,661	183,581	217,436	210,252	210,252	210,252	210,252	210,252	210,252	210,252	210,252	210,252	210,252	210,252	210,252	210,252	210,252	2,455,703
OPERATING EXP. %	(112,255)	95,711	69%	51%	50%	51%	37%	37%	53%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%
OPERATING INCOME (LOSS) BEFORE OTHER EXPENSE	36,611	115,935	257,636	218,954	257,946	294,872	381,007	490,097	426,860	443,931	458,567	458,567	458,567	458,567	458,567	458,567	458,567	458,567	458,567	458,567	458,567	458,567	458,567	3,303,700
OTHER EXPENSES																								
ACCOUNTING & CONSULTING	0	20,921	9,940	7,653	8,329	22,200	44,073	24,303	20,032	6,931	19,182	13,471	13,471	13,471	13,471	13,471	13,471	13,471	13,471	13,471	13,471	13,471	13,471	916,124
BANK FEE & COLLECTION FEES	746	506	70	470	423	755	1,667	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	34,602
BILLING AND ADMINISTRATIVE SERVICE FEES	0	10,700	24,475	25,529	26,737	10,417	27,000	27,702	39,035	46,796	54,275	53,001	53,001	53,001	53,001	53,001	53,001	53,001	53,001	53,001	53,001	53,001	53,001	317,506
EQUIPMENT RENTAL	0	0	0	0	0	0	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	83,064
INSURANCE	27,960	5,642	0	5,470	4,067	0	2,325	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169	37,351
LEGAL FEES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET FEE / OTHER FEE	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	14,628
RENT EXPENSE	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	74,125	23,927
TRAVEL, TRAVEL AND FIRM	623	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TELEPHONE & UTILITY	824	10,183	12,034	11,271	15,454	7,422	9,833	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	666,613
TOTAL OTHER EXPENSES	8,129	43,315	10,100	255	178	35	753	253	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228	76,290
TOTAL OTHER EXPENSES	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	134,873	1,432,090
EBITDA	(247,222)	(118,996)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)	(142,146)
DEPRECIATION	0	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)	(20,503)
INCOME TAX EXPENSE	(69,267)	(12,251)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)	(11,818)
NET INCOMING ITEMS	(6,644)	(20,273)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)	(2,450)
NET INCOME (LOSS)	(327,146)	(172,300)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)	(177,367)

NOTE: Income through September activity is from Child Level with adjustments to reflect expense from one expense to another and may not represent the total for the year to prior months.



Project # 181120-E
Chapin Acquisition I, LLC d/b/a Jamaica Estates Nursing and Rehabilitation Center

Program: Residential Health Care Facility
Purpose: Establishment

County: Queens
Acknowledged: February 21, 2018

Executive Summary

Description

Chapin Acquisition I, LLC d/b/a Jamaica Estates Nursing and Rehabilitation Center, a New York limited liability company, requests approval to be established as the new operator of Margaret Tietz Center for Nursing Care, Inc., a 200-bed, voluntary not-for-profit, Article 28 residential health care facility (RHCF) located at 164-11 Chapin Parkway, Jamaica, (Queens County). Margaret Tietz Center for Nursing Care, Inc., a subsidiary of CenterLight Health System, Inc., is the current operator and real property owner of the facility. A separate entity, Chapin Acquisition II, LLC, will acquire the real property. There will be no change in beds or services provided.

On January 12, 2018, Margaret Tietz Center for Nursing Care, Inc entered into an Asset Purchase Agreement (APA) with Chapin Acquisition I, LLC for the sale and acquisition of the RHCF operating interests for \$2,500,000. Concurrently, Margaret Tietz Nursing and Rehabilitation Center, Inc. entered into a Real Estate Purchase Agreement (REPA) with Chapin Acquisition II, LLC for the sale and acquisition of the real property for \$38,500,000. The APA and REPA will close at the same time upon Public Health and Health Planning Council (PHHPC) approval. There is a relationship between Chapin Acquisition I, LLC and Chapin Acquisition II, LLC in that there is identical membership in both entities. The applicant will lease the premises from Chapin Acquisition II, LLC.

Ownership of the operations before and after the requested change is as follows:

Table with 1 column: Current Operator. Margaret Tietz Center for Nursing Care, Inc. Not-For-Profit Corporation (100%)

Table with 1 column: Proposed Operator. Chapin Acquisition I, LLC. Members: Alex Solovey (30.34%), Leopold Friedman (30.33%), Pasquale DeBenedictis (30.33%), Soloman Rutenberg (9.00%)

CenterLight's Board of Directors made the decision to sell Margaret Tietz Center for Nursing Care, Inc. as part of a strategic initiative to focus the company's efforts and resources on its Program of All-Inclusive Care for the Elderly (PACE). It was felt that the PACE model of care is aligned with the future direction of the New York healthcare delivery system as it functions under a full capitation model and coordinates all components of participant care. CenterLight developed a due diligence package that was shared on a confidential basis with several reputable organizations with long term care operations. CenterLight selected Chapin Acquisition I, LLC due to its attractive offer and extensive experience in long term care operations. CenterLight plans to invest the sale proceeds into its Pace program with the current outstanding liabilities of Margaret Tietz being fully satisfied on an ordinary course basis.

There are no restrictions on the property regarding its use or ownership.

OPCHSM Recommendation

Contingent Approval

Need Summary

There will be no changes to beds or services as a result of this application.

Program Summary

No negative information has been received concerning the character and competence of the proposed applicants members. No changes in the program or physical environment are proposed in this application. No administrative services or consulting agreements are proposed in this application. The applicants may utilize staffing agencies upon their assumption of ownership, if they identify an immediate need in a particular staffing area.

Financial Summary

There are no project costs associated with this proposal. The purchase price for the RHCF operations is \$2,500,000 and will be met with equity from the proposed members of Chapin Acquisition I, LLC. The purchase price for the realty is \$38,500,000 to be funded by Chapin Acquisition II, LLC via \$3,850,000 members' equity and a \$34,650,000 mortgage for a ten-year term amortized over 25 years with variable interest based on the One-Month Libor plus 3.25% (estimated at 5.13% based on the One-Month Libor of 1.88% as of April 10, 2018). Bank of America has provided a letter of interest at the stated terms. The projected budget is as follows:

	<u>Year One</u>
Revenues	\$26,516,900
Expenses	<u>24,996,600</u>
Net Income	\$1,520,300

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of an executed lease agreement, acceptable to the Department of Health. [BFA]
2. Submission of an executed loan commitment for the purchase of the real property, acceptable to the Department of Health. [BFA]
3. Submission of a commitment signed by the applicant which indicates that, within two years from the date of the council 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]
4. Submission of a plan to continue to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily be 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; and
 - 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. [RNR]
5. Submission of the applicants amended and executed Lease Agreement, acceptable to the Department. [CSL]
6. Submission of the applicant's amended Operating Agreement, acceptable to the Department. [CSL]
7. Submission of the applicants executed Certificate of Amendment of the Articles of Organization, acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

June 7, 2018

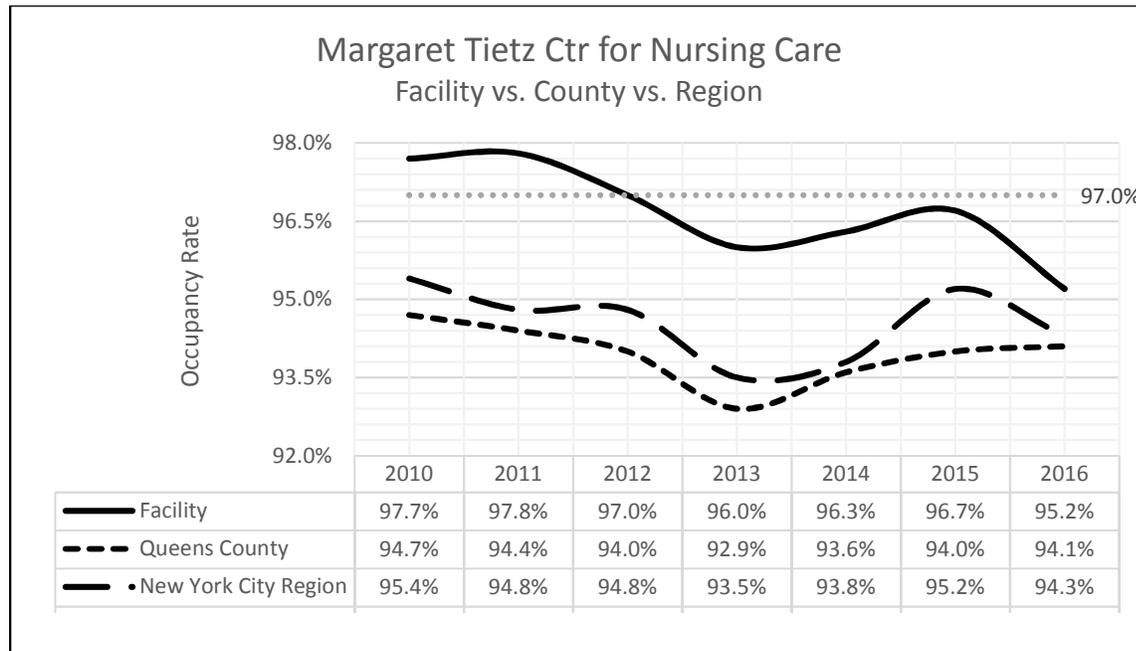
Need Analysis

Analysis

The current Need Methodology indicates a need for 9,778 additional beds in the New York City region.

RHCF Need – New York City Region

2016 Projected Need	51,071
Current Beds	41,336
Beds Under Construction	-43
Total Resources	41,293
Unmet Need	9,778



The overall occupancy for the New York City region was 94.3% for 2016 and 95.2% for the Margaret Tietz Center for Nursing Care.

Margaret Tietz Center for Nursing Care’s utilization was 97.7% in 2010 and 95.2% in 2016. The facility has maintained strong occupancy rates over the last several years. Self-reported occupancy for 2017 was 92.5%. The county has been at 93% utilization or above since 2010.

Medicaid 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, or of the Health Systems Agency area Medicaid admissions percentage, 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 patient’s admissions is at least 75% of the planning area percentage or the Health Systems Agency percentage, whichever is applicable.

Margaret Tietz Center for Nursing Care's Medicaid admissions of 7.3% in 2015 did not exceed Queen's County threshold of 22.4%. In 2016 Margaret Tietz Center for Nursing Care's Medicaid admissions of 7.7%% also did not exceed the county threshold of 21.6%.

Conclusion

There will be no change to beds or services as a result of this application.

Recommendation

From a need perspective, contingent approval is recommended.

Program Analysis

Facility Information

	Existing	Proposed
Facility Name	Margaret Tietz Center for Nursing Care Inc	Jamaica Estates Nursing and Rehabilitation Center
Address	164-11 Chapin Parkway Jamaica, NY 11432	Same
RHCF Capacity	200	Same
ADHC Program Capacity	N/A	Same
Type of Operator	Corporation	LLC
Class of Operator	Voluntary	Proprietary
Operator	Margaret Tietz Center for Nursing Care, Inc.	Chapin Acquisition I, LLC <u>Members</u> *Pasquale DeBenedictis 30.33% *Alex Solovey 30.34% *Leopold Friedman 30.33% Soloman Rutenberg 9.00% *managing members

Character and Competence – Background

Facilities Reviewed

Nursing Homes

Barnwell Nursing and Rehabilitation Center	05/2008 to 03/2018
Brooklyn Gardens Nursing & Rehabilitation Center	09/2014 to present
East Neck Nursing and Rehabilitation Center	05/2008 to present
Beach Gardens Rehab and Nursing Center	11/2014 to present
Mills Pond Nursing and Rehabilitation Center	10/2010 to present
Morningside Nursing and Rehabilitation Center	07/2014 to present
Peninsula Nursing and Rehabilitation Center	08/2014 to present
Sayville Nursing & Rehab Center	12/2012 to present
Shore View Nursing and Rehabilitation Center	06/2014 to present
Terrace Health Care Center (Fordham Nursing & Rehab Ctr)	06/2015 to 08/2016
Fordham Nursing and Rehab Center	08/2016 to present
The Citadel Rehabilitation & Nursing Center at Kingsbridge	02/2015 to present
Workmen's Circle Multicare Center	07/2013 to present
Upper East Side Rehabilitation and Nursing Center	06/2015 to present
Long Beach Nursing & Rehab Center	08/2016 to present
Sea Crest Nursing and Rehab Center	07/2015 to present
Hudson Pointe @Riverdale Center for Nursing & Rehab	06/2016 to present
Bronx Gardens Rehab and Nursing Center	11/2016 to present
The Plaza Rehab & Nursing Center	09/2016 to present
Ross Center for Nursing & Rehabilitation	06/2016 to present

Cassena Care at Norwalk(CT)	07/2013 to present
Cassena Care at Stamford (CT)	02/2016 to present
Cassena Care at New Britain (CT)	02/2016 to present

Other Health Facilities

Workmen’s Circle Dialysis Center (D&TC)	08/2015 to present
East Neck Dialysis Center (D&TC)	08/2015 to present
Cassena Care Dialysis at Peninsula (D&TC)	11/2016 to present
Sea-Crest Dialysis Center (D&TC)	09/2017 to present
Ultimate Care LLC (LHCSA)	02/2010 to present

Individual Background Review

Pasquale DeBenedictis is currently employed as the Chief Financial Officer at the Center for Nursing and Rehabilitation. Mr. DeBenedictis has a Bachelor’s degree in Accounting from SUNY Plattsburg. He holds a CPA license, which is currently inactive. Mr. DeBenedictis discloses ownership interests in the following health care facilities:

Barnwell Nursing and Rehabilitation Center (33.30%)	11/2003 to 03/2018
East Neck Nursing and Rehabilitation Center (15%)	02/2005 to present
Mills Pond Nursing and Rehabilitation Center (29%)	10/2010 to present
Sayville Nursing and Rehabilitation Center (33.33%)	12/2012 to present
Workmen’s Circle Multicare Center (25%)	07/2013 to present
Shore View Nursing and Rehabilitation Center (32.50%)	06/2014 to present
Morningside Nursing and Rehabilitation Center (35%)	07/2014 to present
Peninsula Nursing and Rehabilitation Center (25.05%)	08/2014 to present
Upper East Side Rehabilitation and Nursing Center (34.50%)	06/2015 to present
Sea Crest Nursing and Rehab Center (32.50%)	07/2015 to present
Fordham Nursing and Rehab Center (28.25%)	08/2016 to present
Long Beach Nursing & Rehab Center (25%)	08/2016 to present
Workmens Circle Dialysis Center (D&TC) (25%)	08/2015 to present
East Neck Dialysis Center (D&TC) (33.33%)	09/2015 to present
Cassena Care Dialysis at Peninsula (D&TC) (23.75%)	11/2016 to present
Sea-Crest Dialysis Center (D&TC) (32.50%)	09/2017 to present

Connecticut Nursing Homes

Cassena Care at Norwalk (35%)	07/2013 to present
Cassena Care at Stamford (35%)	02/2016 to present
Cassena Care at New Britain (35%)	02/2016 to present

Downtown Brooklyn Nursing & Rehabilitation Ctr (27.34%)	Pending
Morningside Dialysis Center, LLC (D&TC) (35%)	Pending
Morningside Acquisition, III LLC (Adult Home) (20%)	Pending
Morningside Acquisition, III LLC (LHCSA) (20%)	Pending
Hillside Manor Certified H.C.A. (CHHA) (30%)	Pending

Alex Solovey is a New York State licensed physical therapist and is in good standing. He is the Director of Rehabilitation at Theradynamics since January 1999. Mr. Solovey is currently employed as the Chief Operating Officer at the Center for Nursing and Rehabilitation. Mr. Solovey discloses ownership interests in the following residential health care facilities:

Barnwell Nursing and Rehabilitation Center (33.33%)	11/2003 to 03/2018
East Neck Nursing and Rehabilitation Center (15%)	02/2005 to present
Mills Pond Nursing and Rehabilitation Center (29%)	10/2010 to present
Sayville Nursing and Rehabilitation Center (33.33%)	12/2012 to present
Workmen’s Circle Multicare Center (25%)	07/2013 to present
Shore View Nursing and Rehabilitation Center (32.50%)	06/2014 to present
Morningside Nursing and Rehabilitation Center (35%)	07/2014 to present
Peninsula Nursing and Rehabilitation Center (25.05%)	08/2014 to present
Upper East Side Rehabilitation and Nursing Center (34.50%)	06/2015 to present

Sea Crest Nursing and Rehab Center (32.50%)	07/2015 to present
Long Beach Nursing & Rehab Center (25%)	08/2016 to present
Fordham Nursing and Rehab Center (28.25%)	08/2016 to present
Workmens Circle Dialysis Mgmt, LLC (D&TC) (25%)	08/2015 to present
Mills Pond Dialysis Center, LLC (D&TC) (33.33%)	08/2015 to present
Peninsula Continuum Services, LLC (D&TC) (23.75%)	11/2016 to present
Sea-Crest Dialysis Center (D&TC) (32.50%)	09/2017 to present

Connecticut Nursing Home

Cassena Care at Norwalk (35%)	06/2013 to present
Cassena Care at Stamford (35%)	02/2016 to present
Cassena Care at New Britain (35%)	02/2016 to present

Downtown Brooklyn Nursing & Rehabilitation Ctr. (27.33%)	Pending
Morningside Dialysis Center, LLC (D&TC) (35%)	Pending
Morningside Acquisition, III LLC (Adult Home) (20%)	Pending
Morningside Acquisition, III LLC (LHCSA) (20%)	Pending
Hillside Manor Certified H.C.A. (CHHA) (30%)	Pending

Leopold Friedman is the Chief Executive Officer of Advanced Care Staffing, Inc. since 2006 which is a nurse staffing agency. Mr. Friedman discloses the following ownership interests:

Peninsula Nursing and Rehabilitation Center (25%)	01/2013 to present Beach
Gardens Rehab and Nursing Center (20%)	11/2014 to present
The Citadel Rehabilitation & Nursing Center at Kingsbridge (50%)	02/2015 to present
Upper East Side Rehabilitation and Nursing Center (3%)	06/2015 to present
Long Beach Nursing & Rehab Center (25%)	08/2016 to present
Hudson Pointe @Riverdale Center for Nursing & Rehab (50%)	06/2016 to present
Bronx Gardens Rehab and Nursing Center (50%)	11/2016 to present
The Plaza Rehab & Nursing Center (25%)	09/2016 to present
Ross Center for Nursing & Rehabilitation (5%)	06/2016 to present
Yonkers Gardens Center for Rehab & Nursing (20%)	04/2018 to present
Ultimate Care, Inc. (LHCSA) (33.33%)	02/2010 to present
Cassena Care Dialysis at Peninsula (D&TC) (23.75%)	11/2016 to present

Hillside Manor Certified H.C.A. (CHHA) (30%)	Pending
Brooklyn Gardens Dialysis Center, LLC (25%)	Pending
Downtown Brooklyn Nursing & Rehabilitation Center (27.33%)	Pending

Mr. Friedman is a board member of the following nursing home:

Brooklyn Gardens Nursing & Rehabilitation Center	09/2014 to present
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Soloman Rutenberg is employed as the CEO at Workmen's Circle Multicare Center since 2006 which is a skilled nursing facility. He has a Master's degree in Engineering from Latvia Technical University. Mr. Rutenberg discloses ownership interest in the following health care facilities:

Workmen's Circle Multicare Center (25%)	08/2012 to present
Shore View Nursing and Rehabilitation Center (5%)	06/2014 to present
Sea Crest Nursing and Rehab Center (5%)	07/2015 to present
Mills Pond Nursing and Rehabilitation Center (9%)	05/2014 to present
Terrace Health Care Center (9%)	06/2014 to 08/2016
Morningside Nursing and Rehabilitation Center (20%)	07/2014 to present
Upper East Side Rehabilitation and Nursing Center (4.25%)	03/2016 to present
Fordham Nursing and Rehab Center (38.50%)	08/2016 to present
Long Beach Nursing & Rehab Center (9%)	08/2016 to present
Workmens Circle Dialysis Mgmt, LLC (D&TC) (25%)	08/2015 to present
Sea-Crest Dialysis Center (D&TC) (5%)	09/2017 to present

Connecticut Nursing Home

Cassena Care at Norwalk (15%)	02/2016 to present
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Cassena Care at Stamford (15%)	02/2016 to present
Cassena Care at New Britain (15%)	02/2016 to present
Morningside Dialysis Center, LLC (D&TC)	Pending
Morningside Acquisition, III LLC (Adult Home)	Pending
Morningside Acquisition, III LLC (LHCSA)	Pending
Downtown Brooklyn Nursing & Rehabilitation Center (10%)	Pending
Hillside Manor Certified H.C.A. (CHHA) (5%)	Pending

Character and Competence – Analysis

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

- The facility was fined \$2,000 pursuant to Stipulation and Order NH-15-001 issued January 12, 2014 for surveillance findings on March 13, 2012. Deficiencies were found under 10 NYCRR 415.12(h)(1) – Quality of Care: Accidents/Supervision.
- A federal CMP of \$3,250 was paid for the Immediate Jeopardy on 3/13/12.
- The facility was fined \$10,000 pursuant to Stipulation and Order NH-15-038 for surveillance findings on February 1, 2013. Deficiencies were found under 10NYCRR 415.12(m)(2) Quality of Care Significant Medication Errors; 10NYCRR 415.26 Administration; and 10NYCRR 415.27 Quality Assurance.
- A federal CMP of \$5,000 was paid for the Immediate Jeopardy on 2/1/13.
- The facility was fined \$8,000 pursuant to Stipulation and Order NH-15-038 for surveillance findings on September 26, 2013. Deficiencies were found under 10NYCRR 415.4(b)(1)(2)(3) Free from Mistreatment Neglect and Misappropriation of Property; and 10NYCRR 415.12 Quality of Care Highest Practicable Potential.
- A federal CMP of \$8,000 was paid for Immediate Jeopardy on 9/26/13.

An assessment of the underlying causes of the above enforcements determined that they were not recurrent in nature and the operator investigated the circumstances surrounding the violation, and took steps which a reasonably prudent operator would take to prevent the recurrence of the violation.

A review of **East Neck Nursing and Rehabilitation Center** for the period identified above reveals the following:

- The facility was fined \$6000 pursuant to Stipulation and Order NH-15-039 issued November 3, 2015 for surveillance findings on March 21, 2014. Deficiencies were found under 10NYCRR 415.3 (e)(1)(ii) Resident Rights: Right to Accept/Refuse Treatment; Right to Formulate Advance Directives; 10NYCRR 415.26 Administration and 10NYCRR 415.27(a-c) Administration: Quality Assessment and Assurance.

A review of operations of **Mills Pond Nursing and Rehabilitation Center** for the period identified above reveals the following:

- The facility was fined \$10,000 pursuant to Stipulation and Order NH-17-050 issued September 14, 2017 for surveillance findings on July 12, 2017. Deficiencies were found under 10NYCRR 415.12(m)(2) Quality of Care Significant Medication Errors.

A review of operations of **The Citadel Rehabilitation and Nursing Center at Kingsbridge** for the period identified above reveals the following:

- The facility was fined \$4,000 pursuant to Stipulation and Order NH-16-205 issued November 29, 2016 for surveillance findings on August 1, 2016. Deficiencies were found under 10NYCRR 415.12(h)(1) Quality of Care Accident Free Environment and 10NYCRR 415.26 Administration.
- The nursing home paid a CMP of \$20,737.60 for the survey dated August 1, 2016.

A review of operations of **Upper East Side Rehabilitation and Nursing Center** for the period identified above reveals the following:

- The facility was fined \$12,000 pursuant to a Stipulation and Order issued for surveillance findings on February 20, 2018. Deficiencies were found under 10NYCRR 415.12(m)(2) Quality of No Significant Med Errors and 10NYCRR 415.15(b)(2)(iii) Physician Services/Physicians Visits.

A review of operations for **Cassena Care at New Britain** for the period identified above reveals the following:

- The facility was fined \$1,730 by the State of Connecticut for a survey on September 15, 2016 for F tag 309-Quality of Care.
- The facility incurred a Civil Money Penalty of \$17,821.05 for survey findings on September 15, 2016 for F tag 309- Provide Care/Services for highest wellbeing, F tag 323- Free of Accident Hazards/Supervision/Devices and F tag 327- Sufficient fluid to maintain hydration.

A review of operations for **Cassena Care at Norwalk** for the period identified above reveals that the facility was fined by the state of Connecticut for the following:

- The facility was fined \$1,020 for the survey on September 5, 2013 for F Tag 309- Provide necessary care and services to maintain highest wellbeing of each resident and F Tag 323 -Free of Accidents: Hazards/supervision/devices.
- The facility was fined \$360 for the survey on October 17, 2013 for Tag F 323- Free from accident hazards and risks, supervision to prevent avoidable accidents.
- The facility was fined \$1,160 for the survey on December 23, 2013 for Tag F 323- Free from accident -Fall in shower.
- The facility was fined \$1,370 for the survey on February 28, 2014 for Tag F 309 G- Provide care/services for highest wellbeing, and Tag F 314 G- Treatment/services to prevent/heal pressure sores.
- The facility was fined \$3,000 for the survey on January 26, 2016 for Tag F 223- Protect resident from all abuse, physical punishment, and being separated from others.
- The facility was fined \$2,370 and \$3,000 for the survey on March 31, 2016 for Tag F 224 Prohibit mistreatment/neglect/misappropriation.
- The facility was fined \$2,530 for the survey on July 13, 2017 Free of Accident Hazards/Supervision/Devices.

The facility incurred the following Civil Money Penalties for the period identified above:

- \$7,850 for survey findings on September 5, 2013.
- \$13,650 for survey findings on February 28, 2014.
- \$6,500 for survey findings on January 26, 2016.
- \$8,750 for survey findings on March 31, 2016.
- \$2,315.95 for survey findings on September 15, 2016.

The applicant has signed an affidavit signed attesting that none of the above fines are repetitive.

A review of operations for **Peninsula Continuum Services, LLC d/b/a Cassena Care Dialysis at Peninsula in Far Rockaway, NY**, for the period identified above reveals the following:

- The facility incurred a Federal Civil Money Penalty of \$12,468 for survey findings from December 28, 2016 to May 15, 2017 for Respiratory protection program (fit testing, documentation), hazards communication program, sharps injury log.

The applicant has submitted an affidavit which attests that there have been no enforcement actions for Cassena Care at Stamford in the State of Connecticut for the periods identified above which results in a conclusion of substantially consistent high level of care.

A review of operations for Brooklyn Gardens Nursing & Rehabilitation Center, Beach Gardens Rehabilitation and Nursing Center, Morningside Nursing and Rehabilitation Center, Peninsula Nursing and Rehabilitation Center, Sayville Nursing and Rehabilitation Center, Shore View Nursing and Rehabilitation Center, Ross Center for Nursing and Rehabilitation, The Plaza Rehabilitation and Nursing Center, Hudson Pointe at Riverdale Center for Nursing and Rehabilitation, Bronx Gardens Rehabilitation and Nursing Center, Sea-Crest Nursing and Rehabilitation Center, Long Beach Nursing and

Rehabilitation, Terrace Health Care Center, and Workmen's Circle Multicare Center for the periods identified above, reveals there are no enforcements.

A review of operations for Workmen's Circle Dialysis Center, East Neck Dialysis Center, Cassena Care Dialysis at Peninsula and Sea-Crest Dialysis Center (D&TC) for the periods identified above, resulted in no enforcements.

A review of Ultimate Care LLC (LHCSA) for the periods identified above, revealed no enforcements.

Quality Review

<i>Provider Name</i>	<i>Overall Rating</i>	<i>Health Inspection Rating</i>	<i>Quality Measure Rating</i>	<i>Staffing Rating</i>	<i>NYS Quintile</i>
Brooklyn Gardens Nursing & Rehabilitation Center	**	**	*****	*	4
East Neck Nursing & Rehab Center	*****	****	*****	Data Not Available	1
Beach Gardens Rehab and Nursing Center	****	***	*****	**	4
Mills Pond Nursing and Rehabilitation Center	**	**	****	Data Not Available	4
Morningside Nursing and Rehabilitation Center	*****	*****	*****	**	2
Peninsula Nursing and Rehabilitation Center	**	*	*****	Data Not Available	5
Sayville Nursing and Rehabilitation Center	***	**	*****	Data Not Available	5
Shore View Nursing & Rehabilitation Center	*****	****	*****	Data Not Available	4
Fordham Nursing and Rehabilitation Center	*****	*****	*****	*	3
The Citadel Rehab & Nursing Ctr At Kingsbridge	**	*	*****	**	3
Workmens Circle Multicare Center	*****	*****	*****	**	1
Upper East Side Rehabilitation and Nursing Center	*****	*****	*****	Data Not Available	3
Long Beach Nursing and Rehabilitation Center	****	***	*****	Data Not Available	4
Sea Crest Nursing and Rehabilitation Center	****	****	****	Data Not Available	2
Hudson Pointe at Riverdale Ctr For Nrsng And Rehab	****	****	*****	*	3
Bronx Gardens Rehabilitation & Nursing Center	***	**	*****	***	4
The Plaza Rehab and Nursing Center	*****	*****	*****	*	2
Ross Center for Nursing and Rehabilitation	**	**	*****	*	3

CT

Cassena Care at New Britain	***	**	*****	Data Not Available	N/A
Cassena Care at Norwalk	**	*	*****	Data Not Available	N/A
Cassena Care at Stamford	*****	***	*****	****	N/A

With regards to the nursing homes with quality ratings of 1 or 2, the applicant noted the low ratings were from bankruptcies, environmental deficiencies and a natural disaster. The applicant is working to make significant improvements to their facilities by changing the administrators, replacing LPN's with RN's, staff trainings and adding nursing staff.

It is noted that The Citadel Rehabilitation and Nursing Center at Kingsbridge in August of 2016, received an Immediate Jeopardy as a result of side rails on the current beds not being in compliance with regulations. As of March 21, 2017, the facility received approval for phase one resident room upgrades. The facility will remove existing beds and replace them with new beds. This IJ will be reflected on the Health Inspections score for a period of 36 months.

The applicant claims that Ross Center for Nursing and Rehabilitation had consistent low CMS ratings prior to change of ownership. Since the change of ownership, the facility improved to 2-star ratings. Two inspections were conducted in 2017, one in January and the other in July. There was a total of 10 deficiencies from these inspections. None of the deficiencies noted resulted in any fines and or enforcement actions. The facility will implement a new quality improvement program to analyze existing staffing patterns and training. The improvement program will identify new benchmarks for reducing re-hospitalizations, high risk patients for pressure ulcers and a pain program. The facility will work with staff to retrain staff to the extent possible or if necessary attract and replace LPN's with RN's.

Project Review

No changes in the program or physical environment are proposed in this application. No administrative services or consulting agreements are proposed in this application.

Conclusion

No negative information has been received concerning the character and competence of the proposed applicant members. All health care facilities are in substantial compliance with all rules and regulations. The applicants may utilize staffing agencies upon their assumption of ownership, if they identify an immediate need in a particular staffing area.

Recommendation

From a programmatic perspective, approval is recommended.

Financial Analysis

Asset Purchase Agreement

The applicant has submitted an executed APA to acquire the RHCF's operating interests, to be effectuated upon PHHPC approval. The terms are summarized below:

Date:	January 12, 2018
Seller:	Margaret Tietz Center for Nursing Care, Inc.
Buyer:	Chapin Acquisition I, LLC
Asset Acquired:	Rights, title and interest in the business assets including: cash equivalents in new accounts, accounts receivable, retroactive rate increase and grants after effective date, Universal Settlement after execution date, tangible assets, inventory, supplies, books and records related to the facility, assigned and assumed contracts, agreements, warranties, Medicaid and Medicare provider numbers, assignable licenses and permits, resident funds, security deposits, patients & employee records, manuals & computer software, phone and telefax numbers.
Excluded Assets:	Corporate records, reimbursements and credits prior to effective date, the names "Margaret Tietz Nursing and Rehabilitation Center," "Margaret Tietz," and "CenterLight," Company's Intellectual Property, Employee Plans' Assets, charitable gifts, bequests and grants, proceeds from litigation for services prior to effective date, cash equivalents not in new accounts. \$1,765,076 insurance recoveries receivables noted in 12/31/16 financial statement.
Assumption of Liabilities:	Liabilities and obligations arising with respect to the operation of the Facility on and after the effective Date; plus, assumption of Healthcare Program Liabilities (up to \$2,145,664), and liabilities under the Promissory Note. Total liabilities estimated at \$5,385,089 as of October 31, 2017.
Purchase Price:	\$2,500,000 plus assumed liabilities less accounts receivables. (As of October 31, 2017, assumed liabilities = \$5,385,089. Offset by \$5,385,089 in net accounts receivable for net of \$0).
Payment of Purchase Price:	\$125,000 paid upon execution and subject to added deposits of \$500,000 and \$1,000,000 if not closed by the start of the 19 th month and 25 th month, respectively.

The \$2,500,000 purchase price for the operations will be satisfied by members equity.

BFA Attachment B provides additional details on the assumed liabilities of \$5,385,089 offset by \$5,385,089 in net accounts receivable per the internal financial statement as of October 31, 2017.

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 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. As of March 30, 2018, the facility had no outstanding Medicaid liabilities.

Purchase and Sale Agreement for the Real Property

The applicant has submitted an executed REPA for the sale of the RHCF’s realty, to be effective upon PHHPC approval concurrent with the APA. The terms are summarized below:

Date:	January 12, 2018
Seller:	Margaret Tietz Nursing and Rehabilitation Center, Inc. (f/k/a Kew Gardens Nursing Home Co., Inc.)
Purchaser:	Chapin Acquisition II, LLC
Asset Transferred:	Real Property located at 164-11 Chapin Parkway, Jamaica, NY 11432
Purchase Price:	\$38,500,000
Payment of Purchase Price:	\$1,925,000 paid upon execution and subject to added deposit of \$500,000 if not closed by the start of the 19 th month. Balance due at Closing.

The purchase price of the real property is proposed to be satisfied as follows:

Equity - Chapin Acquisition II, LLC Members	\$3,850,000
Loan (interest at One-Month Libor + 3.25% or 5.13%, 10 years, 25-year amortization)	<u>34,650,000</u>
Total	\$38,500,000

* One-Month Libor of 1.88% as of April 10, 2018.

Bank of America has provided a letter of interest.

BFA Attachment A is the net worth summary for the proposed members of Chapin Acquisition I, LLC (operator) and Chapin Acquisition II, LLC (real property owner), which reveals sufficient resources to meet the equity requirement for the project. It is noted that liquid resources may not be available in proportion to the proposed ownership interest. Alex Solovey and Pasquale DeBenedictis have provided affidavits stating that they are willing to contribute resources disproportionate to their membership interest and personally contribute capital to fund the balloon payment should acceptable financing not be available at the time of refinancing.

Lease Agreement

The applicant submitted a draft lease agreement, the terms of which are summarized below:

Premises:	200-bed RHCF located at 164-11 Chapin Parkway, Jamaica, New York 11432
Landlord:	Chapin Acquisition II, LLC
Lessee:	Chapin Acquisition I, LLC
Term:	20 years (no renewable terms)
Rent:	\$3,850,000 (\$320,834 per month), 2% increase after 1 st year
Provisions:	Taxes, insurance, maintenance, and utilities

The lease arrangement is a non-arm’s length agreement. The applicant has submitted an affidavit attesting to the relationship between the landlord and the operating entity.

Operating Budget

The applicant has provided the current year (2016) results and the first-year operating budgets subsequent to the change in ownership, in 2018 dollars, summarized as follows:

	<u>Current Year</u>		<u>Year One</u>	
	<u>Per Diem</u>	<u>Total</u>	<u>Per Diem</u>	<u>Total</u>
<u>Revenues</u>				
Medicaid-FFS/MC	\$314.93	\$15,556,740	\$300.50	\$15,107,500
Medicare-FFS/MC	\$545.99	6,611,392	\$649.95	7,824,100
Commercial -FFS	\$354.36	1,654,839	\$360.08	1,784,900
Private Pay	\$499.98	1,772,444	\$500.03	1,770,600
Other Revenue *		<u>972,142</u>		<u>29,800</u>
Total		\$26,567,557		\$26,516,900

<u>Expenses</u>				
Operating	\$381.50	\$26,598,615	\$293.56	\$20,787,200
Capital	<u>\$34.61</u>	<u>2,413,018</u>	<u>\$59.45</u>	<u>4,209,400</u>
Total Expenses	\$416.11	\$29,011,633	\$353.01	\$24,996,600

Net Income (Loss) (\$2,444,076) \$1,520,300

Patient Days 69,722 70,810
Utilization % 95.51% 97.00%

* Current Year: Vital Access Provider (VAP) Award for \$709,140, Grant Income of \$217,438 and Miscellaneous of \$45,564.

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

- The breakeven utilization is projected at 91.44% for first and third years
- The current year reflects the facility's 2016 revenues and expenses.
- Medicaid revenue is based on the facility's current 2017 Medicaid Regional Pricing rate. The current year Medicare rate is the actual daily rate experienced by the facility during 2016. The Year One forecasted Medicare rate is based on the federal Medicare rate for the facility for 2017, and for other facilities operated by the proposed ownership group in the NYC region increased by 1% for inflation. The Private Pay rates were based on the current operator's average rates for 2017 and the average rates for similar facilities in the same geographic area increased by 2.5% for inflation.
- Expense and staffing assumptions were based on the current operator's model and then adjusted based on the applicant's experience.
- The facility's projected utilization for Year One and Three is 97%. It is noted that utilization for the past three years has averaged around 96.2%, with current occupancy being 90% as of January 31, 2018.

Utilization by payor is summarized below:

<u>Payor</u>	<u>Current Year</u>	<u>Year One</u>
Medicaid-FFS/MC	70.8%	71.0%
Medicare-FFS/MC	17.4%	17.0%
Commercial-FFS	6.7%	7.0%
Private Pay	<u>5.1%</u>	<u>5.0%</u>
Total	100%	100%

- The facility's Medicaid admissions of 7.3% in 2015 and 7.7% in 2016 were below Queens County's 75% threshold rates of 22.4% for 2015 and 21.6% for 2016. The applicant indicated that there were 21 admissions in 2015 and 23 admissions in 2016 where the payor source was Medicare/Medicaid. When a resident enters as a Medicare payor, it can be for a short term rehabilitative reason, yet they can be enrolled in the Medicaid program. By reviewing the financial arrangements on the last day of the reporting period, Medicaid is the primary payer (58.97% in 2015, 43.88% in 2016). Also, for some MLTC plans, when the admission is made it is booked as "Other." Margaret Tietz had 324 and 349 admissions respectively for 2015 and 2016 that have been designated as Private/Other. Incorporating these admissions in both 2015 and 2016, the adjusted Medicaid admission rate would increase to above 60% for both years in question.

Capability and Feasibility

Chapin Acquisition I, LLC will acquire the RHCF operations for \$2,500,000 to be funded via members' equity. Chapin Acquisition II, LLC will purchase the real property for \$38,500,000 to be funded by members' equity of \$3,850,000 and a \$34,650,000 mortgage for a ten-year term amortized over 25 years at variable interest based on the One-Month Libor plus 3.25% (estimated at 5.13% based on the One-Month Libor of 1.88% as of April 10, 2018). Bank of America has provided a letter of interest for the loan at the stated terms. There are no project costs associated with this application.

The working capital requirement is estimated at \$4,166,100 based on two months of first year expenses and will be funded via member's equity. BFA Attachment A, proposed members net worth summaries, reveals sufficient resources to meet equity requirements. As previously stated, liquid resources may not be available in proportion to ownership interest. As the result of potential equity shortfall, Alex Solovey and Pasquale DeBenedictis have provided affidavits stating their willingness to contribute resources disproportionate to their membership interest and to cover the balloon payment if terms are not acceptable at the time of refinancing.

The submitted budget projects a first-year profit of \$1,520,300 after the change in ownership. Revenues are expected to increase by \$891,685 (after excluding \$942,342 in non-transferring other revenues as noted above). Overall expenses are expected to decline by \$4,015,033 based on a \$5,811,415 reduction in operating expense and a \$1,796,382 increase in capital expense (primarily rent). The decline in operating expense is attributable to the following: a reduction in salary and wages of \$1,760,827 (a 14.6 FTE reduction from management that includes a \$300,000 CEO and COO allocation of Centerlight's corporate structure, and a savings of an estimated \$1,460,827 for functions that were provided by a centralized, related party, support structure); a \$1,408,006 reduction in employee benefits (percentage to salaries dropped from 41.82% to 35%); a \$461,902 reduction in fees (legal expense specific to sale & allocation of corporate expense); a \$1,576,061 reduction in other direct expenses (primarily current operator's bad debt expense); and the \$604,616 balance spread between non-medical supplies and purchased services (expects to secure better pricing). BFA Attachment C is Chapin Acquisition I, LLC's pro forma balance sheet, which shows the entity will start with \$5,266,000 in member's equity, which includes the \$5,385,089 in assumed liabilities offset by \$5,385,089 in net accounts receivable. The budget appears reasonable.

Implementation of the transition of nursing home (NH) residents to Medicaid managed care is ongoing. Under the managed care construct, Managed Care Organizations (MCOs) negotiate payment rates directly with NH providers. A Department policy paper provided guidance requiring MCOs to pay the Medicaid FFS rate as a benchmark, or a negotiated rate acceptable to both plans and NH, for three years after a county has been deemed mandatory for NH population enrollment. The transition period has been extended out to 2020; hence, the benchmark FFS rate remains a viable basis for assessing NH revenues through the transition period.

BFA Attachment D is the Financial Summary of Margaret Tietz Center for Nursing Care, Inc. for 2014 through 2016. The RHC had an average negative net income of \$1,323,182 and positive average net assets of \$10,379,052. Working capital was positive during the reporting periods. BFA Attachment E is the draft financial statements as of November 30, 2017, which continue to show positive working capital, net assets, and the net loss of \$1,319,983.

BFA Attachment F is proposed members' ownership interest in the affiliated RHCs and their financial summaries. All the RHCs have maintained positive net income, working capital and net assets or have become positive by 2017 except for Hudson Pointe and Hendon Gardens. Hudson Pointe's negative working capital is the result of inheriting certain liabilities from the June 2016 acquisition, which remained on the books through much of 2017. Their January 2018 internal financial statements show the entity is now generating an operating surplus. Hendon Gardens' loss centers around the ineffectiveness of the Administrator who has since been replaced. The new Administrator has increased marketing efforts and is bringing operations towards net positive cash flow.

Based on the preceding, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

From a financial perspective, contingent approval is recommended.

Attachments

- BFA Attachment A Net Worth of Proposed Members of Chapin Acquisition I, LLC
- BFA Attachment B Details of Assumed Liabilities as of October 31, 2017
- BFA Attachment C Pro Forma Balance Sheet
- BFA Attachment D Financial Summary and 2016 Certified Financial Statement of Margaret Tietz Center for Nursing Care
- BFA Attachment E November 30, 2017 draft Financial Statement of Margaret Tietz Center for Nursing Care
- BFA Attachment F Proposed Members' Ownership Interest in Affiliated RHCs and Financial Summary
- BFA Attachment G Members of Landlord, Chapin Acquisition II, LLC

**Margaret Tietz- Chapin Acquisition I, LLC
 CON Change of Ownership Application
 Included A/R and Liabilities**

<u>APA Section</u>	<u>Item</u>
2.1(o)	All Accounts Receivable
2.1(p)	Universal Settlement
2.3(c)	All Vendor Liabilities
2.3(d)	All Known as Paid Time Off
2.3(e)	Unknown Healthcare Liabilities to Cap

Calculation as of November 2017 Internal Financial

Gross A/R	9,048,370	
AFDA	(2,920,000)	
Additional Allowance	(743,281)	
Net A/R		5,385,089
Accounts Payable	(1,127,907)	
Accrued PTO	(1,132,827)	
Accrued Expenses	(1,014,915)	
Due to Medicaid	(2,109,440)	
Net Liabilities		(5,385,089)
Net W/C Impact		-

Purchase Price Adjustments

<u>APA Section</u>	<u>Item</u>
3.1(b)	Plus: 75% of A/R Cash Collections
3.1(b)	Less: Assumed Liabilities less \$500,000
3.1(b)	Less: Assumed Employee Paid Time Off

PROFORMA BALANCE SHEET

January 1, 2018

Project 181120
BFA Attachment C

ASSETS

**Chapin
Acquisition I, LLC**

Current Assets	
Cash & Cash Equivalents	\$ 4,166,000
Account Receivable, Net	<u>5,385,089</u>
Total Current Assets	9,551,089
Non Current Assets	
Resident Funds	48,000
Fixed Assets - Net	<u>1,100,000</u>
Total Non Current Assets	<u>1,148,000</u>
Total Assets	<u>\$ 10,699,089</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities	
Assumed Liabilities	\$ <u>5,385,089</u>
Total current liabilities	<u>5,385,089</u>
Long term Liabilities	
Resident Funds	<u>48,000</u>
Total Long-term Liabilities	<u>48,000</u>
Total Liabilities	5,433,089
Members' Equity	<u>5,266,000</u>
Total Liabilities and Members' Equity	<u>\$ 10,699,089</u>

Financial Summary

Margaret Tietz Center for Nursing Care, Inc.

FISCAL PERIOD ENDED	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
ASSETS - CURRENT	\$8,006,346	\$10,535,165	\$9,751,733
ASSETS - FIXED AND OTHER	\$20,582,512	\$19,911,546	\$21,282,351
LIABILITIES - CURRENT	\$5,597,689	\$5,874,955	\$6,633,696
LIABILITIES - LONG-TERM	<u>\$13,824,597</u>	<u>\$13,004,696</u>	<u>\$13,996,864</u>
EQUITY	\$9,166,572	\$11,567,060	\$10,403,524
<hr/>			
INCOME	\$26,567,557	\$27,741,731	\$25,572,081
EXPENSE	<u>\$29,011,633</u>	<u>\$27,120,234</u>	<u>\$27,719,049</u>
NET INCOME	-\$2,444,076	\$621,497	-\$2,146,968
<hr/>			
NUMBER OF BEDS	200	200	200
PERCENT OF OCCUPANCY (DAYS)	95.51%	96.68%	96.35%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	70.85%	66.60%	60.50%
MEDICARE	17.37%	21.10%	18.50%
PRIVATE/OTHER	11.78%	12.30%	21.00%
<hr/>			

Margaret Tietz Nursing and Rehabilitation Center

Statement of Financial Position

December 31, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,736,951
Accounts receivable (net of allowance for doubtful accounts of \$2,920,000)	5,561,013
Due from related parties	62,151
Prepaid expenses and other current assets	598,289
Restricted cash - residents' funds	<u>47,942</u>
Total Current Assets	8,006,346

Due from third-party payors	701,061
Assets limited as to use	1,742,264
Insurance recoveries receivable	1,765,076
Fixed assets, net	<u>16,374,111</u>
	<u>\$ 28,588,858</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 1,507,593
Accrued salaries and related benefits	984,077
Long-term debt, current portion	290,000
Capital lease obligations, current portion	62,856
Due to third-party payors	2,281,369
Due to related parties	423,852
Funds held for residents	<u>47,942</u>
Total Current Liabilities	5,597,689

Capital lease obligations, net of current portion	3,828
Long-term debt, net of current portion	12,055,693
Professional and similar liabilities	<u>1,765,076</u>
Total Liabilities	<u>19,422,286</u>

Net Assets

Unrestricted	<u>9,166,572</u>
	<u>\$ 28,588,858</u>

Margaret Tietz Nursing and Rehabilitation Center

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2016

UNRESTRICTED NET ASSETS

Operating Revenue	
Net patient service revenue	\$ 25,595,415
Other operating revenue	<u>972,142</u>
Total Operating Revenue	<u>26,567,557</u>
Operating Expenses	
Salaries	11,750,298
Employee benefits	4,857,805
Supplies and other expenses	7,776,719
Depreciation and amortization	1,498,377
Interest	914,641
Provision for bad debts	1,315,000
New York State cash receipts assessment	<u>898,793</u>
Total Operating Expenses	<u>29,011,633</u>
Deficiency of Operating Revenue Over Operating Expenses	<u>(2,444,076)</u>
Non-operating Revenue and Expenses	
Contributions	15,055
Interest income	34,468
Loss on disposal	<u>(5,935)</u>
Total Non-operating Revenue and Expenses	<u>43,588</u>
Change in Unrestricted Net Assets	(2,400,488)
NET ASSETS	
Beginning of year	<u>11,567,060</u>
End of year	<u>\$ 9,166,572</u>

MARGARET TIETZ NURSING AND REHABILITATION CENTER
dba MARGARET TIETZ NURSING AND REHABILITATION CENTER

BALANCE SHEET

ASSETS

	<u>October 31, 2017</u>	<u>November 30, 2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,304,854	3,891,245
Patient Accounts Receivable (net of allowance for doubtful accounts)	6,128,370	6,590,042
Due From Medicaid	523,411	523,411
Prepaid Expenses	51,797	51,797
Other Current Assets	121,669	121,669
TOTAL CURRENT ASSETS	\$ 11,130,101	\$ 11,178,164
Fixed Assets (net of accumulated depreciation)	15,401,815	15,292,490
Insurance Recoveries Receivable	1,765,076	1,765,076
Patient Funds	365,209	365,209
Start-up Costs (net of accumulated amortization)	15,091	15,091
Mortgage Costs (net of accumulated amortization)	520,268	517,364
TOTAL ASSETS	\$ 29,197,560	\$ 29,133,394
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,127,907	\$ 1,142,129
Accrued Payroll, Sick and Vacation	1,132,827	1,219,883
Accrued Payroll Taxes	980	7,723
Accrued Expenses	1,014,915	853,186
TOTAL CURRENT LIABILITIES	\$ 3,276,629	\$ 3,222,921
Due to Medicaid	2,109,440	2,517,047
Due to Related Parties	794,377	794,377
Patient Funds	365,209	365,209
Professional and Similar Liabilities	1,765,076	1,765,076
Mortgage Payable	12,912,657	12,622,175
TOTAL LIABILITIES	\$ 21,223,388	\$ 21,286,805
NET ASSETS	7,974,172	7,846,589
TOTAL LIABILITIES AND NET ASSETS	\$ 29,197,560	\$ 29,133,394

MARGARET TIETZ NURSING AND REHABILITATION CENTER
dba MARGARET TIETZ NURSING AND REHABILITATION CENTER

STATEMENT OF INCOME AND NET ASSETS

	One Month Ended November 30, 2017		Eleven Months Ended November 30, 2017	
	Amount	Per Day	Amount	Per Day
OPERATING INCOME				
Patient Service Income	\$ 2,270,981	\$ 406.99	\$ 22,922,816	\$ 374.49
Other Income	1,469	0.26	446,447	7.29
TOTAL OPERATING INCOME	<u>\$ 2,272,450</u>	<u>\$ 407.25</u>	<u>\$ 23,369,263</u>	<u>\$ 381.78</u>
OPERATING EXPENSES				
Administrative Services	\$ 256,973	\$ 46.05	\$ 3,006,815	\$ 49.12
Fiscal Services	19,990	3.59	334,712	5.47
Plant, Operations and Maintenance Services	50,296	9.01	649,536	10.61
Patient Food Services	199,110	35.68	2,203,330	35.99
Housekeeping Services	114,051	20.43	1,156,286	18.89
Laundry Services	36,091	6.47	280,729	4.59
Nursing Administration Services	122,627	21.98	1,465,922	23.95
Medical Care Services	55,384	9.93	576,249	9.41
Leisure Time Services	65,888	11.80	733,901	11.99
Social Services & Admissions	29,772	5.33	463,870	7.57
Security Services	14,066	2.52	143,480	2.34
Ancillary Services	326,405	58.50	2,837,429	46.35
Program Services	783,238	140.37	7,744,087	126.51
Property Costs	64,766	11.61	561,404	9.17
TOTAL OPERATING EXPENSES	<u>\$ 2,138,656</u>	<u>\$ 383.27</u>	<u>\$ 22,157,751</u>	<u>\$ 361.96</u>
EBITDARM FROM OPERATIONS	\$ 133,794	23.98	\$ 1,211,512	19.82
NET OTHER OPERATING ACTIVITIES				
Medicaid Assessment Revenue	\$ 33,142	\$ 5.94	\$ 435,580	\$ 7.12
Medicaid Assessment Expense	(96,606)	(17.31)	(813,441)	(13.29)
EBITDARM	<u>\$ 70,330</u>	<u>\$ 12.61</u>	<u>\$ 833,651</u>	<u>\$ 13.65</u>
Interest - Mortgage	(68,009)	(12.19)	(748,098)	(12.22)
Interest - Working Capital	-	-	-	-
Interest - Related Party	-	-	-	-
Depreciation	(127,000)	(22.76)	(1,373,594)	(22.44)
Amortization	(2,904)	(0.52)	(31,942)	(0.52)
EBITDA	<u>(127,583)</u>	<u>\$ (22.86)</u>	<u>(1,319,983)</u>	<u>\$ (21.53)</u>
NET INCOME	<u>\$ (127,583)</u>	<u>\$ (22.86)</u>	<u>\$ (1,319,983)</u>	<u>\$ (21.53)</u>
NET ASSETS BEGINNING OF YEAR			<u>9,166,572</u>	
Opening Equity			<u>\$ 7,846,589</u>	
NET ASSETS, END OF PERIOD				

Affiliated Nursing Homes (Page 1)

PALJR, LLC	<u>9/30/2017</u>	<u>12/31/16</u>	<u>12/31/15</u>
Current Assets	\$10,913,288	\$8,721,338	\$9,866,651
Fixed Assets	\$12,403,081	\$11,813,479	\$11,872,173
Total Assets	\$23,316,369	\$20,534,817	\$21,738,824
Current Liabilities	\$3,578,452	\$2,791,764	\$2,803,546
Long Term Liabilities	\$4,728,702	\$8,298,667	\$10,411,607
Total Liabilities	\$8,307,154	\$11,090,431	\$13,215,153
Net Assets	\$15,009,215	\$9,444,386	\$8,523,671
Working Capital Position	\$7,334,836	\$5,929,574	\$7,063,105
Revenue	\$29,859,565	\$39,495,887	\$38,610,094
Expenses	\$24,180,020	\$38,575,172	\$37,719,939
Net Income	\$5,679,545	\$920,715	\$890,155
JOPAL at St. James, LLC	<u>9/30/2017</u>	<u>12/31/16</u>	<u>12/31/15</u>
Current Assets	\$9,059,120	\$8,606,655	\$7,142,845
Fixed Assets	\$14,598,483	\$13,160,436	\$14,054,162
Total Assets	\$23,657,603	\$21,767,091	\$21,197,007
Current Liabilities	\$4,324,838	\$3,033,925	\$2,027,928
Long Term Liabilities	\$12,969,012	\$15,569,012	\$16,069,012
Total Liabilities	\$17,293,850	\$18,602,937	\$18,096,940
Net Assets	\$6,363,753	\$3,164,154	\$3,100,067
Working Capital Position	\$4,734,282	\$5,572,730	\$5,114,917
Revenue	\$24,242,859	\$31,485,161	\$30,698,341
Expenses	\$20,302,246	\$30,543,106	\$29,759,934
Net Income	\$3,940,613	\$942,055	\$938,407
JOPAL Sayville, LLC	<u>9/30/2017</u>	<u>12/31/16</u>	<u>12/31/15</u>
Current Assets	\$7,338,852	\$6,734,412	\$5,784,373
Fixed Assets	\$897,497	\$865,953	\$531,681
Total Assets	\$8,236,349	\$7,600,365	\$6,316,054
Current Liabilities	\$2,303,444	\$2,495,235	\$1,891,194
Long Term Liabilities	\$3,889,098	\$4,009,690	\$3,694,891
Total Liabilities	\$6,192,542	\$6,504,925	\$5,586,085
Net Assets	\$2,043,807	\$1,095,440	\$729,969
Working Capital Position	\$5,035,408	\$4,239,177	\$3,893,179
Revenue	\$17,794,475	\$23,389,002	\$24,065,313
Expenses	\$16,739,434	\$23,023,531	\$23,596,001
Net Income	\$1,055,041	\$365,471	\$469,312

Affiliated Nursing Homes (Page 2)

Project # 181120

BFA Attachment F cont

JOPAL BRONX, LLC	<u>9/30/2017</u>	<u>12/31/16</u>	<u>12/31/15</u>
Current Assets	\$23,691,494	\$19,990,460	\$19,351,400
Fixed Assets	\$2,556,630	\$2,103,397	\$1,772,365
Total Assets	\$26,248,124	\$22,093,857	\$21,123,765
Current Liabilities	\$7,254,794	\$6,201,259	\$6,846,193
Long Term Liabilities	\$16,728,651	\$15,455,702	\$13,235,503
Total Liabilities	\$23,983,445	\$21,656,961	\$20,081,696
Net Assets	\$2,264,679	\$436,896	\$1,042,069
Working Capital Position	\$16,436,700	\$13,789,201	\$12,505,207
Revenue	\$54,236,182	\$71,056,461	\$70,042,203
Expenses	\$52,319,613	\$70,881,634	\$69,183,462
Net Income	\$1,916,569	\$174,827	\$858,741

Cardiff Bay Care Center, LLC	<u>09/31/2017</u>	<u>12/31/16</u>	<u>12/31/15</u>
Current Assets	\$9,951,602	\$10,420,669	\$7,231,737
Fixed Assets	\$2,505,494	\$1,719,831	\$3,939,089
Total Assets	\$12,457,096	\$12,140,500	\$11,170,826
Current Liabilities	\$8,352,517	\$9,794,756	\$8,309,924
Long Term Liabilities	\$1,552,977	\$1,381,072	\$1,768,473
Total Liabilities	\$9,905,494	\$11,175,828	\$10,078,397
Net Assets	\$2,551,602	\$964,672	\$1,092,429
Working Capital Position	\$1,599,085	\$625,913	-\$1,078,187
Revenue	\$17,359,499	\$20,853,114	\$21,954,867
Expenses	\$15,772,569	\$20,562,585	\$21,228,318
Net Income	\$1,586,930	\$290,529	\$726,549

Shore View Acquisition I, LLC	<u>9/30/2017</u>	<u>12/31/16</u>	<u>12/31/15</u>
Current Assets	\$11,656,512	\$12,239,913	\$10,477,562
Fixed Assets	\$2,778,512	\$2,800,684	\$2,634,359
Total Assets	\$14,435,024	\$15,040,597	\$13,111,921
Current Liabilities	\$3,530,085	\$3,046,376	\$4,228,602
Long Term Liabilities	\$2,740,996	\$10,713,131	\$7,565,706
Total Liabilities	\$6,271,081	\$13,759,507	\$11,794,308
Net Assets	\$8,163,943	\$1,281,090	\$1,317,613
Working Capital Position	\$8,126,427	\$9,193,537	\$6,248,960
Revenue	\$33,219,340	\$44,866,051	\$44,604,533
Expenses	\$26,241,233	\$44,517,958	\$43,809,967
Net Income	\$6,978,107	\$348,093	\$794,566

Affiliated Nursing Homes (Page 3)

Project # 181120

BFA Attachment F cont

	<u>9/30/2017</u>	<u>12/31/16</u>	<u>12/31/15</u>
Morningside Acquisition I, LLC			
Current Assets	\$19,842,891	\$21,141,493	\$16,233,603
Fixed Assets	\$8,325,939	\$3,115,716	\$1,271,513
Total Assets	\$28,168,830	\$24,257,209	\$17,505,116
Current Liabilities	\$9,994,857	\$14,174,605	\$8,377,276
Long Term Liabilities	\$12,059,087	\$8,388,180	\$7,433,833
Total Liabilities	\$22,053,944	\$22,562,785	\$15,811,109
Net Assets	\$6,114,886	\$1,694,424	\$1,694,007
Working Capital Position	\$9,848,034	\$6,966,888	\$7,856,327
Revenue	\$35,702,895	\$42,067,527	\$37,580,647
Expenses	\$31,192,983	\$41,807,110	\$37,326,686
Net Income	\$4,509,912	\$260,417	\$253,961

	<u>12/31/2017</u>	<u>12/31/16</u>	<u>12/31/15</u>
Hendon Garden Center, LLC			
Current Assets	\$4,594,817	\$5,068,671	\$5,182,511
Fixed Assets	\$2,242,775	\$10,253,755	\$10,092,872
Total Assets	\$6,837,592	\$15,322,426	\$15,275,383
Current Liabilities	\$2,248,874	\$2,355,271	\$2,183,268
Long Term Liabilities	\$3,486,580	\$11,448,917	\$12,720,209
Total Liabilities	\$5,735,454	\$13,804,188	\$14,903,477
Net Assets	\$1,102,138	\$1,518,238	\$371,906
Working Capital Position	\$2,345,943	\$2,713,400	\$2,999,243
Revenue	\$16,332,189	\$16,583,516	\$15,882,725
Expenses	\$17,022,980	\$15,217,184	\$14,729,819
Net Income	-\$690,791	\$1,366,332	\$1,152,906

	<u>12/31/2017</u>	<u>12/31/16</u>	
Highland View Care Center Operating Co., LLC			
Current Assets	\$13,329,465	\$14,214,549	\$0
Fixed Assets	\$40,693,762	\$36,347,455	\$0
Total Assets	\$54,023,227	\$50,562,004	\$0
Current Liabilities	\$6,074,712	\$5,805,461	\$0
Long Term Liabilities	\$33,013,459	\$32,787,260	\$0
Total Liabilities	\$39,088,171	\$38,592,721	\$0
Net Assets	\$14,935,056	\$11,969,283	\$0
Working Capital Position	\$7,254,753	\$8,409,088	\$0
Revenue	\$49,808,394	\$45,898,061	\$0
Expenses	\$41,748,882	\$38,583,436	\$0
Net Income	\$8,059,512	\$7,314,625	\$0

Affiliated Nursing Homes (Page 4)

Project # 181120

BFA Attachment F cont

	<u>12/31/2017</u>	<u>12/31/16</u>	<u>12/31/15</u>
Dewitt Rehabilitation & Nursing Center Inc.			
Current Assets	\$17,458,579	-	-
Fixed Assets	\$8,515,301	-	-
Total Assets	\$25,973,880	-	-
Current Liabilities	\$5,457,237	-	-
Long Term Liabilities	\$379,034	-	-
Total Liabilities	\$5,836,271	-	-
Net Assets	\$20,137,609	-	-
Working Capital Position	\$12,001,342	-	-
Revenue	\$79,957,529	-	-
Expenses	\$68,682,656	-	-
Net Income	\$11,274,873	-	-

	<u>9/30/2017</u>	<u>12/31/16</u>	<u>7/1/15-12/31/15</u>
Sea Crest Acquisition 1, LLC			
Current Assets	\$10,701,972	8,015,995	5,106,958
Fixed Assets	\$7,148,760	6,489,561	5,573,319
Total Assets	\$17,850,732	14,505,556	10,680,277
Current Liabilities	\$4,332,445	3,371,240	6,993,267
Long Term Liabilities	\$7,427,527	10,463,226	2,758,965
Total Liabilities	\$11,759,972	13,834,466	9,752,232
Net Assets	\$6,090,760	671,090	928,045
Working Capital Position	\$6,369,527	4,644,755	(1,886,309)
Revenue	\$27,970,132	37,260,239	17,506,864
Expenses	\$22,482,208	36,978,733	16,694,336
Net Income	\$5,487,924	281,506	812,528

	<u>12/31/2017</u>	<u>3/3/16-12/31/16</u>	<u>0</u>
Hudson Pointe Acquisition, LLC			
Current Assets	\$3,478,839	4,296,562	-
Fixed Assets	\$1,738,971	21,552,322	-
Total Assets	\$5,217,810	25,848,884	-
Current Liabilities	\$5,707,900	3,824,305	-
Long Term Liabilities	\$815,707	23,156,110	-
Total Liabilities	\$6,523,607	26,980,415	-
Net Assets	-\$1,305,797	(1,131,531)	-
Working Capital Position	-\$2,229,061	472,257	-
Revenue	\$19,785,491	10,351,178	-
Expenses	\$19,829,558	11,482,709	-
Net Income	-\$44,067	(1,131,531)	-

Affiliated Nursing Homes (Page 5)

Project # 181120

BFA Attachment F cont

Ross Acquisition, LLC	<u>11/30/2017</u>	<u>12/31/16</u>	<u>0</u>
Current Assets	\$3,215,525	-	-
Fixed Assets	\$371,107	-	-
Total Assets	\$3,586,632	-	-
Current Liabilities	\$3,048,685	-	-
Long Term Liabilities	\$80,114	-	-
Total Liabilities	\$3,128,799	-	-
Net Assets	\$457,833	-	-
Working Capital Position	\$166,840	-	-
Revenue	\$12,884,421	-	-
Expenses	\$12,566,666	-	-
Net Income	\$317,755	-	-
MLAP Acquisitions, LLC	<u>9/30/2017</u>	<u>12/31/2016</u>	<u>12/31/15</u>
Current Assets	\$5,208,992	8,015,995	3,835,840
Fixed Assets	\$6,536,021	6,489,561	2,130,709
Total Assets	\$11,745,013	14,505,556	5,966,549
Current Liabilities	\$2,564,298	3,371,240	2,804,454
Long Term Liabilities	\$5,709,752	10,463,226	2,955,230
Total Liabilities	\$8,274,050	13,834,466	5,759,684
Net Assets	\$3,470,963	671,090	206,865
Working Capital Position	\$2,644,694	4,644,755	1,031,386
Revenue	\$13,800,386	37,260,239	14,073,805
Expenses	\$10,934,072	36,978,733	14,073,805
Net Income	\$2,866,314	281,506	-
Terace Acquisition II	<u>12/31/2017</u>	<u>12/31/16</u>	<u>0</u>
Current Assets	\$6,430,816	4,296,562	-
Fixed Assets	\$8,296,555	21,552,322	-
Total Assets	\$14,727,371	25,848,884	-
Current Liabilities	\$4,081,727	3,824,305	-
Long Term Liabilities	\$9,032,187	23,156,110	-
Total Liabilities	\$13,113,914	26,980,415	-
Net Assets	\$1,613,457	(1,131,531)	-
Working Capital Position	\$2,349,089	472,257	-
Revenue	\$21,654,990	10,351,178	-
Expenses	\$20,596,345	11,482,709	-
Net Income	\$1,058,645	(1,131,531)	-

Affiliated Nursing Homes (Page 6)

Project # 181120

BFA Attachment F cont

TCPRNC LLC	<u>12/31/2017</u>	<u>1/22/16-12/31/1</u>	<u>0</u>
Current Assets	\$67,548,411	-	-
Fixed Assets	\$106,966,281	-	-
Total Assets	\$174,514,692	-	-
Current Liabilities	\$46,164,068	-	-
Long Term Liabilities	\$127,734,851	-	-
Total Liabilities	\$173,898,919	-	-
Net Assets	\$615,773	-	-
Working Capital Position	\$21,384,343	-	-
Revenue	\$104,403,180	-	-
Expenses	\$100,369,916	-	-
Net Income	\$4,033,264	-	-
SBNH Acquisition, LLC	<u>12/31/2017</u>	<u>/3/16 -12/31/20</u>	<u>1/0/00</u>
Current Assets	\$10,810,278	8,618,010	-
Fixed Assets	\$28,083,151	28,499,352	-
Total Assets	\$38,893,429	37,117,362	-
Current Liabilities	\$7,749,000	7,952,641	-
Long Term Liabilities	\$30,786,335	27,091,702	-
Total Liabilities	\$38,535,335	35,044,343	-
Net Assets	\$358,094	2,073,019	-
Working Capital Position	\$3,061,278	665,369	-
Revenue	\$34,142,914	5,657,102	-
Expenses	\$31,729,827	4,934,083	-
Net Income	\$2,413,087	723,019	-
Providence Care, Inc. (Not-for-Profit)	<u>12/31/2017</u>	<u>12/31/16</u>	<u>42369</u>
Current Assets	\$9,813,379	9,244,000	11,651,000
Fixed Assets	\$24,096,585	22,685,000	19,347,000
Total Assets	\$33,909,964	31,929,000	30,998,000
Current Liabilities	\$7,195,001	6,866,000	7,901,000
Long Term Liabilities	\$14,405,884	14,355,000	16,055,000
Total Liabilities	\$21,600,885	21,221,000	23,956,000
Net Assets	\$12,309,079	10,708,000	7,042,000
Working Capital Position	\$2,618,378	2,378,000	3,750,000
Revenue	\$25,294,346	28,230,000	27,588,000
Expenses	\$23,693,084	24,560,000	22,763,000
Net Income	\$1,601,262	3,670,000	4,825,000

Chapin Acquisition II, LLC

Current Real Property Owners

Margaret Tietz Nursing and
Rehabilitation Center f/k/a Kew Gardens
Nursing Home Co. 100%

Proposed Real Property Owners

Chapin Acquisition II, LLC
Alex Solovey 30.34%
Leopold Friedman 30.33%
Pasquale DeBenedictis 30.33%
Soloman Rutenberg 9.00%
Total 100.00%



Project # 172408-E
Prospect Acquisition III, LLC d/b/a Responsive Home Health Care

Program: Certified Home Health Agency
Purpose: Establishment

County: Kings
Acknowledged: December 28, 2017

Executive Summary

Description

Prospect Acquisition III, LLC d/b/a Responsive Home Health Care, a New York State limited liability company, requests approval to be established as the operator of CenterLight Certified Home Health Agency, a voluntary not-for-profit, Article 36 certified home health agency (CHHA) whose main office is located at 1000 Gates Avenue, Brooklyn (Kings County). The CHHA is currently operated by CenterLight Certified Home Health Agency and was certified to begin operations effective September 9, 2013. The CHHA is licensed to provide Nursing, Personal Care, Home Health Aide, Homemaker, Housekeeper, Nutrition, Medical Social Services, Medical Supplies/Equipment and Appliances, Speech Language Pathology Therapy, Audiology, Physical Therapy, Occupational Therapy and Respiratory Therapy services, and is authorized to serve the five boroughs of New York City, Nassau, Suffolk, Rockland and Westchester counties. Upon approval, there will be no change in services provided or in the geographical service area covered by the CHHA.

On January 31, 2017, Prospect Acquisition III, LLC entered into a Purchase and Sale Agreement (PSA) with the current operator to acquire the assets used in connection with the Seller's CHHA business, contingent upon obtaining all necessary approvals, including the approval of the Public Health and Health Planning Council (PHHPC). The purchase price for the CHHA assets is \$2,200,000.

Ownership of the CHHA before and after the requested change is as follows:

Table with 1 column: Current Operator. Content: CenterLight Certified Home Health Agency, Voluntary Not-For-Profit

Table with 2 columns: Proposed Operator, Prospect Acquisition III, LLC; Members, %; Pasquale DeBenedictis 30%; Alex Solovey 30%; Leopold Friedman 30%; Solomon Rutenberg 10%

In anticipation of PHHPC approval, the parties entered into a Management Agreement whereby the applicant would assume day-to-day management of the CHHA until approval of this application is finalized. Concurrent with submission of the Management Agreement to the Department of Health for review and approval, the parties also entered into an interim consulting arrangement whereby the applicant would, pending Department review and approval of the Management Agreement, provide certain administrative and consulting services in the ordinary course of operation of the Seller's CHHA business. Both agreements were submitted to the Department on April 3, 2017. The interim consulting services agreement did not need Department approval. The Management Agreement was approved on November 29, 2017.

CenterLight Health System (the System) is the parent of CenterLight CHHA. The System's Board of Directors made the decision to sell the CHHA as part of a strategic initiative to focus the company's efforts and resources on its Program of All-inclusive Care for the Elderly (PACE). CenterLight developed a due diligence package that was shared on a confidential basis with several healthcare organizations with both long term care and home care operations, and selected Prospect Acquisition III, LLC due to its attractive offer and extensive experience in home care operations. CenterLight plans to invest the sale proceeds into its PACE program.

OPCHSM Recommendation

Contingent Approval

Need Summary

This project will have no effect on the need for or utilization of services in the counties affected.

Program Summary

A review of all personal qualifying information indicates there is nothing in the background of the LLC members and managers of Prospect Acquisition III, LLC, d/b/a Responsive Home Health Care, to adversely affect their positions with the organization.

Financial Summary

The purchase price of \$2,200,000 will be met via equity. The proposed budget will be as follows:

	<u>Year One</u>
Revenues	\$11,484,501
Expenses	<u>11,283,743</u>
Net Income	\$200,758

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of an executed Lease License Agreement, acceptable to the Department of Health. [BFA]
2. Submission of an executed copy of the asset purchase agreement of the applicant, acceptable to the Department. [CSL]
3. Submission of an executed copy of the lease agreement of the applicant, which is acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

June 7, 2018

Need and Program Analysis

Program Description

Prospect Acquisition III, LLC d/b/a Responsive Home Health Care (Responsive CHHA), a proprietary Limited Liability Company, proposes to purchase and become the new owner / operator of the Article 36 Certified Home Health Agency (CHHA) currently owned and operated by CenterLight Certified Home Health Agency (CenterLight CHHA), a voluntary not-for-profit corporation.

CenterLight CHHA is currently approved to serve Bronx, Kings, New York, Queens, Richmond, Nassau, Suffolk, Rockland, and Westchester Counties, and the CHHA's main parent office practice location is currently located in Kings County at 1000 Gates Avenue, 4th Floor, Brooklyn, New York 11221. Since CenterLight CHHA's initial date of operation, it has also been approved for two branch office additional practice locations: one in Suffolk County at 555 Albany Place, Amityville, NY 11701 (Branch Office ID # 33Q7441001), and one in Westchester County at 335 Old Tarrytown Road, White Plains, NY 10601 (Branch Office ID # 33Q7441002). Responsive CHHA will continue to be approved to serve the same nine counties noted above, and the CHHA's main practice location will remain located in Kings County at 1000 Gates Avenue, 4th Floor, Brooklyn, New York 11221. Responsive CHHA does not plan to operate the two approved CenterLight CHHA branch office additional practice locations identified above, or any other branch office additional practice locations, at this time. The legal entity / corporate operator, Prospect Acquisition III, LLC, will be located in Nassau County at 225 Crossways Park Drive, Woodbury, New York 11797.

Responsive CHHA plans to continue to provide the following home health care services: Audiology; Home Health Aide; Homemaker; Housekeeper; Medical Social Services; Medical Supplies, Equipment and Appliances; Nursing; Nutritional; Personal Care; Occupational Therapy; Physical Therapy; Respiratory Therapy; and Speech Language Pathology.

Responsive CHHA has no parent, sibling, or child entities or organizations in its LLC's corporate organizational structure. However, as disclosed below, the members of Responsive CHHA are also the LLC members and stockholders of several other legal entities that operate New York State and out-of-state health care providers and facilities.

Nursing Homes / Adult Day Health Care Programs Reviewed

- JOPAL, LLC, d/b/a Barnwell Nursing and Rehabilitation (RHCF)
- PALJR, LLC, d/b/a East Neck Nursing and Rehabilitation Center (RHCF)
- JOPAL at St. James, d/b/a Mills Pond Nursing and Rehabilitation (RHCF)
- JOPAL Sayville, LLC, d/b/a Sayville Nursing and Rehabilitation Center (RHCF)
- JOPALS Bronx, LLC, d/b/a Workmen's Circle MultiCare Center (RHCF)
- Shore View Acquisition I, LLC, d/b/a Shore View Nursing and Rehabilitation (RHCF)
- Morningside Acquisition I, LLC, d/b/a Morningside Nursing and Rehabilitation Center (RHCF and ADHCPs)
- Cardiff Bay Center, LLC, d/b/a Peninsula Nursing and Rehabilitation Center (RHCF)
- DeWitt Rehabilitation and Nursing Center, Inc., d/b/a Upper East Side Rehabilitation and Nursing Center (RHCF)
- Sea Crest Acquisition I, LLC, d/b/a Sea Crest Nursing and Rehabilitation Center (RHCF)
- Terrace Acquisition II, LLC, d/b/a Fordham Nursing and Rehabilitation Center (RHCF)
- MLAP Acquisition I, LLC, d/b/a Long Beach Nursing and Rehabilitation Center (RHCF)
- Providence Care, Inc., d/b/a Brooklyn Gardens Nursing and Rehabilitation (RHCF)
- Hendon Garden Center, LLC, d/b/a Beach Gardens Rehabilitation and Nursing Center (RHCF)
- Highland View Care Center Operating Company, LLC, d/b/a The Citadel Rehabilitation and Nursing Center at Kingsbridge (RHCF)
- Hudson Pointe Acquisition, LLC, d/b/a Hudson Pointe at Riverdale Center for Nursing and Rehabilitation (RHCF)
- SBNH Acquisition, LLC, d/b/a Bronx Gardens Rehabilitation and Nursing Center (RHCF)

- TCPRNC, LLC, d/b/a The Plaza Rehabilitation and Nursing Center (RHCF)
- Ross Acquisition, LLC, d/b/a Ross Center for Nursing and Rehabilitation (RHCF)
- Stamford Acquisition I, LLC, d/b/a Cassena Care at Stamford (RHCF in CT)
- New Britain Acquisition I, LLC, d/b/a Cassena Care at New Britain (RHCF in CT)
- Norwalk Acquisition I, LLC, d/b/a Cassena Care at Norwalk (RHCF in CT)

Diagnostic and Treatment Centers Reviewed

- Workmen’s Circle Dialysis Management, LLC, d/b/a Workmen’s Circle Dialysis Center (D&TC/ESRD)
- Mills Pond Dialysis, LLC, d/b/a East Neck Dialysis Center (D&TC/ESRD)
- Peninsula Continuum Services, LLC, d/b/a Cassena Care Dialysis at Peninsula (D&TC/ESRD)
- Sea Crest Dialysis Center (D&TC/ESRD)

Certified Home Health Agency Reviewed

- Jamaica Acquisition III, LLC, d/b/a Hillside Certified Home Care Agency (CHHA)

Long Term Home Health Care Programs Reviewed

- Morningside Acquisition I, LLC, d/b/a Morningside Nursing and Rehabilitation Center (LTHHCP) – voluntarily closed December 20, 2017
- Highland View Care Center Operating Company, LLC, d/b/a Citadel Home Care (LTHHCP) – voluntarily closed July 31, 2017

Licensed Home Care Services Agency Reviewed

- Ultimate Care, LLC (LHCSA)

Additional Affiliated Providers Pending Approval / Licensure / Not Yet Operational

- Morningside Acquisition III, LLC (ACF/ALP and LHCSA - pending)
- Morningside Dialysis Center, LLC (D&TC/ESRD - pending)
- Brooklyn Gardens Dialysis Center, LLC (D&TC/ESRD - pending)
- Yonkers Gardens Center for Rehabilitation and Nursing (RHCF – pending)
- Prospect Acquisition I, LLC, d/b/a Downtown Brooklyn Nursing and Rehabilitation Center (RHCF - pending)

The members and managers of Responsive CHHA, and the percentage of LLC membership / ownership for each, are as follows:

Pasquale DeBenedictis, 30% LLC Membership, LLC Manager, is licensed but is no longer registered as a Certified Public Accountant (CPA) in New York State. Mr. DeBenedictis no longer practices as a CPA, but lists current employment as Managing Member of Cassena Care, LLC (Financial Consulting), Chief Financial Officer at Center for Nursing and Rehabilitation (RHCF), and Controller at Jamaica Acquisition III, LLC, d/b/a Hillside Certified Home Care Agency (CHHA). Mr. DeBenedictis discloses the following affiliations:

- JOPAL, LLC, d/b/a Barnwell Nursing and Rehabilitation (RHCF)
- PALJR, LLC, d/b/a East Neck Nursing and Rehabilitation Center (RHCF)
- JOPAL at St. James, d/b/a Mills Pond Nursing and Rehabilitation (RHCF)
- JOPAL Sayville, LLC, d/b/a Sayville Nursing and Rehabilitation Center (RHCF)
- JOPALS Bronx, LLC, d/b/a Workmen’s Circle MultiCare Center (RHCF)
- Shore View Acquisition I, LLC, d/b/a Shore View Nursing and Rehabilitation (RHCF)
- Morningside Acquisition I, LLC, d/b/a Morningside Nursing and Rehabilitation Center (RHCF, ADHCPs, and LTHHCP)
- Morningside Acquisition III, LLC (ACF/ALP and LHCSA - pending)
- Cardiff Bay Center, LLC, d/b/a Peninsula Nursing and Rehabilitation Center (RHCF)
- DeWitt Rehabilitation and Nursing Center, Inc., d/b/a Upper East Side Rehabilitation and Nursing Center (RHCF)

- Sea Crest Acquisition I, LLC, d/b/a Sea Crest Nursing and Rehabilitation Center (RHCF)
- Terrace Acquisition II, LLC, d/b/a Fordham Nursing and Rehabilitation Center (RHCF)
- MLAP Acquisition I, LLC, d/b/a Long Beach Nursing and Rehabilitation Center (RHCF)
- Workmen's Circle Dialysis Management, LLC, d/b/a Workmen's Circle Dialysis Center (D&TC/ESRD)
- Mills Pond Dialysis, LLC, d/b/a East Neck Dialysis Center (D&TC/ESRD)
- Peninsula Continuum Services, LLC, d/b/a Cassena Care Dialysis at Peninsula (D&TC/ESRD)
- Morningside Dialysis Center, LLC (D&TC/ESRD - pending)
- Jamaica Acquisition III, LLC, d/b/a Hillside Certified Home Care Agency (CHHA)
- Sea Crest Dialysis Center (D&TC/ESRD)
- Prospect Acquisition I, LLC, d/b/a Downtown Brooklyn Nursing and Rehabilitation Center (RHCF - pending)
- Stamford Acquisition I, LLC, d/b/a Cassena Care at Stamford (RHCF in CT)
- New Britain Acquisition I, LLC, d/b/a Cassena Care at New Britain (RHCF in CT)
- Norwalk Acquisition I, LLC, d/b/a Cassena Care at Norwalk (RHCF in CT)

Alex Solovey, 30% LLC Membership, LLC Manager, is licensed and registered as a Registered Physical Therapist (RPT) in New York State. Mr. Solovey lists current employment as Director of Rehabilitation at Theradynamics (Outpatient Physical Rehabilitation), Chief Operating Officer at Center for Nursing and Rehabilitation (RHCF), and Director of Operations at Jamaica Acquisition III, LLC, d/b/a Hillside Certified Home Care Agency (CHHA). Mr. Solovey discloses the following affiliations:

- JOPAL, LLC, d/b/a Barnwell Nursing and Rehabilitation (RHCF)
- PALJR, LLC, d/b/a East Neck Nursing and Rehabilitation Center (RHCF)
- JOPAL at St. James, d/b/a Mills Pond Nursing and Rehabilitation (RHCF)
- JOPAL Sayville, LLC, d/b/a Sayville Nursing and Rehabilitation Center (RHCF)
- JOPALS Bronx, LLC, d/b/a Workmen's Circle MultiCare Center (RHCF)
- Shore View Acquisition I, LLC, d/b/a Shore View Nursing and Rehabilitation (RHCF)
- Morningside Acquisition I, LLC, d/b/a Morningside Nursing and Rehabilitation Center (RHCF, ADHCPs, and LTHHCP)
- Morningside Acquisition III, LLC (ACF/ALP and LHCSA - pending)
- Cardiff Bay Center, LLC, d/b/a Peninsula Nursing and Rehabilitation Center (RHCF)
- DeWitt Rehabilitation and Nursing Center, Inc., d/b/a Upper East Side Rehabilitation and Nursing Center (RHCF)
- Sea Crest Acquisition I, LLC, d/b/a Sea Crest Nursing and Rehabilitation Center (RHCF)
- Terrace Acquisition II, LLC, d/b/a Fordham Nursing and Rehabilitation Center (RHCF)
- MLAP Acquisition I, LLC, d/b/a Long Beach Nursing and Rehabilitation Center (RHCF)
- Workmen's Circle Dialysis Management, LLC, d/b/a Workmen's Circle Dialysis Center (D&TC/ESRD)
- Mills Pond Dialysis, LLC, d/b/a East Neck Dialysis Center (D&TC/ESRD)
- Peninsula Continuum Services, LLC, d/b/a Cassena Care Dialysis at Peninsula (D&TC/ESRD)
- Morningside Dialysis Center, LLC (D&TC/ESRD - pending)
- Jamaica Acquisition III, LLC, d/b/a Hillside Certified Home Care Agency (CHHA)
- Sea Crest Dialysis Center (D&TC/ESRD)
- Prospect Acquisition I, LLC, d/b/a Downtown Brooklyn Nursing and Rehabilitation Center (RHCF - pending)
- Stamford Acquisition I, LLC, d/b/a Cassena Care at Stamford (RHCF in CT)
- New Britain Acquisition I, LLC, d/b/a Cassena Care at New Britain (RHCF in CT)
- Norwalk Acquisition I, LLC, d/b/a Cassena Care at Norwalk (RHCF in CT)

Leopold Friedman, 30% LLC Membership, lists current employment as Receiver / Operator of Peninsula Nursing and Rehabilitation Center (RHCF), Chief Executive Officer at Advanced Care Staffing (Nurse Staffing/Employment Agency), and 33.3% Owner/Operator of Ultimate Care, Inc. (LHCSA). Mr Friedman discloses the following affiliations:

- Cardiff Bay Center, LLC, d/b/a Peninsula Nursing and Rehabilitation Center (RHCF)
- Providence Care, Inc., d/b/a Brooklyn Gardens Nursing and Rehabilitation (RHCF)
- Ultimate Care, LLC (LHCSA)
- Hendon Garden Center, LLC, d/b/a Beach Gardens Rehabilitation and Nursing Center (RHCF)
- Highland View Care Center Operating Company, LLC, d/b/a The Citadel Rehabilitation and Nursing Center at Kingsbridge (RHCF) and d/b/a Citadel Home Care (LTHHCP)
- DeWitt Rehabilitation and Nursing Center, Inc., d/b/a Upper East Side Rehabilitation and Nursing Center (RHCF)
- MLAP Acquisition I, LLC, d/b/a Long Beach Nursing and Rehabilitation Center (RHCF);
- Peninsula Continuum Services, LLC, d/b/a Cassena Care Dialysis at Peninsula (D&TC/ESRD)
- Brooklyn Gardens Dialysis Center, LLC (D&TC/ESRD - pending)
- Hudson Pointe Acquisition, LLC, d/b/a Hudson Pointe at Riverdale Center for Nursing and Rehabilitation (RHCF)
- SBNH Acquisition, LLC, d/b/a Bronx Gardens Rehabilitation and Nursing Center (RHCF)
- TCPRNC, LLC, d/b/a The Plaza Rehabilitation and Nursing Center (RHCF)
- Ross Acquisition, LLC, d/b/a Ross Center for Nursing and Rehabilitation (RHCF)
- Jamaica Acquisition III, LLC, d/b/a Hillside Certified Home Care Agency (CHHA)
- Yonkers Gardens Center for Rehabilitation and Nursing (RHCF – pending)
- Prospect Acquisition I, LLC, d/b/a Downtown Brooklyn Nursing and Rehabilitation Center (RHCF - pending)

Soloman Rutenberg, 10% LLC Membership, lists current employment as Chief Executive Officer at Workmen's Circle MultiCare Center (RHCF). Mr. Rutenberg discloses the following affiliations:

- JOPAL at St. James, LLC, d/b/a Mills Pond Nursing and Rehabilitation (RHCF)
- JOPALS Bronx, LLC, d/b/a Workmen's Circle MultiCare Center (RHCF)
- Shore View Acquisition I, LLC, d/b/a Shore View Nursing and Rehabilitation (RHCF)
- Morningside Acquisition I, LLC, d/b/a Morningside Nursing and Rehabilitation Center (RHCF, ADHCPs, and LTHHCP)
- Morningside Acquisition III, LLC (ACF/ALP and LHCSA - pending)
- DeWitt Rehabilitation and Nursing Center, Inc., d/b/a Upper East Side Rehabilitation and Nursing Center (RHCF)
- Sea Crest Acquisition I, LLC, d/b/a Sea Crest Nursing and Rehabilitation Center (RHCF)
- MLAP Acquisition I, LLC, d/b/a Long Beach Nursing and Rehabilitation Center (RHCF);
- Terrace Acquisition II, LLC, d/b/a Fordham Nursing and Rehabilitation Center (RHCF)
- Workmen's Circle Dialysis Management, LLC, d/b/a Workmen's Circle Dialysis Center (D&TC/ESRD)
- Morningside Dialysis Center, LLC (D&TC/ESRD - pending)
- Jamaica Acquisition III, LLC, d/b/a Hillside Certified Home Care Agency (CHHA)
- Sea Crest Dialysis Center (D&TC/ESRD)
- Prospect Acquisition I, LLC, d/b/a Downtown Brooklyn Nursing and Rehabilitation Center (RHCF - pending)
- Stamford Acquisition I, LLC, d/b/a Cassena Care at Stamford (RHCF in CT)
- New Britain Acquisition I, LLC, d/b/a Cassena Care at New Britain (RHCF in CT)
- Norwalk Acquisition I, LLC, d/b/a Cassena Care at Norwalk (RHCF in CT)

A search of all the above-named LLC members and managers, employers, and affiliations revealed no matches on either the Medicaid Disqualified Provider List or the Office of the Inspector General's Provider Exclusion List. The NYS Education Department, Office of the Professions, indicates no disciplinary issues with either the Certified Public Accountant licensure of Mr. DeBenedictis or the Registered Physical Therapist licensure of Mr. Solovey.

Facility Compliance / Enforcement

The applicant disclosed that Cardiff Bay Center, LLC, d/b/a Peninsula Nursing and Rehabilitation Center (RHCF), had an enforcement action taken by the United States Department of Labor, Office of Safety and Health Administration (OSHA), based on OSHA inspections conducted from December 28, 2016, through May 11, 2017. OSHA cited violations in Respiratory Protection Program, Hazards Communication Program, and Sharps Injury Log. A monetary penalty of \$12,468 was imposed and paid.

The NYS Department of Health Division of Hospitals and Diagnostic and Treatment Centers has reviewed the compliance histories of the affiliated Diagnostic and Treatment Centers for the time-period 2011 through 2018, and reported that during that time-period, the affiliated Diagnostic and Treatment Centers had no enforcement actions taken.

The NYS Department of Health Division of Nursing Homes and Intermediate Care Facilities/IID reviewed the compliance histories of all affiliated Nursing Homes and Adult Day Health Care Programs for the time-period 2011 to 2018, and reported that during that time-period, the following enforcement actions were taken:

- An enforcement action was taken against PALJR, LLC, d/b/a East Neck Nursing and Rehabilitation Center, in 2015 based on a March 2014 survey citing violations in Residents Rights: Right to Accept/Refuse Treatment, Right to Formulate Advance Directives; Administration; and Administration: Quality Assessment and Assurance. This enforcement action was resolved with a \$6,000 civil penalty.
- An enforcement action was taken against Highland View Care Center Operating Company, LLC, d/b/a The Citadel Rehabilitation and Nursing Center at Kingsbridge, in 2016 based on an August 2016 survey citing violations in Quality of Care: Accident Free Environment; and Administration. This enforcement action was resolved with a \$4,000 civil penalty. In addition, a federal Civil Monetary Penalty of \$20,737.60 was imposed and paid.
- An enforcement action was taken against JOPAL, LLC, d/b/a Barnwell Nursing and Rehabilitation, in 2015 based on a March 2012 survey citing violations in Quality of Care: Accidents / Supervision. This enforcement action was resolved with a \$2,000 civil penalty. In addition, a federal Civil Monetary Penalty of \$3,250 was imposed and paid.
- An enforcement action was taken against JOPAL, LLC, d/b/a Barnwell Nursing and Rehabilitation, in 2015 based on a February 2013 survey citing violations in Quality of Care: Significant Medication Errors; Administration; and Quality Assurance. This enforcement action was resolved with a \$8,000 civil penalty. In addition, a federal Civil Monetary Penalty of \$5,000 was imposed and paid.
- An enforcement action was taken against JOPAL, LLC, d/b/a Barnwell Nursing and Rehabilitation, in 2015 based on a September 2013, survey citing violations in Residents Rights: Freedom from Mistreatment, Neglect, and Misappropriation of Property; and Quality of Care: Highest Practicable Potential. This enforcement action was resolved with a \$10,000 civil penalty. In addition, a federal Civil Monetary Penalty of \$8,000 was imposed and paid.
- An enforcement action was taken against JOPAL at St. James, d/b/a Mills Pond Nursing and Rehabilitation, in 2017 based on a July 2017, survey citing violations in Quality of Care: Significant Medication Errors. This enforcement action was resolved with a \$10,000 civil penalty.
- An enforcement action was taken against DeWitt Rehabilitation and Nursing Center, Inc., d/b/a Upper East Side Rehabilitation and Nursing Center, in 2018 based on a February 2018, survey citing violations in Quality of Care: Significant Medication Errors; and Physician Services: Visits and Responsibilities. This enforcement action was resolved with a \$12,000 civil penalty.

The NYS Department of Health Division of Nursing Homes and Intermediate Care Facilities/IID reports that the remaining affiliated Nursing Homes and Adult Day Health Care Programs had no enforcement actions taken for the time-period 2011 through 2018.

The Division of Home and Community Based Services reviewed the compliance histories of the affiliated Certified Home Health Agency, Long Term Home Health Care Programs, and Licensed Home Care Services Agency, for the time-period 2011 to 2018, and reported that during that time-period, the affiliated Certified Home Health Agency, Long Term Home Health Care Programs, and Licensed Home Care Services Agency have all remained in compliance with no history of enforcement action taken.

The NYS Department of Health Division of Adult Care Facilities and Assisted Living reports that the change of ownership for the pending ACF/ALP has not yet become legally effective, and therefore, no compliance or enforcement history is applicable at this time for that pending affiliation.

Out-of-state compliance information was provided by both the State of Connecticut, and the applicant via the signed and notarized Schedule 2As.

Stamford Acquisition I, LLC, d/b/a Cassena Care at Stamford (CT) is currently in compliance, with no enforcement actions taken during the time-period 2011 through 2018.

New Britain Acquisition I, LLC, d/b/a Cassena Care at New Britain (CT) is currently in compliance, but was subject to the following enforcement action during the time-period 2011 through 2018:

- An enforcement action was taken against Cassena Care at New Britain based on a survey conducted from September 15, 2016 through October 28, 2016, citing violations in Quality of Care: Necessary Care and Services for Highest Practicable Well Being; Quality of Care: Accidents / Hazards / Environment / Supervision / Devices; and Quality of Care: Sufficient Fluid to Maintain Hydration. A state civil penalty of \$1730 was imposed and paid, a federal Civil Monetary Penalty of \$17,821.05 was imposed and paid, and a federal prohibition was imposed on Nurse Aide Training and Competency Evaluation programs offered by, or in, the facility for the time-period September 15, 2016 through September 14, 2018.

Norwalk Acquisition I, LLC, d/b/a Cassena Care at Norwalk (CT) is currently in compliance, but was subject to the following enforcement actions during the time-period 2011 through 2018:

- An enforcement action was taken against Cassena Care at Norwalk based on a survey conducted in September 2013, citing violations in Quality of Care: Necessary Care and Services for Highest Practicable Well Being; and Quality of Care: Accidents / Hazards / Environment / Supervision / Devices. A state civil penalty of \$1020 was imposed and paid, and a federal Civil Monetary Penalty of \$7850 was imposed and paid.
- An enforcement action was taken against Cassena Care at Norwalk based on a survey conducted in October 2013, citing violations in Quality of Care: Accidents / Hazards / Environment / Supervision / Devices. A state civil penalty of \$360 was imposed and paid.
- An enforcement action was taken against Cassena Care at Norwalk based on a survey conducted in December 2013, citing violations in Quality of Care: Accidents / Hazards / Environment / Supervision / Devices. A state civil penalty of \$1160 was imposed and paid.
- An enforcement action was taken against Cassena Care at Norwalk based on a survey conducted in February 2014, citing violations in Quality of Care: Necessary Care and Services for Highest Practicable Well Being; and Quality of Care: Pressure Sores. A state civil penalty of \$1370 was imposed and paid, and a federal Civil Monetary Penalty of \$13,650 was imposed and paid.
- An enforcement action was taken against Cassena Care at Norwalk based on a survey conducted in January 2016, citing violations in Quality of Care: Accidents / Hazards / Environment / Supervision / Devices; and Resident Behavior and Facility Practice: Resident Abuse. A state civil penalty of \$3000 was imposed and paid, and a federal Civil Monetary Penalty of \$6500 was imposed and paid.
- An enforcement action was taken against Cassena Care at Norwalk based on a survey conducted in March 2016, citing violations in Quality of Care: Necessary Care and Services for Highest Practicable Well Being; and Resident Behavior and Facility Practice: Staff Treatment of Residents. Two separate state civil penalties of \$3000 and \$2370 were imposed and paid, and a federal Civil Monetary Penalty of \$8750 was imposed and paid.
- An enforcement action was taken against Cassena Care at Norwalk based on a survey conducted in September 2016, citing violations in Quality of Care: Significant Medication Errors. A federal Civil Monetary Penalty of \$2315.95 was imposed and paid.
- An enforcement action was taken against Cassena Care at Norwalk based on a survey conducted in July 2017, citing violations in Quality of Care: Accidents / Hazards / Environment / Supervision / Devices. A state civil penalty of \$2530 was imposed and paid.

CHHA Quality of Patient Care Star Ratings	
(per https://www.medicare.gov/homehealthcompare/search.html , as of 04/09/2018)	
New York Average: 3 out of 5 stars National Average: 3.5 out of 5 stars	
CHHA Name	Quality of Care Rating
Hillside Certified Home Care Agency	4 out of 5 stars
CenterLight Certified Home Health Agency	3 out of 5 stars

Conclusion

A review of all personal qualifying information indicates there is nothing in the background of the LLC members and managers of Prospect Acquisition III, LLC d/b/a Responsive Home Health Care, to adversely affect their positions with the organization. The applicant has the appropriate character and competence under Article 36 of the Public Health Law. There will be no changes to services offered or counties served as a result of this application.

Recommendation

From a need and programmatic perspective, approval is recommended.

Financial Analysis

Purchase and Sale Agreement

The applicant has submitted an executed PSA for the purchase of the CHHA, summarized below:

Date:	January 31, 2017
Seller:	CenterLight Certified Home Health Agency
Buyer:	Prospect Acquisition III, LLC
Assets Acquired:	All assets, inventory, supplies and/or other personal property located or principally used in the operation of the CHHA; copies of all records relating to and used in the operation of the CHHA; all clinical protocols, policies and procedures, review tools and forms, intellectual property, and information technology and trademarks, which are used in and integral to operation of the CHHA; all computers, computer applications, operating, security or programmatic software used in the operation of the CHHA; all security deposits and prepayments held by Seller with respect to the CHHA for services provided on or after the Effective Date; all goodwill in or arising from the CHHA, and after the Closing, Seller shall transfer custody of its Business Records to Buyer pursuant to a records custodial agreement.
Excluded Assets:	All accounts receivable related to services rendered by the CHHA, all bank accounts in the name of Seller, any investments, marketable securities and accrued interest and divided thereon to the extent owned by Seller as of the Effective Date.
Assumed Liabilities:	All debt will remain with the Seller.
Purchase Price:	\$2,200,000
Payment of the Purchase Price:	\$2,200,000 due at the Closing (to be met via equity).

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/r 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. Currently, the facility has no outstanding Medicaid liabilities.

Lease License Agreement

The applicant has submitted a draft license agreement for the site that they will occupy, which is summarized below:

Premises:	1,000 sq. ft. located at 1000 Gates Ave., 4 th Fl., Brooklyn, NY 11221
Licensor:	Ultimate Care, Inc. (Current tenant under an Agreement of Lease with Gates Avenue Properties, LLC (landlord) dated June 29, 2016, for the 4 th floor premises at 1000 Gates Ave., Brooklyn, NY)
Licensee:	Prospect Acquisition III, LLC
Term:	In effect until May 31, 2026.
License Fee (Rent):	\$25,680 First Year (through 5/31/18), \$26,400 Second Year, and increasing moderately thereafter. Licensee agrees to pay Licensor up to \$300,000 for construction costs for the Premises to be built out for Licensee's business operations.

The License Agreement provides that the Agreement of Lease remains in full force and effect and that Ultimate Care, Inc. is authorized to enter into the License Agreement.

The applicant has attested that the lease is a non-arm's length arrangement. Leopold Friedman, a member of the applicant, is a 33.34% shareholder of Ultimate Care, Inc.

Operating Budget

The applicant has submitted the CHHA's current results for 2016, and the projected first and third year operating budgets, in 2018 dollars, as summarized below:

<u>Revenues</u>	<u>Current</u>	<u>Year One</u>	<u>Year Three</u>
Commercial MC	\$533,385	\$3,695,573	\$11,486,705
Medicare MC	5,263,482	4,862,350	15,086,150
Medicaid MC	640,324	2,926,578	9,080,134
Other Operating	<u>18,856</u>	<u>0</u>	<u>0</u>
Total Revenues	\$6,456,547	\$11,484,501	\$35,652,989
 <u>Expenses</u>			
Operating	\$11,240,731	\$11,005,743	\$33,712,461
Capital	<u>19,230</u>	<u>278,000</u>	<u>264,750</u>
Total Expenses	\$11,259,961	\$11,283,743	\$33,977,211
 Net Income (Loss)	 <u>(\$4,803,414)</u>	 <u>\$200,758</u>	 <u>\$1,675,778</u>
 Utilization: (Visits)*	 38,650	 167,439	 539,010

* Nursing, PT, OT, SP, Medical Social Service, and Home Health Aid visits

Utilization by payor source for the first and third years is anticipated as follows:

<u>Payor</u>	<u>Current</u>	<u>Year One</u>	<u>Year Three</u>
Commercial MC	41.91%	24.45%	24.45%
Medicare MC	52.87%	48.90%	48.90%
Medicaid MC	5.22%	24.45%	24.45%
Charity Care	<u>0.00%</u>	<u>2.20%</u>	<u>2.20%</u>
Total	100.00%	100.00%	100.00%

The following is noted with respect to the submitted budget:

- The Medicaid managed care episodic payment is estimated at \$3,731.69, and the Medicare managed care episodic payment is estimated at \$3,065.61.
- Charity care is expected to be 2%. The applicant states their policy is to assess individual based on income to determine eligibility fee, reduced fees, and/or charity care. Their commitment includes providing uncompensated services to uninsured patients lacking the financial resources to pay.
- As explanation of the substantial increase in utilization projected for year one forward, the applicant indicated that for the first six months of 2016, the current operator had minimal case volume and the core business was more focused on nursing home operations, rather than the CHHA or LTHHCP. In July 2016, the proposed operator entered into a Management Agreement and an interim administrative consulting services arrangement to oversee the operation of the CHHA, which resulted in an uptick in case volume. New staff was recruited and trained and case volume continued to increase in the fourth quarter of 2016. The proposed operator has a significant healthcare footprint in the NYC area, including 12 skilled nursing facility operations (4,100 beds) in the CHHA's service area. They plan is to leverage continuity of care and a vertical integration of patients released from nursing home care to increase CHHA services.
- Expense assumptions are based on current historical experience of the CHHA, accounting for the increase in visits from historical.

Capability and Feasibility

Prospect Acquisition III, LLC will acquire the CHHA's operations for \$2,200,000 funded by members' equity. The working capital requirement is estimated at \$1,880,624 based on two months of first year expenses and will be funded from the members' equity. BFA Attachment A is the net worth statements for the proposed members of Prospect Acquisition III, LLC, which reveals sufficient resources to meet the equity requirements.

The submitted budget indicates that net income of \$200,758 will be generated for the first year after the change in ownership. Revenues are estimated to increase from the current year due to the applicant stating that they plan to leverage continuity of care and a vertical integration of patients released from nursing home care to increase CHHA services. Expense assumptions are based on current historical experience of the CHHA, accounting for the increase in visits from historical.

BFA Attachment B is a financial summary of CenterLight Certified Home Health Agency for 2016 and 2015 (certified) and the internal financials for the year ending December 31, 2017. Centerlight has negative working capital, negative net assets, and net deficit for all periods shown. The current operator, with the guidance of the buyer via a management agreement, has been working to identify areas to increase revenue and cut costs. In addition, marketing efforts have been expanded and utilization has increased, which should lead to a stable operating position.

Recommendation

From a financial perspective, contingent approval is recommended.

Attachments

BFA Attachment A Personal Net Worth Statement-Proposed Members of Prospect Acquisition III, LLC
BFA Attachment B 2015 & 2016 certified financial summary and internals as of December 31, 2017

CENTERLIGHT CERTIFIED HOME HEALTH AGENCY

BALANCE SHEETASSETSDecember 31, 2017**CURRENT ASSETS**

Cash and cash equivalents	\$	200,971
Accounts Receivable (net of Allowance for Doubtful Accounts)		831,274
Purchased Accounts Receivable		1,475,989

TOTAL CURRENT ASSETS\$ 2,508,234

Due from Centerlight		(116,430)
Due from CNR		33,314
Due from Margaret Tietz		16,624
Fixed Assets (net of Accumulated Depreciation)		368,965
Goodwill		(1,654,139)

TOTAL ASSETS\$ 1,156,568LIABILITIES AND MEMBER'S EQUITY**CURRENT LIABILITIES**

Accounts Payable	\$	2,435,635
Accrued Expenses		140,420
Accrued Payroll		99,183
Accrued Sick and Vacation		483,224
Payroll Liabilities		(2,385)

TOTAL CURRENT LIABILITIES\$ 3,156,077

Due to Beth Abraham		241,870
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TOTAL LIABILITIES\$ 3,397,947

Member's Equity		(2,241,379)
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TOTAL LIABILITIES AND MEMBER'S EQUITY\$ 1,156,568

CENTERLIGHT CERTIFIED HOME HEALTH AGENCY

STATEMENT OF INCOME AND MEMBER'S EQUITY

	Twelve Months Ended December 31, 2017	
	Amount	Per Case
OPERATING INCOME		
Home Healthcare Income	\$ 4,490,740	\$ 1,834.45
Other Income	912,913	372.92
TOTAL OPERATING INCOME	<u>\$ 5,403,653</u>	<u>\$ 2,207.37</u>
DIRECT CARE EXPENSES		
Direct Care	<u>3,600,225</u>	<u>1,470.68</u>
TOTAL DIRECT CARE EXPENSES	<u>3,600,225</u>	<u>1,470.68</u>
GROSS PROFIT	<u>\$ 1,803,428</u>	<u>\$ 736.69</u>
<i>Gross Profit %</i>	33.37%	
ADMIN & GENERAL EXPENSES		
Administrative Costs	\$ 3,904,585	\$ 1,595.01
General Overhead	155,663	63.59
TOTAL ADMIN & GENERAL EXPENSES	<u>\$ 4,060,247</u>	<u>\$ 1,658.60</u>
NET INCOME	<u>\$ (2,256,819)</u>	<u>\$ (921.90)</u>
MEMBER'S EQUITY		
Opening Equity	\$ 15,440	
Member Contributions	-	
Member Distributions	-	
BALANCE, END OF PERIOD	<u>\$ (2,241,379)</u>	

CenterLight Certified Home Health Agency
Statement of Financial Position
December 31, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 425,214
Accounts receivable, net	1,158,579
Prepaid and other current assets	<u>4,483</u>
Total Current Assets	1,588,276

Fixed assets, net

<u>48,324</u>

<u>\$ 1,636,600</u>

LIABILITIES AND NET ASSET (DEFICIENCY)

Current Liabilities

Accounts payable and accrued expenses	\$ 327,170
Due to related parties	<u>12,974,788</u>
Total Current Liabilities	13,301,958

Net Asset (Deficiency)

Unrestricted	<u>(11,665,358)</u>
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<u>\$ 1,636,600</u>

CenterLight Certified Home Health Agency
Statement of Activities and Changes in Net Asset (Deficiency)
Year ended December 31, 2016

UNRESTRICTED NET ASSET (DEFICIENCY)

Operating Revenue

Net patient service revenue	\$ 6,437,691
Other operating revenue	18,856
Total Operating Revenue	<u>6,456,547</u>

OPERATING EXPENSES

Salaries	5,764,282
Employee benefits	1,780,114
Supplies and other expenses	2,530,346
Depreciation and amortization	19,230
Provision for bad debt	<u>1,165,989</u>
Total Operating Expenses	<u>11,259,961</u>

Change in Unrestricted Net Asset (Deficiency) (4,803,414)

NET ASSET (DEFICIENCY)

Beginning of year	<u>(6,861,944)</u>
End of year	<u>\$ (11,665,358)</u>

CENTERLIGHT CERTIFIED HOME HEALTH AGENCY

BALANCE SHEET

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash	\$ 363,973	\$ 397,236
Accounts receivable - net	1,506,869	3,197,264
Prepaid expenses and other assets	<u>5,164</u>	<u> </u>
Total current assets	1,876,006	3,594,500
Fixed assets - net	<u>67,554</u>	<u>84,512</u>
Total assets	<u>\$ 1,943,560</u>	<u>\$ 3,679,012</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 256,791	\$ 507,729
Due to related parties	<u>8,548,713</u>	<u>5,771,897</u>
Total liabilities	8,805,504	6,279,626
Net assets (deficit) - unrestricted	<u>(6,861,944)</u>	<u>(2,600,614)</u>
Total liabilities and net assets	<u>\$ 1,943,560</u>	<u>\$ 3,679,012</u>

CENTERLIGHT CERTIFIED HOME HEALTH AGENCY

STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Operating revenues		
Home care fees (net of contractual allowances and discounts)	\$ 8,444,578	\$ 7,357,519
Provision for bad debt	<u>(1,749,766)</u>	<u>(1,044,768)</u>
Net home care fees less provision for bad debt	6,694,812	6,312,751
Other operating revenues	<u>67,458</u>	
Total operating revenues	<u>6,762,270</u>	<u>6,312,751</u>
Operating expenses		
Home care		
Salaries and benefits	7,753,944	6,526,057
Fees	1,418,054	1,891,475
Supplies and other expenses	781,417	726,069
Depreciation	<u>17,419</u>	<u>14,158</u>
Total home care	<u>9,970,834</u>	<u>9,157,759</u>
Management and general		
Salaries and benefits	773,433	753,426
Fees	199,651	266,488
Supplies and other expenses	77,944	83,824
Depreciation	<u>1,738</u>	<u>1,634</u>
Total management and general	<u>1,052,766</u>	<u>1,105,372</u>
Total operating expenses	<u>11,023,600</u>	<u>10,263,131</u>
Operating loss	(4,261,330)	(3,950,380)
Transfer from related entity		<u>1,400,000</u>
Change in unrestricted net assets	(4,261,330)	(2,550,380)
Net assets (deficit) - beginning of year	<u>(2,600,614)</u>	<u>(50,234)</u>
Net assets (deficit) - end of year	<u>\$ (6,861,944)</u>	<u>\$ (2,600,614)</u>



Project # 181191-E
Always There Family Home Health Services

Program: Certified Home Health Agency
Purpose: Establishment

County: Ulster
Acknowledged: March 23, 2018

Executive Summary

Description

Catholic Health Care System (CHCS) d/b/a ArchCare, a New York not-for-profit corporation located at 205 Lexington Avenue, New York (New York County), requests approval to become the sole corporate member of Ulster Home Health Services Inc. d/b/a Always There Family Home Health Services (Always There), a voluntary not-for-profit, Article 36 Certified Home Health Agency (CHHA) located at 918 Ulster Avenue, Kingston (Ulster County). The sole member of ArchCare Providence Health Services, a New York not-for-profit corporation, will also be established as the ultimate (grandparent) corporate member through this application. UMC, Inc. is the current sole corporate member of the CHHA and an affiliated Licensed Home Care Service Agency (LHCSA), and will be dissolved upon the completion of the project.

There is no acquisition cost or purchase agreement involved in the transition to establish ArchCare as sole corporate member and Providence as the grandparent. Additionally, the proposed change will not result in a change to the CHHA's operating certificate or any of the programs and services offered by the CHHA, or its service area.

The new arrangement is expected to:

- Promote the sharing of clinical best practices and joint training opportunities;
Integrate and centralize administrative functions;

- Produce cost savings and efficiencies through group purchasing;
Improve staff recruitment and retention; and
Enhance the system's marketing presence.

There will be no change in lease arrangements.

OPCHSM Recommendation

Contingent Approval.

Need Summary

Always There Family Home Health Services is certified to provide services in Ulster County. The establishment of ArchCare as the sole corporate member and Providence as the grandparent will not result in any changes to the counties being served or to the CHHA's operating certificate.

Program Summary

Review of the Personal Qualifying Information indicates that the applicant has the required character and competence to operate a Certified Home Health Agency.

Financial Summary

There are no project costs associated with this project and there will be no change in the daily operations. The proposed budget is as follows:

Table with 2 columns: Category, Year One. Rows: Revenue (\$4,165,378), Expenses (\$4,321,423), Net Income (\$156,045).

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a photocopy of the By-laws of Ulster Home Health Services, Inc., which is acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

June 7, 2018

Need and Program Analysis

Program Description

Ulster Home Health Services, Inc. d/b/a Always There Family Home Health Services, a New York not-for-profit corporation is an existing CHHA serving Ulster County. UMC, Inc. is the current sole corporate member of the CHHA.

Catholic Health Care System d/b/a ArchCare is a not-for-profit corporation located at 205 Lexington Avenue, 3rd Floor, New York (New York County), New York 10016. The sole member corporation of ArchCare is Providence Health Services, a not-for-profit corporation. ArchCare is seeking approval to become the sole corporate member of the Always There Family Home Health Services CHHA and Providence Health Services is seeking to become the ultimate parent. Upon approval, UMC, Inc. will be dissolved.

The Board of Directors of **Providence Health Services** is as follows:

<p>Timothy M. Dolan, PhD Archbishop, Archdiocese of New York</p>	<p>William Whiston Chief Financial Officer, Archdiocese of New York</p>
<p>Gregory A. Mustaciuolo Vicar General, Archdiocese of New York</p> <p><u>Affiliations:</u> ArchCare at Home (5/1/2014-present) Carmel Richmond Healthcare & Rehabilitation Center (2009-present) Empire State Home Care Services, Inc. (2014-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (2009-present) Kateri Residence (2009-8/28/2013) Mary Manning Walsh Home (2009-present) St. Teresa's Nursing Home (2009-8/28/2013) St. Vincent de Paul Residence (2009-present) Terence Cardinal Cooke Health Care Center (2009-present)</p>	<p>Gerald T. Walsh, MSW Vicar for Clergy, Archdiocese of New York</p> <p><u>Affiliations:</u> ArchCare at Home (5/1/2014-present) Carmel Richmond Healthcare & Rehabilitation Center (2013-present) Empire State Home Care Services, Inc. (2014-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (2013-present) Isabella Geriatric Center (7/1/1999-present) Kateri Residence (2013-8/28/2013) Mary Manning Walsh Home (2013-present) St. Teresa's Nursing Home (2013-2/1/2013) St. Vincent de Paul Residence (2013-present) Terence Cardinal Cooke Health Care Center (2013-present)</p>

The Board of Directors of **Catholic Health Care System d/b/a Archcare** is as follows:

<p>Francis J. Serbaroli, Esq., Chairman Partner, Greenberg Traurig, LLP</p> <p><u>Affiliations:</u> ArchCare Advantage (1/2008-present) ArchCare at Home (5/2014-present) ArchCare Senior Life (11/2008-present) Carmel Richmond Healthcare & Rehabilitation Center (2008-present) Empire State Home Care Services, Inc. (2014-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (2008-present)</p>	<p>Karl P. Adler, MD, Vice Chairman Retired - 2015</p> <p><u>Affiliations:</u> ArchCare Advantage (2007-present) ArchCare at Home (2012-2014) ArchCare Senior Life (2007-present) Carmel Richmond Healthcare & Rehabilitation Center (2001-present) Center for Comprehensive Health Practice (1988-2015) Empire State Home Care Services, Inc. (2012-2014)</p>
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<p>Kateri Residence (2008-8/28/2013) Mary Manning Walsh Home (2008-present) St. Teresa's Nursing Home (2008-2/1/2013) St. Vincent de Paul Residence (2008-present) Terence Cardinal Cooke Health Care Center (2008-present)</p>	<p>Ferncliff Nursing Home & Rehabilitation Center (2001-present) Kateri Residence (2001-8/28/2013) Mary Manning Walsh Home (2001-present) St. Francis Hospital (2001-2013) St. Teresa's Nursing Home (2001-2/1/2013) St. Vincent de Paul Residence (2001-present) St. Vincent's Hospital (1990-1993 & 2010-2012) Terence Cardinal Cooke Health Care Center (2001-present)</p>
<p>Thomas M. O'Brien, Vice Chairman President & CEO, Sun National Bank</p> <p><u>Affiliations:</u> ArchCare at Home (2015-present) Carmel Richmond Healthcare & Rehabilitation Center (2005-present) Empire State Home Care Services, Inc. (2015-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (2005-present) Kateri Residence (2005-8/28/2013) Mary Manning Walsh Home (2005-present) St. Teresa's Nursing Home (1/1/2013-2/1/2013) St. Vincent de Paul Residence (2005-present) Terence Cardinal Cooke Health Care Center (2005-present)</p>	<p>Charles J. Fahey, MSW Retired - 2001</p> <p><u>Affiliations:</u> ArchCare Advantage (2014-present) ArchCare at Home (5/1/2014-present) ArchCare Senior Life (2014-present) Carmel Richmond Healthcare & Rehabilitation Center (2006-present) Empire State Home Care Services, Inc. (2014-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (2006-present) Kateri Residence (2006-8/28/2013) Mary Manning Walsh Home (2006-present) St. Teresa's Nursing Home (2006-2/1/2013) St. Vincent de Paul Residence (2006-present) Terence Cardinal Cooke Health Care Center (2006-present)</p>
<p>John T. Dunlap, Esq., Partner, Dunnington, Bartholow & Miller LLP</p> <p><u>Affiliations:</u> ArchCare at Home (5/1/2014-present) Carmel Richmond Healthcare & Rehabilitation Center (2006-present) Empire State Home Care Services, Inc. (2014-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (2006-present) Kateri Residence (2006-8/28/2013) Mary Manning Walsh Home (2006-present) St. Teresa's Nursing Home (2006-2/1/2013) St. Vincent de Paul Residence (2006-present) Terence Cardinal Cooke Health Care Center (2006-present)</p>	<p>Eric P. Feldmann Retired – April 30, 2015</p> <p><u>Affiliations:</u> Carmel Richmond Healthcare & Rehabilitation Center (2005-present) Ferncliff Nursing Home & Rehabilitation Center (2009-present) Kateri Residence (2009-2013) Mary Manning Walsh Home (2009-present) St. Teresa's Nursing Home (2009-2/1/2013) St. Vincent de Paul Residence (2009-present) Terence Cardinal Cooke Health Care Center (2009-present)</p>
<p>Rory Kelleher, JD Senior Counsel, Sidley Austin LLP</p> <p><u>Affiliations:</u> ArchCare at Home (5/1/2014-present) Carmel Richmond Healthcare & Rehabilitation Center (1/12008-3/1/2012 & 1/1/2013-present)</p>	<p>Jeffrey J. Hodgman Retired – August 19, 2005</p> <p><u>Affiliations:</u> ArchCare at Home (11/2014-present) ArchCare at Home (7/1/2016-present)</p>

<p>Empire State Home Care Services, Inc. (2014-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (1/12008-3/1/2012 & 1/1/2013-present) Kateri Residence (2005-3/1/2012 & 1/1/2013-8/28/2013) Mary Manning Walsh Home (1/12008-3/1/2012 & 1/1/2013-present) St. Teresa's Nursing Home (1/12008-3/1/2012 & 1/1/2013-2/1/2013) St. Vincent de Paul Residence (1/12008-3/1/2012 & 1/1/2013-present) Terence Cardinal Cooke Health Care Center (1/12008-3/1/2012 & 1/1/2013-present)</p>	<p>Carmel Richmond Healthcare & Rehabilitation Center (7/1/2016-present) Empire State Home Care Services, Inc. (7/1/2016-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (7/1/2016-present) Mary Manning Walsh Home (7/1/2016-present) St. Vincent de Paul Residence (7/1/2016-present) Terence Cardinal Cooke Health Care Center (7/1/2016-present)</p>
<p>Gregory A. Mustaciuolo Disclosed above</p>	<p>Gerald T. Walsh, MSW Disclosed above</p>
<p>Kathryn K. Rooney, Esq. Attorney, Law Offices of Kathryn K. Rooney</p> <p><u>Affiliations:</u> ArchCare at Home (5/1/2014-present) Carmel Richmond Healthcare & Rehabilitation Center (1/2001-present) Empire State Home Care Services, Inc. (2014-10/4/2016) Safe Harbor Healthcare Services (1988-present) Kateri Residence (2005-8/28/2013) Mary Manning Walsh Home (2005-present) Richmond University Medical Center (1/2007-present) St. Vincent de Paul Residence (2005-present) Terence Cardinal Cooke Health Care Center (2005-present)</p>	<p>Thomas E. Alberto Retired – October 31, 2013</p> <p><u>Affiliations:</u> ArchCare at Home (1990-present) Carmel Richmond Healthcare & Rehabilitation Center (2013-present) Empire State Home Care Services, Inc. (1990-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (2013-present) Kateri Residence (2013-8/28/2013) Mary Manning Walsh Home (2013-present) St. Teresa's Nursing Home (2008-2/1/2013) St. Vincent de Paul Residence (2008-present) Terence Cardinal Cooke Health Care Center (2008-present) Vising Nurse Association of Brooklyn (1990-5/1/2014)</p>
<p>Gerald T. Sweeney Chief Information Officer, Healthfirst</p> <p><u>Affiliations:</u> ArchCare Advantage (2012-present) ArchCare at Home (5/1/2014-present) ArchCare Senior Life (2012-present) Carmel Richmond Healthcare & Rehabilitation Center (2012-present) Empire State Home Care Services, Inc. (2014-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (2012-present) Kateri Residence (2012-8/28/2013) Mary Manning Walsh Home (2012-present) St. Teresa's Nursing Home (2012-2/1/2013) St. Vincent de Paul Residence (2012-present)</p>	<p>Gennaro J. Vasile, PhD Retired – December 24, 2015</p> <p><u>Affiliations:</u> ArchCare Advantage (2014-present) ArchCare Senior Life (2014-present) Carmel Richmond Healthcare & Rehabilitation Center (1/1/2013-present) Ferncliff Nursing Home & Rehabilitation Center (1/1/2013-present) Kateri Residence (1/1/2013-8/28/2013) Mary Manning Walsh Home (1/1/2013-present) St. Teresa's Nursing Home (1/1/2013-2/1/2013) St. Vincent de Paul Residence (1/1/2013-present) Terence Cardinal Cooke Health Care Center (1/1/2013-present)</p>

<p>Terence Cardinal Cooke Health Care Center (2012-present)</p>	
<p>Thomas J. Fahey, Jr., MD Retired</p> <p><u>Affiliations:</u> ArchCare at Home (5/1/2014-present) Calvary Hospital (2000-present) Carmel Richmond Healthcare & Rehabilitation Center (2009-present) Empire State Home Care Services, Inc. (2014-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (2009-present) Kateri Residence (2009-8/28/2013) Mary Manning Walsh Home (2009-present) St. Teresa's Nursing Home (2009-2/1/2013) St. Vincent de Paul Residence (2009-present) Terence Cardinal Cooke Health Care Center (2009-present)</p>	<p>Tara Cortes, PhD, RN Executive Director/Professor, The Hartford Institute for Geriatric Nursing at NYU College of Nursing</p> <p><u>Affiliations:</u> ArchCare at Home (2013-present) Carmel Richmond Healthcare & Rehabilitation Center (2013-present) Empire State Home Care Services, Inc. (2014-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (2013-present) Kateri Residence (2013-8/28/2013) Mary Manning Walsh Home (2013-present) St. Teresa's Nursing Home (2013-2/1/2013) St. Vincent de Paul Residence (2013-present) Terence Cardinal Cooke Health Care Center (2013-present) Vising Nurse Association of Brooklyn (9/2009-5/1/2014)</p>
<p>Clarion E. Johnson, MD (Maryland) Retired - March 31, 2013</p> <p><u>Affiliations:</u> ArchCare at Home (7/1/2016-present) Carmel Richmond Healthcare & Rehabilitation Center (7/1/2016-present) Empire State Home Care Services, Inc. (7/1/2016-10/4/2016) Ferncliff Nursing Home & Rehabilitation Center (7/1/2016-present) Mary Manning Walsh Home (7/1/2016-present) St. Vincent de Paul Residence (7/1/2016-present) Terence Cardinal Cooke Health Care Center (7/1/2016-present)</p>	<p>George B. Irish Eastern Director, Hearst Foundations</p> <p><u>Affiliations:</u> ArchCare at Home (3/8/2017-present) Carmel Richmond Healthcare & Rehabilitation Center (3/8/2017-present) Ferncliff Nursing Home & Rehabilitation Center (3/8/2017-present) Mary Manning Walsh Home (3/8/2017-present) St. Vincent de Paul Residence (3/8/2017-present) Terence Cardinal Cooke Health Care Center (3/8/2017-present)</p>

The Board members of **Catholic Health Care System d/b/a Archcare** have attested to being the subject of an investigation by either federal or state law enforcement agencies on issues related to Medicare or Medicaid fraud. In 2013, the U.S. Attorney's Office, District of Massachusetts, undertook an investigation of therapy provided in three of the nursing homes sponsored by Catholic Health Care System (CHCS) by a subcontractor, an affiliate of Kindred Healthcare, Inc. CHCS and its nursing homes were not the target of the investigation. The investigation focused on allegations that the three facilities submitted claims to Medicare that sought inflated amounts of reimbursement based on either the provision of unreasonable or unnecessary rehabilitation therapy. On February 24, 2014, CHCS entered into a settlement agreement regarding this investigation. On March 12, 2014, CHCS made a \$3.5 million payment to the U.S. Department of Justice in connection with this matter. There were no findings of False Claims Act violations, the Department of Justice noted CHCS's cooperation and the changes it made in reaching the resolution.

The Office of the Professions of the State Education Department indicates no issues with the license of the health care professional associated with this application. A search of the individuals and entities

named above revealed no matches on either the Medicaid Disqualified Provider List or the OIG Exclusion List.

The applicant has confirmed that the proposed financial/referral structure has been assessed in light of anti-kickback and self-referral laws, with the consultation of legal counsel, and it is concluded that proceeding with the proposal is appropriate.

The applicant proposes to continue to serve the residents of Ulster County from an office located at 918 Ulster Avenue, Kingston.

The applicant proposes to continue to provide the following health care services:

Nursing	Home Health Aide	Physical Therapy
Occupational Therapy	Speech-Language Pathology	Medical Social Services
Nutrition	Medical Equipment and Supplies	

A seven year review of the operations of the following facilities/ agencies was performed as part of this review (unless otherwise noted):

Hospital

Calvary Hospital	
Richmond University Medical Center	
St. Francis Hospital	(2011-2013)
St. Vincent's Hospital	(2011-2012)

Certified Home Health Agencies (CHHAs)

Always There Family Home Health Services	
ArchCare at Home	(5/1/2014-present)
Empire State Home Care Services, Inc.	(2012-10/4/2016)
Visiting Nurse Association of Brooklyn	(2011-5/1/2014)

Diagnostic & Treatment Center (D&TC)

Center for Comprehensive Health Practice	(2011-2015)
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Nursing Homes

Carmel Richmond Healthcare & Rehabilitation Center	
Ferncliff Nursing Home & Rehabilitation Center	
Isabella Geriatric Center	
Kateri Residence	(2010-2013)
Mary Manning Walsh Home	
St. Teresa Nursing Home	(2010-2013)
St. Vincent de Paul Residence	
Terence Cardinal Cooke Health Care Center	

PACE

Archcare Senior Life

Managed Long Term Care (MLTC)

Archcare Advantage

Licensed Home Care Services Agency (LHCSA)

Safe Harbor Healthcare Services

The information provided by the Division of Home and Community Based Services has indicated that **ArchCare at Home, Safe Harbor Healthcare Services and Visiting Nurse Association of Brooklyn** have provided sufficient supervision to prevent harm to the health, safety and welfare of residents and to prevent recurrent code violations.

The Division of Home and Community Based Services has indicated that **Empire State Home Care Services, Inc.** was fined one thousand dollars (\$1,000) pursuant to a stipulation and order in 2014 for failure to submit information and materials relating to the 2014 Home Care Emergency Response Survey Drill. Deficiencies were found under 10 NYCRR 763.14(a)(3)(vi).

The Division of Home and Community Based Services has indicated that **Safe Harbor Healthcare Services** was fined one thousand dollars (\$1,000) pursuant to a stipulation and order in 2014 for failure to submit information and materials relating to the 2014 Home Care Emergency Response Survey Drill. Deficiencies were found under 10 NYCRR 763.14(a)(3)(vi).

The information provided by the Division of Hospitals and Diagnostic & Treatment Centers has indicated that the applicant has provided sufficient supervision to prevent harm to the health, safety and welfare of residents and to prevent recurrent code violations.

The Bureau of Quality and Surveillance has indicated that **Ferncliff Nursing Home Company, Inc.** was fined thirty-seven thousand seven hundred dollars (\$37,700) pursuant to a stipulation and order dated February 27, 2013 for complaint surveillance findings of April 27, 2011. Deficiencies were found under 10 NYCRR 415.11(c)(3)(i) Service Meets Professional Standards, 415.12 Quality of Care Highest Practicable Potential, 415.15(b)(2)(ii) Physician Visits Review Notes/Care/Orders, 415.18(c)(2) Drug Regimen Review, Report Irregular, Act On, 415.15(a) Medical Director and 415.26 Administration.

The Bureau of Quality and Surveillance has indicated that **Terrence Cardinal Cooke Health Care Center** was fined two thousand dollars (\$2,000) pursuant to a stipulation and order dated September 22, 2015 for complaint surveillance findings of September 9, 2013. Deficiencies were found under 10 NYCRR 415.29(b) Physical Environment Emergency Power.

The Bureau of Quality and Surveillance has indicated that **Terrence Cardinal Cooke Health Care Center** was fined two thousand dollars (\$2,000) pursuant to a stipulation and order dated September 26, 2011 for recertification surveillance findings of April 9, 2010. Deficiencies were found under 10 NYCRR 415.12 Quality of Care.

The Bureau of Quality and Surveillance has indicated that **Mary Manning Walsh Home** was fined six thousand five hundred dollars (\$6,500) pursuant to a stipulation and order dated June 24, 2015 for recertification surveillance findings of January 25, 2013. Deficiencies were found under 10 NYCRR 415.

The Bureau of Quality and Surveillance has indicated that **Carmel Richmond Healthcare & Rehabilitation Center, Isabella Geriatric Center, Kateri Residence, St. Vincent de Paul Residence and St. Teresa Nursing Home** have provided sufficient supervision to prevent harm to the health, safety and welfare of residents and to prevent recurrent code violations.

The information provided by the Bureau of Managed Care Certification and Surveillance has indicated that the applicant has provided sufficient supervision to prevent harm to the health, safety and welfare of residents and to prevent recurrent code violations.

CHHA Quality of Patient Care Star Ratings as of April 27, 2018	
New York Average: 3 out of 5 stars National Average: 3.5 out of 5 stars	
CHHA Name	Quality of Care Rating
ArchCare at Home	2.5 out of 5 stars
Always There Family Home Health Services	2.5 out of 5 stars

Review of the Personal Qualifying Information indicates that the applicant has the required character and competence to operate a Certified Home Health Agency.

Recommendation

From a need and programmatic perspective, approval is recommended.

Financial Analysis

Financial Analysis

There are no projected changes in the utilization, revenues or expenses of Always There as a result of this project, although the CHHA anticipates cost benefits in the future from the establishment of ArchCare as its sole corporate member.

Capability and Feasibility

There are no issues of capability or feasibility associated with this application. There will be no change in the daily operations of the CHHA. The agency is expected to experience cost benefits and group purchasing efficiencies from the sole corporate member designation.

BFA Attachment B is the pro-forma balance sheet of Ulster Home Health Services Inc. post closing of CHCS becoming its sole member, which shows positive net assets of \$3,685,062. BFA Attachment C is the financial summary of Ulster Home Health Services, Inc., which indicates the CHHA has maintained both average positive net asset and working capital positions and generated an average net income of \$116,095 from 2015-2016. In 2017, the agency achieved both positive net asset and working capital positions and generated a net income of \$97,200. The loss in 2016 was attributed to high personnel expenses, particularly those allocated to management. In 2017, the agency reduced expenses through attrition and select position eliminations, which reduced salary and benefit expenses as well as management fees.

BFA Attachment D is the financial summary of Catholic Health Care System, Inc., which indicated the entity has maintained both average negative working capital and net asset positions, and experienced an average net income from operations of \$1,330,890 for the years 2015-2017. The loss in 2016 was due to the acquisition of multiple financially struggling home care agencies whose services needed to be maintained in the communities. Expenses attributed to implement all the Medicaid Redesign Team directives, and loans and transfers to other CHCS-sponsored programs also contributed to the loss. Planned program improvements and the consolidation of home care services are expected to result in cost efficiencies that will lead to positive working capital and net asset positions. In the interim, operating deficits will be covered by grants from the Catholic Health Care Foundation of the Archdiocese of New York, Inc.

The submitted budget indicates a net gain of \$156,046 during the first and third years, respectively. Revenues are reflective of current reimbursement rates for CHHAs.

The applicant demonstrated the capability to proceed in a financially feasible manner.

Recommendation

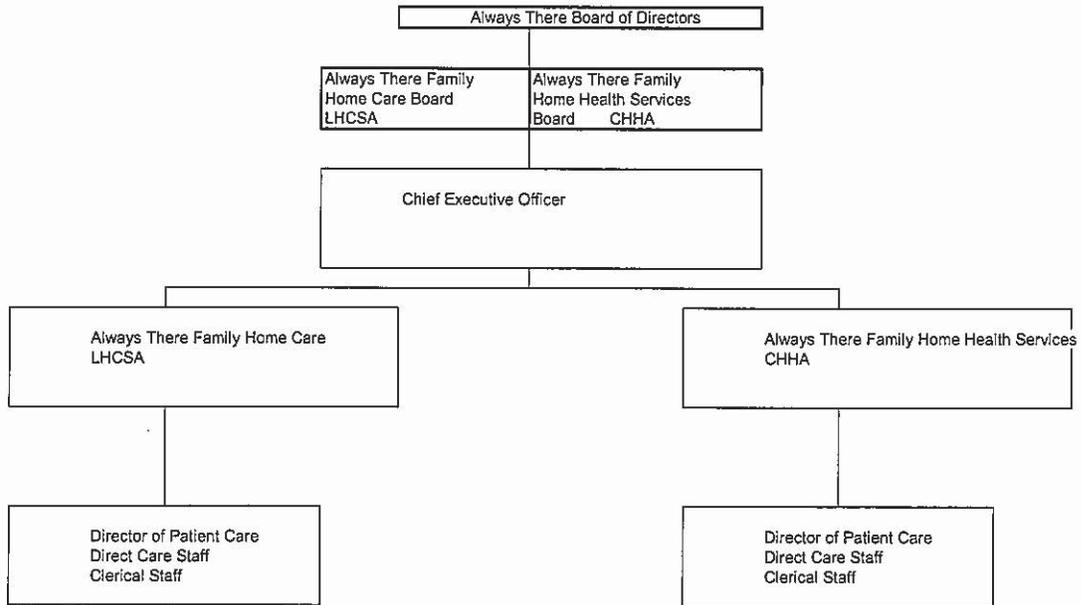
From a financial perspective, approval is recommended.

Attachments

BFA Attachment A	Organizational Chart before and after change in ownership of Always There
BFA Attachment B	Pro Forma Balance Sheet of Ulster Home Health Services Inc. d/b/a Always There Family Home Health Services
BFA Attachment C	2015-2017 Financial Summaries of Ulster Home Health Services, Inc. d/b/a Always There Family Home Health Services
BFA Attachment D	2015-2017 Financial Summaries of Catholic Health Care System, Inc.

CORPORATE ORGANIZATION CHART

BEFORE CHANGE IN OWNERSHIP



**Ulster Home Health Services
d/b/a Always There Home Health Services
2018 Proforma Balance Sheet**

CASH:	
CHECKING/PETTY CASH	\$ 71,576
VANGUARD MONEY MARKETS	3,705
TOTAL CASH	75,281.29
RESTRICTED CASH	46,106
ACCOUNTS RECEIVABLE	387,738
GRANT REVENUE- RECEIVABLE	16,667
DEFERRED RECEIVABLE-PPS	179,180
ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>(50,000)</u>
TOTAL CURRENT ASSETS	<u>654,972</u>
PROPERTY AND EQUIPMENT, NET	8,449
OTHER PREPAID EXPENSES	(292)
DUE FROM RELATED ENTITY	<u>3,490,871</u>
TOTAL OTHER ASSETS	<u>3,499,028</u>
TOTAL ASSETS	<u>\$ 4,154,000</u>
BANK NOTES PAYABLE	-
ACCOUNTS PAYABLE	-
ACCRUED SALARIES	88,165
PAYROLL TAXES PAYABLE	11,803
EMPLOYEE WITHHOLDING PAYABLE	1,269
WORKERS' COMP TRUST PAYABLE	-
ACCRUED VACATION PAYABLE	71,571
ACCRUED EXPENSES PAYABLE	29,235
MEDICARE TPL FUNDS PAYABLE	46,106
DEFERRED REVENUE	<u>220,789</u>
TOTAL LIABILITIES	<u>468,938</u>
NET ASSETS	3,685,062
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,154,000</u>

ULSTER HOME HEALTH SERVICES, INC., d/b/a
ALWAYS THERE FAMILY HOME HEALTH SERVICES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 36,125	\$ 63,826
Accounts receivable, net of estimated uncollectibles of \$50,000 and \$50,000	<u>602,184</u>	<u>730,929</u>
Total current assets	<u>638,309</u>	<u>794,755</u>
NONCURRENT ASSETS:		
Property and equipment, net of accumulated depreciation of \$288,761 and \$285,636	21,481	43,081
Due from affiliates	<u>3,631,933</u>	<u>3,545,571</u>
Total noncurrent assets	<u>3,653,414</u>	<u>3,588,652</u>
TOTAL ASSETS	<u><u>\$ 4,291,723</u></u>	<u><u>\$ 4,383,407</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Deferred revenue	\$ 226,531	\$ 243,276
Accrued liabilities	<u>253,185</u>	<u>286,010</u>
Total current liabilities	<u>479,716</u>	<u>529,286</u>
NONCURRENT LIABILITIES:		
Accrued liabilities	<u>109,055</u>	<u>124,174</u>
Total Liabilities	588,771	653,460
NET ASSETS:		
Unrestricted	<u>3,702,952</u>	<u>3,729,947</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,291,723</u></u>	<u><u>\$ 4,383,407</u></u>

ULSTER HOME HEALTH SERVICES, INC., d/b/a
ALWAYS THERE FAMILY HOME HEALTH SERVICES
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
SUPPORT AND REVENUE:		
Net patient service revenue	\$ 4,602,317	\$ 5,085,696
Other revenue	<u>9,201</u>	<u>3,740</u>
Total Support and Revenue	<u>4,611,518</u>	<u>5,089,436</u>
EXPENSES:		
Program services:		
Home Health Care (see schedules)	3,970,847	4,089,099
Supporting services:		
Management fee	<u>667,666</u>	<u>741,152</u>
Total Expenses	<u>4,638,513</u>	<u>4,830,251</u>
CHANGE IN UNRESTRICTED NET ASSETS	(26,995)	259,185
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>3,729,947</u>	<u>3,470,762</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u><u>\$ 3,702,952</u></u>	<u><u>\$ 3,729,947</u></u>

Balance Sheet
As of 12/31/2017

ULSTER HOME HEALTH SERVICES (UHH)

ASSETS

CURRENT ASSETS

10310-20-00	CASH - OPERATING UFCU	\$ 63,321.62	
10410-20-00	CASH - PAYROLL UFCU	\$ 1,541.83	
10600-20-00	VANGUARD PRIME MONEY MARKET	\$ 3,705.08	
12000-20-00	ACCOUNTS RECEIVABLE	\$ 217,552.33	
12010-20-00	ACCOUNTS RECEIVABLE - PPS	\$ 157,183.74	
12030-20-00	ACCOUNTS REC-MEDICAID EPS	\$ 24,385.66	
12100-20-00	ALLOWANCE FOR BAD DEBT	\$ -50,000.00	
12200-20-00	MEDICARE ESTIMATED RECEIVABLE	\$ 131.87	
12220-20-00	DEFERRED RECEIVABLE - PPS	\$ 143,986.00	
12230-20-00	DEFERRED RECEIVABLE-MEDICAID EPS	\$ 17,219.71	
12240-20-00	GRANT RECEIVABLE	\$ 49,999.98	
	Total CURRENT ASSETS:		\$ 629,027.62

DUE FROM (TO) RELATED ENTITY

13100-20-00	DUE FROM (TO) UHC INC	\$ 1,344,977.67	
13300-20-00	DUE FROM (TO) UMC INC	\$ 2,301,676.16	
13400-20-00	DUE FROM (TO) ADC	\$ 12,848.14	
13600-20-00	DUE FROM (TO) EDC, INC	\$ 482.49	
	Total DUE FROM (TO) RELATED ENTITY:		\$ 3,659,986.46

PROPERTY & EQUIPMENT

17000-20-00	OFFICE EQUIPMENT & FURNITURE	\$ 310,245.08	
17100-20-00	ACCM DEPREC.-EQUIP & FURNITURE	\$ -300,704.54	
17200-20-00	LEASEHOLD IMPROVEMENT	\$ 0.01	
17300-20-00	ACCM DEPREC. - LEASEHOLD IMPR	\$ -0.11	
	Total PROPERTY & EQUIPMENT:		\$ 9,540.44

OTHER ASSETS

18500-20-00	DEPOSITS	\$ -292.50	
19000-20-00	PREPAID INSURANCE	\$ 0.05	
19200-20-00	PREPAID EXPENSES	\$ 466.70	
	Total OTHER ASSETS:		\$ 174.25
	Total ASSETS:		\$ 4,298,728.77

LIABILITIES

20010-20-00	MEDICARE ESTIMATED PAYABLE	\$ 58,333.68	
21000-20-00	DEFERRED REVENUE - PPS	\$ 162,066.01	
21020-20-00	DEFERRED REVENUE-MEDICAID EPS	\$ 17,808.60	
21100-20-00	ACCRUED SALARIES-PAYROLL	\$ 54,743.66	
22000-20-00	PAYROLL TAXES-FED/FICA W/HELD	\$ 8,661.51	
22500-20-00	UNITED WAY PAYABLE	\$ 366.00	
23100-20-00	FLEXIBLE SPENDING-SEC 125	\$ -200.12	
23600-20-00	VISION PAYABLE	\$ 50.47	
23603-20-00	SUPPLEMENTAL LIFE PAYABLE	\$ 202.87	
23604-20-00	AFLAC PAYABLE	\$ 663.06	
23605-20-00	COLONIAL PAYABLE:UHHS	\$ 109.83	
23700-20-00	DENTAL PLAN:UHHS	\$ 403.27	
24100-20-00	ACCRUED WORKER'S COMP	\$ 109,056.83	
24300-20-00	ACCRUED VACATION PAYABLE	\$ 61,727.74	
24400-20-00	ACCRUED OPTION BENEFIT PAYABLE	\$ 1.00	
24500-20-00	ACCRUED DISABILITY PAYABLE	\$ 1,624.85	
24700-20-00	ACCRUED NYS % FUND PAYABLE	\$ 0.20	
25000-20-00	ACCRUED EXPENSES	\$ 22,953.94	
	Total LIABILITIES:		\$ 498,573.40

NET ASSETS

29000-20-00	Retained Earnings-Current Year	\$ 97,200.14	
29000-20-00	NET ASSETS	\$ 3,750,531.30	

Balance Sheet
As of 12/31/2017

ULSTER HOME HEALTH SERVICES (UHH)

29500-20-00	NET ASSETS-BEGINNING OF PERIOD	<u>\$-47,576.07</u>	
	Total NET ASSETS:		<u>\$ 3,800,155.37</u>
	Total LIABILITIES & NET ASSETS:		<u>\$ 4,298,728.77</u>

Income Statement
For Period 12 Ending 12/31/2017

ULSTER HOME HEALTH SERVICES (UHH)

	Year to Date	Prior Year to Date	Variance	Variance %
REVENUE				
SERVICE FEES-PRIVATE PAY	8,305.43	4,189.69	4,115.74	99.19
SERVICE FEES-BC/BS	58,847.50	69,440.00	-10,592.50	-15.25
SERVICE FEES-WORKERS COMP	20,892.68	21,582.38	-689.70	-3.20
SERVICE FEES-NO FAULT	57,887.50	39,527.50	18,360.00	46.45
SERVICE FEES-CDPHP	18,459.00	29,917.91	-11,458.91	-38.30
SERVICE FEES-COMM INS	1,101,055.68	1,241,795.55	-140,739.89	-11.33
SERVICE FEES-WELLCARE	114,998.68	125,294.38	-10,295.70	-8.22
SERVICE FEES - MEDICARE PPS	2,801,021.71	2,807,390.94	-206,369.23	-7.35
SERVICE FEES-DSS	19,844.06	10,940.46	8,703.60	79.55
SERVICE FEES-MEDICAID EPS	259,162.91	359,519.10	-100,356.19	-27.91
CHARITY CARE	-6,595.00	-2,577.50	-4,017.50	-155.87
CONTRACT ALLOW-MEDICAID	-329.49	1,720.29	-2,049.78	-119.15
CONTRACT ALLOW-OTHER	-112,412.85	-108,402.07	-6,010.88	-5.55
GRANT REVENUE	74,999.98	0.00	74,999.98	0.00
MISC REVENUE	8,914.20	9,163.63	-249.43	-2.72
INTEREST INCOME	95.70	36.98	58.72	158.79
Total REVENUE:	4,224,945.57	4,611,519.24	-386,573.67	-8.38
Gross Profit	4,224,945.57	4,611,519.24	-386,573.67	-8.38
EXPENSES				
PAYROLL COSTS				
SALARIES-ADMINISTRATION	35,229.70	38,783.74	3,554.04	9.12
SALARIES-CLERICAL	102,423.93	108,839.48	6,415.55	5.89
SALARIES-RN SKILLED NURSING	937,546.44	1,167,817.55	230,271.11	19.72
SALARIES-RN FEE FOR SERVICE	26,816.88	71,295.69	44,478.81	62.39
SALARIES- HHA	71,508.40	74,216.91	2,708.51	3.65
SALARIES-PT FEE FOR SERVICE	263,692.60	281,557.08	17,864.48	6.34
SALARIES-PHYS THERAPY	372,642.54	400,351.09	27,708.55	6.92
SALARIES-LPN SERVICE	449,290.21	406,788.15	-42,502.06	-10.45
OCCUPATIONAL THERPIST-FEE FOR SERVICE	169,388.37	156,812.29	-12,576.08	-8.02
SPEECH THERAPIST-FEE FOR SERVICE	13,248.25	24,560.25	11,312.00	46.07
NUTRITIONIST-FEE FOR SERVICE	13,075.00	13,229.00	154.00	1.16
MEDICAL SOCIAL WORKER-FEE FOR SERVICE	7,297.53	7,877.43	379.90	4.95
FICA EXPENSE	-737.43	-135.56	601.87	439.61
FICA EXP-ADMINISTRATION	3,014.51	3,210.46	195.95	6.10
FICA EXP-CLERICAL	8,403.34	9,141.34	738.00	8.07
FICA EXP-RN SKILLED NURSING	72,425.55	88,598.79	16,173.24	18.25
FICA EXP-RN FEE FOR SERVICE	2,051.65	5,634.00	3,582.35	63.58
FICA EXP-HHA	5,383.36	5,586.06	202.70	3.63
FICA EXP-PTA FEE FOR SERVICE	20,172.58	21,158.76	986.18	4.66
FICA EXPENSE-PHY THERAPY	28,243.74	30,900.04	2,656.30	8.60
FICA EXP-LPN SERVICE	34,874.76	30,315.08	-4,559.68	-15.04
FICA EXP - OT	12,715.65	11,895.97	-819.68	-6.89
FICA EXP - ST	1,013.36	1,878.89	865.53	46.07
FICA EXP - NUTRITIONIST	1,000.28	1,012.04	11.76	1.16
FICA EXP - MSW	557.55	588.77	29.22	4.98
VACATION EXP-ADMINISTRATION	6,888.31	5,318.13	-1,348.18	-25.35
VACATION EXP-CLERICAL	7,489.15	8,061.13	571.98	7.10
VACATION EXP-RN SKILLED NURSIN	62,946.63	68,455.35	3,508.72	5.28
VACATION EXP-RN FEE FOR SERVIC	-1,147.00	3,548.60	4,695.60	132.32
VACATION EXP-HHA	4,450.74	4,359.53	-91.21	-2.09

Income Statement
For Period 12 Ending 12/31/2017

ULSTER HOME HEALTH SERVICES (UHH)

	Year to Date	Prior Year to Date	Variance	Variance %
PAYROLL COSTS				
(Continued)				
VACATION EXP-THERAPISTS/OTHER	3,126.53	2,049.64	-1,076.89	-62.54
VACATION EXP- PHY THERAPY	24,784.64	23,308.40	-1,476.24	-6.33
VACATION EXP-LPN SERVICE	28,722.16	24,908.43	-3,813.73	-15.31
HEALTH INSURANCE-CDPDP	23,334.29	55,247.69	31,913.40	57.76
HEALTH INS MVP:UHHS	56,206.85	48,902.37	-7,304.48	-14.94
LIFE INSURANCE-EMPLOYER PAID	627.46	689.11	61.65	8.95
TRAVEL-MILEAGE	-433.72	282.79	716.51	253.37
TRAVEL-MILEAGE-ADMINISTRATION	407.68	419.00	11.32	2.70
TRAVEL-MILEAGE-CLERICAL	400.66	4.16	-396.50	-9,531.25
TRAVEL-MILEAGE-RN SKILLED NURS	51,913.41	79,058.47	27,145.06	34.34
TRAVEL-MILEAGE-RN FEE FOR SERV	1,485.31	5,643.98	4,078.67	73.57
TRAVEL-MILEAGE-HHA	18,781.84	21,494.54	2,712.70	12.62
TRAVEL-MILEAGE-PT	29,667.20	32,970.68	3,283.48	9.96
TRAVEL-MILEAGE-LPN SERVICE	37,443.22	35,185.19	-2,258.03	-6.42
TRAVEL-MILEAGE-FFS THERAPISTS	13,420.47	15,227.71	1,807.24	11.87
NYS UNEMPLOYMENT INSURANCE	666.53	1,323.96	357.43	27.00
DISABILITY INSURANCE	4,019.25	4,912.76	893.51	18.19
WORKERS COMP. INSURANCE	115,697.83	147,605.10	31,907.27	21.62
401K EMPLOYER CONTRIBUTION	0.00	874.86	874.86	100.00
PFL INSURANCE:UHHS	-1,512.07	0.00	1,512.07	0.00
Total PAYROLL COSTS:	3,140,742.12	3,549,439.78	408,697.66	11.51
OPERATING EXPENSES				
RENT	75,719.40	75,719.40	0.00	0.00
TELEPHONE	27,209.24	28,412.39	2,203.15	7.49
REPAIRS & MAINT: OFFICE	1,610.00	1,483.00	-127.00	-8.56
ADVERTISING-RECRUITMENT	3,600.00	3,600.00	0.00	0.00
ADVERTISING-OTHER	0.00	343.64	343.64	100.00
OFFICE EQUIPMENT	0.00	835.50	835.50	100.00
OFFICE SUPPLIES-OTHER	10,928.45	12,295.53	1,367.08	11.12
OFFICE SUPPLIES-FORMS	216.14	0.00	-216.14	0.00
MEDICAL SUPPLIES-NURSING	75,074.64	83,793.28	8,718.64	10.40
POSTAGE	2,768.45	3,630.00	861.55	23.73
NYS ASSESSMENT TAX	14,553.00	16,402.00	1,849.00	11.27
TRAINING	3,090.76	5,383.32	2,292.56	42.69
ACCOUNTING & LEGAL	16,124.92	15,124.92	-1,000.00	-6.61
CONFERENCES & LUNCHES-ADMIN	0.00	585.56	585.56	100.00
DUES & SUBSCRIPTIONS-ADMIN	21,064.99	19,876.99	-1,188.00	-5.98
MEDICAL FEES	1,655.39	1,296.99	-358.40	-27.63
CONTRACTED SERVICES	7,919.78	10,587.03	2,667.25	25.19
INTEREST EXPENSE-OTHER	4,104.36	4,623.52	519.16	11.23
BAD DEBT EXPENSE	28,069.55	29,934.78	1,865.23	6.23
EQUIPMENT RENTALS	18,000.09	17,595.25	-414.84	-2.36
MISC EXPENSE	2,214.18	1,142.90	-1,071.28	-93.73
MANAGEMENT FEE EXPENSE	597,030.76	667,666.22	70,635.46	10.58
TRAVEL	0.00	67.50	67.50	100.00
DATA PROCESSING	63,989.02	65,788.39	1,799.37	2.74
COMPUTER SUPPLIES	119.49	291.20	171.71	58.97
DEPRECIATION EXPENSE	11,940.70	21,599.63	9,658.93	44.72
Total OPERATING EXPENSES:	987,003.31	1,089,068.94	102,065.63	9.37
Total EXPENSES:	4,127,745.43	4,638,508.72	510,763.29	11.01

Income Statement
For Period 12 Ending 12/31/2017

ULSTER HOME HEALTH SERVICES (UHH)

	Year to Date	Prior Year to Date	Variance	Variance %
NET INCOME FROM OPERATIONS:	97,200.14	-25,989.48	124,189.62	460.14
EARNINGS BEFORE INCOME TAX:	97,200.14	-25,989.48	124,189.62	460.14
Net Income (Loss):	87,200.14	-25,989.48	124,189.62	460.14

Catholic Health Care System
Consolidated Statements of Financial Position

	December 31,	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,007,975	\$ 638,721
Dues and assessments receivable from related parties	1,239,477	1,336,177
Due from related parties - other	850,002	501,322
Loan receivable from Dominican Sisters		
Family Health Services, Inc., current	2,311,901	—
Prepaid expenses and other current assets	301,488	150,199
Assets limited as to use - self insured medical benefits, current	5,327,157	7,030,855
Total Current Assets	11,038,000	9,657,274
Loan receivable from Catholic Special Needs Plan, LLC	2,000,000	2,000,000
Loan receivable from Dominican Sisters		
Family Health Services, Inc., net of current portion	2,164,066	—
Assets limited as to use - self insured medical benefits, net of current portion	1,930,661	—
Assets limited as to use - letters of credit and escrow	773,128	771,143
Due from Empire State Home Care Services, Inc. - loan receivable	—	2,000,000
Due from Empire State Home Care Services, Inc. - interest on loan receivable	—	185,000
Dues and assessments receivable from related parties, net of current portion	—	1,498,120
Furniture, equipment and leasehold improvements, net	514,673	253,504
	\$ 18,420,528	\$ 16,365,041
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,923,105	\$ 1,088,815
Line of credit	1,442,927	1,442,927
Revolving loan agreement	2,000,000	2,000,000
Accrued salaries and related benefits	1,592,141	1,271,130
Due to related parties, current	1,534,208	2,495,622
Incurred but not paid medical claims	3,300,000	3,300,000
Total Current Liabilities	11,792,381	11,598,494
Due to related parties, net of current portion	300,000	300,000
Other liabilities	1,749,815	455,205
Accrued pension liability	8,073,721	8,791,118
Total Liabilities	21,915,917	21,144,817
Net Assets Deficit		
Unrestricted	(3,495,389)	(4,779,776)
	\$ 18,420,528	\$ 16,365,041

Catholic Health Care System

Consolidated Statements of Operations and Changes in Net Assets Deficit

	Year Ended December 31,	
	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
Revenue		
Membership dues and assessments	\$ 18,844,103	\$ 17,380,202
Insurance premiums from affiliates	21,805,516	20,715,696
Interest income	221,732	188,655
Other	1,291,863	169,318
Total Revenue	<u>42,163,214</u>	<u>38,453,871</u>
Expenses		
Salaries	11,480,616	9,662,189
Employee benefits	2,650,604	2,413,336
Supplies and other expenses	9,009,666	6,310,788
Self-insured health insurance	20,936,545	20,081,248
Provision for (recovery of) bad debts	2,370,000	(3,129,670)
Depreciation and amortization	91,873	100,471
Interest	119,106	100,689
Total Expenses	<u>46,658,410</u>	<u>35,539,051</u>
(Deficiency) Excess of Revenue Over Expenses	(4,495,196)	2,914,820
Non-operating Revenue		
Grants	5,851,393	1,015,269
Equity transfers from related parties	—	750,000
Equity transfers to related parties	(750,000)	(4,155,869)
Pension liability adjustment	678,190	(274,386)
Change in Net Assets Deficit	<u>1,284,387</u>	<u>249,834</u>
NET ASSETS DEFICIT		
Beginning of year	<u>(4,779,776)</u>	<u>(5,029,610)</u>
End of year	<u>\$ (3,495,389)</u>	<u>\$ (4,779,776)</u>

Catholic Health Care System
Consolidating Schedule of Financial Position
December 31, 2016

	Catholic Health Care System	Catholic Resources, Inc.	Eliminations	Consolidated Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 583,319	\$ 424,656	\$ —	\$ 1,007,975
Dues and assessments receivable from related parties	1,239,477	—	—	1,239,477
Due from related parties - other	400,000	1,105,912	(655,910)	850,002
Loan receivable from Dominican Sisters Family Health Services, Inc., current	2,311,901	—	—	2,311,901
Prepaid expenses and other current assets	301,488	—	—	301,488
Assets limited as to use - self insured medical benefits, current	6,393,607	—	(1,066,450)	5,327,157
Total Current Assets	<u>11,229,792</u>	<u>1,530,568</u>	<u>(1,722,360)</u>	<u>11,038,000</u>
Loan receivable from Catholic Special Needs Plan, LLC	2,000,000	—	—	2,000,000
Loan receivable from Dominican Sisters Family Health Services, Inc., net of current portion	2,164,066	—	—	2,164,066
Assets limited as to use - self insured medical benefits, net of current portion	1,930,661	—	—	1,930,661
Assets limited as to use - letters of credit and escrow	773,128	—	—	773,128
Furniture, equipment and leasehold improvements, net	514,673	—	—	514,673
	<u>\$ 18,612,320</u>	<u>\$ 1,530,568</u>	<u>\$ (1,722,360)</u>	<u>\$ 18,420,528</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	\$ 1,645,066	\$ 278,039	\$ —	\$ 1,923,105
Line of credit	1,442,927	—	—	1,442,927
Revolving loan agreement	2,000,000	—	—	2,000,000
Accrued salaries and related benefits	1,419,125	173,016	—	1,592,141
Due to related parties, current	2,177,055	1,079,513	(1,722,360)	1,534,208
Incurred but not paid medical claims	3,300,000	—	—	3,300,000
Total Current Liabilities	<u>11,984,173</u>	<u>1,530,568</u>	<u>(1,722,360)</u>	<u>11,792,381</u>
Due to related parties, net of current portion	300,000	—	—	300,000
Other liabilities	1,749,815	—	—	1,749,815
Accrued pension liability	8,073,721	—	—	8,073,721
Total Liabilities	<u>22,107,709</u>	<u>1,530,568</u>	<u>(1,722,360)</u>	<u>21,915,917</u>
Net Assets Deficit	<u>(3,495,389)</u>	<u>—</u>	<u>—</u>	<u>(3,495,389)</u>
Unrestricted	<u>\$ 18,612,320</u>	<u>\$ 1,530,568</u>	<u>\$ (1,722,360)</u>	<u>\$ 18,420,528</u>

Catholic Health Care System

Consolidating Schedule of Operations and Changes in Net Assets Deficit
December 31, 2016

	Catholic Health Care System	Catholic Resources, Inc.	Eliminations	Consolidated Total
UNRESTRICTED NET ASSETS				
Revenue				
Membership dues and assessments	\$ 18,844,103	\$ —	\$ —	\$ 18,844,103
Insurance premiums paid by affiliates	22,296,328	—	(490,812)	21,805,516
Interest income	221,732	—	—	221,732
Other	1,291,863	—	—	1,291,863
Total Revenue	<u>42,654,026</u>	<u>—</u>	<u>(490,812)</u>	<u>42,163,214</u>
Expenses				
Salaries	9,123,144	2,357,472	—	11,480,616
Employee benefits	2,440,800	700,616	(490,812)	2,650,604
Supplies and other expenses	8,903,815	105,851	—	9,009,666
Self-insured health insurance	20,936,545	—	—	20,936,545
Provision for bad debts	2,370,000	—	—	2,370,000
Depreciation and amortization	91,873	—	—	91,873
Interest	119,106	—	—	119,106
Total Expenses	<u>43,985,283</u>	<u>3,163,939</u>	<u>(490,812)</u>	<u>46,658,410</u>
Excess of Revenue Over Expenses	(1,331,257)	(3,163,939)	—	(4,495,196)
Non-operating Revenue				
Grants	5,060,103	791,290	—	5,851,393
Equity transfers from related parties	—	2,372,649	(2,372,649)	—
Equity transfers to related parties	(3,122,649)	—	2,372,649	(750,000)
Pension liability adjustment	678,190	—	—	678,190
Change in Unrestricted Net Assets Deficit	1,284,387	—	—	1,284,387
UNRESTRICTED NET ASSETS DEFICIT				
Beginning of year	(4,779,776)	—	—	(4,779,776)
End of year	<u>\$ (3,495,389)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (3,495,389)</u>

Catholic Health Care System
Consolidating Schedule of Financial Position
December 31, 2015

	Catholic Health Care System	Catholic Resources, Inc.	Eliminations	Consolidated Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 412,809	\$ 225,912	\$ —	\$ 638,721
Dues and assessments receivable from related parties	1,336,177	—	—	1,336,177
Due from related parties - other	—	1,168,342	(667,020)	501,322
Prepaid expenses and other current assets	150,199	—	—	150,199
Assets limited as to use - self insured medical benefits, current	7,749,855	—	(719,000)	7,030,855
Total Current Assets	9,649,040	1,394,254	(1,386,020)	9,657,274
Loan receivable from Catholic Special Needs Plan, LLC	2,000,000	—	—	2,000,000
Dues and assessments receivable from related parties, net of current portion	1,498,120	—	—	1,498,120
Assets limited as to use - letters of credit and escrow	771,143	—	—	771,143
Due from Empire State Home Care Services, Inc. - loan receivable	2,000,000	—	—	2,000,000
Due from Empire State Home Care Services, Inc. - interest on loan receivable	185,000	—	—	185,000
Furniture, equipment and leasehold improvements, net	253,504	—	—	253,504
	<u>\$ 16,356,807</u>	<u>\$ 1,394,254</u>	<u>\$ (1,386,020)</u>	<u>\$ 16,365,041</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	\$ 932,198	\$ 156,617	\$ —	\$ 1,088,815
Line of credit	1,442,927	—	—	1,442,927
Revolving loan agreement	2,000,000	—	—	2,000,000
Accrued salaries and related benefits	1,134,290	136,840	—	1,271,130
Due to related parties, current	2,780,845	1,100,797	(1,386,020)	2,495,622
Incurred but not paid medical claims	3,300,000	—	—	3,300,000
Total Current Liabilities	11,590,260	1,394,254	(1,386,020)	11,598,494
Due to related parties, net of current portion	300,000	—	—	300,000
Other liabilities	455,205	—	—	455,205
Accrued pension liability	8,791,118	—	—	8,791,118
Total Liabilities	21,136,583	1,394,254	(1,386,020)	21,144,817
Net Assets Deficit	(4,779,776)	—	—	(4,779,776)
Unrestricted	\$ 16,356,807	\$ 1,394,254	\$ (1,386,020)	\$ 16,365,041

Catholic Health Care System

Consolidating Schedule of Operations and Changes in Net Assets Deficit
December 31, 2015

	Catholic Health Care System	Catholic Resources, Inc.	Eliminations	Consolidated Total
UNRESTRICTED NET ASSETS				
Revenue				
Memberships dues and assessments	\$ 17,380,202	—	—	\$ 17,380,202
Insurance premiums paid by affiliates	20,950,337	—	(234,641)	20,715,696
Interest income	188,645	10	—	188,655
Other	169,318	—	—	169,318
Total Revenue	<u>38,688,502</u>	<u>10</u>	<u>(234,641)</u>	<u>38,453,871</u>
Expenses				
Salaries	8,234,968	1,427,221	—	9,662,189
Employee benefits	2,227,262	420,715	(234,641)	2,413,336
Supplies and other expenses	6,156,330	154,458	—	6,310,788
Self-insured health insurance	20,081,248	—	—	20,081,248
Recovery of bad debts	(3,129,670)	—	—	(3,129,670)
Depreciation and amortization	100,471	—	—	100,471
Interest	100,689	—	—	100,689
Total Expenses	<u>33,771,298</u>	<u>2,002,394</u>	<u>(234,641)</u>	<u>35,539,051</u>
Excess of Revenue Over Expenses	4,917,204	(2,002,384)	—	2,914,820
Non-operating Revenue				
Grants	383,500	631,769	—	1,015,269
Equity transfers from related parties	750,000	1,370,615	(1,370,615)	750,000
Equity transfers to related parties	(5,526,484)	—	1,370,615	(4,155,869)
Pension liability adjustment	(274,386)	—	—	(274,386)
Change in Unrestricted Net Assets Deficit	249,834	—	—	249,834
UNRESTRICTED NET ASSETS DEFICIT				
Beginning of year	(5,029,610)	—	—	(5,029,610)
End of year	<u>\$ (4,779,776)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (4,779,776)</u>

Catholic Health Care System
Statement of Financial Position
December 31, 2017

Assets:	12/31/2017	12/31/2016	Variance	Variance %
Current Assets:				
Cash and Cash Equivalents	\$ 471,581	\$ 823,542	\$ (351,962)	-42.7%
Dues and Assessments Receivable, net of Allowance	4,110,095	1,396,105	2,713,990	194.4%
<i>December 31, 2016</i>	\$4,800,000			
<i>December 31, 2017</i>	\$4,800,000			
Other Receivables	19,500	0	19,500	0.0%
Due From Catholic Health Care Foundation	152,849	400,000	(247,151)	-61.8%
Loan Receivable Current	0	2,311,901	(2,311,901)	-100.0%
Grant Receivable	0	0	0	0.0%
Prepaid Expenses and Other Current Assets	219,874	259,821	(39,948)	-15.4%
Total Current Assets	4,973,898	5,191,369	(217,471)	-4.2%
Loan Receivable From Affiliate, net of reserve	2,000,000	2,000,000	0	0.0%
<i>December 31, 2017</i>	\$2,000,000			
Loan Receivable, Long Term	4,475,966	2,164,066	2,311,901	106.8%
Assets Limited to Use (CHCS TPA)	10,584,434	8,324,270	2,260,164	27.2%
Assets Limited to Use	537,608	532,905	4,703	0.9%
Furniture and Equipment and Leasehold Improvements, net	529,373	514,672	14,700	2.9%
Total Assets	\$ 23,101,279	\$ 18,727,282	\$ 4,373,997	23.4%
Liabilities And Net Assets (Deficiency)				
Current Liabilities:				
Accrued Medical Cost (CHCS TPA)	3,300,000	3,300,000	0	0.0%
Grants Payable	0	0	0	0.0%
Accounts payable and accrued expenses	3,906,575	3,937,081	(30,505)	-0.8%
Accrued Salaries and Related Benefits	1,369,987	1,419,126	(49,139)	-3.5%
Due to related party	344,355	300,000	44,355	14.8%
Total Current Liabilities	8,920,918	8,956,207	(35,289)	-0.4%
Line Of Credit	1,425,453	1,442,927	(17,474)	-1.2%
Loan - SNP	2,000,000	2,000,000	0	0.0%
Other Long Term Liabilities (CHCS TPA)	4,878,351	1,749,815	3,128,536	178.8%
Pension Liability and Deferred Compensation Obligation	7,755,878	8,073,721	(317,843)	-3.9%
Total Liabilities	\$ 24,980,600	\$ 22,222,670	\$ 2,757,930	12.4%
Commitments And Contingencies				
Net Assets, (Deficiency)				
Unrestricted	(1,879,321)	(3,495,387)	1,616,067	-46.2%
Total Net Assets	(1,879,321)	(3,495,387)	1,616,067	-46.2%
Total Liabilities and Net Assets	\$ 23,101,279	\$ 18,727,282	\$ 4,373,997	23.4%

Catholic Health Care System
Statement of Operations
December 31, 2017

	Month-to-Date			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Operating Revenues						
Administrative Services	\$ 1,786,618	\$ 1,786,618	\$ 0	\$ 21,439,425	\$ 21,439,424	\$ 1
Insurance Premiums Paid by Facilities	2,170,445	1,755,828	414,617	25,345,389	21,069,980	4,275,409
Other Operating Revenue	241,345	112,500	128,845	2,294,325	1,350,000	944,325
Operating Interest Income, DSFHS	(17,150)	12,465	(29,615)	102,899	161,411	(58,512)
Total Operating Revenues	\$ 4,181,258	\$ 3,667,411	\$ 513,847	\$ 49,182,038	\$ 44,020,815	\$ 5,161,223
Operating Expenses						
Salaries & Wages	\$ 897,990	\$ 1,227,045	\$ 329,055	\$ 8,660,323	\$ 9,037,030	\$ 376,707
Employee Benefits	564,222	215,188	(349,034)	2,775,914	2,460,106	(315,807)
Administrative Fees & Consultants	83,781	129,177	45,396	1,850,775	1,550,212	(300,563)
Supplies & Materials	4,591	6,201	1,610	80,428	74,500	(5,928)
Purchased & Contracted Services	117,462	95,025	(22,437)	1,231,016	1,140,168	(90,848)
Depreciation	11,396	10,668	(728)	130,637	128,049	(2,588)
Leases and Rentals	132,646	124,458	(8,188)	1,576,237	1,493,507	(82,730)
Utilities	1,617	2,034	417	22,493	24,000	1,507
Insurance	8,392	9,454	1,062	77,790	113,338	35,548
Interest	10,424	4,855	(5,569)	65,827	57,122	(8,705)
Interest, SNP	6,458	5,164	(1,294)	72,958	60,833	(12,125)
Related Party Medical Funding Reserve	723,554	0	(723,554)	2,260,164	0	(2,260,164)
Self Health Insurance	1,446,891	1,755,828	308,937	23,085,225	21,069,980	(2,015,245)
Other	41,715	142,510	100,795	1,719,207	1,710,120	(9,087)
Total Operating Expenses	\$ 4,051,138	\$ 3,727,607	\$ (323,531)	\$ 43,608,992	\$ 38,918,965	\$ (4,690,027)
Change in Unrestricted Net Assets from Operations	\$ 130,120	\$ (60,196)	\$ 190,316	\$ 5,573,046	\$ 5,101,850	\$ 471,196
Non-Operating Revenues						
Other Non-Operating Int. Income	\$ 23	\$ 0	\$ 23	\$ 2,923	\$ 0	\$ 2,923
Grants	27,537	0	27,537	261,646	0	261,646
Forgiveness of Amounts Due to/(From) Related Party	17,150	0	17,150	(102,899)	0	(102,899)
Total Non-Operating Revenues	\$ 44,709	\$ 0	\$ 44,709	\$ 161,670	\$ 0	\$ 161,670
Estimated Pension Liability Adj.	\$ 701,843	\$ 0	\$ 701,843	\$ 701,843	\$ 0	\$ 701,843
Transfer of Assets To Affiliate	\$ (483,244)	\$ (485,216)	\$ 1,971	\$ (4,820,492)	\$ (5,101,850)	\$ 281,358
Transfer of Assets From Affiliate	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Change in Unrestricted Net Assets	\$ 393,428	\$ (545,412)	\$ 938,839	\$ 1,616,067	\$ 0	\$ 1,616,067
Increase/(Decrease) in Net Assets	\$ 393,428	\$ (545,412)	\$ 938,839	\$ 1,616,067	\$ 0	\$ 1,616,067